

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 58th Legislature (2022)

4 ENGROSSED SENATE
5 BILL NO. 1361

 By: Hall of the Senate

 and

 Moore of the House

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8
9 An Act relating to securities; amending 17 O.S. 2021,
10 Section 188, which relates to applicability of
11 Securities title; updating statutory reference;
12 amending 18 O.S. 2021, Section 437.27, which relates
13 to Securities act exemption; updating statutory
14 reference; amending 36 O.S. 2021, Sections 6034,
15 6035, and 6061, which relate to sale and transfer of
16 securities and separate accounts; updating statutory
17 references; amending 71 O.S. 2021, Sections 1-102 and
18 1-103, which relate to general provisions of the
19 Oklahoma Uniform Securities Act of 2004; modifying
20 definitions; updating and adding statutory
21 references; amending 71 O.S. 2021, Sections 1-201, 1-
22 202, 1-203, and 1-204, which relate to exemptions
23 from registration of securities; modifying
24 requirements for certain exemptions; updating
 statutory references; amending 71 O.S. 2021, Sections
 1-301, 1-302, 1-303, 1-304, 1-305, 1-306, 1-307, and
 1-308, which relate to registration of securities and
 notice of filing of federal covered securities;
 requiring certain notice filing; specifying
 requirements for certain notice filing; updating
 statutory references; amending 71 O.S. 2021, Section
 1-402, 1-403, 1-404, 1-405, 1-406, 1-407, 1-408, 1-
 409, 1-410, and 1-411, which relate to broker-
 dealers, agents, investment advisers, investment
 adviser representatives, and federal covered
 investment advisers; modifying exception to certain
 exemption; modifying time period for person to
 request certain hearing; updating statutory
 references; amending 71 O.S. 2021, Sections 1-504, 1-

1 508, 1-509, and 1-510, which relate to fraud and
2 liabilities; updating statutory references; amending
3 71 O.S. 2021, Sections 1-601, 1-604, 1-605, 1-606, 1-
4 607, 1-608, 1-610, and 1-612, which relate to
5 administration and judicial review; adding exception
6 to certain disclosure requirement; removing exemption
7 from certain service; establishing procedures for
8 certain hearing request; providing for
9 confidentiality of certain records; adding fee for
10 certain late notice filing; updating statutory
11 references; amending 71 O.S. 2021, Sections 803, 807,
12 809, 811, 814, 824, 825, 826, and 828, which relate
13 to the Oklahoma Business Opportunity Sales Act;
14 modifying requirements for certain offers or sales;
15 modifying filing requirements for certain
16 registration; authorizing court to issue certain
17 orders in actions for certain violations; updating
18 statutory references; amending 85 O.S. 2021, Section
19 398, which relates to group self-insurers; updating
20 statutory reference; amending 85A O.S. 2021, Section
21 102, which relates to workers' compensation self-
22 insurance; updating statutory reference; and
23 providing an effective date.

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

SECTION 1. AMENDATORY 17 O.S. 2021, Section 188, is
amended to read as follows:

Section 188. Securities issued by public utilities, as defined
in this act, shall not be subject to any of the provisions of Title
~~71, O.S. 1941,~~ of the Oklahoma Statutes relating to the Oklahoma
Securities Commission.

SECTION 2. AMENDATORY 18 O.S. 2021, Section 437.27, is
amended to read as follows:

Section 437.27. The provisions of the ~~Securities Act, Article~~
~~23 of Chapter 24, Oklahoma Statutes 1931,~~ Oklahoma Uniform

1 Securities Act of 2004, as amended, shall not apply to any note,
2 bond or other evidence of indebtedness issued by any cooperative or
3 foreign corporation transacting business in this state pursuant to
4 this act, to the United States of America or any agency or
5 instrumentality thereof, or to any mortgage or deed of trust
6 executed to secure the same. The provisions of said Securities Act
7 shall not apply to the issuance of membership certificates by any
8 cooperative or any such foreign corporation.

9 SECTION 3. AMENDATORY 36 O.S. 2021, Section 6034, is
10 amended to read as follows:

11 Section 6034. After the effective date of this act, no equity
12 securities issued by any domestic life insurance company, under any
13 incentive, bonus, "stock option" or similar plan, and no rights to
14 acquire any such equity securities shall, within a period of two
15 years after the date of original allotment by the issuer thereof be
16 sold, or be transferred for value, or be exchanged, for a
17 consideration exceeding one hundred fifteen per cent (115%) of the
18 net proceeds received by the issuer thereof for such securities or
19 rights at the time of allotment, provided, however, that the
20 limitations in this Section set forth shall not be applicable to any
21 such securities or rights originally issued or allotted at a price
22 or value equal to the market price of such securities or rights on
23 the date of issue or allotment, or to any such securities or rights
24 allotted or issued by the ~~issuer~~ issuer thereof for eighty-five per

1 cent (85%) or more of the price or value at which such securities or
2 rights were offered by such issuer to the public on the date of
3 allotment or issue thereof, whichever is the greater, or to any such
4 securities or rights which were deposited and held in escrow for at
5 least two years from date of issue or allotment in compliance with a
6 rule promulgated or an order issued by the Administrator, Oklahoma
7 Securities Commission, under the ~~Oklahoma Securities Act, Title 71,~~
8 ~~O.S.1961~~ Oklahoma Uniform Securities Act of 2004. It shall be
9 unlawful for any person to sell, transfer or exchange any such
10 equity securities in contravention of this section.

11 SECTION 4. AMENDATORY 36 O.S. 2021, Section 6035, is
12 amended to read as follows:

13 Section 6035. This act shall be administered and enforced by
14 the Insurance Commissioner. The term "insurer" when used in this
15 act means any domestic life insurance company during the first two
16 years of its existence and the provisions hereof are applicable to
17 any such insurer and to any person, firm or corporation that holds,
18 sells or deals in equity securities or options therefor of any
19 domestic life insurance company during the first two years of
20 existence or prior thereto. Provided, however, the provisions of
21 this act shall not apply after a period of two years subsequent to
22 the latest registration for public offering under the ~~Oklahoma~~
23 ~~Securities Act~~ Oklahoma Uniform Securities Act of 2004. The term
24 "equity securities" when used herein includes options therefor.

1 This act applies to domestic life insurance companies during the
2 first two years of existence and to every person, firm or
3 corporation that holds, sells, or deals in equity securities, or
4 options therefor, of any domestic life insurance company during the
5 first two years of the existence of a domestic life insurance
6 company or prior thereto or which engages in the formation,
7 organization or promotion of a domestic life insurance company.

8 SECTION 5. AMENDATORY 36 O.S. 2021, Section 6061, is
9 amended to read as follows:

10 Section 6061. A. Any domestic life insurance company may
11 establish one or more separate accounts, and may allocate to such
12 separate account or accounts any amounts including without
13 limitation proceeds applied under optional modes of settlement or
14 under dividend options to provide for life insurance or annuities
15 and benefits incidental thereto, payable in fixed or in variable
16 dollar amounts, or in both, subject to the following:

17 1. Except as hereinafter provided, the amounts allocated to
18 each such account and accumulations thereon may be invested and
19 reinvested without regard to any requirements or limitations
20 prescribed by the laws of this state governing the investments of
21 life insurance companies; provided, that to the extent that the
22 company's reserve liability with regard to a. benefits guaranteed
23 as to amounts and duration, and b. funds guaranteed as to principal
24 amount or stated rate of interest is maintained in any separate

1 account, a portion of the assets of such separate account at least
2 equal to such reserve liability shall be, except as the Commissioner
3 may otherwise approve, invested in accordance with the laws of this
4 state governing the investments of life insurance companies. The
5 investments in such separate account or accounts shall not be taken
6 into account in applying the investment limitations applicable to
7 other investments of the company.

8 2. With respect to seventy-five percent (75%) of the market
9 value of the total assets in a separate account no company shall
10 purchase or otherwise acquire the securities of any issuer, other
11 than securities issued or guaranteed as to principal or interest by
12 the United States, if immediately after such purchase or acquisition
13 the market value of such investment, together with prior investments
14 of such separate account in such security taken at market value,
15 would exceed ten percent (10%) of the market value of the assets of
16 said separate account; provided, however, that the Commissioner may
17 waive such limitations if, in his opinion, such waiver will not
18 render the operation of such separate account hazardous to the
19 public or the policyholders in this state.

20 3. No separate account shall invest in the voting securities of
21 a single issuer if such investment would result in the company
22 owning an amount in excess of ten percent (10%) of the total issued
23 and outstanding voting securities of such issuer; provided, that the
24 foregoing shall not apply with respect to securities held in

1 separate accounts, the voting rights in which are exercisable only
2 in accordance with instructions from persons having interest in such
3 accounts.

4 4. The limitations provided in subsections 2. and 3. above
5 shall not apply to the investment with respect to a separate account
6 in the securities of an investment company registered under the
7 Investment Company Act of 1940, provided that the investments of
8 such investment company comply in substance with subsections 2. and
9 3. hereof.

10 5. The income, if any, and gains and losses, realized or
11 unrealized, from assets allocated to each account shall be credited
12 to or charged against the account in accordance with the applicable
13 contract without regard to other income, gains or losses of the
14 company.

15 6. Assets allocated to a separate account shall be valued at
16 their market value on the date of valuation, or if there is no
17 readily available market, then in accordance with the applicable
18 contract or the rules or other written agreement applicable to such
19 separate account; provided, the portion of the assets of such
20 separate account at least equal to the company's reserve liability
21 with regard to the guaranteed benefits and funds referred to in
22 subsection 1. hereof, if any, shall be valued in accordance with the
23 rules otherwise applicable to the company's assets. The reserve
24 liability for variable contracts shall be determined in accordance

1 with actuarial procedures that recognize the variable nature of the
2 benefits provided and any mortality guarantees.

3 7. If, and to the extent, so provided under the applicable
4 contracts, that portion of the assets of any such separate account
5 equal to the reserves, and other contract liabilities with respect
6 to such account, shall not be chargeable with liabilities arising
7 out of any other business the company may conduct.

8 8. The life insurance company shall have the power and the
9 company's charter shall be deemed amended to authorize such company
10 to do all things necessary under any applicable state or federal law
11 in order that variable contracts may be lawfully sold or offered for
12 sale including, without limitation, a. with respect to any separate
13 account registered with the Securities and Exchange Commission as a
14 unit investment trust exercise voting rights in connection with any
15 securities of a regulated investment company registered under the
16 Investment Company Act of 1940 and held in such separate accounts in
17 accordance with instructions from persons having interests in such
18 accounts ratably as determined by the company, or b. with respect
19 to any separate account registered with the Securities and Exchange
20 Commission as a management investment company, establish for such
21 account a committee, board, or other body, the members of which may
22 or may not be otherwise affiliated with such company and may be
23 elected to such membership by the vote of persons having interests
24 in such account ratably as determined by the company. Such

1 committee, board or other body may have the power, exercisable alone
2 or in conjunction with others, to manage such separate account and
3 the investment of its assets.

