MONTANA CHAMBER OF COMMERCE
WE MEAN BUSINESS

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
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; Troy.Downing@mt.gov; csi.securities@mt.gov;

Dear Ms. Kopleton and Mr. Bouchard;

The Montana Chamber of Commerce, representing a broad spectrum of businesses within Montana, including numerous small enterprises and financial services providers, is compelled to express our significant concerns regarding the proposed revisions (Proposal) by the North American Securities Administrators Association (NASAA) to its model rule on Dishonest or Unethical Business Practices of Broker-Dealers and Agents. In light of these concerns, **the Montana Chamber of Commerce politely requests that NASAA withdraw the Proposal.**

Our apprehensions center around the potential misalignment with the SEC's Regulation Best Interest (Reg BI), the adverse impact on Montana's small and middle-income investors, the risks of an inconsistent regulatory framework, and the broader impact on Montana's financial sector.

We believe that the proposed amendments as they currently stand could lead to unintended and adverse consequences. The potential discord between the NASAA proposal and the SEC's Reg BI risks creating a fragmented regulatory environment. Small broker-dealers in Montana could find themselves encumbered by the task of reconciling conflicting state and federal regulations. This disharmony not only complicates compliance efforts but also threatens the stability and predictability that are essential for the operations of small businesses.

Our concern extends to the impact on Montana's lower-income investors. The potential reduction in access to a diverse array of financial services and products could widen the existing economic divide, undermining the financial well-being and investment opportunities of a significant portion of our state's populace. This could be particularly detrimental to small and middle-income investors who rely on these services for their financial planning and investment decisions.

Furthermore, the proposed rule could result in a piecemeal, state-by-state regulatory landscape. This inconsistency would likely lead to confusion among broker-dealers and investors alike, eroding the uniformity and transparency that are foundational to effective financial regulation. For businesses in Montana that operate across state lines, navigating this maze of rules would pose significant challenges.

The broader implications of these regulatory changes on Montana's financial sector are also a cause for alarm. Potential job losses, increased fees, and reduced access to financial services could have a ripple effect across our state's economy. The proposed amendments, if implemented, could inadvertently hinder the growth and sustainability of the financial services sector, an essential component of Montana's economic vitality.

In light of these concerns, the Montana Chamber of Commerce **strongly urges NASAA to reconsider its proposed amendments**. We advocate for a regulatory approach that aligns with the SEC's Regulation Best Interest, ensuring a stable, coherent, and fair financial market environment. Such an approach would support the growth and viability of small businesses and safeguard the interests of all investors in Montana.

The Montana Chamber of Commerce appreciates the opportunity to provide our perspective on this critical issue. We remain committed to engaging in constructive dialogue to foster a regulatory environment that promotes the prosperity of Montana's business community and its investors.

Sincerely,

Todd O'Hair

Todd O'Hair
President & CEO