

RULE IMPACT STATEMENT OAC 660:11

Pursuant to the Administrative Procedures Act, Section 303.D of Title 75 of the Oklahoma Statutes, the Oklahoma Department of Securities (“Department”) hereby submits the following Rule Impact Statement for PERMANENT rule proposals for OAC Title 660, Department of Securities, Chapter 11, Oklahoma Uniform Securities Act of 2004.

Brief Description of the Purpose of the Proposed Rules and Rule Amendments:

The proposed new rule and rule amendments clarify examination requirements for agents and investment adviser representatives, require investment advisers to register a natural person as an investment adviser representative, allow agents and investment adviser representatives to maintain the validity of their state examinations for up to five years under certain conditions, remove the attestation requirement for investment advisers required to submit proof of errors and omissions coverage and adjust the timeline for submission, clarify dishonest and unethical practices of issuer agents, conform investment adviser regulations relating to dishonest and unethical practices to model rules and federal law and clarify that changes in federal law relating to advertising are applicable to state-registered investment advisers and investment adviser representatives, clarify that the Department may require compliance with NASAA guidelines and Statements of Policy in connection with the review of securities registrations and exemption filings, clarify the filing requirements for the exemption from registration for transactions with existing securities holders, correct statutory cites and terminology, and clarify existing law and changing regulatory procedures.

Description of the classes of persons who most likely will be affected by the rule proposals, including classes that will bear the cost of the rule proposals, and any information on cost impacts received by the agency from any private or public entities:

The proposed new rule and rule amendments will impact broker-dealers, agents, investment advisers, investment adviser representatives, and issuers of securities. Most of the proposed rule amendments are being made to clarify or streamline existing rules and will have no financial impact on any of the classes affected. Two proposed rule amendments provide agents and investment adviser representatives with the option to extend the validity of their examinations during periods when they are not registered with a broker-dealer or investment adviser for up to five years if the individual elects to enroll in a program and complete continuing education during the extension period. Professionals are not required to participate, but if they do, they will pay an enrollment fee to the organization that monitors the program and the costs of their continuing education courses that they would have paid for those years if their registrations were active. One proposed rule amendment will require issuers to spend time reviewing their current policies and procedures and to train and monitor their agents. Another proposed rule amendment will require investment advisers to spend time reviewing their current policies and procedures and to train and monitor their investment adviser representatives. The firms may decide to consult with legal or compliance experts for guidance. The Department has not conducted an analysis of any corresponding costs for legal or compliance advice the firms may choose to obtain or the costs of educating and monitoring the agents and investment adviser representatives. The staff has not received any information on cost impacts from any private or public entities and does not anticipate any significant impact as a result of the rule proposals.

Description of the classes of persons who will benefit from the rule proposals:

Persons subject to Department regulation and Department staff members will benefit from the proposed new rule and rule amendments due to more precise information and greater clarification to aid in compliance. In particular, agents and investment adviser representatives will benefit from the option to extend the validity of their examinations.

Description of the probable economic impact of the rule proposals upon affected classes of persons or political subdivisions, including a listing for all fee changes and, whenever possible, separate justification for each fee change:

No significant economic impact is expected on any affected classes of persons or political subdivisions as a result of the proposed new rule and rule amendments. The proposed new rule and rule amendments do not change or create any fees.

The probable costs and benefits to the agency and to any other agency of the implementation and enforcement of the rule proposals, the source of revenue to be used for implementation and enforcement of the rule proposals, and any anticipated effects on state revenues, including a projected net loss or gain in such revenues if it can be projected by the agency:

No additional revenue will be used for the implementation or enforcement of the proposed new rule and rule amendments. The changes likely will increase efficiency of agency personnel due to greater clarity in compliance requirements for regulated persons. No effect on state revenue is anticipated.

A determination of whether implementation of the rule proposals will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rules:

Implementation of the proposed new rule and rule amendments is not anticipated to have an economic impact on any political subdivisions or require the cooperation of political subdivisions in implementing or enforcing the proposed new rule and rule amendments.

A determination of whether implementation of the rule proposals may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act:

No adverse economic effect on any small business is expected as a result of the proposed new rule and rule amendments.

An explanation of the measures the agency has taken to minimize compliance costs and a determination of whether there are less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the rule proposals:

The Department's staff does not anticipate any increased costs as a result of the proposed new rule or rule amendments. Department staff is unaware of any less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the proposed new rule or rule amendments.

A determination of the effect of the rule proposals on the public health, safety, and environment and, if the rule proposals are designed to reduce significant risks to the public health, safety, and environment, an explanation of the nature of the risk and to what extent the rule proposals will reduce the risk:

The staff of the Department is unaware of any negative effect the proposed new rule and rule amendments would have on the public health, safety, and environment. The proposed new rule and rule amendments are not designed to reduce significant risks to public health, safety, and environment.

A determination of any detrimental effect on the public health, safety and environment if the rule proposals are not implemented:

The staff of the Department is unaware of any detrimental effect on the public health, safety, and environment that would result if the proposed new rule and rule amendments are not implemented.

This rule impact statement was prepared on January 12, 2024.