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March 12, 2014

Elizabeth M. Murphy
Secretary
Securities Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Securities and Exchange Commission Release No. 34-71545; File No. SR-FINRA-2014-006 Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change Relating to Per Share Estimated Valuations for Unlisted DPPs and REITs

Dear Ms. Murphy:

I am the founder and principal of NLR Advisory Services, LLC ("NLR"). Formed in 2013, NLR works with non-listed DPP and REIT sponsors to help them gain a clear perception of their market potential; develop an informed plan for realizing their potential; and implement their plan in a way that, based on experience and direct market feedback, maximizes their potential for success. Prior to forming NLR, I was actively involved in the placement of more than $15 billion in non-listed REITs involving more than 8,000 financial advisors and 200,000 investors.

On January 31, 2014, the Financial Industry Regulatory Authority (FINRA) filed, and on February 19, 2014 the Securities and Exchange Commission (SEC) subsequently published in the Federal Register, proposed rule changes relating to per share estimated valuations for unlisted DPPs and REITs (the "Proposal"). The Proposal is so vast in its implications, has such a dramatic effect on the industry and is so technical in nature that it requires a deep and thorough analysis by all interested parties if appropriate conclusions are to be reached and investor interests are to be served. It is not my intention to attempt such an analysis here. Instead, I want to comment on what I consider to be some of the most important underlying concepts.

Fundamental to this Proposal is the development of the existing rules and regulations around initial public offerings that involve liquid assets and take place in a matter of days, if not hours. In contrast, non-listed REIT offerings involve non-liquid assets and take years. They do not fit into the current rules and regulations. The industry, FINRA and the SEC together recognize the need to develop new rules and regulations that are appropriate for non-listed DPPs and REITs. They can only be developed if the systemic differences between listed and unlisted offerings are embraced.

The process that has led to this Proposal and the dialogue that has taken place between the industry, FINRA and the SEC since the filing of RN 11-44 in 2011 has been productive. Since then the industry has made great progress on behalf of investors by developing and implementing a uniform performance metric known as Modified Funds from Operations (MFFO), and a uniform Valuations Guideline. Together these guidelines provide investors in non-listed REITs with timely and credible indications of the source of their distributions, and the performance and value of their investments. It is unfortunate that some regulators and members of the press have been skeptical of MFFO, believing that the metric evolved out of a dubious attempt to make non-listed REITs look better than they are. The reality could not be farther from the truth. MFFO came out of an extensive industry wide effort that involved multiple industry associations, program sponsors, independent broker dealers, due diligence analysts, accounting professionals and attorneys to create a uniform performance metric that would make the source of cash distributions more apparent and provide investment professionals and investors with a valid basis for comparing non-listed REITs. The Valuations Guideline that was developed and implemented is actually more stringent than this current FINRA proposal. Regulatory support for these industry initiatives would benefit investors in the same way this Proposal is intended to benefit investors.

NLR has supported the deduction of sales compensation from gross offering proceeds to determine the proposed Net Investment amount to be shown on customer account statements from the beginning of this process. Understandably, there has been persistent industry push back towards the deduction of Organization and Offering expenses ("O&O") from gross offering proceeds. NLR believes that the deduction of O&O would be inconsistent with the treatment of other asset classes and would impair the ability of investors to make a fair comparison to non-listed REITs.

NLR strongly believes that the use of GAAP accounting is not appropriate anywhere within these proposed rule changes. The introduction of GAAP accounting will create accounting complexities, the need for multiple accounting adjustments, greater inconsistencies, more opportunities to game the system and gross misconceptions. More importantly, it will make the resultant reporting so convoluted that the source of distributions, and the performance and value of an investment will be less transparent to investors in direct opposition to the intended purpose of this Proposal. NLR submits that it will be more meaningful to investors if the source of their cash distributions is disclosed in a way that is consistent with similar disclosures for investment companies under the Investment Company Act of 1940.

NLR believes that the Not Priced option set forth in this Proposal is also in direct opposition to the intended purpose of this Proposal and will result in less rather than more transparency for investors. NLR strongly recommends that the Not Priced option be eliminated and that Net Investment and an acceptable independently determined value as defined in this Proposal be the only two options. NLR further believes it is unreasonable, unnecessary and will not provide any additional protection for investors for member firms to have any responsibility for the validity of a valuation beyond the level of responsibility already set forth in the current rules.

The market disruption from the implementation of the proposed rule changes could be catastrophic if not managed properly. Again recognizing the difference between the timeline for the stereotypical IPO and a non-listed REIT offering, a six month implementation period is severely inadequate. An eighteen month implementation period would allow members to manage the completion of existing offerings and the introduction or rejection of any new offerings in a responsible way. NLR recognizes that there is a perception and concern that sponsors will rush to market and attempt to circumvent the rule changes by issuing as many offerings as possible during the implementation period. The increase in market capitalization for non-listed REITs last year is being cited as empirical evidence for the concern. NLR believes that the increase in capital was the result of non-listed REITs that successfully orchestrated liquidity events, returned significant amounts of capital to investors that did well, and those investors re-invested. The potential for a rush to market is already tempered by the fact that member firms are utilizing the industry guidelines for distributions (MFFO) and valuations (Valuations Guideline) mentioned above when evaluating whether or not to participate in the selling group for a newly formed non-listed REIT.

NLR appreciates this opportunity to comment on the Proposal. The non-listed REIT industry has made significant strides in recent years. DPPs and non-listed REITs are becoming more widely accepted as an important part of a diversified portfolio. NLR is optimistic that by working together the industry, FINRA and the SEC can make informed decisions about the proposed rule changes that will support investor interests as intended.

Sincerely,

Martel Day
Principal