

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 registration and termination notice requirements for broker-dealers; require broker-dealers to register persons acting as supervisors; clarify the terms to qualify for the exemption from registration for Canadian broker-dealers and agents and the requirement to amend any filings that materially change; promote uniformity by conforming the merger and acquisition broker exemption to federal law and a NASAA model rule; clarify the registration requirements of a sole proprietor investment adviser and provide for a fee waiver; amend acceptable designations that may qualify an investment adviser representative in lieu of examinations; promote uniformity by conforming the registration exemption for investment advisers to qualifying private funds to federal law and a NASAA model rule; clarify that investment advisers who are exempt from the requirement to send an annual privacy notice to their clients are not required to under Oklahoma law; clarify how registration and exemption filings will be deemed abandoned; describe time of payment for the statutorily authorized fee for late Regulation D filings; remove prohibitions against the use of testimonials, third-party ratings, and past performance advertising in investment adviser sales literature; correct and standardize 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, issuers of securities, and Department staff. Most of the rule proposals are being made to correct and standardize statutory cites and terminology and to clarify or streamline existing rules and will have no financial impact on any of the classes affected. One proposed rule amendment requires broker-dealers to cause all principals who directly supervise agents registered in Oklahoma to also be registered as agents. The registration cost per agent per year is \$50. The additional registration expense will be dependent on the particular firm's structure and number of personnel required to be registered. Another proposed rule amendment specifies the specific information Canadian broker-dealers must file with their notice of claim of exemption and supplements thereto. Canadian broker-dealers already maintain the information required and should only incur incidental expenses for compiling it. One proposed rule amendment clarifies that sole proprietor investment advisers must register as investment adviser representatives. There should be no significant cost impact since the rule waives the investment adviser representative registration fee. Two rule amendments will allow the Department to give 30 days notice to broker-dealers, agents, investment advisers, and investment adviser representatives that their applications may be terminated if the application is incomplete and the applicant has taken no action on the application within 60 days prior to the 30 days notice. Applicants who are not diligent about responding to Department requests for

information may be required to submit a new application and pay the associated fee. One new rule and one rule amendment will allow the Department to deem registration and exemption applications abandoned if the registration or exemption request is not effective within one year of the filing of the application unless the Administrator of the Department grants an extension for good cause. Applicants who are not diligent about responding to Department requests for information may be required to submit a new application or notice and pay the associated fee. The staff has not received any information on cost impacts from any private or public entities and does not anticipate any significant cost 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 rule proposals due to more precise information and greater clarification to aid in compliance.

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 rule proposals. The rule proposals 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 rule proposals. 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 rule proposals is not anticipated to have an economic impact on any political subdivisions or require the cooperation of political subdivisions in implementing or enforcing the rule proposals.

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 rule proposals.

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 registration requirement for principals of broker-dealers may increase costs for broker-dealers and agents in the amount of additional registration fees. The Department anticipates that many of these principals will already be registered in Oklahoma thus not creating significant additional cost. The Department's staff does not anticipate any increased costs as a result of the other rule proposals. Department staff is unaware of any less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the rule proposals.

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 rule proposals would have on the public health, safety, or environment. The rule proposals 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, or environment that would result if the rule proposals are not implemented.

This rule impact statement was prepared on December 16, 2024.