



NASAA

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August 23, 2010

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Via Electronic Submission

RE: Comments on Investment Company Advertising: Target Date Retirement Fund
Names and Marketing
Release No. 33-9126, 34-62300; File No. S7-12-10

Dear Secretary Murphy:

The North American Securities Administrators Association, Inc. (“NASAA”)¹ appreciates the opportunity to comment on Release No. 33-9126, 34-62300; File No. S7-12-10, “Comments on Investment Company Advertising: Target Date Retirement Fund Names and Marketing” (the “Release”).

As the Securities and Exchange Commission (the “SEC”) explained in the Release, the growth of investment in target date retirement funds (“target date funds”) is a clearly documented phenomenon, with approximately \$270 billion in assets. NASAA commends the SEC for proposing changes to the rules regarding the naming and marketing of target date funds. The amendments represent important first steps in increasing disclosures to target date fund investors. However, NASAA is concerned that the proposed changes do not go far enough to protect investors.

- *The proposed amendments should apply to all marketing materials that include any reference to a target date fund.*

NASAA supports the goal of strengthening investor protection by amending Rule 482 of the Securities Act and Rule 34b-1 of the Investment Company Act to require enhanced

¹ NASAA is the association of the 67 state, provincial, and territorial securities regulatory agencies of the United States, Canada, and Mexico. NASAA serves as the forum for these regulators to work with each other in an effort to protect investors at the grassroots level and to promote fair and open capital markets.

disclosures to be made in target date fund marketing materials. The rule change, however, is limited to “advertisements and supplemental sales literature that places a *more than insubstantial focus* on one or more target date funds.” (Emphasis added.) NASAA disagrees with this approach. The “more than insubstantial focus” language is vague and ambiguous and will likely result in confusion on the part of companies and investors alike. The Release states that the proposed rule change is not intended to cover materials that “may not be primarily focused on marketing target date funds to investors.” This approach would presumably leave the decision of what materials are primarily focused on marketing target date funds to the companies marketing such funds. It would seem that a better approach would be to apply the rule provisions to all marketing materials that include references to target date funds. This approach is preferable to imposing a vague standard left to interpretation by the very companies who engaged in the conduct leading to the promulgation of the proposed amendments.

- *The proposed amendments should provide full target date asset allocation disclosure to fund investors.*

As a long-standing advocate of providing investors with all relevant information prior to their investment decision, NASAA encourages full disclosure to target date fund investors. One of the more obvious areas where such disclosure can be made is within the name of a target date fund itself. NASAA is concerned with the naming conventions of target date funds because of the likelihood of investor misunderstanding. This is due, primarily, to the convention of including a date in the name of target date funds. The decision to invest in a particular target date fund should not be based solely on the target date. Instead, the appropriateness of the investment should be based on the best interest of the investor at the time of purchase taking into account all relevant considerations.

NASAA applauds the SEC for proposing a requirement that marketing materials for target date funds disclose the asset allocation of the fund at the target date, appearing immediately adjacent to the first use of the fund’s name. NASAA believes that the disclosure of target date asset allocation is a critical tool to help investors make the right investing decision. However, NASAA believes that the proposed rule change can, and should, go further. The SEC should amend Rule 35d-1 of the Investment Company Act to require the target date asset allocation to appear adjacent to a fund’s name, not only in the fund marketing materials, but also in a fund’s statutory and summary prospectuses, shareholder reports, and any other required filings. Finally, NASAA would emphasize that the proposed amendments should apply to *all* target date funds, not just those that include a date as part of their name.

- *The proposed table, chart, or graph requirements would be helpful to investors in determining whether to invest in target date funds.*

NASAA applauds the SEC for including a requirement of a prominent table, chart, or graph in advertisements and sales literature for target date funds. The proposed table, chart, or graph (the “pictorial”) requirement would help investors determine whether to

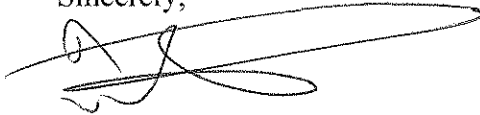
invest in target date funds by highlighting asset allocations (from the starting allocation, the target date allocation, and the final allocation). NASAA believes that the SEC should prescribe the specific format of the pictorial so that there is consistency between various funds thereby making it easier for investors to compare and understand the differences between funds. Regardless of the final format, the pictorials should be displayed prominently within all advertising and sales literature so that investors can be alerted to their presence.

Conclusion

In conclusion, while we commend the SEC for taking steps to strengthen investor protection relating to the names and marketing of target date funds, NASAA believes the amendments to the rules do not go far enough, and thus remain open to industry abuse and investor confusion.

Thank you again for the opportunity to comment on these proposed rules. Please do not hesitate to contact the undersigned with any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to be "Tina G. Stavrou", written over a horizontal line.

Tina G. Stavrou
Assistant General Counsel
NASAA