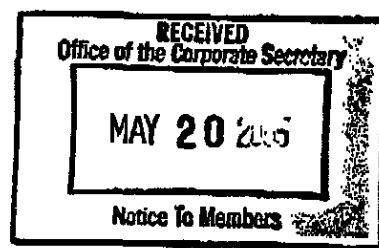


VIA AIRBORNE OVERNIGHT DELIVERY

May 19, 2005

Ms. Barbara Z. Sweeney
Office of Corporate Secretary
NASD
1735 K Street, NW
Washington, DC 20006-1500



**Re: Request for Comment, New Products Sales Material and Television, Video, and
Radio Advertisements; NASD Notice to Members 05-25 ("the Notice")**

Dear Ms. Sweeney:

Edward D. Jones & Co., LP ("Edward Jones" or "the Firm") hereby submits its comments on the rule amendments proposed by the Notice. As always, the Firm greatly appreciates the opportunity to share its thoughts on industry regulations while such are in the formative process.

In sum, while Edward Jones understands NASD's need to enforce advertising standards (as well as the desire of NASD to be timely apprised of new products and attendant marketing), the Firm respectfully questions the breadth of the rule changes, and accordingly requests clarification of - and modification to - several of the vital definitions therein. Also, the Firm suggests that NASD include two exceptions to the proposed Rule 2210(c)(6) for certain types of broadcasts.

Background

Edward Jones is a full-service broker-dealer and a member of NASD, the Chicago Stock Exchange, and the New York Stock Exchange. The Firm services over 5 million customer accounts, the majority of which are retail in nature. Edward Jones is headquartered in St. Louis, Missouri and operates approximately 9,000 branch offices throughout the 50 States. The overwhelming majority of these offices are staffed by a sole, registered investment representative ("IR") and a non-registered branch office administrator. Industry rankings consistently place the Firm first in terms of number of branch offices.¹

The nation's largest branch office network is made possible by reliance upon a state-of-the-art, private satellite network. This system allows constant communication with the branches through various forms of "broadcasts." Significantly, Edward Jones broadcast programs are not distributed over public airwaves but are sent via a private

¹ See, for example, "Edward Jones Continues Office Growth," The State Journal Register (February 2001); "The Jones Financial and Service Companies, L.L.P.," Hoover's Company Profiles (2005); and The Securities Industry Yearbook, 2004-2005.

satellite feed to its branch offices. These broadcasts are among the primary responsibilities of a Video Department that is staffed by approximately 25 full-time employees. The broadcasts meet several of the Firm's business needs, as are delineated below:

1) *Investor Education*

Monthly programs include timely market commentary, information on topical investor issues, and celebrity interviews (chosen for their popular interest among Edward Jones' clients). Commencing in 1987, these programs have had a long-standing traditional viewership among Firm customers. The programs are typically approximately 30 minutes in length.

2) *Broker Recruitment*

Edward Jones' business model of establishing single-broker offices in communities of varying size has necessitated the creation of recruitment strategies that are efficient yet local. The satellite's 60-minute broadcasts enable the Firm to leverage its resources in educating individuals considering a career in the financial services industry across the country while providing consistent information. In 2004, eight such programs were broadcast.

3) *Professional CLE and CPE Education*

The Firm's professional broadcast series covers nine topics a year and is directed to accountants and attorneys seeking professional CE credit. By broadcasting via the private satellite network, the programs enable Edward Jones brokers to establish local contacts with individuals whose services may benefit Firm customers. Often, experts on the financial services industry provide the content of these programs, which are three to five hours in length. Generally speaking, these programs are not scripted.

These approximately 30 programs all require fluid planning that entails, among other things, setting programming schedules and booking talent 12 months in advance. All three categories of programs are supported by marketing materials announcing and explaining the broadcast.

Additionally, twice-a-day the Firm provides market commentary for brokers to use in their local communities on local radio or television "billboard" programs. With the exception of eight holidays when the markets are closed, each day IRs have the benefit of accessing internally scripts that have been Compliance-approved containing daily market data and facts on stocks in the news for the purpose of delivering radio reports, if they so desire.

Finally, the Firm utilizes televisions and radio advertisements on both the local and national levels. Currently, approximately two dozen national advertisements air via these media. Also, approximately 120 "local scripts" are approved in advance for participating IRs.

Comments

The Proposal would essentially establish two new duties upon member firms. The proposed addition to Rule 2210(c)(4) would serve to extend applicability of pre-filing requirements to all new products offered by a member firm (the "New Product Filing Requirement"). The proposed amendment to Rule 2210(c)(6) would, for the first time, impose a mandatory pre-filing requirement on all "television, video... radio and similar advertisements of 15 seconds or longer..."[the "Broadcast Filing Requirement"].