4 B. Any contract providing benefits payable in variable amounts
5 delivered or issued for delivery in this state shall contain a
6 statement of the essential features of the procedure to be followed
7 by the company in determining the dollar amount of such variable
8 benefits. Any such contract under which the benefits vary to
9 reflect investment experience, including a group contract and any
10 certificate issued thereunder shall state that such dollar amount
11 may decrease or increase and shall contain on its first page a
12 statement that the benefits thereunder are on a variable basis.

13 C. No domestic life insurance company, and no other life
14 insurance company admitted to transact business in this state, shall
15 be authorized to deliver within this state any variable contract
16 providing benefits in variable amounts until said company has
17 satisfied the Insurance Commissioner that its condition or methods
18 of operation in connection with the issuance of such contracts will
19 not render its operation hazardous to the public or its
20 policyholders in this state. In determining the qualification of a
21 company requesting authority to deliver such contracts within this
22 state, the Insurance Commissioner shall consider, among other
23 things:

24 1. The history and financial condition of the company;

1 2. The character, responsibility and general fitness of the
2 officers and directors of the company; and

3 3. In the case of a company other than a domestic company,
4 whether the statutes and regulations of the jurisdiction of its
5 incorporation, or state of entry in the case of an alien company,
6 provide a degree of protection to policyholders and the public which
7 is substantially equal to that provided by this section and the
8 rules and regulations issued thereunder.

9 An authorized life insurance company, whether domestic, foreign
10 or alien, which issues variable contracts and which is a subsidiary
11 of (or affiliated through common management or ownership with)
12 another life insurance company authorized to do business in this
13 state may be deemed to have met the provisions of this subsection if
14 either it or the parent or affiliated company meets the requirements
15 hereof.

16 D. The Insurance Commissioner shall have the sole and exclusive
17 authority to regulate the issuance and sale of such contracts and to
18 issue such reasonable rules and regulations as may be necessary to
19 carry out the purposes and provisions of this section; and such
20 contracts, the companies which issue them and the agents or other
21 persons who sell them shall not be subject to the ~~Oklahoma~~
22 ~~Securities Act~~ Oklahoma Uniform Securities Act of 2004 nor to the
23 jurisdiction of the Oklahoma Securities Commission thereunder.

24

1 SECTION 6. AMENDATORY 71 O.S. 2021, Section 1-102, is
2 amended to read as follows:

3 Section 1-102. In this act, unless the context otherwise
4 requires:

5 1. "Administrator" means the securities Administrator appointed
6 by the Oklahoma Securities Commission;

7 2. "Agent" means an individual, other than a broker-dealer, who
8 represents a broker-dealer in effecting or attempting to effect
9 purchases or sales of securities or represents an issuer in
10 effecting or attempting to effect purchases or sales of the issuer's
11 securities. A partner, officer, or director of a broker-dealer or
12 issuer, or an individual having a similar status or performing
13 similar functions is an agent only if the individual otherwise comes
14 within the term. The term does not include an individual excluded
15 by rule adopted or order issued under this act;

16 3. "Bank" means:

- 17 a. a banking institution organized under the laws of the
18 United States,
19 b. a member bank of the Federal Reserve System,
20 c. any other banking institution, whether incorporated or
21 not, doing business under the laws of a state or of
22 the United States, a substantial portion of the
23 business of which consists of receiving deposits or
24 exercising fiduciary powers similar to those permitted

1 to be exercised by national banks under the authority
2 of the Comptroller of the Currency ~~pursuant to Section~~
3 ~~1 of Public Law 87-722 (12 U.S.C. Section 92a)~~, and
4 which is supervised and examined by a state or federal
5 agency having supervision over banks, and which is not
6 operated for the purpose of evading this act, and

- 7 d. a receiver, conservator, or other liquidating agent of
8 any institution or firm included in subparagraph a, b
9 or c of this paragraph;

10 4. "Broker-dealer" means a person engaged in the business of
11 effecting transactions in securities for the account of others or
12 for the person's own account. The term does not include:

- 13 a. an agent,
14 b. an issuer,
15 c. a bank or savings institution if its activities as a
16 broker-dealer are limited to those specified in
17 subsections 3(a)(4)(B)(i) through (vi), (viii) through
18 (x), and (xi) if limited to unsolicited transactions;
19 3(a)(5)(B); and 3(a)(5)(C) of the Securities Exchange
20 Act of 1934 (15 U.S.C. Sections 78c(a)(4) and (5)) or
21 a bank that satisfies the conditions described in
22 subsection 3(a)(4)(E) of the Securities Exchange Act
23 of 1934 (15 U.S.C. Section 78c(a)(4)),
24 d. an international banking institution, or

1 e. a person excluded by rule adopted or order issued
2 under this act;

3 5. "Commission" means the Oklahoma Securities Commission;

4 6. "Department" means the Oklahoma Department of Securities;

5 7. "Depository institution" means:

6 a. a bank, or

7 b. a savings institution, trust company, credit union, or
8 similar institution that is organized or chartered
9 under the laws of a state or of the United States,
10 authorized to receive deposits, and supervised and
11 examined by an official or agency of a state or the
12 United States if its deposits or share accounts are
13 insured to the maximum amount authorized by statute by
14 the Federal Deposit Insurance Corporation, the
15 National Credit Union Share Insurance Fund, or a
16 successor authorized by federal law. The term does
17 not include:

18 (1) an insurance company or other organization
19 primarily engaged in the business of insurance,

20 (2) a Morris Plan bank, or

21 (3) an industrial loan company that is not an insured
22 depository institution as defined in Section
23 3(c)(2) of the Federal Deposit Insurance Act (12
24

1 U.S.C. Section 1813(c)(2)) or any successor
2 federal statute;

3 8. "Federal covered investment adviser" means a person
4 registered under the Investment Advisers Act of 1940;

5 9. "Federal covered security" means a security that is, or upon
6 completion of a transaction will be, a covered security under
7 Section 18(b) of the Securities Act of 1933 (15 U.S.C. Section
8 77r(b)) or rules or regulations adopted pursuant to that provision;

9 10. "Filing" means the receipt under this act of a record by
10 the Administrator or a designee of the Administrator;

11 11. "Fraud," "deceit," and "defraud" are not limited to common
12 law deceit;

13 12. "Guaranteed" means guaranteed as to payment of all
14 principal and all interest;

15 13. "Institutional investor" means any of the following,
16 whether acting for itself or for others in a fiduciary capacity:

17 a. a depository institution or international banking
18 institution,

19 b. an insurance company,

20 c. a separate account of an insurance company,

21 d. an investment company as defined in the Investment
22 Company Act of 1940,

23 e. a broker-dealer registered under the Securities
24 Exchange Act of 1934,

1 f. an employee pension, profit-sharing, or benefit plan
2 if the plan has total assets in excess of Ten Million
3 Dollars (\$10,000,000.00) or its investment decisions
4 are made by a named fiduciary, as defined in the
5 Employee Retirement Income Security Act of 1974, that
6 is a broker-dealer registered under the Securities
7 Exchange Act of 1934, an investment adviser registered
8 or exempt from registration under the Investment
9 Advisers Act of 1940, an investment adviser registered
10 under this act, a depository institution, or an
11 insurance company,

12 g. a plan established and maintained by a state, a
13 political subdivision of a state, or an agency or
14 instrumentality of a state or a political subdivision
15 of a state for the benefit of its employees, if the
16 plan has total assets in excess of Ten Million Dollars
17 (\$10,000,000.00) or its investment decisions are made
18 by a duly designated public official or by a named
19 fiduciary, as defined in the Employee Retirement
20 Income Security Act of 1974, that is a broker-dealer
21 registered under the Securities Exchange Act of 1934,
22 an investment adviser registered or exempt from
23 registration under the Investment Advisers Act of
24

- 1 1940, an investment adviser registered under this act,
2 a depository institution, or an insurance company,
3 h. a trust, if it has total assets in excess of Ten
4 Million Dollars (\$10,000,000.00), its trustee is a
5 depository institution, and its participants are
6 exclusively plans of the types identified in
7 subparagraph f or g of this paragraph, regardless of
8 the size of their assets, except a trust that includes
9 as participants self-directed individual retirement
10 accounts or similar self-directed plans,
11 i. an organization described in Section 501(c)(3) of the
12 Internal Revenue Code (26 U.S.C. Section 501(c)(3)),
13 corporation, Massachusetts trust or similar business
14 trust, limited liability company, or partnership, not
15 formed for the specific purpose of acquiring the
16 securities offered, with total assets in excess of Ten
17 Million Dollars (\$10,000,000.00),
18 j. a small business investment company licensed by the
19 Small Business Administration under Section 301(c) of
20 the Small Business Investment Act of 1958 (15 U.S.C.
21 Section 681(c)) with total assets in excess of Ten
22 Million Dollars (\$10,000,000.00),
23 k. a private business development company as defined in
24 Section 202(a)(22) of the Investment Advisers Act of

1 1940 (15 U.S.C. Section 80b-2(a)(22)) with total
2 assets in excess of Ten Million Dollars
3 (\$10,000,000.00),

4 l. a federal covered investment adviser acting for its
5 own account,

6 m. a "qualified institutional buyer" as defined in Rule
7 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted
8 under the Securities Act of 1933 (17 C.F.R. 230.144A),

9 n. a "major U.S. institutional investor" as defined in
10 Rule 15a-6(b)(4)(i) adopted under the Securities
11 Exchange Act of 1934 (17 C.F.R. 240.15a-6),

12 o. any other person, other than an individual, of
13 institutional character with total assets in excess of
14 Ten Million Dollars (\$10,000,000.00) not organized for
15 the specific purpose of evading this act, or

16 p. any other person specified by rule adopted or order
17 issued under this act;

18 14. "Insurance company" means a company organized as an insurer
19 whose primary business is writing insurance or reinsuring risks
20 underwritten by insurance companies and that are subject to
21 supervision by the insurance commissioner or a similar official or
22 agency of a state;

23 15. "Insured" means insured as to payment of all principal and
24 all interest;

1 16. "International banking institution" means an international
2 financial institution of which the United States is a member and
3 whose securities are exempt from registration under the Securities
4 Act of 1933;

