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ALTERNATIVE & DIRECT INVESTMENT SECURITIES ASSOCIATION
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**September 22, 2026**

The Honorable Zachary Nunn (IA-03)
U.S. House of Representatives
Washington, DC 20515

The Honorable Gregory Meeks (NY-05)
U.S. House of Representatives
Washington, DC 20515

**Re: Support for H.R. 7187 – The Clarity for Compensation Act**

Dear Representatives Nunn and Meeks:

On behalf of the Alternative & Direct Investment Securities Association (ADISA), we appreciate your leadership in introducing H.R. 7187, the **Clarity for Compensation Act**. ADISA is pleased to support this bipartisan legislation and respectfully encourages Congress to advance its passage.

ADISA is the nation's leading trade association representing professionals involved in alternative investments, including broker-dealers, registered representatives, investment advisers, sponsors, due diligence professionals, and other firms serving retail and institutional investors.[1] Our members share a common goal of expanding access to investment opportunities while maintaining high standards of investor protection, regulatory compliance, and professional conduct.

H.R. 7187 addresses a narrow but important issue that has created unnecessary uncertainty for registered representatives and the firms that supervise them. The legislation is not intended to change the regulatory obligations of securities professionals or reduce investor protections. Rather, it provides a commonsense statutory clarification framework while preserving the existing federal securities regulatory framework.

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[1] ADISA (Alternative & Direct Investment Securities Association) is the nation's largest trade association for the non-traded alternative investment space (i.e., retail vs. institutional). Through its 5,000 financial industry members (over 1,000 firms), ADISA reaches over 220,000 finance professionals, with sponsor members raising in excess of $200 billion annually, serving more than 1 million investors. ADISA is a non-profit organization (501(c)(6)), registered to lobby and also has a related 501(c)(3) charitable non-profit (ADISA Foundation) assisting with scholarships and educational efforts.

Many financial professionals would benefit by receiving their compensation through a wholly owned personal services entity to streamline legitimate business purposes, including payroll administration, employee benefits, tax planning, liability management, succession planning, and general business operations. These entities would not engage in securities transactions, provide investment advice, solicit customers, or otherwise function as broker-dealers. They would simply serve as administrative entities through which compensation earned by a registered representative, acting through his or her affiliated broker-dealer, is received and managed.

Unfortunately, the absence of a clear statutory framework permitting such payments to a registered representative owned personal services entity has created an environment of complexity for those registered representatives – i.e., where a registered representative receives compensation from his or her affiliated broker-dealer personally and then has to move those funds into his or her personal services entity. H.R. 7187 appropriately resolves this complexity by clarifying that a qualifying registered representative-owned personal services entity is not considered a broker solely because it receives compensation on behalf of the registered representative, provided the statutory conditions are satisfied.

Importantly, the legislation does **not** reduce investor protections or alter the supervisory responsibilities of broker-dealers. Registered representatives remain fully subject to all applicable federal and state securities laws, Securities and Exchange Commission regulations, FINRA rules, Regulation Best Interest, licensing requirements, supervision, recordkeeping obligations, and enforcement authority. Likewise, broker-dealers retain their existing supervisory obligations, and the SEC, FINRA, and state securities regulators continue to possess the same examination, investigative, and enforcement authority they exercise today. The bill simply clarifies the legal status of the compensation entity itself and removes unnecessary ambiguity surrounding an administrative business structure that has no independent customer-facing securities function.

From ADISA's perspective, regulatory clarity is itself an important component of investor protection. Clear and predictable rules allow firms to devote greater resources to compliance, supervision, investor education, and client service rather than addressing uncertainty over technical business structures that do not affect customer protections or the delivery of investment advice.

Many registered representatives also operate as small business owners serving families, retirees, entrepreneurs, and small businesses in communities across the country. Providing certainty regarding how these professionals structure the receipt of their compensation allows them to focus on serving clients, growing their businesses, and meeting their regulatory obligations rather than navigating unnecessary legal ambiguity. H.R. 7187 supports these professionals while preserving the investor protections and regulatory oversight that are fundamental to maintaining confidence in our capital markets.

The legislation also promotes consistency across the financial services industry. Financial professionals should be permitted to utilize professional entities for legitimate business purposes that are commonplace in many professions. Providing clear federal guidance regarding these compensation structures reduces unnecessary legal uncertainty while preserving the comprehensive regulatory framework governing registered representatives and broker-dealers.

Importantly, H.R. 7187 represents a thoughtful bipartisan solution to a technical issue rather than a substantive change in securities regulation. It preserves every existing investor protection applicable to registered representatives and broker-dealers while providing needed certainty regarding an administrative compensation structure. We believe this balanced approach benefits investors, financial professionals, firms, and regulators alike.

By providing regulatory certainty without altering existing investor protections, H.R. 7187 will help financial professionals continue serving investors more efficiently while allowing firms to devote greater attention and resources to compliance, supervision, investor education, and expanding access to investment opportunities. In turn, investors benefit from a regulatory framework that preserves strong oversight while reducing unnecessary ambiguity surrounding routine business practices that have no impact on the quality of investment advice or the protections afforded to clients

ADISA appreciates your leadership on this important legislation and looks forward to working with you and members of the House Financial Services Committee as the bill advances through Congress. Please consider ADISA a resource as Congress continues its efforts to modernize and improve the nation's securities laws while preserving the strong investor protections that foster confidence in our capital markets.

Thank you for your leadership and for your consideration of our views.

Respectfully,

Catherine Bowman
Chair of the ADISA Legislative and Regulatory Committee

cc: House Speaker Mike Johnson (LA-04)
Democratic Leader Hakeem Jeffries (NY-08)
Jade Miller, ADISA Chief Executive Officer