From: Luke Fuszard
Sent: Wednesday, November 15, 2023 1:38 PM
To: NASAA Comments; Amy Kopleton; Bouchard, Stephen (DISB)
Subject: [EXTERNAL][Spam] Comment – Proposed Revisions to NASAA's Business Practices Rule.

The Broker-Dealer Market and Regulatory Policy and Review Project Group
North American Securities Administrators Association
750 First Street NE, Suite 990
Washington, DC 20002

To Whom It May Concern:

I am writing to express concerns regarding the proposed amendments to the Uniform Business Practices Rule published the North American Securities Administrators Association (NASAA). While I appreciate NASAA's goal of updating state standards to align with SEC Regulation Best Interest (Reg BI), I am concerned about reports that the regulations go beyond the approach taken by the SEC and may have unintended consequences that increase costs and decrease choices for investors. I ask NASAA to do more work to ensure its rules are consistent with, and not expansive of, Reg BI and other rules currently under consideration by the Biden administration.

As a matter of background, I am a former City Council member with work experience in the areas of business development, entrepreneurship, and business growth. I know from my time in public service that the details of public policy matter, and I know from my efforts working with small businesses that businesses work best when there are clear rules of the road. My fear with the NASAA proposal is that some of the details need more work and that the adoption of the proposal by states as written will create confusion and conflict in an area where clarity is needed.

As one example, NASAA has suggested its model rule should be viewed as a "menu of provisions" that states could adopt in pieces or as a whole. For a model rule whose purpose is uniformity, this piecemeal guidance is a recipe for disaster and more likely to create a patchwork regulatory system than the clear, nationwide standard of care that Reg BI sought to enact. Patchwork regulations raise costs and limit choices for consumers. Those are two consequences that NASAA should work to avoid.

As another example, commenters have noted how the proposal's compensation limits exceed Reg BI's limits and would disrupt the business model that the financial services industry uses to serve small savers. With Reg BI, the SEC made clear its interest in preserving these business models. It is not clear that NASAA's proposal would do the same. At a time when Americans need more help saving for retirement, the details of this proposal could lead to less, unless there is better harmonization with Reg BI.

Finally, I am concerned about the timing of this rule. President Biden recently announced that his Department of Labor is working to finalize new investor protections that cover many of the same areas NASAA is trying to address. In addition, the SEC is working on its own set of rules. It may be prudent for NASAA to wait to see the form in which these rules are finalized before NASAA moves its own model rules. Moving too fast may undermine the President's agenda.

In closing, I urge NASAA to reconsider its proposed amendments to ensure the proposal's details more closely align with Reg BI, and that the end result of adoption by states will be uniformity, not regulations that vary greatly state-by-state.

Sincerely,

Luke Fuszard
Middleton, WI