

**Written NASAA Statement Regarding the Draft Recommendation
Dated September 11, 2025, by the SEC’s Investor as Owner and Market Structure
Subcommittees of the Investor Advisory Committee
Regarding Retail Investor Access to Private Market Assets¹**

September 18, 2025

NASAA appreciates the time and thought that the Subcommittees put into this recommendation and appreciates the drafters’ recognition of and reliance on NASAA’s views. The recommendations are timely as various private market access proposals are being actively discussed both on the Hill and here in the building. NASAA’s views, as always, are driven by its investor protection mission.

NASAA believes that the recommended investor protection guardrails are a good start for improving the private and exempt offering marketplace but remains opposed to diluting protections in the accredited investor definition. The definition exists to protect investors who are in no position to fend for themselves. The SEC must do more to improve Form D, market transparency, and its oversight before it can, responsibly, move on to expanding retail access. Opacity, questionable valuations, and illiquidity are hallmarks of private market assets, which make them very risky for retail investors. If Congress or the SEC chooses to expand retail investor access notwithstanding those risks, it is imperative that the SEC use its regulatory authority to mitigate the potential for investor hardship and loss. Investor protection remains part of the SEC’s mission and expanding retail access to private markets, without the types of guardrails outlined in this recommendation, would be inconsistent with that mission.

I would also like to share NASAA’s feedback on a few other suggestions in today’s Recommendation:

1. With respect to registered fund reforms that would expand retail access *indirectly*, NASAA supports the recommendation for enhanced transparency on valuation and liquidity of private market assets because retail confusion and misunderstanding on both fronts are fairly common. NASAA is less enthusiastic about the IAC’s approval of the SEC’s recent relaxation of the 15% liquidity cap in registered funds. If fund advisers and directors do not land on optimal percentages, it will be retail investors who suffer the consequences.
2. With respect to the accredited investor definition and other reforms that would give retail investors greater *direct* access, NASAA believes retail access should be expanded *only if* complementary improvements are made to private securities disclosures.
 - As NASAA has pointed out repeatedly over the decades, disclosure regulation does not work without effective disclosure and, regrettably, Form D as currently crafted does not provide it. NASAA is pleased to see Form D enhancements *and* enforcement of filing requirements included as key investor protection guardrails urged in the recommendation. NASAA would add to that list: deletion of the “decline to disclose” box entirely; an Advance Form D for all

¹ <https://www.sec.gov/files/iac-private-markets-091125.pdf>

Reg D offerings; and other enhancements outlined in the IAC remarks offered by my colleague, Alabama Securities Director Amanda Senn, on NASAA's behalf in 2023.

- NASAA is aware of and concerned about legislative efforts that would prohibit the SEC from enhancing disclosure requirements under Regulation D along the lines recommended today.² NASAA stands ready to discuss with policy makers why Form D reform is not a problem to avoid, but a helpful and necessary step to advancing any private market access proposal.
 - As for the special accredited investor consideration, NASAA would have preferred a recommendation that retirement assets be excluded from the calculation used in the net worth test. Many older investors need liquidity to cover healthcare and other expenses; many simply are not in a position to recoup the loss of their lifetime savings. Excluding retirement assets from the calculation would ensure investors have a cushion outside of their retirement savings to cover any losses they might absorb in speculative, private market investing.
 - On a positive note, NASAA was pleased to see the Subcommittees reject a definitional approach that would qualify retail investors as accredited simply by receiving advice from a licensed intermediary. The conflicts are simply too great to make this a safe pathway for retail investors. The Subcommittees are right to steer the SEC toward qualification paths that assess the retail investor's own sophistication.
 - NASAA is open to the SEC accepting additional credential pathways, particularly those that states accept as a substitute for a licensing exam, but would need to hear more about the contours of those pathways before endorsing them. As for an accredited investor test, NASAA would prefer an exam that tests relevant knowledge coupled with practical experience. NASAA would not endorse a test that does not meaningfully probe the investor's financial sophistication and ability to understand the information asymmetry and other risks posed by private market investing. For example, NASAA has communicated to Congress that it opposes the use of the Securities Industry Essentials (or SIE) exam as the means for qualifying retail investors. NASAA agrees with the Subcommittees that any such test should be developed by the SEC in consultation with FINRA and state securities regulators.
3. Finally, NASAA appreciates the sentiment reflected in the recommendation's closing statement that the SEC should consider how the policy choices that it is making here in the private market are reconciled with its investor protection policies for other unregulated or exempt assets that are also opaque and risky. Whether it's a Reg D deal or an offering that relies on a new regulation established for digital asset offerings, retail investors need effective disclosure to understand what they are getting into and they need regulators who are paying attention to these offerings in order to screen out fraudulent deals and bad actors. That is what securities regulation is all about. Adopting the investor protection guardrails noted in the IAC's recommendation today could help the SEC not only keep investors out of harm's way in the private market but could benefit investors participating in other unregulated or exempt markets, too.

² See Sec. 530 <https://www.congress.gov/bill/119th-congress/house-bill/5166/text>