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November 2, 2016

**VIA ELECTRONIC SUBMISSION**

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NASAA Legal Department  
Mark Stewart, Counsel  
NASAA  
750 First Street NE, Suite 1140  
Washington, DC 20002

**RE: Comments regarding Proposed Statement of Policy Regarding the Use of Electronic Offering Documents and Electronic Signatures**

Dear Mr. Stewart:

The Georgia State University Investor Advocacy Clinic is grateful for the opportunity to provide comments on NASAA's Proposed Statement of Policy regarding the use of electronic offering documents and electronic signatures. The Clinic serves investors by both representing them in arbitration claims when they have been harmed and also by proactively providing investment education materials to reduce the opportunities of such harm. One example of our investor education outreach is our online blog. Student interns contribute articles throughout their time in the clinic on topics ranging from definitions of financial industry terms to current investment news. We are also actively engaged in education projects within the community to expand our positive impact. We are, therefore, uniquely positioned to comment on how this proposed statement of policy will potentially affect investors.

Technology is increasingly becoming a part of the formation, distribution, access, and approval of securities offerings. More and more companies are seeking to ensure that their electronic methods are compliant by filing no-action letters. With an increased burden on the agency and an unclear standard for the industry, it has become imperative for NASAA and corresponding regulators to proactively make its position clear. Providing a framework of guidelines, as done in this proposed Statement of Policy, will certainly help guide the industry on acceptable uses of electronic methods of document transfer and signing.

We appreciate NASAA's efforts to incorporate electronic options in the delivery and acceptance of documents related to securities offerings. The ability to electronically receive and sign documents increases access and efficiency, and it will in turn provide more investment options to

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a greater number of investors. The Clinic supports NASAA's requirement that issuers obtain informed consent from investors who would like to receive offering documents electronically. We also support the requirement that investment opportunities not be conditioned on the receipt of electronic documents, as this is important for investors who do not have the technological capability. These outlined provisions are beneficial because they provide alternatives, reduce the possibility for investment barriers, and encourage responsible investing.

With increased use of electronic means to deliver potentially personal information we are concerned with issues of privacy and security. While we support the formulated response to security breaches, in the event that a security breach happens, it is important to know that NASAA has created a standard protocol to protect investors' personal information. We would recommend that NASAA elaborate on the noted privacy standards to more proactively prevent security breaches. The Clinic suggests that the statement of policy provide more specific guidance to issuers by requiring redaction or encryption methods in the distribution of the electronic offering documents and any sensitive information contained therein. While the statement of policy suggests that issuers use an authentication process for ensuring an e-signer's credentials, we would further recommend outlining the specific recommended components to such a process.

Lastly, the Clinic would like to express its concerns regarding the delivery methods of the electronic documents. We would like to make sure that the system in place for issuers, brokers, or investment advisers to send electronic offerings documents does not allow the investor to simply click a checkbox to indicate receipt. We worry that this would, in effect, become a broker-protection device, with disclosures that investors will likely not read, and hardcopies of documents located on other servers. If such disclosures are required, we would recommend that the investor be forced to scroll through them before acceptance. We would also recommend that while investors should be allowed to store, retrieve, and print the documents, this should not be through some external service. Investors should instead receive copies that they can maintain on their own devices. These recommendations are only intended to strengthen the statement of policy's goals and provide further safety measures for the receivers and signers of these electronic documents.

In conclusion, the Clinic supports NASAA's proposed Statement of Policy and corresponding efforts to provide clarity to issuers and investors using electronic means to deliver and sign offerings documents. Providing access and a clear set of compliance requirements will help investors make more informed decisions and will make issuers more efficient. We appreciate this opportunity to provide comments, and we welcome further discussion on any questions NASAA may have regarding this letter.

Best regards,



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Student Intern



Nicole Iannarone  
Assistant Clinical Professor