An Act

ENROLLED HOUSE
BILL NO. 2352

By: Russ of the House

and

Mazzei of the Senate

An Act relating to securities; amending 71 O.S. 2011, Sections 1-302 and 1-401, which relate to the Oklahoma Uniform Securities Act of 2004; updating statutory citations; modifying notice filing procedure to comply with federal law; adding notice filing for specified federal covered security; exempting registration for person exempted by rule or order; and providing an effective date.

SUBJECT: Oklahoma Uniform Securities Act of 2004

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 71 O.S. 2011, Section 1-302, is amended to read as follows:

Section 1-302. A. With respect to a federal covered security, as defined in Section 18(b)(2) of the Securities Act of 1933 ~~(~~, 15 U.S.C. Section 77r(b)(2)~~)~~, that is not otherwise exempt under Sections ~~6~~ 1-201 through ~~8~~ 1-203 of this ~~act~~ title, the issuer shall file a notice with the Administrator prior to an offer in this state. A separate notice shall be filed for each class of an issuer's securities offered in this state. Each notice shall be for an indefinite amount of securities. A notice, or renewal thereof, shall be accompanied by the filing fee set forth in Section ~~50~~ 1-612 of this ~~act~~ title. The Administrator may, by rule or order, prescribe notice filing and renewal requirements, and the requirements for filing of reports of the dollar amount of securities sold or offered to be sold to persons located in this state.

B. A notice filing under subsection A of this section is effective for one (1) year commencing on the later of the notice filing or the effectiveness of the offering filed with the Securities and Exchange Commission. On or before expiration, the issuer may renew a notice filing by filing a copy of those records filed by the issuer with the Securities and Exchange Commission that are required by rule or order under this act to be filed and by paying a renewal fee as provided in Section ~~50~~ 1-612 of this ~~act~~ title. A previously filed consent to service of process complying with Section ~~49~~ 1-611 of this ~~act~~ title may be incorporated by reference in a renewal. A renewed notice filing becomes effective upon the expiration of the filing being renewed.

C. 1. With respect to a security that is a federal covered security under Section 18(b)(4)(~~D~~ E) of the Securities Act of 1933 ~~(~~, 15 U.S.C. Section 77r(b)(4)(~~D~~ E)~~)~~, a rule under this act may require a notice filing by or on behalf of an issuer ~~to include a copy of Form D, including the Appendix, as promulgated by the Securities and Exchange Commission, and a consent to service of process complying with Section 49 of this act signed by the issuer not later than fifteen (15) days after the first sale of the federal covered security in this state and the payment of a fee as provided in Section 50 of this act~~ as allowed by applicable federal law.

2. With respect to a security that is a federal covered security under Section 18(b)(3) or Section 18(b)(4)(D)(ii) of the Securities Act of 1933, 15 U.S.C. Sections 77r(b)(3) and 77r(b)(4)(D)(ii), a rule under this act may require a notice filing by or on behalf of an issuer as allowed by applicable federal law.

D. Except with respect to a federal covered security under Section 18(b)(1) of the Securities Act of 1933 ~~(~~, 15 U.S.C. Section 77r(b)(1)~~)~~, if the Administrator finds that there is a failure to comply with a notice or fee requirement of this section, the Administrator may issue a stop order suspending the offer and sale of a federal covered security in this state. If the deficiency is corrected, the stop order is void as of the time of its issuance and no penalty may be imposed by the Administrator.

SECTION 2. AMENDATORY 71 O.S. 2011, Section 1-401, is amended to read as follows:

Section 1-401. A. It is unlawful for a person to transact business in this state as a broker-dealer, unless the person is registered under this act as a broker-dealer or is exempt from

registration as a broker-dealer under subsection B or D of this section.

