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UTAH DEPARTMENT OF COMMERCE

Division of Securities

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Executive Director

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MEMORANDUM

TO: All interested parties.

FROM: Utah Division of Securities

DATE: December 31, 2025

RE: September 7, 2025 NASAA Statement of Policy Regarding REITs

Background

Utah's securities laws regulate non-traded Real Estate Investment Trusts ("REIT" or "REITs") by, among other things, requiring REITs to register securities offerings with the Utah Division of Securities (the "Division"). A REIT is an investment opportunity that owns, operates, and/or finances income-producing real estate. Like mutual funds, REITs allow investors to own a portion or percentage of an investment portfolio generally comprised of multiple properties providing an economical means to incorporate real estate into a diversified portfolio. But unlike mutual funds, REITs pose certain unique risks to investors including restrictive constraints on when investor may redeem their principal investment, how much may be redeemed, interest rate sensitivity, tax inefficiencies, and high upfront fees.

As to specific registration requirements, pursuant to [Utah Admin. Code R164-11-1\(B\)](#), Utah law incorporates by reference statements of policy adopted by the North American Securities Administrators Association ("NASAA") as applicable to, among other programs, REITs. For almost two decades, the registration statements requirements for REITs were set forth in the [May 7, 2007 statement of policy from NASAA](#). On September 7, 2025, [NASAA adopted an amended version of the statement of policy pertaining to REITs](#). The amended statement of policy, among other things, added a concentration limit for the suitability analysis for potential investors. Specifically, the amended policy imposes a limit of 10% of an investor's "liquid net worth," as defined in the policy, for the aggregate investment amount in a REIT.

By operation of Utah Admin. Code R164-11-1(B), the September 7, 2025 statement of policy will be applicable to REITs registered in Utah effective as of January 1, 2026.

Statement of Non-Enforcement

Beginning January 1, 2026, the Division, pursuant to the Director's discretion in determining whether to pursue an enforcement action or not, will not require a registration statement filed on behalf of a REIT, pursuant to Utah Admin. Code R164-11-1(B), to include information pertaining to the newly imposed concentration limit in the September 2025 NASAA statement of policy. The Division, however, expressly reserves all rights and powers as provided under applicable law to fully enforce all other aspects of Utah Admin. Code R164-11-1(B).

The Division is issuing this statement in order to provide it with necessary time to review, research, and consider possible amendments to Utah Admin. Code R164-11-1(B). The Division firmly believes that any suitability analysis should include a determination as to whether a client's investment is appropriate considering the client's overall financial situation. But the Division requires time to analyze whether NASAA's statement of policy is appropriate for Utah's investing community and, if not, how Utah Admin. Code R164-11-1(B) should be amended to modernize REIT disclosure requirements to properly apply to the realities of Utahns investing in REITs.

The Division anticipates submitting a proposed amendment to Utah Admin. Code R164-11-1(B) to the Utah Securities Commission in early 2026. Any proposed rule will be published for notice and comment as required by the Utah Administrative Procedures Act.

PLEASE CONTACT THE DIVISION WITH ANY QUESTIONS