From:	Bill Nelson
To:	NASAA Comments
Cc:	Steve Brey; Jonathan Bashi
Subject:	[EXTERNAL]Comments on Proposed Revisions to Investment Adviser Advertising Rules
Date:	Friday, August 22, 2025 2:05:12 PM

Hi,

In response to request for public comment dated July 29, 2025, I am writing to suggest that the NASAA model rule on Investment Adviser advertising follows in the footsteps of the Securities and Exchange Commission (SEC) to replace the prohibition of adviser testimonials in advertisements with the permissibility of adviser testimonials in advertisements by adopting the framework established by the SEC in its Investment Adviser Marketing Rule (rule 206(4)–1) that became effective on May 4, 2021.

Since the SEC Marketing Rule took effect in May 2021, consumers interested in hiring financial advisors have benefited by gaining the ability to read client testimonials published and promoted by SEC-registered investment advisers to make more informed and educated hiring decisions. Consumers have also benefited from the protections imposed by the SEC that require testimonials to include 'clear and prominent' disclosures indicating whether or not they were provided by clients or non-clients, if compensation in any form was received in exchange for the testimonial, and whether any conflicts of interest exist, in addition to other provisions to prohibit testimonials that include non-factual information or promissory language.

On November 4, 2019, when the SEC first proposed to "modernize the rules under the Investment Advisers Act addressing investment adviser advertisements", SEC Chairman Jay Clayton stated, “The reforms we have proposed today are designed to address market developments and to improve the quality of information available to investors, enabling them to make more informed choices.”

Ever since this rule was adopted, state-registered investment advisers have been at a competitive disadvantage to SEC-registered investment advisers. Amending the model rules to match the SEC guidance would rectify this competitive disadvantage.

It is common knowledge that consumers preparing to hire trust-based professionals (e.g., doctors, lawyers, advisers) consider client testimonials and online reviews as a factor in their decision-making process. Today, a consumer in my home state of Virginia who has narrowed his or her search to a handful of local advisers can find and read client reviews of SEC-registered investment advisers operating across the street from Virginia registered investment advisers prohibited from letting their clients' voices be heard.

In this situation, the Virginia consumer, likely unaware of whether advisers on their shortlist are state or federally registered, might simply believe the advisers without client reviews are less experienced or may be less trustworthy than advisers with published client testimonials.

The unintended consequences of the prohibition of state-registered advisers to use testimonials in advertisements when federally registered advisers have the ability to do so include the possibility that:

- Consumers could believe federally-registered advisers are more experienced and trustworthy than state-registered advisers
- National advisor networks headquartered outside of states that currently permit testimonials maintain an unfair marketing advantage over state-registered advisers where testimonials are prohibited
- State-registered advisers face increased pressure to affiliate with an SEC-registered firm to protect their financial livelihood and avoid being disadvantaged in attracting new clients
- Fewer independent advisers choose to operate as small business owners in the face of such a competitive disadvantage, reducing consumer choice and discouraging entrepreneurship

Thank you for considering this proposal suggestion.

Sincerely,

Bill Nelson, Certified Financial Planner™

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