B. The following persons are exempt from the registration requirement of subsection A of this section:

1. A broker-dealer without a place of business in this state if its only transactions effected in this state are with:

a. the issuer of the securities involved in the transactions,

b. a broker-dealer registered under this act or a broker-dealer not required to be registered as a broker-dealer under this act,

c. an institutional investor,

d. a nonaffiliated federal covered investment adviser with investments under management in excess of One Hundred Million Dollars ($100,000,000.00) acting for the account of others pursuant to discretionary authority in a signed record,

e. a bona fide preexisting customer whose principal place of residence is not in this state and the person is registered as a broker-dealer under the Securities Exchange Act of 1934 or not required to be registered under the Securities Exchange Act of 1934 and is registered under the securities act of the state in which the customer maintains a principal place of residence,

f. a bona fide preexisting customer whose principal place of residence is in this state but was not present in this state when the customer relationship was established, if:

(1) the broker-dealer is registered under the Securities Exchange Act of 1934 or the broker-dealer is not required to be registered under the Securities Exchange Act of 1934 and is registered under the securities laws of the state in which the customer relationship was established and

where the customer had maintained a principal place of residence, and

(2) within forty-five (45) days after the customer's first transaction in this state, the person files an application for registration as a broker-dealer in this state and a further transaction is not effected more than seventy-five (75) days after the date on which the application is filed, or, if earlier, the date on which the Administrator notifies the person that the Administrator has denied the application for registration or has stayed the pendency of the application for cause, and

g. not more than three customers in this state during the previous twelve (12) months, in addition to those specified in subparagraphs a through f ~~and under subparagraph h~~ of this paragraph, if the broker-dealer is registered under the Securities Exchange Act of 1934 or not required to be registered under the Securities Exchange Act of 1934 and is registered under the securities act of the state in which the broker-dealer has its principal place of business~~, and~~

~~h. any other person exempted by rule or order under this act; and~~

2. A person that deals solely in United States government securities and is supervised as a dealer in government securities by the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the Office of Thrift Supervision; and

3. Any other person exempted by rule or order under this act.

C. It is unlawful for a broker-dealer, or for an issuer engaged in offering, offering to purchase, purchasing, or selling securities in this state, directly or indirectly, to employ or associate with an individual to engage in an activity related to securities transactions in this state if the registration of the individual is suspended or revoked under this act; or the individual is barred from employment or association with a broker-dealer, an issuer, an investment adviser or a federal covered investment adviser by an order of the securities regulator of a state, the Securities and

Exchange Commission, or a self-regulatory organization. A broker-dealer or issuer does not violate this subsection if the broker-dealer or issuer did not know, and in the exercise of reasonable care could not have known, of the suspension, revocation, or bar. Upon request from a broker-dealer or issuer and for good cause shown, an order under this act may modify or waive the prohibitions of this subsection.

D. A rule adopted or order issued under this act may permit:

1. A broker-dealer that is registered in Canada or other foreign jurisdiction and that does not have a place of business in this state to effect transactions in securities with or for, or attempt to effect the purchase or sale of any securities by:

a. an individual from Canada or other foreign jurisdiction that is temporarily present in this state and with whom the broker-dealer had a bona fide customer relationship before the individual entered the United States,

b. an individual from Canada or other foreign jurisdiction who is present in this state and whose transactions are in a self-directed tax advantaged retirement plan of which the individual is the holder or contributor in that foreign jurisdiction, or

c. an individual who is resident in this state, with whom the broker-dealer customer relationship arose while the individual was temporarily or permanently resident in Canada or the other foreign jurisdiction~~.~~; and

2. An agent who represents a broker-dealer, that is exempt under this subsection to effect transactions in securities or attempt to effect the purchase or sale of any securities in this state as permitted for a broker-dealer described in paragraph 1 of this subsection.

SECTION 3. This act shall become effective November 1, 2016.

Passed the House of Representatives the 2nd day of March, 2016.

Presiding Officer of the House of Representatives

Passed the Senate the 13th day of April, 2016.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 14th

day of April, 2016, at 1:59 o'clock P M.

By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 20th

day of April, 2016, at 4:05 o'clock P M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____