

**TITLE 660. DEPARTMENT OF SECURITIES
CHAPTER 11. OKLAHOMA UNIFORM SECURITIES ACT OF 2004**

RULEMAKING ACTION:

PERMANENT final adoption

RULES:

Subchapter 5. Broker-Dealers and Agents
Part 3. Licensing Procedures
660:11-5-11. [AMENDED]
Subchapter 11. Exemptions From Securities Registration
Part 7. Federal Covered Securities
660:11-11-61. [AMENDED]
660:11-11-62. [NEW]

AUTHORITY:

Administrator, Oklahoma Department of Securities; 71 O.S. §§1-605, 1-608

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n/a

INCORPORATIONS BY REFERENCE:

n/a

ANALYSIS:

The rule amendments clarify current regulatory procedure and exemption notice filing requirements in light of recent changes in federal law. The new rule establishes exemption notice requirements in light of recent changes in federal law.

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PURSUANT TO THE ACTIONS DESCRIBED HEREIN, THE FOLLOWING RULES ARE CONSIDERED FINALLY ADOPTED AS SET FORTH IN 75 O.S., SECTIONS 250.3(5) AND 308(E), WITH AN EFFECTIVE DATE OF NOVEMBER 1, 2016:

**SUBCHAPTER 5. BROKER-DEALERS AND AGENTS
PART 3. LICENSING PROCEDURES**

660:11-5-11. Initial registration

(a) Broker-dealer. Each broker-dealer applying for initial registration pursuant to Section 1-406 of the Securities Act:

- (1) who is contemporaneously applying for FINRA membership or who is a FINRA member:
 - (A) shall file with the CRD:
 - (i) a completed Form BD, including Schedules A-E; and
 - (ii) the filing fee specified in Section 1-612 of the Securities Act.
 - (B) shall file with the Department, within 60 days of becoming registered, a list of the addresses, telephone numbers and resident agents of all nonbranch sales offices located within the state of Oklahoma.
- (2) who is not a current FINRA member shall file with the Department:
 - (A) a completed Form BD, including Schedules A-E;
 - (B) the filing fee specified in Section 1-612 of the Securities Act;
 - (C) ~~audited~~ financial statements as required by 660:11-5-45;
 - (D) documentation of compliance with the minimum capital requirement set forth in Section 1-406.E of the Securities Act and 660:11-5-17;
 - (E) designation, qualification and registration of a principal as defined in 660:11-5-2 pursuant to (c) of this ~~section~~Section;
 - (F) a list of the addresses, telephone numbers and resident agents of all nonbranch sales offices located within the state of Oklahoma;
 - (G) a copy of the written supervisory procedures of the broker-dealer; and
 - (H) any additional documentation, supplemental forms and information as the Administrator may deem necessary.

(b) Broker-dealer agent.

- (1) **Required documents.** Each broker-dealer agent applying for initial registration pursuant to Section 1-406 of the Securities Act shall file:
 - (A) a completed Form U-4;
 - (B) the filing fee specified in Section 1-612 of the Securities Act;
 - (C) proof of successful completion of the applicable examinations specified in 660:11-5-16;
 - (D) proof of applicant's approved status of registration or licensure in a jurisdiction in which he has an office of employment when such registration is required; and
 - (~~E~~) any additional documentation, supplemental forms and information as the Administrator may deem necessary.
- (2) **Where to file.** An agent applying for registration with a FINRA member shall file the documentation required by (1)(A) through (C) of this subsection with the CRD and shall file any additional documentation with the Department. Agents applying for registration with a non-FINRA broker-dealer shall file the required documentation with the Department.

(c) Broker-dealer principal.

- (1) **Required documents.** Each person applying for initial registration under the Securities Act as a principal of a broker-dealer who is not a member of FINRA shall file with the Department:
 - (A) a completed Form U-4;
 - (B) a \$50.00 filing fee;
 - (C) proof of successful completion of the applicable examinations specified in 660:11-5-16; and
 - (D) an executed Applicant/Management Certification for Non-FINRA Principals Form; and
 - (~~E~~) any additional documentation, supplemental forms and information as the Administrator may deem necessary.
- (2) **Effect of registration.** Registration under the Securities Act as a principal of a broker-dealer shall constitute registration as an agent.

(d) **Issuer agent.** Agents of issuers applying for initial registration in the state of Oklahoma pursuant to Section 1-406 of the Securities Act shall file the following with the Department:

- (1) a completed Form U-4;
- (2) the fee specified in Section 1-612 of the Securities Act;
- (3) proof of successful completion of the applicable examinations specified in 660:11-5-16;
- (4) an executed Applicant/Management Certification Form; and
- (5) any additional documentation, supplemental forms and information as the Administrator may deem necessary.

(e) **Requirement for continued registration.** 660:11-5-42, adopted pursuant to ~~Section Sections~~ 1-411.D.13 and 1-605.A.2. of the Securities Act, sets forth the standards of ethical practices for broker-dealers and their agents. Paragraph (22) of said rule requires that each broker-dealer establish, maintain and enforce written procedures that will enable it to supervise properly the activities of each registered agent to assure compliance with applicable securities laws, rules, regulations and statements of policy. Therefore, the initial and continued registration of a broker-dealer that is not a FINRA member is conditioned upon the designation, qualification and registration of a principal who shall be responsible for the supervision of all agents of the broker-dealer who are registered under the Securities Act. A broker-dealer applicant or registrant may apply for registration of more than one person as a principal of said broker-dealer.

SUBCHAPTER 11. EXEMPTIONS FROM SECURITIES REGISTRATION PART 7. FEDERAL COVERED SECURITIES

660:11-11-61. Regulation D Rule 506 federal covered security notice filing

(a) **Notice requirement.** Issuers offering a security in this state in reliance upon Section 1-301.1 of the Securities Act by reason of compliance with Regulation D, Rule 506, adopted by the ~~United States Securities and Exchange Commission~~ SEC, shall be required to file a notice with the Administrator pursuant to the authority of Section 1 302.C. of the Securities Act if a sale of a security in this state occurs as a result of such offering. Such notice shall be filed no later than fifteen (15) days after the first sale of a security in this state for which a notice is required.

(b) **Terms-Content of notice filing.** ~~The issuer shall file with the Administrator no later than fifteen (15) days after the first sale of a security in this state for which a notice is required under (a) of this section~~ Each required notice shall include the following:

- (1) one copy of the notice of sales on Form D as most recently filed with the SEC, ~~and the Appendix thereto;~~
- (2) ~~a consent to service of process on Form U-2 and (if applicable) Form U-2A; and~~
- (3) ~~the notice filing fee required by Section 1-612.A.19. of the Securities Act.~~

660:11-11-62. Regulation A Tier 2 federal covered security notice filing

(a) **Notice requirement.** Issuers offering a security in this state in reliance upon Section 1-301.1 of the Securities Act by reason of compliance with Tier 2 of Regulation A, adopted by the SEC, shall be required to file a notice with the Administrator pursuant to the authority of Section 1 302.C. of the Securities Act. Such notice shall be filed prior to the first offer of securities in this state that is subsequent to qualification of the offering statement by the SEC.

(b) **Content of notice.** Each required notice shall include the following:

- (1) a copy of Part I of Federal Form 1-A in conjunction with a completed Oklahoma Notice of Regulation A - Tier 2 Offering form (or equivalent uniform form), or copies of all documents filed with the SEC;
- (2) a consent to service of process (if such is not included in the submitted Notice form);
and,
- (3) the notice filing fee required by Section 1-612.A.19. of the Securities Act.