5 17. "Investment adviser" means a person that, for compensation,
6 engages in the business of advising others, either directly or
7 through publications or writings, as to the value of securities or
8 the advisability of investing in, purchasing, or selling securities
9 or that, for compensation and as a part of a regular business,
10 issues or promulgates analyses or reports concerning securities.
11 The term includes a financial planner or other person that, as an
12 integral component of other financially related services, provides
13 investment advice to others for compensation as part of a business
14 or that holds itself out as providing investment advice to others
15 for compensation. The term does not include:

- 16 a. an investment adviser representative,
- 17 b. a lawyer, accountant, engineer, or teacher whose
18 performance of investment advice is solely incidental
19 to the practice of the person's profession,
- 20 c. a broker-dealer or its agents whose performance of
21 investment advice is solely incidental to the conduct
22 of business as a broker-dealer and that does not
23 receive special compensation for the investment
24 advice,

1 d. a publisher of a bona fide newspaper, news magazine,
2 or business or financial publication of general and
3 regular circulation,

4 e. a ~~depository~~ bank or savings institution, ~~or~~

5 f. any other person excluded by the Investment Advisers
6 Act of 1940 from the definition of investment adviser;

7 or

8 g. any other person excluded by rule adopted or order
9 issued under this act;

10 18. "Investment adviser representative" means an individual
11 employed by or associated with an investment adviser or federal
12 covered investment adviser and who makes any recommendations or
13 otherwise gives investment advice regarding securities, manages
14 accounts or portfolios of clients, determines which recommendation
15 or advice regarding securities should be given, provides investment
16 advice or holds herself or himself out as providing investment
17 advice, receives compensation to solicit, offer, or negotiate for
18 the sale of or for selling investment advice, or supervises
19 employees who perform any of the foregoing. The term does not
20 include an individual who:

21 a. performs only clerical or ministerial acts,

22 b. is an agent whose performance of investment advice is
23 solely incidental to the individual acting as an agent
24

1 and who does not receive special compensation for
2 investment advisory services, or

3 c. is excluded by rule adopted or order issued under this
4 act;

5 19. "Issuer" means a person that issues or proposes to issue a
6 security, subject to the following:

7 a. the issuer of a voting trust certificate, collateral
8 trust certificate, certificate of deposit for a
9 security, or share in an investment company without a
10 board of directors or individuals performing similar
11 functions is the person performing the acts and
12 assuming the duties of depositor or manager pursuant
13 to the trust or other agreement or instrument under
14 which the security is issued,

15 b. the issuer of an equipment trust certificate or
16 similar security serving the same purpose is the
17 person by which the property or equipment is or will
18 be used or to which the property or equipment is or
19 will be leased or conditionally sold or that is
20 otherwise contractually responsible for assuring
21 payment of the certificate,

22 c. the issuer of a fractional undivided interest in an
23 oil, gas, or other mineral lease or in payments out of
24 production under a lease, right, or royalty is the

1 owner of an interest in the lease or in payments out
2 of production under a lease, right, or royalty,
3 whether whole or fractional, that creates fractional
4 interests for the purpose of sale;

5 20. "Nonissuer transaction" or "nonissuer distribution" means a
6 transaction or distribution not directly or indirectly for the
7 benefit of the issuer;

8 21. "Offer to purchase" includes an attempt or offer to obtain,
9 or solicitation of an offer to sell, a security or interest in a
10 security for value. The term does not include a tender offer that
11 is subject to Section 14(d) of the Securities Exchange Act of 1934
12 (15 U.S.C. 78n(d));

13 22. "Person" means an individual; corporation; business trust;
14 estate; trust; partnership; limited liability company; association;
15 joint venture; government, governmental subdivision, agency, or
16 instrumentality; public corporation; or any other legal or
17 commercial entity;

18 23. "Place of business" of a broker-dealer, an investment
19 adviser, or a federal covered investment adviser means:

- 20 a. an office at which the broker-dealer, investment
21 adviser, or federal covered investment adviser
22 regularly provides brokerage or investment advice or
23 solicits, meets with, or otherwise communicates with
24 customers or clients, or

1 b. any other location that is held out to the general
2 public as a location at which the broker-dealer,
3 investment adviser, or federal covered investment
4 adviser provides brokerage or investment advice or
5 solicits, meets with, or otherwise communicates with
6 customers or clients;

7 24. "Predecessor act" means the act repealed by Section 53 of
8 this act;

9 25. "Price amendment" means the amendment to a registration
10 statement filed under the Securities Act of 1933 or, if an amendment
11 is not filed, the prospectus or prospectus supplement filed under
12 the Securities Act of 1933 that includes a statement of the offering
13 price, underwriting and selling discounts or commissions, amount of
14 proceeds, conversion rates, call prices, and other matters dependent
15 upon the offering price;

16 26. "Principal place of business" of a broker-dealer or an
17 investment adviser means the executive office of the broker-dealer
18 or investment adviser from which the officers, partners, or managers
19 of the broker-dealer or investment adviser direct, control, and
20 coordinate the activities of the broker-dealer or investment
21 adviser;

22 27. "Promoter" includes:

23 a. a person who, acting alone or in concert with one or
24 more persons, takes the entrepreneurial initiative in

1 founding or organizing the business or enterprise of
2 an issuer,

3 b. an officer or director owning securities of an issuer
4 or a person who owns, beneficially or of record, ten
5 percent (10%) or more of a class of securities of the
6 issuer if the officer, director, or person acquires
7 any of those securities in a transaction within three
8 (3) years before the filing by the issuer of a
9 registration statement under this act and the
10 transaction is not an arms-length transaction, or

11 c. a member of the immediate family of a person within
12 subparagraph a or b of this paragraph if the family
13 member receives securities of the issuer from that
14 person in a transaction within three (3) years before
15 the filing by the issuer of a registration statement
16 under this act and the transaction is not an arms-
17 length transaction.

18 For purposes of this subsection, "immediate family" means a
19 spouse of a person within subparagraph a or b of this paragraph, an
20 emancipated child residing in such person's household, or an
21 individual claimed as a dependent by such person for tax purposes;

22 28. "Record" except in the phrases "of record," "official
23 record," and "public record," means information that is inscribed on
24

1 a tangible medium or that is stored in an electronic or other medium
2 and is retrievable in perceivable form;

3 29. "Registration statement" means the documentation provided
4 to the Securities and Exchange Commission or the Department in
5 connection with the registration of securities under the Securities
6 Act of 1933 or this title and includes any amendment thereto and any
7 report, document, exhibit or memorandum filed as part of such
8 statement or incorporated therein by reference;

9 30. "Sale" includes every contract of sale, contract to sell,
10 or disposition of, a security or interest in a security for value,
11 and "offer to sell" includes every attempt or offer to dispose of,
12 or solicitation of an offer to purchase, a security or interest in a
13 security for value. Both terms include:

14 a. a security given or delivered with, or as a bonus on
15 account of, a purchase of securities or any other
16 thing constituting part of the subject of the purchase
17 and having been offered and sold for value,

18 b. a gift of assessable stock involving an offer and
19 sale, and

20 c. a sale or offer of a warrant or right to purchase or
21 subscribe to another security of the same or another
22 issuer and a sale or offer of a security that gives
23 the holder a present or future right or privilege to
24 convert the security into another security of the same

1 or another issuer, including an offer of the other
2 security;

3 31. "Securities and Exchange Commission" means the United
4 States Securities and Exchange Commission;

5 32. "Security" means a note; stock; treasury stock; security
6 future; bond; debenture; evidence of indebtedness; certificate of
7 interest or participation in a profit-sharing agreement; collateral
8 trust certificate; preorganization certificate or subscription;
9 transferable share; investment contract; voting trust certificate;
10 certificate of deposit for a security; fractional undivided interest
11 in oil, gas, or other mineral rights; put, call, straddle, option,
12 or privilege on a security, certificate of deposit, or group or
13 index of securities, including an interest therein or based on the
14 value thereof; put, call, straddle, option, or privilege entered
15 into on a national securities exchange relating to foreign currency;
16 or, in general, an interest or instrument commonly known as a
17 "security"; or a certificate of interest or participation in,
18 temporary or interim certificate for, receipt for, guarantee of, or
19 warrant or right to subscribe to or purchase, any of the foregoing.

20 The term:

21 a. includes both a certificated and an uncertificated
22 security,

23 b. does not include an insurance or endowment policy or
24 annuity contract under which an insurance company

1 promises to pay a sum of money either in a lump sum or
2 periodically for life or other specified period,

3 c. does not include an interest in a contributory or
4 noncontributory pension or welfare plan subject to the
5 Employee Retirement Income Security Act of 1974,

6 d. includes as an "investment contract" an investment in
7 a common enterprise with the expectation of profits to
8 be derived primarily from the efforts of a person
9 other than the investor and a "common enterprise"
10 means an enterprise in which the fortunes of the
11 investor are interwoven with those of either the
12 person offering the investment, a third party, or
13 other investors,

14 e. includes as an "investment contract," among other
15 contracts, an interest in a limited partnership and a
16 third party managed limited liability company and an
17 investment in a viatical or life settlement or similar
18 contract or agreement,

19 f. includes an investment of money or money's worth
20 including goods furnished or services performed in the
21 risk capital of a venture with the expectation of some
22 benefit to the investor where the investor has no
23 direct control over the investment or policy decision
24 of the venture, and

1 g. does not include an interest in an oil, gas or mineral
2 lease as part of a transaction between parties, each
3 of whom is engaged in the business of exploring for or
4 producing oil and gas or other valuable minerals as an
5 ongoing business or the execution of oil and gas
6 leases by land, mineral and royalty owners in favor of
7 a party or parties engaged in the business of
8 exploring for or producing oil and gas or other
9 valuable minerals;

10 33. "Self-regulatory organization" means a national securities
11 exchange registered under the Securities Exchange Act of 1934, a
12 national securities association of broker-dealers registered under
13 the Securities Exchange Act of 1934, a clearing agency registered
14 under the Securities Exchange Act of 1934, or the Municipal
15 Securities Rulemaking Board established under the Securities
16 Exchange Act of 1934;

17 34. "Sign" means, with present intent to authenticate or adopt
18 a record:

- 19 a. to execute or adopt a tangible symbol, or
- 20 b. to attach or logically associate with the record an
21 electronic symbol, sound, or process;

22 35. "State" means a state of the United States, the District of
23 Columbia, Puerto Rico, the United States Virgin Islands, or any
24

1 territory or insular possession subject to the jurisdiction of the
2 United States; and

3 36. "Underwriter" means any person who has purchased from an
4 issuer or from any other person with a view to, or offers or sells
5 for an issuer or for any other person in connection with, the
6 distribution of any security, or participates or has a direct or
7 indirect participation in any such undertaking, or participates or
8 has a participation in the direct or indirect underwriting of any
9 such undertaking. "Underwriter" does not include a person whose
10 interest is limited to a commission from an underwriter or broker-
11 dealer not in excess of the usual and customary distributor's or
12 seller's commission.

