



December 04, 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: Proposed Revisions to NASAA's Dishonest or Unethical Business Practices of Broker-Dealers and Agents Model Rule

*Sent via electronic email to NASAAComments@nasaa.org
CC: kopletona@dca.njoag.gov; stephen.bouchard@dc.gov; csi.securities@mt.gov;
Troy.Downing@mt.gov;*

Dear Ms. Kopleton and Mr. Bouchard:

The Montana Business Leadership Council (MBLC) is writing today to **voice our strong opposition** to the North American Securities Administrators Association's (NASAA) proposed revisions to its Dishonest or Unethical Business Practices of Broker-Dealers and Agents Model Rule. The United States and Montana must continue to foster and encourage a healthy business climate that fuels our economy and delivers needed services and products to our citizens — NASAA's proposed revisions would encourage exactly the opposite.

A consistent and reasonable regulatory environment is necessary to promote business and job growth. This is especially true for the financial services industry, which often faces a heavy regulatory burden. In order to best serve consumers, broker-dealers cannot be set up to fail by cumbersome and disjointed state and federal rules.

For the many Montanans looking to achieve financial stability, financial services professionals are necessary sources of guidance. The SEC's Regulation Best Interest (Reg BI) has worked to sustain such an environment since its adoption in 2019. Reg BI offers consistent conduct standards for the broker-dealer industry across the country and provides financial services

professionals with the kind of clear direction needed to operate effectively in each state. The National Securities Markets Improvement Act of 1996 (NSMIA) was passed to make sure that states don't implement regulations conflicting with national securities standards like Reg BI. This was specifically done to encourage a [less burdensome and more effective](#) regulatory environment throughout the country.

The proposal put forward by NASAA would wreak havoc on this system by offering states a so-called "menu" of options, which would encourage many states to take on the most heavy-handed rules for financial services providers. Under NASAA's plan, individual states could severely limit the types of compensation that broker-dealers can receive and could also crack down on other basic aspects of their business model like communications and advertising to clients.

These issues with NASAA's introduced amendments have significant implications for jobs and businesses. Different states would be able to institute different standards that reduce certainty and clarity around broker-dealers' business operations, especially for independent advisors. In many states, they could be forced to reduce services for clients, especially those with lower incomes. In some cases, they may need to shut down operations in states entirely.

This outcome would not only threaten businesses and jobs. Consumers would be cut off from needed services to build wealth, plan for retirement, and invest in their communities. The NASAA proposal in its current form threatens these goals here at home in our state and across the country.

The MBLC stands firm in its commitment to prevent this kind of policy from threatening Montana's growth and prosperity. For that reason, we call on NASAA to withdraw its proposed revisions.

Thank you for your time and consideration.

Sincerely,

The Montana Business Leadership Council

CC: Troy Downing, State Auditor and Commissioner of Securities and Insurance, State of Montana