



NASAA

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**NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.**

750 First Street N.E., Suite 1140

Washington, D.C. 20002

202/737-0900

Fax: 202/783-3571

www.nasaa.org

June 18, 2007

Mr. Ethiopis Tafara  
Director  
Office of International Affairs  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.D. 20549-1090

Regarding File Number 4-539

Dear Ethiopis:

I would like to express my appreciation for inviting NASAA to comment on the June 12<sup>th</sup> SEC Roundtable Discussion Regarding Mutual Recognition. I regret that due to the late notice, I was unable to participate as a panelist. However, I want to commend you and the SEC for convening the roundtable to examine the appropriate regulatory response to the changing nature of the global marketplace.

NASAA is profoundly interested in the potential implications for individual investors if foreign financial intermediaries are permitted to have access to our markets under a selective mutual recognition system. We hope to have the opportunity to discuss the concerns of retail investors in more detail at a future roundtable that would include other domestic and foreign regulators.

In the interim, we would like to offer the following questions for your consideration:

1. If foreign intermediaries are given access to American markets because a foreign country's securities regulatory scheme is sufficiently comparable to the U. S. securities regulatory scheme, what is the American investor's panoply of remedies if there is a serious problem with the foreign intermediary?
2. Will there be a framework to ensure proper recourse for retail investors in cases of fraud? Will retail investors be able to achieve redress in a timely manner in an American forum for causes of action against foreign intermediaries? Will the American investor be limited to suing a foreign company in an American court and having to deal with all of the pitfalls, time and costs of litigation, while pursuing a company whose assets are primarily outside the United States and therefore beyond reach?

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3. Will the foreign intermediary be subject to both U.S. (Federal) or state securities law; or while being granted access to do business in the United States, will the foreign intermediary be able to use jurisdictional limits to shield itself from accountability and liability.


4. Under a mutual recognition system, is there a risk that foreign intermediaries will be given "special" status in the United States so that American regulatory requirements and oversight are lessened or compromised? Will the legal framework of certain foreign jurisdictions allow for extraterritorial enforcement of American federal and/or state law outside U. S. borders? Will enforcement powers include sufficient subpoena powers for the SEC and the states?

5. What safeguards would be in place (in addition to a comparable regulatory scheme in place in the country where the foreign intermediary is headquartered) in the United States to PREVENT monetary losses to retail investors and the need to invoke remedies to recoup their losses? For instance, would individuals working for foreign intermediaries be subject to registration and licensing requirements of state and federal governments? Also, when evaluating foreign regulatory schemes, what standards of market comparability will be applied to protect retail investors when it comes to disclosure requirements, issuer registration, internal controls, accounting standards and transparency?

Given the many important questions that need to be resolved and the implications for retail investors dealing with foreign financial intermediaries, we strongly urge the SEC to proceed with caution. Should you continue to explore the concept of mutual recognition, we suggest that you consider a limited pilot project that would experiment with one or two foreign jurisdictions. However, we recommend that participation be limited to sophisticated U. S. institutional investors.

We look forward to further dialogue with you on the these important issues and would be pleased to answer any questions you may have.

Sincerely,



Joseph P. Borg, Esq.  
President

cc: Karen Tyler, NASAA President-elect  
Russ Iuculano, NASAA Executive Director