13 SECTION 7. AMENDATORY 71 O.S. 2021, Section 1-103, is
14 amended to read as follows:

15 Section 1-103. "Securities Act of 1933" (15 U.S.C. Section 77a
16 et seq.), "Securities Exchange Act of 1934" (15 U.S.C. Section 78a
17 et seq.), ~~"Public Utility Holding Company Act of 1935" (15 U.S.C.
18 Section 79 et seq.)~~ "Public Utility Holding Company Act of 2005" (42
19 U.S.C. Section 16451 et seq.), "Investment Company Act of 1940" (15
20 U.S.C. Section 80a-1 et seq.), "Investment Advisers Act of 1940" (15
21 U.S.C. Section 80b-1 et seq.), "Employee Retirement Income Security
22 Act of 1974" (29 U.S.C. Section 1001 et seq.), "National Housing
23 Act" (12 U.S.C. Section 1701 et seq.), "Commodity Exchange Act" (7
24 U.S.C. Section 1 et seq.), "Internal Revenue Code" (26 U.S.C.

1 Section 1 et seq.), "Securities Investor Protection Act of 1970" (15
2 U.S.C. Section 78aaa et seq.), "Securities Litigation Uniform
3 Standards Act of 1998" (112 Stat. 3227), "Small Business Investment
4 Act of 1958" (15 U.S.C. Section 661 et seq.), "Family Educational
5 Rights and Privacy Act" (20 U.S.C. Section 1232g), and "Electronic
6 Signatures in Global and National Commerce Act" (15 U.S.C. Section
7 7001 et seq.) mean those statutes and the rules and regulations
8 adopted under those statutes, as in effect on the date of enactment
9 of this act, or as later amended.

10 SECTION 8. AMENDATORY 71 O.S. 2021, Section 1-201, is
11 amended to read as follows:

12 Section 1-201. The following securities are exempt from the
13 requirements of Sections ~~10~~ 1-301 and ~~32~~ 1-504 of this ~~act~~ title:

14 1. A security, including a revenue obligation or a separate
15 security as defined in Rule 131 (17 C.F.R. 230.131) adopted under
16 the Securities Act of 1933, issued, insured, or guaranteed by the
17 United States; by a state; by a political subdivision of a state; by
18 a public authority, agency, or instrumentality of one or more
19 states; by a political subdivision of one or more states; or by a
20 person controlled or supervised by and acting as an instrumentality
21 of the United States under authority granted by the Congress; or a
22 certificate of deposit for any of the foregoing; however,
23 notwithstanding the provisions of Section 106(c) of the Secondary
24 Mortgage Market Enhancement Act of 1984, Public Law 98-440, any

1 security ~~that is offered and sold pursuant to Section 4(5) of the~~
2 ~~Securities Act of 1933~~ or that is a mortgage related security as
3 that term is defined in Section 3(a)(41) of the Securities Exchange
4 Act of 1934 shall not be exempt from Sections ~~10~~ 1-301 and ~~32~~ 1-504
5 of this ~~act~~ title by virtue of such Secondary Mortgage Market
6 Enhancement Act but may be exempt based upon the availability of the
7 exemptions from registration provided for in this section;

8 2. A security issued, insured, or guaranteed by a foreign
9 government with which the United States maintains diplomatic
10 relations, or any of its political subdivisions, if the security is
11 recognized as a valid obligation by the issuer, insurer, or
12 guarantor;

13 3. A security issued by and representing or that will represent
14 an interest in or a direct obligation of, or be guaranteed by:

- 15 a. an international banking institution,
- 16 b. a banking institution organized under the laws of the
17 United States; a member bank of the Federal Reserve
18 System; or a depository institution a substantial
19 portion of the business of which consists or will
20 consist of receiving deposits or share accounts that
21 are insured to the maximum amount authorized by
22 statute by the Federal Deposit Insurance Corporation,
23 the National Credit Union Share Insurance Fund, or a
24 successor authorized by federal law or exercising

1 fiduciary powers that are similar to those permitted
2 for national banks under the authority of the
3 Comptroller of the Currency ~~pursuant to Section 1 of~~
4 ~~Public Law 87-722 (12 U.S.C. Section 92a),~~

5 c. a trust company or other institution that is
6 authorized by federal or state law to exercise
7 fiduciary powers of the type a national bank is
8 permitted to exercise under the authority of the
9 Comptroller of the Currency and is supervised and
10 examined by an official or agency of a state or the
11 United States, or

12 d. any other depository institution, unless by rule or
13 order issued by the Administrator pursuant to Section
14 1-204 of this title;

15 4. A security issued by and representing an interest in, or a
16 debt of, or insured or guaranteed by, an insurance company
17 authorized to transact insurance business in this state by the
18 Insurance Commissioner;

19 5. A security issued or guaranteed by a railroad, other common
20 carrier, public utility, or public utility holding company that is:

21 a. regulated in respect to its rates and charges by the
22 United States or a state,

1 b. regulated in respect to the issuance or guarantee of
2 the security by the United States, a state, Canada, or
3 a Canadian province or territory, or

4 c. a public utility holding company registered under the
5 Public Utility Holding Company Act of ~~1935~~ 2005 or a
6 subsidiary of such a registered holding company within
7 the meaning of that act;

8 6. A federal covered security specified in Section 18(b)(1) of
9 the Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)) or by rule
10 adopted under that provision or a security listed or approved for
11 listing on another securities market specified by rule under this
12 act; a put or a call option contract, a warrant, or a subscription
13 right on or with respect to such securities; or an option or similar
14 derivative security on a security or an index of securities or
15 foreign currencies issued by a clearing agency registered under the
16 Securities Exchange Act of 1934 and listed or designated for trading
17 on a national securities exchange, a facility of a national
18 securities exchange, or a facility of a national securities
19 association registered under the Securities Exchange Act of 1934 or
20 the underlying security in connection with the offer, sale, or
21 exercise of an option or other derivative security that was exempt
22 when the option or other derivative security was written or issued;
23 or an option or other derivative security designated by the
24

1 Securities and Exchange Commission under Section 9(b) of the
2 Securities Exchange Act of 1934 (15 U.S.C. Section 78i(b));

3 7. A security issued by a person organized and operated
4 exclusively for religious, educational, benevolent, fraternal,
5 charitable, social, athletic, or reformatory purposes, or as a
6 chamber of commerce, and not for pecuniary profit, no part of the
7 net earnings of which inures to the benefit of a private stockholder
8 or other person, or a security of a company that is excluded from
9 the definition of an investment company under Section 3(c)(10)(B) of
10 the Investment Company Act of 1940 (15 U.S.C. Section 80a-
11 3(c)(10)(B)); except that with respect to the offer or sale of a
12 note, bond, debenture, or other evidence of indebtedness issued by
13 such a person, a rule may be adopted under this act limiting the
14 availability of this exemption by classifying securities, persons,
15 and transactions, imposing different requirements for different
16 classes, specifying with respect to subparagraph b of this paragraph
17 the scope of the exemption, ~~the requirement of an offering~~
18 ~~statement, the filing of sales and advertising literature, the~~
19 ~~filing of consent to service of process complying with Section 49 of~~
20 ~~this act,~~ and the grounds for denial or suspension, and requiring an
21 issuer:

22 a. to file a notice specifying the material terms of the
23 proposed offer or sale and copies of any proposed
24 sales and advertising literature to be used and

1 providing that the exemption becomes effective if the
2 Administrator does not disallow the exemption within
3 the period established by the rule,

4 b. to file a request for exemption authorization for
5 which a rule under this title may specify the scope of
6 the exemption, the requirement of an offering
7 statement, the filing of sales and advertising
8 literature, the filing of consent to service of
9 process in compliance with Section 1-611 of this
10 title, and grounds for denial or suspension of the
11 exemption, or

12 c. to register under Section ~~13~~ 1-304 of this ~~act~~ title;

13 8. A member's or owner's interest in, or a retention
14 certificate or like security given in lieu of a cash patronage
15 dividend issued by, a cooperative organized and operated as a not
16 for profit membership cooperative under the cooperative laws of a
17 state, but not a member's or owner's interest, retention
18 certificate, or like security sold to persons other than bona fide
19 members of the cooperative; and

20 9. An equipment trust certificate with respect to equipment
21 leased or conditionally sold to a person, if any security issued by
22 the person would be exempt under this section or would be a federal
23 covered security under Section 18(b)(1) of the Securities Act of
24 1933 (15 U.S.C. Section 77r(b)(1)).

1 SECTION 9. AMENDATORY 71 O.S. 2021, Section 1-202, is
2 amended to read as follows:

3 Section 1-202. The following transactions are exempt from the
4 requirements of Sections 1-301 and 1-504 of ~~the Oklahoma Uniform~~
5 ~~Securities Act of 2004~~ this title:

6 1. An isolated nonissuer transaction, whether or not effected
7 by or through a broker-dealer;

8 2. A nonissuer transaction by or through a broker-dealer
9 registered, or exempt from registration under the Oklahoma Uniform
10 Securities Act of 2004, and a resale transaction by a sponsor of a
11 unit investment trust registered under the Investment Company Act of
12 1940, in a security of a class that has been outstanding in the
13 hands of the public for at least ninety (90) days, if, at the date
14 of the transaction:

15 a. the issuer of the security is engaged in business, the
16 issuer is not in the organizational stage or in
17 bankruptcy or receivership, and the issuer is not a
18 blank check, blind pool, or shell company that has no
19 specific business plan or purpose or has indicated
20 that its primary business plan is to engage in a
21 merger or combination of the business with, or an
22 acquisition of, an unidentified person,

23 b. the security is sold at a price reasonably related to
24 its current market price,

1 c. the security does not constitute the whole or part of
2 an unsold allotment to, or a subscription or
3 participation by, the broker-dealer as an underwriter
4 of the security or a redistribution, and

5 d. a nationally recognized securities manual or its
6 electronic equivalent designated by rule adopted or
7 order issued under this act or a record filed with the
8 Securities and Exchange Commission that is publicly
9 available contains:

10 (1) a description of the business and operations of
11 the issuer,

12 (2) the names of the issuer's executive officers and
13 the names of the issuer's directors, if any,

14 (3) an audited balance sheet of the issuer as of a
15 date within eighteen (18) months before the date
16 of the transaction or, in the case of a
17 reorganization or merger when the parties to the
18 reorganization or merger each had an audited
19 balance sheet, a pro forma balance sheet for the
20 combined organization, and

21 (4) an audited income statement for each of the
22 issuer's two (2) immediately previous fiscal
23 years or for the period of existence of the
24 issuer, whichever is shorter, or, in the case of

