FINANCIAL SERVICES INSTITUTE

VOICE OF INDEPENDENT FINANCIAL SERVICES FIRMS AND INDEPENDENT FINANCIAL ADVISORS

VIA ELECTRONIC MAIL

November 16, 2026

North American Securities Administrators Association
Market and Regulatory Policy and Review Project Group
750 First Street, N.E., Suite 990
Washington, D.C. 20002

Re: Proposed Amendments to the Statement of Policy on Dishonest or Unethical Business Practices by Broker-Dealers and Agents in Connection with Investment Company Shares

Dear Members of the Market and Regulatory Policy and Review Project Group:

On October 14, the North American Securities Administrator's Association (NASAA) filed proposed amendments to the Statement of Policy on Dishonest or Unethical Business Practices by Broker-Dealers and Agents in Connection with Investment Company Shares (Statement of Policy).[1] The Financial Services Institute (FSI) appreciates the opportunity to comment on the proposal, and we support NASAA's objective of harmonizing the Statement of Policy with Regulation Best Interest. We recommend direct incorporation by reference as the clearest and most effective means of achieving that objective.

Background on FSI Members

FSI was founded in 2004 and is the only organization advocating on behalf of independent financial services firms and their affiliated independent financial advisors. FSI represents 130,000 advisors, through its member firms, across all 50 states, serving Main Street Americans with affordable, competent, and unbiased financial advice. The independent financial services community has been an important and active part of the lives of American investors for more than 50 years. In the US, there are more than 175,000 independent financial advisors, which account for approximately 60 percent of all producing registered representatives.[2] These financial advisors are self-employed independent contractors, rather than employees of the independent financial services firm.[3]

FSI's member firms provide business support to independent financial advisors in addition to supervising their business practices and arranging for the execution and clearing of customer transactions. Independent financial advisors are small-business owners and job creators with strong ties to their communities. These financial advisors provide comprehensive and affordable financial services that help millions of individuals, families, small businesses, associations,

[1] North American Securities Administrators Association, Inc., *Request for Public Comment [Updated]* (Oct. 14, 2026) (proposed amendments to the Investment Company Shares Statement of Policy and technical revisions to related model rules), *available at* https://www.nasaa.org/wp-content/uploads/2026/10/Request-for-Public-Comment-Investment-Company-Shares-SOP_10-14-2026.pdf.

[2] Tiburon Strategic Advisors, Research on Independent Advisors (Dec. 18, 2024).

[3] The use of the term "financial advisor" or "advisor" in this letter is a reference to an individual who is a registered representative of a broker-dealer, an investment adviser representative of a registered investment adviser, or a dual registrant.

organizations, and retirement plans. Their services include financial education, planning, implementation, and investment monitoring. Due to their unique business model, FSI member firms and their affiliated financial advisors are especially well positioned to provide Main Street Americans with the affordable financial advice, products, and services necessary to achieve their investment goals.

FSI members make substantial contributions to our nation's economy. According to Oxford Economics, FSI members nationwide generate $35.7 billion in economic activity. This activity, in turn, supports 408,743 jobs including direct employees, those employed in the FSI supply chain, and those supported in the broader economy. In addition, FSI members contribute nearly $7.2 billion annually to federal, state, and local government taxes.[4]

Discussion

We support NASAA's objective of aligning the Statement of Policy with the Reg BI and appreciate the proposal's recognition of the importance of consistency by adding the conduct-standard language adopted in its Business Practices Model Rule to Sections A.4, B.1, and B.2 of the Statement of Policy. As FSI has long argued, a uniform national standard benefits investors, regulators, financial advisors, and firms. Investors should receive consistent protections regardless of where they live. Financial advisors and firms operating across state lines should be able to organize their training, supervision, disclosures, and compliance procedures around a commonly understood standard. State regulators should have clear authority to enforce that standard.

Direct incorporation by reference advances each of these objectives. It allows states to adopt Reg BI's substantive protections while reducing the need for firms to reconcile separately worded versions of the same federal requirements. Lower compliance costs can help preserve access to affordable financial advice without sacrificing investor protection. Applying the same substantive standard at the state and federal levels also supports coordination among regulators and greater certainty for investors about the obligations owed to them. Indeed, the many states, including Florida, Minnesota, Texas, Washington, and Vermont, have chosen the clean and unambiguous approach of incorporating Reg BI by reference into their rulebook.[5]

Although the proposed amendments cite Reg BI, they also separately restate selected elements of its requirements. FSI understands that NASAA intends this language to align with the federal standard. Nevertheless, restating portions of an existing regulation creates an unnecessary opportunity for differences in interpretation. Firms and regulators may be left to consider whether the separately stated language has an independent meaning or application beyond the incorporated rule. That uncertainty can arise even when the intended substantive obligations are the same.

FSI therefore recommends that NASAA revise the proposed additions to Sections A.4, B.1, and B.2 to incorporate Regulation Best Interest, 17 C.F.R. § 240.15l-1, directly by reference, without separately restating selected elements of the federal standard. Accompanying commentary should expressly confirm that these additions are intended to adopt the federal

[4] Oxford Economics for the Financial Services Institute, The Economic Impact of FSI's Members (2020).
[5] Fla. Admin. Code Ann. r. 69W-600.013(1)(h)7, r. 69W-200.002(30); Minn. Stat. § 80A.691, subd. 1(4), Laws 2026 ch. 124. effective Aug. 1, 2026; Tex. Admin. Code §7-115; Vt. Dep't of Fin. Reg., Rule S-2016-01, § 2-2(a)(14) (effective Apr. 10, 2026); Wash. Admin. Code § 460-20C-210(4).

standard and should be interpreted and enforced consistently with Reg BI and the SEC's adopting release.

Our recommendation in favor of incorporation by reference reflects FSI's longstanding commitment: states should be able to enforce Reg BI through a clear, consistent framework that preserves its investor protections and avoids unnecessary compliance complexity.

Conclusion

FSI appreciates NASAA's work to harmonize the Statement of Policy with Reg BI and its consideration of these comments. We welcome the opportunity to work with NASAA and its members to advance a uniform standard that protects investors and supports access to affordable financial advice. Thank you for considering our comments. Should you have any questions, please contact me at (202) 393-0022.

Respectfully submitted,



Andrew M. Hartnett
Vice President & Deputy General Counsel