

From: [Repp, Gordon](#)
To: [NASAA Comments](#); [Chet Taylor](#)
Cc: [Faith Anderson](#); [Bill Beatty](#); [Erin Houston](#)
Subject: 2025 Proposed Amendments to the NASAA Statement of Policy Regarding Real Estate Investment Trusts
Date: Tuesday, May 13, 2025 9:01:41 AM

Dear NASAA Section and Project Group Members and Director Taylor,

On behalf of JLL Income Property Trust, Inc. ("JLL IPT") and LaSalle Investment Management, Inc. ("LaSalle"), I would like to express our appreciation for the opportunity to comment on the North American Securities Administrators Association's (NASAA) 2025 Proposed Amendments to the Statement of Policy Regarding Real Estate Investment Trusts. We value NASAA's commitment to fostering dialogue and collaboration with industry stakeholders in the development of regulatory frameworks.

By way of introduction, LaSalle is a leading global real estate investment management firm with over \$80 billion in assets under management. Our investors include some of the world's largest pension plans, sovereign wealth funds, insurance companies, high net worth individuals, and retail investors. With over 40 years of experience in the real estate and REIT industry, we are deeply committed to promoting transparency, fairness, and best practices in real estate investment. LaSalle is the advisor to JLL IPT, a net asset value (NAV) REIT registered with the SEC since 2012 that files with the SEC a prospectus that is regularly reviewed by the SEC and all 50 states, as well as periodic reports, including Form 10-Ks, Form 10-Qs and Form 8-Ks, and has been publishing a daily NAV since its inception, from of which the price of sales and repurchases of shares is based. LaSalle's parent, Jones Lang LaSalle Incorporated (NYSE: JLL), a leading global commercial real estate and investment management company providing services for over 200 years, is the sponsor of JLL IPT.

Following are our general comments to the proposal:

The proposal fails to modernize NASAA's REIT Guidelines to reflect the current structure and operation of today's non-listed NAV REITs. Instead of revising the outdated framework to align with how the product has evolved, particularly the transition from legacy lifecycle REITs to continuously offered NAV REITs, it simply layers on new regulatory requirements. This outdated approach restricts investor access and overlooks the substantive changes needed to bring the Guidelines in line with current market practices.

In addition, NASAA is relying on stale data, citing concerns that investments in non-listed REITs are subject to a "myriad of risks" and claims these products are a disproportionate source of investor complaints compared to other securities, an assertion that mischaracterizes FINRA customer arbitration data. Interestingly, NASAA's own Enforcement Reports have not referenced REITs in nearly a decade, with the last mention appearing in the 2016 report covering 2015 data.

Following are our specific comments to the proposal:

A. Concentration Limit

We strongly urge NASAA to reconsider and eliminate the proposed 10% concentration limit for SEC-registered REITs and BDCs. This one-size-fits-all approach fails to account for the diverse purposes, asset classes, and regulatory frameworks of these investments, and more importantly, disregards the unique circumstances of individual investors. The proposal's implementation is likely to create a patchwork of inconsistent regulations across states, leading to fragmentation rather than the intended uniformity. The process for determining concentration limits is not only confusing and impractical but also introduces additional regulatory ambiguity, making cross-state consistency virtually impossible. Moreover, the burden of enforcing these limits would fall on financial professionals, potentially conflicting with existing SEC and FINRA standards that prioritize personalized, investor-specific recommendations. This restriction could severely limit investors' access to diverse investment strategies recommended by their trusted advisors. In addition, the lack of a standardized definition for "liquid net worth" in federal securities laws further compounds these issues, creating legal uncertainty for both issuers and financial professionals. In light of these significant drawbacks, we firmly believe that eliminating this proposal is in the best interest of investors, financial professionals, and the market as a whole.

B. Optional Accredited Investor Carveout

If NASAA determines to keep a concentration limit in its final rules, we strongly support the mandatory inclusion of an accredited investor carveout across all states. This provision is crucial for maintaining regulatory consistency and ensuring the smooth operation of nationally offered investment products. Accredited investors, by definition, possess the financial acumen to evaluate risks and make well-informed investment decisions. Implementing a discretionary, state-by-state approach would undermine the very purpose of this carveout, creating an unworkable patchwork of regulations that would severely hinder the investment landscape.

The operational challenges of managing varying carveouts across different jurisdictions cannot be overstated. For distribution firms handling hundreds of thousands of investor accounts, the compliance burdens and logistical complexities would be overwhelming. In practice, this would force firms to default to the most restrictive standard, effectively nullifying the intended benefits of the exemption. This outcome would be detrimental to both investors and the market as a whole.

Moreover, leaving the accredited investor provision to state discretion would inject unnecessary uncertainty into an already complex regulatory environment. Such an approach would have far-reaching consequences, including restricted investor choice, discouraged capital formation in critical sectors such as real estate and U.S. businesses, and impaired ability for individuals to meet their long-term financial objectives, including retirement planning. We urge policymakers to recognize the importance of a uniform, mandatory exemption for accredited investors, which is essential for maintaining administrative feasibility and fostering a robust, efficient investment marketplace that serves the interests

of sophisticated investors and the broader economy.

C. Inflationary Indexing for Minimum Income and Net Worth Standards

NASAA's proposed revisions to the current REIT Guidelines minimum income and net worth standards are cause for concern and warrant reconsideration. This latest proposal not only significantly raises these thresholds but also introduces an inflation adjustment mechanism that could have far-reaching consequences. This approach directly contradicts the fundamental principles of investor protection enshrined in the Securities Act of 1933, which emphasizes transparency and disclosure rather than financial gatekeeping. The '33 Act's core tenet is that all investors, regardless of their financial status, should have access to material information about publicly offered securities. By imposing additional state-level income and net worth requirements, NASAA's proposal undermines this federal framework and potentially restricts access to SEC-registered products designed for broad investor participation. Moreover, the inflation-indexing provision could lead to an absurd scenario where state regulations become more restrictive than federal accredited investor standards under Regulation D, potentially barring investors from transparent, registered products while allowing them to invest in less regulated private placements. This proposal not only contradicts established investor protection principles but also threatens to create an uneven and potentially harmful investment landscape.

D. Conduct Standards

We strongly urge reconsideration of the proposal's introduction of new, undefined "conduct standards" for issuers. This approach inappropriately applies standards applicable to financial intermediaries (e.g., broker-dealers and registered investment advisors) to product sponsors, who are neither equipped nor legally positioned to enforce such obligations. NASAA's lack of clear rationale for this application to issuers' offering documents introduces regulatory confusion and legal uncertainty, especially considering that issuers do not directly recommend products to retail investors. It's crucial to recognize that financial professionals already operate under robust oversight and well-established conduct standards at both federal and state levels. Imposing additional, potentially duplicative or ambiguous obligations on issuers would blur the crucial regulatory distinctions between product providers and intermediaries. We firmly believe that these proposed conduct requirements for issuers not only lack statutory foundation but also risk creating inconsistent enforcement scenarios and potential conflicts with existing federal frameworks. We strongly advocate for maintaining the clear, established regulatory boundaries that have effectively served our industry and investors alike.

Thank you for your consideration of our thoughts on these important issues and please let us know if you have any questions or comments or if you would like to discuss any of this further.

Gordon G. Repp

Chief Legal Officer

LaSalle Investment Management

333 West Wacker Drive, Suite 2300, Chicago IL 60606

Tel +1 312 897 4142 **Mob** +1 312 420 4751