1 a reorganization or merger when each party to the
2 reorganization or merger had audited income
3 statements, a pro forma income statement, or
4 e. the issuer of the security has a class of equity
5 securities listed on a national securities exchange
6 registered under the Securities Exchange Act of 1934
7 or designated for trading on the National Association
8 of Securities Dealers Automated Quotation System,
9 unless the issuer of the security is a unit investment
10 trust registered under the Investment Company Act of
11 1940; or the issuer of the security, including its
12 predecessors, has been engaged in continuous business
13 for at least three (3) years; or the issuer of the
14 security has total assets of at least Two Million
15 Dollars (\$2,000,000.00) based on an audited balance
16 sheet as of a date within eighteen (18) months before
17 the date of the transaction or, in the case of a
18 reorganization or merger when the parties to the
19 reorganization or merger each had the audited balance
20 sheet, a pro forma balance sheet for the combined
21 organization;

22 3. A nonissuer transaction by or through a broker-dealer
23 registered or exempt from registration under this act in a security
24 of a foreign issuer that is a margin security defined in regulations

1 or rules adopted by the Board of Governors of the Federal Reserve
2 System;

3 4. A nonissuer transaction by or through a broker-dealer
4 registered or exempt from registration under the Oklahoma Uniform
5 Securities Act of 2004 in an outstanding security if the guarantor
6 of the security files reports with the Securities and Exchange
7 Commission under the reporting requirements of Section 13 or 15(d)
8 of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d));

9 5. A nonissuer transaction by or through a broker-dealer
10 registered or exempt from registration under the Oklahoma Uniform
11 Securities Act of 2004 in a security that:

12 a. is rated at the time of the transaction by a
13 nationally recognized statistical rating organization
14 in one of its four highest rating categories, or

15 b. has a fixed maturity or a fixed interest or dividend,
16 if:

17 (1) a default has not occurred during the current
18 fiscal year or within the three (3) previous
19 fiscal years or during the existence of the
20 issuer and any predecessor if less than three (3)
21 fiscal years, in the payment of principal,
22 interest, or dividends on the security, and
23 (2) the issuer is engaged in business, is not in the
24 organizational stage or in bankruptcy or

1 receivership, and is not and has not been within
2 the previous twelve (12) months a blank check,
3 blind pool, or shell company that has no specific
4 business plan or purpose or has indicated that
5 its primary business plan is to engage in a
6 merger or combination of the business with, or an
7 acquisition of, an unidentified person;

8 6. A nonissuer transaction by or through a broker-dealer
9 registered or exempt from registration under the Oklahoma Uniform
10 Securities Act of 2004 effecting an unsolicited order or offer to
11 purchase;

12 7. A nonissuer transaction executed by a bona fide pledgee
13 without the purpose of evading the Oklahoma Uniform Securities Act
14 of 2004;

15 8. A nonissuer transaction by a federal covered investment
16 adviser with investments under management in excess of One Hundred
17 Million Dollars (\$100,000,000.00) acting in the exercise of
18 discretionary authority in a signed record for the account of
19 others;

20 9. A transaction in a security, whether or not the security or
21 transaction is otherwise exempt, in exchange for one or more bona
22 fide outstanding securities, claims, or property interests, or
23 partly in such exchange and partly for cash, if the terms and
24 conditions of the issuance and exchange or the delivery and exchange

1 and the fairness of the terms and conditions have been approved by
2 the Administrator after a hearing;

3 10. A transaction between the issuer or other person on whose
4 behalf the offering is made and an underwriter, or among
5 underwriters;

6 11. A transaction in a note, bond, debenture, or other evidence
7 of indebtedness secured by a mortgage or other security agreement
8 if:

9 a. the note, bond, debenture, or other evidence of
10 indebtedness is offered and sold with the mortgage or
11 other security agreement as a unit,

12 b. a general solicitation or general advertisement of the
13 transaction is not made, and

14 c. a commission or other remuneration is not paid or
15 given, directly or indirectly, to a person not
16 registered under the Oklahoma Uniform Securities Act
17 of 2004 as a broker-dealer or as an agent;

18 12. A transaction by an executor, administrator of an estate,
19 sheriff, marshal, receiver, trustee in bankruptcy, guardian, or
20 conservator;

21 13. A sale or offer to sell to:

22 a. an institutional investor,

23 b. a federal covered investment adviser, or
24

1 c. any other person exempted by rule adopted or order
2 issued under the Oklahoma Uniform Securities Act of
3 2004;

4 14. A sale or an offer to sell securities by an issuer, if the
5 transaction is part of a single issue in which:

6 a. not more than twenty-five purchasers during any twelve
7 (12) consecutive months, other than those designated
8 in paragraph 13 of this section,

9 b. a general solicitation or general advertising is not
10 made in connection with the offer to sell or sale of
11 the securities,

12 c. a commission or other remuneration is not paid or
13 given, directly or indirectly, to a person other than
14 a broker-dealer registered under the Oklahoma Uniform
15 Securities Act of 2004 or an agent registered under
16 the Oklahoma Uniform Securities Act of 2004 for
17 soliciting a prospective purchaser in this state, and

18 d. the issuer reasonably believes that all the purchasers
19 in this state, other than those designated in
20 paragraph 13 of this section, are purchasing for
21 investment;

22 15. A transaction under an offer to existing security holders
23 of the issuer, including persons that at the date of the transaction
24 are holders of convertible securities, options, or warrants, if:

1 a. no commission or other remuneration, other than a
2 standby commission, is paid or given, directly or
3 indirectly, for soliciting a security holder in this
4 state, or

5 b. the issuer first files a notice specifying the terms
6 of the offer and the Administrator, by order, does not
7 disallow the exemption within the next ten (10) full
8 business days;

9 16. A sale from or in this state to not more than thirty-two
10 persons of a unit consisting of interests in oil, gas or mining
11 titles or leases or any certificate of interest or participation, or
12 conveyance in any form of an interest therein, or in payments out of
13 production pursuant to such titles or leases, whether or not offered
14 in conjunction with, or as an incident to, an operating agreement or
15 other contract to drill oil or gas wells or otherwise exploit the
16 minerals on the particular leases, whether or not the seller or any
17 buyers are then present in this state, if:

18 a. the seller reasonably believes that all buyers are
19 purchasing for investment,

20 b. no commission is paid or given directly or indirectly
21 for the solicitation of any such sale excluding any
22 commission paid or given by and between parties each
23 of whom is engaged in the business of exploring for or
24 producing oil and gas or other valuable minerals,

- 1 c. no public advertising or public solicitation is used
2 in any such solicitation or sale, and
- 3 d. sales are effected only to persons the seller has
4 reasonable cause to believe are capable of evaluating
5 the risk of the prospective investment and able to
6 bear the economic risk of the investment; but the
7 Administrator, by rule or order, as to any specific
8 transaction, may withdraw or further condition this
9 exemption or decrease the number of sales permitted or
10 waive the conditions in subparagraphs a, b and c of
11 this paragraph, with or without substitution of a
12 limitation on remuneration.

13 For purposes of this subsection, no units of the issuer shall be
14 integrated; however, this exemption cannot be combined or used in
15 conjunction with any other transactional exemption.

16 17. An offer to sell, but not a sale, of a security not exempt
17 from registration under the Securities Act of 1933 if:

- 18 a. a registration or offering statement or similar record
19 as required under the Securities Act of 1933 has been
20 filed, but is not effective, or the offer is made in
21 compliance with Rule 165 adopted under the Securities
22 Act of 1933 (17 C.F.R. 230.165), and
- 23 b. no stop order of which the offeror is aware has been
24 issued against the offeror by the Administrator or the

1 Securities and Exchange Commission, and an audit,
2 inspection, or proceeding that is public and that may
3 culminate in a stop order is not known by the offeror
4 to be pending;

5 18. An offer to sell, but not a sale, of a security exempt from
6 registration under the Securities Act of 1933 if:

7 a. a registration statement has been filed under this
8 act, but is not effective,

9 b. a solicitation of interest is provided in a record to
10 offerees in compliance with a rule adopted by the
11 Administrator under the Oklahoma Uniform Securities
12 Act of 2004, and

13 c. a stop order of which the offeror is aware has not
14 been issued by the Administrator under the Oklahoma
15 Uniform Securities Act of 2004 and an audit,
16 inspection, or proceeding that may culminate in a stop
17 order is not known by the offeror to be pending;

18 19. A transaction involving the distribution of the securities
19 of an issuer to the security holders of another person in connection
20 with a merger, consolidation, exchange of securities, sale of
21 assets, or other reorganization to which the issuer, or its parent
22 or subsidiary and the other person, or its parent or subsidiary, are
23 parties if:
24

- 1 a. the securities to be distributed are registered under
2 the Securities Act of 1933 before the vote by security
3 holders on the transaction, or
- 4 b. the securities to be distributed are not required to
5 be registered under the Securities Act of 1933,
6 written notice of the transaction and a copy of the
7 materials, if any, by which approval of the
8 transaction will be solicited from such security
9 holders is given to the Administrator at least ten
10 (10) full business days before the vote by security
11 holders on the transaction and the Administrator does
12 not commence a proceeding to deny the exemption within
13 the next ten (10) full business days; however, such
14 notice shall not be required if the sole purpose of
15 the transaction is to change an issuer's domicile
16 solely within the United States;

17 20. A rescission offer, sale, or purchase under Section ~~38~~ 1-
18 510 of ~~the Oklahoma Uniform Securities Act of 2004~~ this title;

19 21. An offer or sale of a security through a broker-dealer
20 registered under the Oklahoma Uniform Securities Act of 2004 to a
21 person not a resident of this state and not present in this state if
22 the offer or sale does not constitute a violation of the laws of the
23 state or foreign jurisdiction in which the offeree or purchaser is
24

1 present and is not part of an unlawful plan or scheme to evade the
2 Oklahoma Uniform Securities Act of 2004;

3 22. Employees' stock purchase, savings, option, profit-sharing,
4 pension, or similar employees' benefit plan, including any
5 securities, plan interests, and guarantees issued under a
6 compensatory benefit plan or compensation contract, contained in a
7 record, established by the issuer, its parents, its majority-owned
8 subsidiaries, or the majority-owned subsidiaries of the issuer's
9 parent for the participation of their employees including offers or
10 sales of such securities to:

- 11 a. directors; general partners; trustees, if the issuer
12 is a business trust; ~~and~~ officers; consultants; and
13 advisors,
- 14 b. family members who acquire such securities from those
15 persons through gifts or domestic relations orders,
- 16 c. former employees, directors, general partners,
17 trustees, and officers if those individuals were
18 employed by or providing services to the issuer when
19 the securities were offered, and
- 20 d. insurance agents who are exclusive insurance agents of
21 the issuer, or the issuer's subsidiaries or parents,
22 or who derive more than fifty percent (50%) of their
23 annual income from those organizations;

