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To: NASAA Comments

Subject: [EXTERNAL]Comments

North American Securities Administrators Association (NASAA) Suite 990, 750 First Street NW Washington, DC 20002

To Whom It May Concern:

Through this email, I wish to offer comments on the North American Securities Administrators Association's (NASAA) proposed revisions to its model Business Practices Rule. I offer these comments from the perspective as Chair of the Arkansas Senate Insurance & Commerce Committee.

Before offering my comments, let me state my appreciation for the work of NASAA and its members. For more than a century, the organization has worked to protect investors and to ensure the integrity of financial markets.

Part of NASAA's mission is to advocate for the passage of "strong, sensible, and consistent state securities laws and regulations." This is important work, as inconsistent laws and rules increase costs and confusion for consumers and businesses.

My primary concern with NASAA's proposal is that it is incompatible with NASAA's mission to advocate for consistent rules. Instead of creating harmony from state to state, it will result in a patchwork regulatory framework that is difficult for investors and financial professionals to navigate. NASAA's proposal presents Revision Set #2 as a "menu" of options. It calls on states to adopt the components that matter "most to [their] jurisdiction." Curiously, the proposal says this "flexibility" will promote "uniformity." Uniformity and consistency are not achieved by inviting states to pick and choose from a flexible menu of regulations.

NASAA's proposed menu approach diverges significantly from the SEC's Reg BI, the federal rule NASAA's revisions are intended to help states align with. Reg BI created a uniform, national standard of investor protection. If states were to take NASAA up on its model and adopt "one, some or all" of its subparts, Reg BI would be undermined in important ways. Instead of investors having protections that they know exist whether they are in Arkansas or Alabama, it would leave consumers questioning what rules apply and where.

On a second front, I am also concerned by the proposal's lack of economic analysis. As many have publicly stated, NASAA's proposal asks states to make fundamental changes to the marketplace. State leaders should be able to clearly see the cost of these changes before they are considered.

In closing, let me again state my appreciation for the work of NASAA and its members. I strongly support NASAA's mission of investor protection. I believe NASAA should abandon this proposal because it fails to accomplish NASAA's important vision of a consistent regulatory framework.

Ricky Hill

Majority Whip

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