



Securities Arbitration Clinic  
St. Vincent de Paul Legal Program, Inc.  
St. John's University School of Law  
8000 Utopia Parkway  
Queens, NY 11439  
Tel (718) 990-6930  
Fax (718) 990-1961  
Email: [sac@stjohns.edu](mailto:sac@stjohns.edu)  
[www.stjohns.edu/law/sac](http://www.stjohns.edu/law/sac)

December 19, 2024

Via email to [nasaacomment@nasaa.org](mailto:nasaacomment@nasaa.org)  
North American Securities Administrators Association  
750 First Street NE, Suite 990  
Washington, DC 20002

**Re: Proposed Amendments to the NASAA Model Rule, *Dishonest or Unethical Business Practices of Broker-Dealers and Agents***

To the Market and Regulatory Policy and Review Project Group of the Broker-Dealer Section of NASAA:

Thank you for this further opportunity to comment on NASAA's proposed revisions to the model rule on *Dishonest or Unethical Business Practices of Broker-Dealers and Agents* (Business Practices Rule). We are writing this comment on behalf of the Securities Arbitration Clinic at St. John's University School of Law (Clinic). The Clinic is part of the St. Vincent de Paul Legal Program, Inc., a not-for-profit legal services organization. The Clinic represents aggrieved investors with small dollar claims and is committed to investor education and protection. Many of the claims handled by the Clinic have involved inappropriate investment recommendations by brokers. Accordingly, the Clinic has a strong interest in the Business Practices Rule furthering investor protection.

The proposed revisions to the Business Practices Rule seek to update the rule in light of the Securities and Exchange Commission's adoption of Regulation Best Interest (Reg BI). On September 5, 2023, NASAA requested public comment on three proposed revisions to the rule: (1) to acknowledge and incorporate by reference the SEC's recent federal conduct standard applicable to broker-dealer and agents pursuant to Reg BI; (2) to define and clarify various obligations and components of this new conduct standard for purposes of state interpretation and enforcement; and (3) to prohibit misleading uses of the title "advisor" and "adviser." The Clinic submitted a letter in support of the three proposed revisions on December 4, 2023.<sup>1</sup> On

---

<sup>1</sup> Available at <https://www.nasaa.org/wp-content/uploads/2023/09/NASAA-Comment-Letter-St-Johns.pdf>.

November 4, 2024, after receiving comments, NASAA repropoed Revisions #1 and #3, but eliminated Revision #2.

As discussed further below and as expressed in our prior letter, while we disagree with the removal of Revision #2, we reiterate our support for Revisions #1 and #3.

1. Acknowledgement and Incorporation of Reg BI

The Clinic supports this proposed revision to the Business Practices Rule, which would require that broker-dealers and agents not place their own interests ahead of their customer's, thereby helping to unify the state and federal standards of conduct.

2. Defining, Clarifying, and Emphasizing Components of the Business Practices Rule

While Revision #2 has been removed from the current proposal, the Clinic continues to be supportive of the prior proposal to define, clarify, and emphasize certain obligations for states' interpretation, which would help prevent broker-dealers and their agents from misunderstanding their obligations to investors. The Clinic believes the proposal should be part of the model rule. Additionally, as noted in our prior letter, the Clinic believes that an explicit statement that the rule intends to capture digital engagement practices when referencing "any means, method, or mechanism to feature or promote an account type, specific security or investment strategy to a retail customer" would help address the emergence and use of fintech as a means of providing investment recommendations.

3. The Use of Adviser and Advisor

The Clinic supports this revision, which attempts to prohibit misleading usage of the terms "adviser" and "advisor." To prevent investors from being misled or confused by misuse of these titles, the Clinic recommends that NASAA permit dually-registered brokers to use these titles only when the broker is acting in an advisory capacity with a client. Allowing dual-registrants to use the title even when not acting in an advisory capacity has the potential to continue to confuse customers.

In conclusion, while the Clinic believes NASAA could go further in its amendments, we reiterate our support for Revisions #1 and #3. The Clinic thanks NASAA for the opportunity to help investors by commenting on these important proposals.

Respectfully Submitted,

St. Vincent De Paul Legal Program, Inc.  
Securities Arbitration Clinic  
St. John's University School of Law

*Kathleen Loy*  
Student Intern

*Aria Lugo*  
Student Intern

*Elissa Germaine, Esq.*  
Elissa Germaine, Supervising Attorney

*Christine Lazaro, Esq.*  
Christine Lazaro, Supervising Attorney

cc:

Amy Kopleton, Chair of the Market and Regulatory Policy and Review Project Group,  
[kopletona@dca.njoag.gov](mailto:kopletona@dca.njoag.gov)

Jim Nix, Chair of the Broker-Dealer Section, [jnix@ilsos.gov](mailto:jnix@ilsos.gov)