24 23. A transaction involving:

- 1 a. a stock dividend or equivalent equity distribution,
2 whether the corporation or other business organization
3 distributing the dividend or equivalent equity
4 distribution is the issuer or not, if nothing of value
5 is given by stockholders or other equity holders for
6 the dividend or equivalent equity distribution other
7 than the surrender of a right to a cash or property
8 dividend if each stockholder or other equity holder
9 may elect to take the dividend or equivalent equity
10 distribution in cash, property, or stock,
- 11 b. an act incident to a judicially approved
12 reorganization in which a security is issued in
13 exchange for one or more outstanding securities,
14 claims, or property interests, or partly in such
15 exchange and partly for cash, or
- 16 c. the solicitation of tenders of securities by an
17 offeror in a tender offer in compliance with Rule 162
18 adopted under the Securities Act of 1933 (17 C.F.R.
19 230.162);

20 24. A nonissuer transaction in an outstanding security by or
21 through a broker-dealer registered or exempt from registration under
22 this act, if the issuer is a reporting issuer in a foreign
23 jurisdiction designated by this paragraph or by rule adopted or
24 order issued under the Oklahoma Uniform Securities Act of 2004; has

1 | been subject to continuous reporting requirements in the foreign
2 | jurisdiction for not less than one hundred eighty (180) days before
3 | the transaction; and the security is listed on the foreign
4 | jurisdiction's securities exchange that has been designated by this
5 | paragraph or by rule adopted or order issued under the Oklahoma
6 | Uniform Securities Act of 2004, or is a security of the same issuer
7 | that is of senior or substantially equal rank to the listed security
8 | or is a warrant or right to purchase or subscribe to any of the
9 | foregoing. For purposes of this paragraph, Canada, together with
10 | its provinces and territories, is a designated foreign jurisdiction
11 | and The Toronto Stock Exchange, Inc., is a designated securities
12 | exchange. After an administrative hearing in compliance with the
13 | Administrative Procedures Act, the Administrator, by rule adopted or
14 | order issued under the Oklahoma Uniform Securities Act of 2004, may
15 | revoke the designation of a securities exchange under this
16 | paragraph, if the Administrator finds that revocation is necessary
17 | or appropriate in the public interest and for the protection of
18 | investors; or

19 | 25. A sale or offer to sell a security by an issuer if:

- 20 | a. the issuer is a corporation or other business entity
21 | residing in and doing business in this state and the
22 | transaction meets the requirements of the federal
23 | exemption for intrastate offerings in Section 3(a)(11)
24 | of the Securities Act of 1933, 15 U.S.C. 77c(a)(11)

1 and Rule 147A adopted under the Securities Act of 1933
2 (17 C.F.R. 230.147A) and as such the securities shall
3 be sold only to persons who are residents of this
4 state at the time of purchase,

5 b. the sum of all cash and other consideration to be
6 received for the sale of securities in reliance on
7 this exemption shall be limited to Five Million
8 Dollars (\$5,000,000.00),

9 c. the aggregate value of securities sold under this
10 exemption by an issuer to any one person does not
11 exceed Five Thousand Dollars (\$5,000.00) unless the
12 purchaser is an accredited investor as that term is
13 defined by Rule 501 of Regulation D of the Securities
14 Act of 1933 (17 C.F.R. 230.501),

15 d. a commission or other remuneration is not paid or
16 given, directly or indirectly, to a person not
17 registered under the Oklahoma Uniform Securities Act
18 of 2004 as a broker-dealer or as an agent,

19 e. the issuer reasonably believes that all purchasers are
20 purchasing for investment and not for sale in
21 connection with a distribution of the security,

22 f. the issuer distributes to prospective purchasers a
23 disclosure document containing the information set
24

1 forth by rule adopted under the Oklahoma Uniform
2 Securities Act of 2004,

3 g. the issuer, at least ten (10) business days prior to a
4 sale, files a notice of exemption with the Department
5 accompanied by the disclosure document required by
6 paragraph f of this subsection, and the filing fee set
7 forth in the Oklahoma Uniform Securities Act of 2004,
8 pursuant to Section 1-612 of Title 71 of the Oklahoma
9 Statutes,

10 h. the issuer files with the Department, for as long as
11 the offering is continuing, quarterly and fiscal year-
12 end reports containing any changes to information that
13 has become inaccurate or incomplete in any material
14 respect including, but not limited to, the most recent
15 financial statements, and

16 i. the issuer holds funds received from sales made in
17 reliance on this exemption in an escrow account
18 established in a bank or depository institution
19 authorized to do business in this state and subject to
20 regulation under the laws of the United States or
21 under the laws of this state until the aggregate funds
22 raised from all purchases is equal to or greater than
23 the minimum target offering amount specified in the
24 disclosure document. All funds shall be used in

1 accordance with the representations made by the issuer
2 in the disclosure document required by subparagraph f
3 of this paragraph.

4 Notwithstanding the foregoing provisions of this subsection, an
5 issuer shall be prohibited from offering securities under this
6 subsection if the issuer or any of its principals or control
7 persons:

- 8 (1) within the last five (5) years has filed a
9 registration statement that is the subject of a
10 currently effective registration stop order
11 entered by any state securities administrator or
12 the Securities and Exchange Commission,
- 13 (2) within the last five (5) years has been convicted
14 of any criminal offense in connection with the
15 offer, purchase, or sale of any security or
16 involving fraud or deceit,
- 17 (3) is currently subject to any state or federal
18 administrative enforcement order or judgment
19 entered within the last five (5) years finding
20 fraud or deceit in connection with the purchase
21 or sale of any security, or
- 22 (4) is currently subject to any order, judgment or
23 decree of any court of competent jurisdiction
24 entered within the last five (5) years

1 temporarily, preliminarily or permanently
2 restraining or enjoining such party from engaging
3 in or continuing to engage in any conduct or
4 practice involving fraud or deceit in connection
5 with the purchase or sale of any security.

6 Nothing in this subsection prohibits the use of general
7 solicitation or general advertising in connection with the exemption
8 under this subsection.

9 As to a particular offering, the Administrator may by rule or
10 order withdraw or further condition the exemption under this
11 subsection.

12 SECTION 10. AMENDATORY 71 O.S. 2021, Section 1-203, is
13 amended to read as follows:

14 Section 1-203. A rule adopted or order issued under this act
15 may exempt a security, transaction, or offer; a rule under this act
16 may exempt a class of securities, transactions, or offers from any
17 or all of the requirements of Sections ~~10 and 32~~ 1-301 through 1-305
18 and 1-504 of this ~~act~~ title; and an order under this act may waive,
19 in whole or in part, any or all of the conditions for an exemption
20 or offer under Sections ~~6~~ 1-201 and ~~7~~ 1-202 of this ~~act~~ title.

21 SECTION 11. AMENDATORY 71 O.S. 2021, Section 1-204, is
22 amended to read as follows:

23 Section 1-204. A. Except with respect to a federal covered
24 security or a transaction involving a federal covered security, an

1 order under this act may deny, suspend application of, condition,
2 limit, or revoke an exemption created under subparagraph c or d of
3 paragraph 3 of Section ~~6~~ 1-201 of this ~~act~~ title, or paragraph 7 or
4 8 of Section ~~6~~ 1-201 of this ~~act~~ title or Section ~~7~~ 1-202 of this
5 ~~act~~ title or an exemption or waiver created under Section ~~8~~ 1-203 of
6 this ~~act~~ title with respect to a specific security, transaction, or
7 offer. An order under this section may be issued only pursuant to
8 the procedures in subsection D of Section ~~15~~ 1-306 or Section ~~42~~ 1-
9 604 of this ~~act~~ title and only prospectively.

10 B. A person does not violate Section ~~10, 32~~ 1-301, 1-504 or ~~38~~
11 1-510 of this ~~act~~ title by an offer to sell, offer to purchase,
12 sale, or purchase effected after the entry of an order issued under
13 this section if the person did not know, and in the exercise of
14 reasonable care could not have known, of the order.

15 SECTION 12. AMENDATORY 71 O.S. 2021, Section 1-301, is
16 amended to read as follows:

17 Section 1-301. It is unlawful for a person to offer or sell a
18 security in this state unless:

- 19 1. The security is a federal covered security;
- 20 2. The security, transaction, or offer is exempted from
21 registration under Sections ~~6~~ 1-201 through ~~8~~ 1-203 of this ~~act~~
22 title; or
- 23 3. The security is registered under this ~~act~~ title.

24

1 SECTION 13. AMENDATORY 71 O.S. 2021, Section 1-302, is
2 amended to read as follows:

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

16 B. A notice filing under subsection A of this section is
17 effective for one (1) year commencing on the later of the notice
18 filing or the effectiveness of the offering filed with the
19 Securities and Exchange Commission. On or before expiration, the
20 issuer may renew a notice filing by filing a copy of those records
21 filed by the issuer with the Securities and Exchange Commission that
22 are required by rule or order under this act to be filed and by
23 paying a renewal fee as provided in Section 1-612 of this title. A
24 previously filed consent to service of process complying with

1 Section 1-611 of this title may be incorporated by reference in a
2 renewal. A renewed notice filing becomes effective upon the
3 expiration of the filing being renewed.

4 C. 1. With respect to a security that is a federal covered
5 security under Section ~~18(b)(4)(E)~~ 18(b)(4)(F) of the Securities Act
6 of 1933, (15 U.S.C. Section ~~77r(b)(4)(E)~~ 77r(b)(4)(F)), ~~a rule under~~
7 ~~this act may require a notice filing by or on behalf of an issuer as~~
8 ~~allowed by applicable federal law~~ is required and shall be
9 accompanied by the payment of the fee set forth in Section 1-612 of
10 this title. The Administrator shall designate the content and
11 timing of the notice filing by rule.

12 2. With respect to a security that is a federal covered
13 security under ~~Section 18(b)(3) or Section 18(b)(4)(D)(ii)~~ of the
14 Securities Act of 1933, (15 U.S.C. Sections ~~77r(b)(3)~~ and Section
15 77r(b)(4)(D)(ii)), ~~a rule under this act may require a notice filing~~
16 ~~by or on behalf of an issuer as allowed by applicable federal law~~ is
17 required and shall be accompanied by the payment of the fee set
18 forth in Section 1-612 of this title. The Administrator shall
19 designate the content and timing of the notice filing by rule.

