



March 27, 2024

The Honorable Jessie Danielson, Chair  
Committee on Business, Labor, and Technology  
Colorado General Assembly  
200 E. Colfax Avenue  
Denver, CO 80203

**RE: SB. 129, The Nonprofit Member Data Privacy & Public Agencies Act**

Dear Chair Donaldson and Members of the Senate Committee on Business, Labor, and Technology:

The Financial Industry Regulatory Authority (FINRA) is a 501(c)6 not-for-profit, non-governmental regulator of the United States broker-dealer industry. FINRA operates under authority from the Securities Exchange Act of 1934 and is overseen by the Securities and Exchange Commission.

Under federal securities law, broker-dealer firms and their associated persons – including nearly 2,000 broker-dealer offices in Colorado and the 250,000 individuals registered to do business in the state – are generally required to register as FINRA members. FINRA only collects and shares data for regulatory purposes. FINRA does not sell this information or use it for commercial or marketing purposes.

FINRA is a longstanding regulatory partner of the Colorado Department of Regulatory Agencies, Securities Division (“Division”). We are writing today to raise a concern that the language in SB 129 may restrict important communications between the Division and FINRA and weaken the regulatory oversight of the broker-dealer industry in Colorado.

Because FINRA is organized as a 501(c)6 organization, SB 129 could turn a wide variety of important regulatory information into protected personal information. The definition of “Member-Specific Data” in SB129 Section 7-90-102 (36.5) includes “any [...] compilation [...] that identifies, in whole or part, directly or indirectly, a person as a member [...] to any nonprofit entity.” Under this definition, and due to FINRA’s regulatory engagement in most aspects of a registered broker-dealer’s business operations, nearly any information related to a broker-dealer may directly or indirectly identify it as a FINRA member. Should this language be enacted into law, a bad actor could potentially rely on this language to obstruct or delay a regulatory investigation in Colorado.

A broad interpretation of “member-specific data” would not only interfere with the Division’s ability to effectively regulate the broker-dealers and agents under its jurisdiction,

but also restrict the Division's ability to share important regulatory information with FINRA.

Specifically, when the Division sends FINRA a regulatory referral or other regulatory information about a FINRA member or registrant it could be considered to have "disclose[d]... one or more items of member-specific data," which would be prohibited under Section 7-90-107 (b)(2)(a)(II). FINRA often relies on regulatory referrals from state regulators to investigate and take action against bad actors. The loss of this information could negatively impact the protection of Colorado investors.

This concern is shared by the North American Securities Administrators Association (NASAA) – a national organization of securities regulators – of which the Colorado Department of Regulatory Agencies is a member. In a letter to the National Conference of State Legislatures addressing similar legislation in other states, NASAA expressed its concern that such bills could impair information that has been regularly shared for decades. In its letter, NASAA requested that any legislature that seeks to limit the collection and sharing of "personal information" consider including an exemption for the state securities regulator.

FINRA strongly supports this request and urges the committee to add the following language to SB 129:

"Nothing in this act shall be interpreted as precluding the Department of Regulatory Agencies from requesting, using or disclosing personal information for purposes of carrying out its mandate."

To be clear, FINRA takes no position on the stated intent of SB 129, but rather asks that the committee consider including the above language to safeguard Colorado investors.

We are more than happy to discuss any or all these issues in greater detail. Thank you in advance for your time and consideration, and if you have any questions or need additional information, please contact Kristen Standifer at [kristen.standifer@FINRA.org](mailto:kristen.standifer@FINRA.org) or (415) 217-1126.

Sincerely,  
/s/  
Kristen Standifer  
Senior Director  
Office of Government Affairs  
FINRA



March 28, 2024

The Honorable Jessie Danielson  
The Honorable Nick Hinrichsen  
Committee on Business, Labor, & Technology  
Colorado Senate  
200 E. Colfax Avenue  
Denver, CO 80203

RE: SB24-129, Non-Profit Member Data Privacy & Public Agencies

Dear Chair Danielson, Vice Chair Hinrichsen, and Members of the Committee on Business, Labor, & Technology:

The Securities Industry and Financial Markets Association (SIFMA)<sup>1</sup> is a national trade association representing over 350 large, medium, and small broker-dealers, investment banks and asset managers, many of whom have a strong and growing presence in Colorado. In fact, more than 124,000 Coloradans work in the finance and insurance industries, almost 25,000 of them work at securities firms, and 63 broker-dealer main offices call Colorado home.<sup>2</sup>

As you know, the securities industry is highly regulated at both the federal and state level. Among our federal regulators is the Financial Industry Regulatory Authority (FINRA). FINRA is a 501(c)(6) self-regulatory organization (SRO) whose members are broker-dealers and their associated persons. It is authorized by the Securities Exchange Act of 1934 and overseen by the Securities and Exchange Commission. FINRA often partners with state securities regulators, such as the Department of Regulatory Agencies' Securities Division, on registration, examination, and enforcement issues.

We are writing to express concern about SB24-129, legislation which would prohibit public agencies from taking certain actions relating to the collection and disclosure of data that may identify members of non-profits. While we take no position on the stated intent of the legislation, we fear that, because FINRA is a non-profit and broker-dealers and their associated persons are typically FINRA members, the bill could have some unintended consequences on both the industry and the Colorado Securities Division.

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<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> US Department of Labor – Bureau of Economic Analysis and Discovery Data 2023.

We appreciate the licensing language (Page 6, lines 10-12) which allows member-specific data to be collected where “required by statute in order for an applicant to qualify for or operate under a license to conduct business in the state.” Broker-dealers and their associated persons must register in every state where they do business. Without this language, the annual registrations of nearly 2000 broker-dealer offices in Colorado and the 250,000 individuals registered to do business in the state would be in jeopardy, dramatically and negatively impacting both our industry and the investors we serve.

We, however, fear that a broad interpretation of the term “member-specific data” (Page 2, lines 7-12) could unintentionally limit the ability of state and federal securities regulators to share information intended to protect investors against bad actors. At a minimum, a bad actor could try and use this language as a shield to obstruct or delay a regulatory investigation in the state. While the bill does include a law enforcement exception (Page 6, lines 15-19), this exception does not appear to be broad enough to cover investigations related to the Colorado Securities Division. To address this concern, we would encourage you to make clear that this legislation does not preclude the Securities Division from requesting, using, or disclosing information for the purposes of carrying out its mandate.

Thank you for your consideration. Please feel free to contact me at [kchamberlain@sifma.org](mailto:kchamberlain@sifma.org) or 202-962-7411 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Kim Chamberlain". The signature is written in a cursive, flowing style.

Kim Chamberlain  
Managing Director & Associate General Counsel  
SIFMA

Cc: The Honorable Byron Pelton  
The Honorable Chris Kolker  
The Honorable Chris deGruy Kennedy  
The Honorable Lisa Frizell