



NASAA

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

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June 29, 2010

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable John A. Boehner  
Minority Leader  
United States House of Representatives  
Washington, DC 20515

*Re: Support Dodd-Frank Wall Street Reform and Consumer Protection Act Conference Report*

Dear Majority Leader Reid, Speaker Pelosi, Minority Leaders McConnell and Boehner:

On behalf of the North American Securities Administrators Association (NASAA), I am pleased that the Dodd-Frank conference report includes many provisions that acknowledge the strong role of state securities regulators in strengthening much needed protections for investors. We urge you to vote for the conference report when it reaches the floor this week to support a number of provisions that will empower state securities regulators with additional responsibility to effectively protect citizens in your states from securities fraud violations.

We strongly support the following key elements in the conference report:

**IA AUM** Conferees agreed to increase state authority in the area of investment adviser (IA) regulation to raise the state IA threshold from \$25 million to \$100 million assets under management and permit state IAs within \$25 – 100 million that are required to be registered in 15 or more states to remain with the SEC. This will enable the SEC to focus on the largest investment advisers while the smaller advisers would continue to be subject to strong state regulation and oversight.

**Accredited Investor** Conferees agreed to adjust the definition of an “accredited investor” by removing the primary residence from the \$1 million net worth standard. We encourage the SEC to use the authority in this provision to review the “accredited investor” standard in the context of modern economic realities and to make the necessary adjustments to insure that investors are better protected.

**FSOC** Conferees agreed to add state securities, banking and insurance regulators as nonvoting members of the Financial Stability Oversight Council.

- Reg D Rule 506** Conferees agreed to strengthen investor protection from securities law violators by including the bad boy disqualifier language to prevent recidivist violators of the law from conducting securities offerings under SEC Regulation D, Rule 506.
- Arbitration** Conferees agreed to provide the SEC with rulemaking authority to prohibit, or impose conditions or limitations on the use of mandatory predispute arbitration agreements if it finds that such prohibition, imposition of conditions, or limitations are in the public interest and for the protection of investors.
- Sr. Investor Protections** Conferees agreed to create a grant program for up to \$500,000 for a state that has adopted the NASAA and NAIC Model Rules on the Use of Senior Designations
- SEC Investor Advisory Commission** Conferees agreed to include a representative of State securities commissions as a member of the Investor Advisory Commission

Although state securities regulators are disappointed that Congress decided not to provide investors with the much-needed immediate benefit of the fiduciary duty standard of care established by the Investment Advisers Act for financial professionals who give investment advice, we will work with the SEC as it conducts its study. We look forward to the timely completion of the study called for in the legislation and the subsequent rulemaking to impose the strong fiduciary duty standard to all who provide personalized investment advice about securities.

In closing, state securities regulators applaud Chairmen Dodd and Frank for their extraordinary efforts to move significant financial reform legislation through the conference committee deliberations. We believe the conference report provides an unprecedented opportunity to restore investor confidence in our financial markets, and we support its passage.

Sincerely,



Denise Voigt Crawford  
Texas Securities Commissioner  
NASAA President