



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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Submitted electronically to rule-comments@sec.gov

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

RE: Release Nos. 33-9570; 34-71861; IC-31004; File No. S7-12-10

Dear Ms. Murphy:

On behalf of the North American Securities Administrators Association (“NASAA”),¹ I hereby submit the following comments in response to Release Nos. 33-9570; 34-71861; IC-31004; File No. S7-12-10 entitled Investment Company Advertising: Target Date Retirement Fund Names and Marketing (“the Release” or “the Proposal”). NASAA appreciates the opportunity to offer additional comments on the above-referenced proposal, regarding target date mutual funds, and more specifically to address the Investor Advisory Committee’s (“IAC”) recommendation regarding a risk-focused glide path illustration as a supplement or replacement for the currently proposed asset allocation glide path illustration.²

As the Commission notes in the Release, target date funds are becoming a fixture in the retirement plans of many retail investors, and NASAA applauds the Commission for its continued efforts to increase disclosure related to these funds. NASAA strongly supports the IAC recommendation that target date fund prospectuses and advertising materials contain a glide path illustration based on the overall risk of the fund.

The IAC’s recommendation of a glide path illustration based upon standardized risk measures will present potential target date fund investors with a more accurate picture of a fund’s risks as its target date approaches. Without further guidance, a glide path illustration based solely on asset allocation stands to be a less effective tool in helping investors differentiate

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.

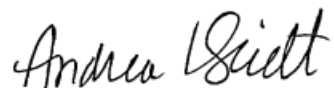
² NASAA previously commented on this topic in a letter dated August 23, 2010, available at <http://www.sec.gov/comments/s7-12-10/s71210-43.pdf>.

between funds. As the IAC noted in its recommendation, two funds with the same target date and similar asset allocation glide paths could yield drastically different results based upon each fund's distinct strategies and investments within and across asset classes. Further, by basing the glide path illustration on broadly defined asset classes only, fund managers could, in an effort to produce greater returns, shift fund assets to riskier investments within the same asset classes without deviating from the glide path disclosed by the fund. In this scenario, investors in the fund would likely be unaware of these greater risks because the glide path illustration did not take into account the risks associated with different products within asset classes, thus making a risk-focused glide path illustration a more effective investor protection tool.

A glide path illustration based upon standardized risk factors would allow investors to better choose target date funds more in line with their individual risk profiles than would a glide path illustration based upon asset allocation. Additional disclosures regarding a fund's risks and how those risks change over time are necessary to ensure that investors can make informed decisions when choosing a target date fund, which is especially important considering that target date funds are designed to be long term investments, are specifically aimed at less sophisticated investors, and have become the default investments for many employer sponsored retirement plans.

For these reasons NASAA supports the IAC's recommendations. NASAA appreciates the opportunity to offer its comments, and should you have any questions regarding the comments in this letter, please do not hesitate to contact Joseph Brady (jb@nasaa.org), NASAA General Counsel, or Valerie Mirko (vm@nasaa.org), NASAA Deputy General Counsel, via email or at 202-737-0900.

Sincerely,



Andrea Seidt
NASAA President
Ohio Securities Commissioner