



August 15, 2022

Dear Section Chair Seidt and Group Chair Heuerman,

On behalf of the members of the California Business Roundtable, a non-partisan organization comprised of the senior executive leadership of major employers in California we respectfully submit the following comments regarding the proposed revisions by the North American Securities Administrators Association (NASAA) to its statement of policy regarding real estate investment trusts (REITs).

My members support NASAA's efforts to protect investors and ensure an orderly and stable marketplace for securities, and we recognize the important role that your organization plays on a national policy level.

NASAA first addressed the concentration limits issue in 2016, and over these ensuing years, the industry and regulators have advanced reforms to address these concerns while also experiencing tremendous innovation to serve the rapidly changing needs of our financial marketplace.

Your current proposal for concentration limits speaks to the interests of small retail investors who are the most exposed during market drawdowns. However, we are gravely concerned that your proposal does not allow an exemption for those who qualify as accredited investors under Securities and Exchange Commission rules. This is a major oversight that will directly impact the innovation and extraordinary improvements in market practices that have taken place during this time.

In addition, we are trying to reconcile your earlier proposal which contained an accredited investor exemption with the lack of an exemption today. The higher level of regulatory restrictions completely ignores the reforms that have been implemented since an earlier time when concerns about fees, liquidity, and other market practices appropriately led to calls for concentration limits.

Due to vast improvements in market practices that have occurred in recent years, the marketing and sale of non-listed REITs are also subject to investor protections that have been strengthened by the SEC's implementation in 2020 of Regulation Best Interest — another reason it is unnecessary to now exclude an accredited investor exemption that had been central to NASAA's earlier proposal.

To be clear, the inclusion of the AI exemption is critically important to our interests for future investment in California's economy. As always, we are looking to balance investor protections with innovation that will provide increased economic opportunities in underserved communities. This approach will complement Governor Newsom's commitments to long term equity policies in these communities throughout California.

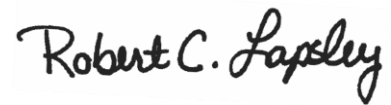
If NASAA's revisions fail to fully account for the benefits available by including an accredited investor exemption, we would anticipate that many state securities regulators may decline to adopt the revisions, which would be an unwelcome precedent for state securities administration.

For these reasons we respectfully request that you maintain the accredited investor exemption policy in all future policy considerations.

Please let us know if we can answer any questions on this very important issue to California's economy. We look forward to a continued discussion.

Thank you.

Very truly yours,

A handwritten signature in black ink that reads "Robert C. Lapsley". The signature is written in a cursive, flowing style.

ROBERT C. LAPSLEY
President