
From: James Beauchamp <james@motran.org>
Sent: Tuesday, December 5, 2023 1:56:16 AM (UTC+00:00) Monrovia, Reykjavik
To: NASAA Comments <nasaacomment@nasaa.org>
Cc: Amy Kopleton <kopletona@dca.njoag.gov>; Bouchard, Stephen (DISB) <stephen.bouchard@dc.gov>; Travis Iles <tiles@ssb.texas.gov>
Subject: [EXTERNAL] NASAA's Dishonest or Unethical Business Practices of Broker-Dealers and Agents Model Rule Revisions Proposal



December 4, 2023

Amy Kopleton

Broker-Dealer Market / Regulatory Policy and Review Project Group Chair

North American Securities Administrators Association

Stephen Bouchard

Broker-Dealer Section Chair

Re: NASAA's Dishonest or Unethical Business Practices of Broker-Dealers and Agents Model Rule Revisions Proposal

Sent via electronic email to NASAAComments@nasaa.org

CC: kopletona@dca.njoag.gov; stephen.bouchard@dc.gov; tiles@ssb.texas.gov;

Mr. Bouchard and Ms. Kopleton,

I am writing on behalf of the Midland-Odessa Transportation Alliance (MOTRAN), a coalition of business and community leaders dedicated to fostering economic growth and competitiveness in the Permian Basin through improved transportation infrastructure. Our mission is intricately linked to the health and stability of our region's business environment. It is in this context that **we express our firm opposition to NASAA's proposed revisions to the model rule on Dishonest or Unethical Business Practices of Broker-Dealers and Agents.**

The Permian Basin's economy, anchored in the energy sector, is also significantly supported by a myriad of small to medium-sized enterprises (SMEs). These SMEs are heavily reliant on accessible and clear financial services and advice to navigate the complexities of today's economic landscape. The proposed redefinition of "recommendation" in broker-dealer communications could obscure this clarity, potentially leading to a restrictive environment where businesses face difficulties in obtaining straightforward financial guidance. This ambiguity could hamper informed decision-making and impede the growth of businesses crucial to our region's economy.

Additionally, the proposed shift in handling conflicts of interest, moving away from the current standards set by Regulation Best Interest (Reg BI), presents a significant concern. Such changes might limit the scope of financial products and services available, adversely affecting both providers and users of these services within our community. The proposal's stance on compensation, particularly the implication that non-commission-based rewards may not be in the best interest of customers, could further constrain the range of services offered by financial professionals. This is particularly concerning for MOTRAN members, who rely on diverse and innovative financial solutions to support their business operations and growth.

The absence of a detailed economic impact analysis in the proposal is a critical oversight. As an organization focused on the economic development of the Permian Basin, MOTRAN understands the importance of thorough economic assessments before implementing significant regulatory changes. This gap suggests a lack of consideration for the potential economic repercussions on our region's businesses, particularly smaller firms that are the backbone of our local economy.

Moreover, the potential creation of a fragmented regulatory landscape across states, as a result of the proposed rule, stands in opposition to the principles of the National Securities Markets Improvement Act (NSMIA). A disjointed regulatory environment could lead to increased complexity and costs for investors and businesses, counteracting our efforts to foster a competitive and efficient economic environment in the Permian Basin.

Given these considerations, it is our firm stance that the proposed NASAA rule changes could inadvertently stifle the economic growth and prosperity of the Permian Basin, a region already navigating complex financial challenges. Therefore, we respectfully urge NASAA **to reconsider and rescind the proposed rule changes** in favor of a regulatory approach that supports the diverse needs of our businesses and promotes a healthy, thriving economy in our region.

We appreciate your attention to these significant concerns and remain hopeful for a regulatory framework that aligns with the economic interests and aspirations of the Permian Basin.

Sincerely,

James Beauchamp
President, Midland Odessa Transportation Alliance

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