20 D. Except with respect to a federal covered security under
21 Section 18(b)(1) of the Securities Act of 1933, (15 U.S.C. Section
22 77r(b)(1)), if the Administrator finds that there is a failure to
23 comply with a notice or fee requirement of this section, the
24 Administrator may issue a stop order suspending the offer and sale

1 of a federal covered security in this state. If the deficiency is
2 corrected, the stop order is void as of the time of its issuance and
3 no penalty may be imposed by the Administrator.

4 SECTION 14. AMENDATORY 71 O.S. 2021, Section 1-303, is
5 amended to read as follows:

6 Section 1-303. A. A security for which a registration
7 statement has been filed under the Securities Act of 1933 in
8 connection with the same offering may be registered by coordination
9 under this section.

10 B. A registration statement under this section must contain or
11 be accompanied by the following records in addition to the
12 information specified in Section ~~14~~ 1-305 of this ~~act~~ title and a
13 consent to service of process complying with Section ~~49~~ 1-611 of
14 this ~~act~~ title:

15 1. A copy of the latest form of prospectus filed under the
16 Securities Act of 1933;

17 2. A copy of the articles of incorporation and bylaws or their
18 substantial equivalents currently in effect; a copy of any agreement
19 with or among underwriters; a copy of any indenture or other
20 instrument governing the issuance of the security to be registered;
21 and a specimen, copy, or description of the security that is
22 required by rule adopted or order issued under this act;

23

24

1 3. Copies of any other information or any other records filed
2 by the issuer under the Securities Act of 1933 requested by the
3 Administrator; and

4 4. An undertaking to forward each amendment to the federal
5 prospectus, other than an amendment that delays the effective date
6 of the registration statement, promptly after it is filed with the
7 Securities and Exchange Commission and in any event not later than
8 the first business day after the day the amendment is forwarded to
9 or filed with the Securities and Exchange Commission, whichever
10 first occurs.

11 C. A registration statement under this section becomes
12 effective simultaneously with or subsequent to the federal
13 registration statement when all the following conditions are
14 satisfied:

15 1. A stop order under subsection D of this section or Section
16 ~~15~~ 1-306 of this ~~act~~ title or issued by the Securities and Exchange
17 Commission is not in effect and a proceeding is not pending against
18 the issuer under Section ~~15~~ 1-306 of this ~~act~~ title; and

19 2. The registration statement has been on file for at least
20 twenty (20) days or a shorter period provided by rule adopted or
21 order issued under this act.

22 D. The registrant shall promptly notify the Administrator in a
23 record of the date when the federal registration statement becomes
24 effective and the content of any price amendment and shall promptly

1 file a record containing the price amendment. If the notice is not
2 timely received, the Administrator may issue a stop order, without
3 prior notice or hearing, retroactively denying effectiveness to the
4 registration statement or suspending its effectiveness until
5 compliance with this section. The Administrator shall promptly
6 notify the registrant of the order by telegram, telephone, or
7 electronic means and promptly confirm this notice by a record. If
8 the registrant subsequently complies with the notice requirements of
9 this section, the stop order is void as of the date of its issuance.

10 E. If the federal registration statement becomes effective
11 before each of the conditions in this section is satisfied or is
12 waived by the Administrator, the registration statement is
13 automatically effective under this act when all the conditions are
14 satisfied or waived. If the registrant notifies the Administrator
15 of the date when the federal registration statement is expected to
16 become effective, the Administrator shall promptly notify the
17 registrant by telegram, telephone, or electronic means and promptly
18 confirm this notice by a record, indicating whether all the
19 conditions are satisfied or waived and whether the Administrator
20 intends the institution of a proceeding under Section ~~15~~ 1-306 of
21 this ~~act~~ title. The notice by the Administrator does not preclude
22 the institution of such a proceeding.

23 SECTION 15. AMENDATORY 71 O.S. 2021, Section 1-304, is
24 amended to read as follows:

1 Section 1-304. A. A security may be registered by
2 qualification under this section.

3 B. A registration statement under this section must contain the
4 information or records specified in Section ~~14~~ 1-305 of this ~~act~~
5 title, a consent to service of process complying with Section ~~49~~ 1-
6 611 of this ~~act~~ title, and the following information or records:

7 1. With respect to the issuer and any significant subsidiary,
8 its name, address, and form of organization; the state or foreign
9 jurisdiction and date of its organization; the general character and
10 location of its business; a description of its physical properties
11 and equipment; and a statement of the general competitive conditions
12 in the industry or business in which it is or will be engaged;

13 2. With respect to each director and officer of the issuer, and
14 other person having a similar status or performing similar
15 functions, the person's name, address, and principal occupation for
16 the previous five (5) years; the amount of securities of the issuer
17 held by the person as of the 30th day before the filing of the
18 registration statement; the amount of the securities covered by the
19 registration statement to which the person has indicated an
20 intention to subscribe; and a description of any material interest
21 of the person in any material transaction with the issuer or a
22 significant subsidiary effected within the previous three (3) years
23 or proposed to be effected;

24

1 3. With respect to persons covered by paragraph 2 of this
2 subsection, the aggregate sum of the remuneration paid to those
3 persons during the previous twelve (12) months and estimated to be
4 paid during the next twelve (12) months, directly or indirectly, by
5 the issuer, and all predecessors, parents, subsidiaries, and
6 affiliates of the issuer;

7 4. With respect to a person owning of record or owning
8 beneficially, if known, ten percent (10%) or more of the outstanding
9 shares of any class of equity security of the issuer, the
10 information or records specified in paragraph 2 of this subsection
11 other than the person's occupation;

12 5. With respect to a promoter, if the issuer was organized
13 within the previous three (3) years, the information or records
14 specified in paragraph 2 of this subsection, any amount paid to the
15 promoter within that period or intended to be paid to the promoter,
16 and the consideration for the payment;

17 6. With respect to a person on whose behalf any part of the
18 offering is to be made in a nonissuer distribution, the person's
19 name and address; the amount of securities of the issuer held by the
20 person as of the date of the filing of the registration statement; a
21 description of any material interest of the person in any material
22 transaction with the issuer or any significant subsidiary effected
23 within the previous three (3) years or proposed to be effected; and
24 a statement of the reasons for making the offering;

1 7. The capitalization and long term debt, on both a current and
2 pro forma basis, of the issuer and any significant subsidiary,
3 including a description of each security outstanding or being
4 registered or otherwise offered, and a statement of the amount and
5 kind of consideration, whether in the form of cash, physical assets,
6 services, patents, goodwill, or anything else of value, for which
7 the issuer or any subsidiary has issued its securities within the
8 previous two (2) years or is obligated to issue its securities;

9 8. The kind and amount of securities to be offered; the
10 proposed offering price or the method by which it is to be computed;
11 any variation at which a proportion of the offering is to be made to
12 a person or class of persons other than the underwriters, with a
13 specification of the person or class; the basis on which the
14 offering is to be made if otherwise than for cash; the estimated
15 aggregate underwriting and selling discounts or commissions and
16 finders' fees, including separately cash, securities, contracts, or
17 anything else of value to accrue to the underwriters or finders in
18 connection with the offering or, if the selling discounts or
19 commissions are variable, the basis of determining them and their
20 maximum and minimum amounts; the estimated amounts of other selling
21 expenses, including legal, engineering, and accounting charges; the
22 name and address of each underwriter and each recipient of a
23 finder's fee; a copy of any underwriting or selling group agreement
24 under which the distribution is to be made or the proposed form of

1 any such agreement whose terms have not yet been determined; and a
2 description of the plan of distribution of any securities that are
3 to be offered otherwise than through an underwriter;

4 9. The estimated monetary proceeds to be received by the issuer
5 from the offering; the purposes for which the proceeds are to be
6 used by the issuer; the estimated amount to be used for each
7 purpose; the order or priority in which the proceeds will be used
8 for the purposes stated; the amounts of any funds to be raised from
9 other sources to achieve the purposes stated; the sources of the
10 funds; and, if a part of the proceeds is to be used to acquire
11 property, including goodwill, otherwise than in the ordinary course
12 of business, the names and addresses of the vendors, the purchase
13 price, the names of any persons that have received commissions in
14 connection with the acquisition, and the amounts of the commissions
15 and other expenses in connection with the acquisition, including the
16 cost of borrowing money to finance the acquisition;

17 10. A description of any stock options or other security
18 options outstanding, or to be created in connection with the
19 offering, and the amount of those options held or to be held by each
20 person required to be named in paragraph 2, 4, 5, 6 or 8 of this
21 subsection and by any person that holds or will hold ten percent
22 (10%) or more in the aggregate of those options;

23 11. The dates of, parties to, and general effect concisely
24 stated of each managerial or other material contract made or to be

1 made otherwise than in the ordinary course of business to be
2 performed in whole or in part at or after the filing of the
3 registration statement or that was made within the previous two (2)
4 years, and a copy of the contract;

5 12. A description of any pending litigation, action, or
6 proceeding to which the issuer is a party and that materially
7 affects its business or assets, and any litigation, action, or
8 proceeding known to be contemplated by governmental authorities;

9 13. A copy of any prospectus, pamphlet, circular, form letter,
10 advertisement, or other sales literature intended as of the
11 effective date to be used in connection with the offering and any
12 solicitation of interest used in compliance with subparagraph b of
13 paragraph 18 of Section 7 1-202 of this ~~act~~ title;

14 14. A specimen or copy of the security being registered, unless
15 the security is uncertificated; a copy of the issuer's articles of
16 incorporation and bylaws or their substantial equivalents, in
17 effect; and a copy of any indenture or other instrument covering the
18 security to be registered;

19 15. A signed or conformed copy of an opinion of counsel
20 concerning the legality of the security being registered, with an
21 English translation if it is in a language other than English, which
22 states whether the security when sold will be validly issued, fully
23 paid, and nonassessable and, if a debt security, a binding
24 obligation of the issuer;

1 16. A signed or conformed copy of a consent of any accountant,
2 engineer, appraiser, or other person whose profession gives
3 authority for a statement made by the person, if the person is named
4 as having prepared or certified a report or valuation, other than an
5 official record, that is public, which is used in connection with
6 the registration statement;

7 17. A balance sheet of the issuer as of a date within four (4)
8 months before the filing of the registration statement; a statement
9 of income and changes in financial position for each of the three
10 (3) fiscal years preceding the date of the balance sheet and for any
11 period between the close of the immediately previous fiscal year and
12 the date of the balance sheet, or for the period of the issuer's and
13 any predecessor's existence if less than three (3) years; and, if
14 any part of the proceeds of the offering is to be applied to the
15 purchase of a business, the financial statements that would be
16 required if that business were the registrant; and

17 18. Any additional information or records required by rule
18 adopted or order issued under this act.

