

Nebraska State Legislature

SENATOR BEAU BALLARD

District 21
State Capitol
PO Box 94604
Lincoln, Nebraska 68509-4604
(402) 471-2673
bballard@leg.ne.gov



COMMITTEES

Chairperson - Enrollment and Review
Banking, Commerce and Insurance
Health and Human Services
Executive Board
Reference

12/1/2023

North American Securities Administrators Association
750 First Street NE
Suite 990
Washington, DC 20002

To Whom It May Concern:

I am writing to express my concerns regarding the recent proposal to revise NASAA's model rule on Dishonest or Unethical Business Practices of Broker-Dealers and Agents. As a state legislator, I strongly believe that clear, consistent rules are in the best interest of both consumers and the business community and that failure to achieve such rules raises costs, introduces confusion, and limits choice for the public. Unfortunately, I believe the adoption of the NASAA proposal by states is likely to lead to more confusion and conflicting rules, and for that reason, I urge NASAA to withdraw the proposal.

NASAA proposed revisions are supposed to better align states with the Securities and Exchange Commission's (SEC) 2019 Regulation Best Interest (Reg BI). I share concerns raised by others that the proposal does just the opposite and conflicts with Reg BI in several important ways.

First, the proposal undermines Reg BI's effort to create a clear, national standard by inviting states to 'pick and choose' which parts of the model rule to adopt. Should states follow NASAA's advice, the result would be a patchwork regulatory system where a consumer's level of protection would depend on where they live today and where they may move tomorrow. This fragmented regulatory environment is not in consumers' best interest and is not aligned with Reg BI, which aims to establish a clear, uniform level of care across all 50 states.

Secondly, rather than aligning states with Reg BI, the proposal invites states to deviate from it. NASAA has heard from the industry how the proposal departs from Reg BI in how it defines recommendations, governs compensation, and handles conflicts of interest. I acknowledge that states could determine that such deviations are in the best interest of their citizens. However, such important public policy questions are best debated in public by officials accountable to voters, rather than resulting from the adoption of model legislation produced in Washington, DC.

Finally, I am concerned about the timing of NASAA's proposal. The regulatory environment in this space is very unsettled. Reg BI is only a few years old. In Washington, DC, the Department of Labor and the SEC are producing rules that will significantly impact the securities industry. If NASAA's goal is to truly help states align their rules with developments in the securities world, then waiting until the environment is more settled would be the best course of action.

In closing, I respectfully request that NASAA reconsider and withdraw the current proposal due to its significant deviations from Reg BI and pending actions by other regulators.

Sincerely,

A handwritten signature in cursive script, appearing to read "Beau Ballard".

Beau Ballard
Legislative District 21

CC: Nebraska Governor Jim Pillen