



December 1, 2023

Amy Kopleton
Broker-Dealer Market / Regulatory Policy and Review Project Group Chair
North American Securities Administrators Association

Stephen Bouchard
Broker-Dealer Section Chair
North American Securities Administrators Association

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;*

Dear Mr. Bouchard and Ms. Kopleton:

On behalf of the Longview Chamber of Commerce in East Texas, we write to **express our strong opposition to the proposed revisions to NASAA's model rule on Dishonest or Unethical Business Practices of Broker-Dealers and Agents**. Our considerations stem from a deep concern about the potential repercussions of these proposed changes on our dynamic business community and individual investors in our region.

In Texas, the cornerstone of our business ethos is rooted in transparent and unequivocal communication. Our apprehensions arise from the suggested redefinition of what constitutes a "recommendation." This redefinition, seemingly in conflict with established standards, could inadvertently deter brokers from providing comprehensive financial advice, potentially undermining the clarity and coherence crucial for our members' effective decision-making processes.

The proposed requirement for brokers to "neutralize" conflicts of interest, diverging from current norms, imposes an unwieldy and impracticable burden. Such a shift may curtail the spectrum of available financial services and products, adversely affecting our community members' ability to engage in diverse investments essential for their financial prosperity and business expansion.

Furthermore, the proposed alterations in managing conflicts of interest and adjusting compensation structures raise significant apprehensions. The stipulation mandating brokers to

neutralize conflicts of interest and the potential limitations on compensation models beyond prevailing SEC Regulation Best Interest (Reg BI) standards might impede access to financial services and products. This could disproportionately impact our smaller businesses and individual investors, potentially limiting their access to a broad array of investment opportunities and expert advice.

The absence of a comprehensive economic impact analysis accompanying these proposed changes is a notable concern. In a financially astute environment like Texas, where implications are meticulously weighed before any significant regulatory shift, the absence of such analysis signifies a conspicuous disregard for potential impacts on smaller investors and the wider business community.

We also harbor concerns about the possibility of these revisions creating a patchwork of disparate regulations among the states, contrary to the objectives of the National Securities Markets Improvement Act (NSMIA). Such fragmentation might compromise investment efficiency, escalate costs, and overly complicate the investment environment, challenges that run contrary to the ethos of our business community and the smooth operation of capital markets.

The proposed adjustments and restrictions could inadvertently escalate the cost of advice provision and curtail investment choices, particularly impacting small investors and their pursuit of investment goals. Furthermore, the proposal appears to conflict with the NAIC Best Interest Model Rule, potentially exacerbating complexity and inconsistency within the regulatory framework.

Due to these considerations, the Longview Chamber of Commerce urges NASAA to reconsider the proposed revisions. Our members value a regulatory landscape that fosters growth, innovation, and financial security – fundamental principles of the Texan business ethos.

We genuinely appreciate your attention to these concerns and earnestly hope for an open and constructive dialogue leading to a regulatory framework that resonates with the needs and values of Texas businesses and investors.

Sincerely,

Longview Chamber of Commerce