



1401 H Street, NW, Washington, DC 20005-2148, USA
202/326-5800 www.ici.org

March 17, 2006

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

*Re: Proposal to Require Principal Pre-Use Approval of Member
Correspondence (File No. SR-NASD-2006-011)*

Dear Ms. Morris:

The Investment Company Institute¹ supports the proposed change to NASD Rule 2211 to require a registered principal to pre-approve member correspondence that is not ministerial or clerical in nature and that is sent to 25 or more existing retail customers within a 30-calendar day period.² The Release states that such correspondence often is a solicitation to purchase or sell a security or to use a brokerage service. NASD has proposed requiring principal pre-approval to help ensure that this material complies with applicable standards of the advertising rules before reaching customers. The Institute commends NASD for taking a considered approach that furthers the interests of investors without placing unnecessary burdens on funds.

As we pointed out in a letter on a substantially similar proposal, as a matter of business practice, our members typically require principal approval of correspondence sent to multiple customers.³ We believe that principal approval helps to assure that customer correspondence is fair and balanced and otherwise complies with NASD and Securities and Exchange Commission requirements. Therefore, we support the proposal.

¹ The Investment Company Institute is the national association of the U.S. investment company industry. More information about the Institute is at the end of this letter.

² See SEC Release No. 34-53333 (February 17, 2006), 71 FR 10090 (February 28, 2006) (“Release”).

³ See Letter from Dorothy M. Donohue, Associate Counsel, Investment Company Institute to Barbara Z. Sweeney, Office of Corporate Secretary, NASD, dated May 27, 2005 (supporting NASD’s proposal to require principal pre-use approval of correspondence to 25 or more retail customers in a 30-day period).

Ms. Nancy M. Morris
March 17, 2006
Page 2 of 2

If you have any questions about our comments or need additional information, please contact me at 202/218-3563.

Sincerely,

/s/

Dorothy M. Donohue
Associate Counsel

cc: Thomas M. Selman, Senior Vice President
Investment Companies/Corporate Financing

Thomas Pappas, Associate Vice President and
Director, Advertising Regulation

Joseph P. Savage, Associate Vice President
Investment Companies Regulation
NASD

* * *

About the Investment Company Institute

ICI members include 8,554 open-end investment companies (mutual funds), 654 closed-end investment companies, 162 exchange-traded funds and 5 sponsors of unit investment trusts. Mutual fund members of the ICI have total assets of approximately \$8.802 trillion (representing 98 percent of all assets of US mutual funds); these funds serve approximately 89.5 million shareholders in more than 52.6 million households.