In sum, the Firm supports but seeks clarification of the New Product Filing Requirement. Edward Jones simultaneously notes the sheer volume of filings warranted by the Broadcast Filing Requirement while specifically seeking exceptions thereto for internal broadcast productions that are viewed by existing customers and/or intended for one-time commentary on the markets.

I. The New Product Filing Requirement

In the Notice, NASD states that this amendment serves two purposes. First, such pre-filing would "alert NASD when the industry promotes a new type of security to retail investors." Second, this requirement would permit NASD to "pre-review sales material of members that have no experience in advertising compliance."²

Mindful that NASD regulates over 5,000 broker-dealers, Edward Jones supports these two worthy, general premises. But the Firm asks that the requirement be clarified to clearly delineate the scope of a firm's obligations in this regard.

Specifically, what would be the parameters of a "new product" ? While the Notice distinguishes between "conventional" and "non-conventional" investments, its urging upon firms of additional considerations of customer characteristics raises a legitimate question as to whether the filing requirement would extend to a new type of service, or account. Further, guidance is lacking regarding circumstances where an existing business line is amended (e.g., where an existing managed account program will now be eligible to investors with a net worth of under \$500,000).

The Firm recognizes that NASD has concomitantly addressed the topic of defining "new product" in a Notice to Members that accompanied the proposal³. For example, firms are encouraged to consider whether "the product involve[s] material modifications to an existing product," or whether "the product require[s] material operational or system changes."⁴

However, some questions as to the scope of review that would be mandated by the New Product Filing Requirement persist. For example, what if a firm changes the nature of a general purpose account to include check-writing privileges? Moreover, the New Products NTM focuses on identifying a conflict of interest, while urging firms to "err on the side of caution." Such guidance, while well-founded, is perhaps better suited

² Notice, at page 3.

³ Specifically, NTM #05-26 ("NASD Recommends Best Practices for Reviewing New Products").

⁴ NTM #05-26, at page 3.

Apart from these two stylistic suggestions, the Firm's major concern is the seeming applicability of the Broadcast Filing Requirement to continuing education programs and other "internal" productions that might be viewed by invited customers. Clearly, the Notice appears focused on advertisements broadcast via public airwaves to prospects, and the Firm recognizes that the varied and numerous internal productions described earlier herein were perhaps not contemplated by NASD at this time. Nonetheless, Edward Jones, which has in recent times filed with NASD for approval approximately 120 pieces of advertisement and/or sales literature a year, under the current proposal, would file in excess of 1,000 pieces annually.⁷

Thus, the Firm is concerned that the Broadcast Filing Requirement may inundate NASD with an incalculable number of filings. Accordingly, the Firm would respectfully request that the provision contain an "internal production" exception for broadcasts aimed at employees and existing customers. Such an exception maintains the spirit of the other exceptions listed in the Notice, namely the exclusion of "institutional sales material" from the New Product Filing Requirement.⁸

As a final note, the Firm also urges a 'single use' exception from filing for time-sensitive broadcasts expressing solely market commentary. An example of such a broadcast would be an announcement prompted by a precipitous market drop. If the Firm were to film a video on the day of the decline with the goal of reassuring and educating its investors tomorrow, pre-filing is not practical, and post-filing would be moot (as the program would not air again after tomorrow).

Finally, in response to the Notice's specific request for comment on the 15-second dividing line for which broadcast advertisements need to be filed, the Firm concurs with the length of this standard.

Conclusion

Edward Jones supports the efforts by regulators to learn of new industry products and to simultaneously prevent and/or halt the use of the occasional questionable advertisement. But such an effort must be cognizant of the extensive broadcast necessities and possibilities at larger, electronically-oriented firms. The Firm routinely communicates within its existing, expansive branch network via a state-of-the-art satellite system that relies heavily on video communications, some of which are seen by customers at local events or in Edward Jones offices. Unless minor clarifications are made to the proposals, the Firm's day-to-day, educational, and largely internal range of electronic broadcasts will be uniquely narrowed by these amendments, which seem more accurately targeted at empowering NASD to curtail national, public broadcasts of dubious content. Thus, the Firm has respectfully suggested "internal broadcast" and "single use market commentary" exceptions to the proposed pre-filing requirement, over

⁷ The figure of 1,000 was arrived at by very conservative estimate; moreover, it does not include an estimate of the filing requirements attending the offering of "new products" as explained in the Notice.

⁸ Notice, footnote #3, at page 5. The Firm is aware that programs "solely related to recruitment" are exempted from the applicable definition of *advertisement* per Rule 2210(b)(8)(B).

mindful that, of course, in all excepted cases, members would still advertise subject to the standards of good taste, internal approval requirement, and other dictates of Rule 2210.

The Firm again thanks NASD for its consideration of Edward Jones' comments. If further elaboration is required, please do not hesitate to contact the undersigned at (314) 515 - 2070.

Sincerely,



Steve Clement
General Partner
Video Production Center