

September 8, 2016

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**Re: Proposed Amendment to the NASAA Statement of Policy Regarding Real Estate Investment Trusts**

Ladies and Gentlemen:

1st Global appreciates the opportunity to submit these comments in response to the Notice of Request for Public Comment Regarding Proposed Amendment to the NASAA Statement of Policy Regarding Real Estate Investment Trusts, dated July 27, 2016.

1st Global is a financial services provider which offers investment advice services and/or investment products through 1st Global Advisors, Inc., a federally registered investment adviser as well as 1st Global Capital Corp., a FINRA registered broker-dealer. We conduct business in all domestic jurisdictions through over 900 registered individuals operating from over 400 branch offices.

As a financial services provider which operates nationwide, 1st Global is very much in favor of uniform standards. While we could chose to advance well-reasoned alternative metrics on various elements of the proposal such as the specific percentage figure utilized or the net worth definition, we chose a different path. With the primary objective of nationwide uniformity in mind, we fully support the proposed concentration limit, definition of net worth and

aggregation standards. We do however believe that the discretionary aspect of Section IV. A. 2. should be curtailed or eliminated entirely. The listing of fourteen factors which administrators may use to evaluate and alter concentration limits involve subjective judgments which are highly unlikely to be uniform among jurisdictions, leading to multiple and inconsistent limitations, investor confusion as to appropriate criteria for investing and considerable cost and delay for the clearance of new offerings. These are the unenviable circumstances in which we currently find ourselves and for which a true uniform standard is the solution. **We believe there should be a uniform concentration limit, a uniform definition of net worth and uniform aggregation standards.**

As to each of the individual components, we believe the appropriate net worth measurement should be an individual's liquid net worth as defined in the proposal. We also believe that the uniform aggregation standard as proposed which includes the particular REIT, its affiliates and all other non-traded REITs is most certainly the correct standard to apply. Current differences amongst the states in both the net worth definition and the aggregation standards create administrative challenges for financial services providers where none need exist. We believe uniformity and standardization in these two areas will adhere to the benefit of the financial services industry and therefore directly to the investors which we serve. While we believe that a uniform concentration limit of ten percent (10%) is acceptable if required to achieve uniformity, we would provide caution that that amount might be unduly restrictive to certain investors whose risk tolerance might justify a larger percentage especially in light of the inclusion of proposal's limiting definition of net worth as well as its aggregation standard. Notwithstanding the very reasonable carve-out provided for Accredited Investors, we believe there might also be some non-accredited investors whose individual situation might warrant a slightly higher amount (e.g., 15%).

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'M. A. Pagano', with a long horizontal flourish extending to the right.

Michael A. Pagano

Executive Vice President – Compliance, Legal & Risk Assessment  
1st Global