

# CONGRESSMAN BOB GIBBS, RET.

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Broker-Dealer Market and Regulatory Policy and Review Project Group:

Thank you for the opportunity to provide feedback on NASAA's proposed revisions to its Business Practices Rule. I share concerns raised by others that the proposal not only directly conflicts with federal regulations but undermines investor protections already on the books. For these reasons, the proposal should be withdrawn.

NASAA writes that its proposal is designed to help states align with the Securities and Exchange Commission's Regulation Best Interest (Reg BI). However, as many have noted, the proposal fails to achieve this goal by suggesting states deviate and expand on Reg BI in several ways. Rather than clarify investor protections and provide businesses with a clear set of rules, it will result in confusion and conflicting regulations at the state and federal levels.

Reg BI was carefully crafted to establish a robust, nationwide standard of investor protection, uniformly applicable across all states. It recognized the importance of preserving access to investment products for investors of all income levels and that consumers benefit from more choices and less confusion. The same cannot be said for the NASAA proposal.

NASAA's model rule undercuts and undermines Reg BI in many important ways. Perhaps the best example is the suggestion that states consider the model regulation a "menu" of options from which to pick and choose. This suggestion will unavoidably lead to a patchwork system of investor protections. Instead of providing the certainty Reg BI sought to achieve, NASAA's rule will lead consumers to wonder what rules apply and where.

The timing of NASAA's proposal is also problematic. Both the Department of Labor and the SEC are considering their own proposals covering investment advice. At present, there is no way to know if NASAA's proposal is consistent or aligned with the final version of these rules. Rather than rush forward with a model proposal, consumers and the industry would be better off if NASAA paused until there is more certainty in the regulatory environment.

Sincerely,



Bob Gibbs  
US Congressman, Retired

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