19 C. A registration statement under this section becomes
20 effective thirty (30) days, or any shorter period provided by rule
21 adopted or order issued under this act, after the date the
22 registration statement or the last amendment other than a price
23 amendment is filed, if:

24

1 1. A stop order is not in effect and a proceeding is not
2 pending under Section ~~15~~ 1-306 of this ~~act~~ title;

3 2. The Administrator has not issued an order under Section ~~15~~
4 1-306 of this ~~act~~ title postponing effectiveness; and

5 3. The applicant or registrant has not requested that
6 effectiveness be delayed.

7 D. The Administrator may delay effectiveness once for not more
8 than ninety (90) days if the Administrator determines the
9 registration statement is not complete in all material respects and
10 promptly notifies the applicant or registrant of that determination.
11 The Administrator may also delay effectiveness for a further period
12 of not more than thirty (30) days if the Administrator determines
13 that the delay is necessary or appropriate.

14 E. A rule adopted or order issued under this act may require as
15 a condition of registration under this section that a prospectus
16 containing a specified part of the information or record specified
17 in subsection B of this section be sent or given to each person to
18 which an offer is made, before or concurrently, with the earliest
19 of:

20 1. The first offer made in a record to the person otherwise
21 than by means of a public advertisement, by or for the account of
22 the issuer or another person on whose behalf the offering is being
23 made or by an underwriter or broker-dealer that is offering part of
24

1 an unsold allotment or subscription taken by the person as a
2 participant in the distribution;

3 2. The confirmation of a sale made by or for the account of the
4 person;

5 3. Payment pursuant to such a sale; or

6 4. Delivery of the security pursuant to such a sale.

7 SECTION 16. AMENDATORY 71 O.S. 2021, Section 1-305, is
8 amended to read as follows:

9 Section 1-305. A. A registration statement may be filed by the
10 issuer, a person on whose behalf the offering is to be made, or a
11 broker-dealer registered under this act.

12 B. A person filing a registration statement shall pay the
13 filing fee set forth in Section ~~50~~ 1-612 of this ~~act~~ title. If a
14 registration statement is withdrawn before the effective date or a
15 preeffective stop order is issued under Section ~~15~~ 1-306 of this ~~act~~
16 title, the Administrator shall retain the fee.

17 C. A registration statement filed under Section ~~12 or 13~~ 1-303
18 and 1-304 of this ~~act~~ title must specify:

19 1. The amount of securities to be offered in this state;

20 2. The states in which a registration statement or similar
21 record in connection with the offering has been or is to be filed;
22 and

23

24

1 3. Any adverse order, judgment, or decree issued in connection
2 with the offering by a state securities regulator, the Securities
3 and Exchange Commission, or a court.

4 D. A record filed under this act ~~or the predecessor act~~ within
5 five (5) years preceding the filing of a registration statement may
6 be incorporated by reference in the registration statement to the
7 extent that the record is currently accurate.

8 E. In the case of a nonissuer distribution, information or a
9 record may not be required under subsection I of this section or
10 Section ~~13~~ 1-304 of this ~~act~~ title, unless it is known to the person
11 filing the registration statement or to the person on whose behalf
12 the distribution is to be made or unless it can be furnished by
13 those persons without unreasonable effort or expense.

14 F. A rule adopted or order issued under this act may require as
15 a condition of registration that a security issued within the
16 previous five (5) years or to be issued to a promoter for a
17 consideration substantially less than the public offering price or
18 to a person for a consideration other than cash be deposited in
19 escrow; and that the proceeds from the sale of the registered
20 security in this state be impounded until the issuer receives a
21 specified amount from the sale of the security either in this state
22 or elsewhere. The conditions of any escrow or impoundment required
23 under this subsection may be established by rule adopted or order
24 issued under this act, but the Administrator may not reject a

1 depository institution solely because of its location in another
2 state.

3 G. A rule adopted or order issued under this act may require as
4 a condition of registration that a security registered under this
5 act be sold only on a specified form of subscription or sale
6 contract and that a signed or conformed copy of each contract be
7 filed under this act or preserved for a period specified by the rule
8 or order, which may not be longer than five (5) years.

9 H. Except while a stop order is in effect under Section ~~15~~ 1-
10 306 of this ~~act~~ title, a registration statement is effective for one
11 year after its effective date, or for any longer period designated
12 in an order under this act during which the security is being
13 offered or distributed in a nonexempted transaction by or for the
14 account of the issuer or other person on whose behalf the offering
15 is being made or by an underwriter or broker-dealer that is still
16 offering part of an unsold allotment or subscription taken as a
17 participant in the distribution. For the purposes of a nonissuer
18 transaction, all outstanding securities of the same class identified
19 in the registration statement as a security registered under this
20 act are considered to be registered while the registration statement
21 is effective. If any securities of the same class are outstanding,
22 a registration statement may not be withdrawn until one year after
23 its effective date. A registration statement may be withdrawn only
24 with the approval of the Administrator.

1 I. While a registration statement is effective, the person that
2 filed the registration statement shall file reports, not more often
3 than quarterly, to keep the information or other record in the
4 registration statement reasonably current and to disclose the
5 progress of the offering.

6 J. A registration statement may be amended after its effective
7 date. The posteffective amendment becomes effective when the
8 Administrator so orders. If a posteffective amendment is made to
9 increase the number of securities specified to be offered or sold,
10 the person filing the amendment shall pay a registration fee as
11 provided in Section ~~50~~ 1-612 of this ~~act~~ title. A posteffective
12 amendment relates back to the date of the offering of the additional
13 securities being registered if, within one year after the date of
14 the sale, the amendment is filed and the additional registration fee
15 is paid.

16 K. The records of an issuer registered or required to be
17 registered under this act are subject to such reasonable periodic,
18 special, or other audits or inspections by a representative of the
19 Administrator, within or without this state, as the Administrator
20 considers necessary or appropriate in the public interest and for
21 the protection of investors. An audit or inspection may be made at
22 any time and without prior notice. The Administrator may copy, and
23 remove for audit or inspection copies of, all records the
24 Administrator reasonably considers necessary or appropriate to

1 conduct the audit or inspection. The Administrator may assess a
2 reasonable charge for conducting an audit or inspection under this
3 subsection.

4 SECTION 17. AMENDATORY 71 O.S. 2021, Section 1-306, is
5 amended to read as follows:

6 Section 1-306. A. The Administrator may issue a stop order
7 denying effectiveness to, or suspending or revoking the
8 effectiveness of, a registration statement if the Administrator
9 finds that the order is in the public interest and that:

10 1. The registration statement as of its effective date or
11 before the effective date in the case of an order denying
12 effectiveness, an amendment under subsection J of Section ~~14~~ 1-305
13 of this ~~act~~ title as of its effective date, or a report under
14 subsection I of Section ~~14~~ 1-305 of this ~~act~~ title, is incomplete in
15 a material respect or contains a statement that, in the light of the
16 circumstances under which it was made, was false or misleading with
17 respect to a material fact;

18 2. This act or a rule adopted or order issued under this act or
19 a condition imposed under this act has been willfully violated, in
20 connection with the offering, by the person filing the registration
21 statement; by the issuer, a partner, officer, or director of the
22 issuer or a person having a similar status or performing a similar
23 function, a promoter of the issuer, or a person directly or
24 indirectly controlling or controlled by the issuer, but only if the

1 person filing the registration statement is directly or indirectly
2 controlled by or acting for the issuer; or by an underwriter;

3 3. The security registered or sought to be registered is the
4 subject of a permanent or temporary injunction of a court of
5 competent jurisdiction or an administrative stop order or similar
6 order issued under any federal, foreign, or state law other than
7 this act applicable to the offering, but the Administrator may not
8 institute a proceeding against an effective registration statement
9 under this paragraph more than one year after the date of the order
10 or injunction on which it is based, and the Administrator may not
11 issue an order under this paragraph on the basis of an order or
12 injunction issued under the securities act of another state unless
13 the order or injunction was based on conduct that would constitute,
14 as of the date of the order, a ground for a stop order under this
15 section;

16 4. The issuer's enterprise or method of business includes or
17 would include activities that are unlawful where performed;

18 5. With respect to a security sought to be registered under
19 Section ~~12~~ 1-303 of this ~~act~~ title, there has been a failure to
20 comply with the undertaking required by paragraph 4 of subsection B
21 of Section ~~12~~ 1-303 of this ~~act~~ title;

22 6. The applicant or registrant has not paid the filing fee, but
23 the Administrator shall void the order if the deficiency is
24 corrected; or

1 7. The offering:

2 a. will work or tend to work a fraud upon purchasers or
3 would so operate, or

4 b. has been or would be made or is being made with
5 unreasonable amounts of underwriters' and sellers'
6 discounts, commissions, or other compensation;
7 promoters' profits or participation; or unreasonable
8 amounts or kinds of options, profits, compensation, or
9 remuneration paid directly or indirectly to any
10 officer, director, employee, contractor or agent.

11 B. To the extent practicable, the Administrator by rule adopted
12 or order issued under this act shall publish standards that provide
13 notice of conduct that violates paragraph 7 of subsection A of this
14 section.

15 C. The Administrator may not institute a stop order proceeding
16 against an effective registration statement on the basis of conduct
17 or a transaction known to the Administrator when the registration
18 statement became effective unless the proceeding is instituted
19 within thirty (30) days after the registration statement became
20 effective.

21 D. The Administrator may summarily revoke, deny, postpone, or
22 suspend the effectiveness of a registration statement pending final
23 determination of an administrative proceeding. Upon the issuance of
24 the order, the Administrator shall promptly notify each person

1 specified in subsection E of this section that the order has been
2 issued, the reasons for the revocation, denial, postponement, or
3 suspension, and that within fifteen (15) days after the receipt of a
4 request in a record from the person the matter will be scheduled for
5 a hearing and such hearing shall be commenced within fifteen (15)
6 days of the matter being set for hearing. If a hearing is not
7 requested and none is ordered by the Administrator, within thirty
8 (30) days after the date of service of the order, the order becomes
9 final. If a hearing is requested or ordered, the Administrator,
10 after notice of and opportunity for hearing for each person subject
11 to the order, may modify or vacate the order or extend the order
12 until final determination.

13 E. Unless the right to notice and hearing is waived, a stop
14 order may not be issued under this section without:

15 1. Appropriate notice to the applicant or registrant, the
16 issuer, and the person on whose behalf the securities are to be or
17 have been offered;

18 2. An opportunity for hearing; and

19 3. Findings of fact and conclusions of law in a record in
20 accordance with the Administrative Procedures Act.

21 F. The Administrator may modify or vacate a stop order issued
22 under this section if the Administrator finds that the conditions
23 that caused its issuance have changed or that it is necessary or
24

1 appropriate in the public interest or for the protection of
2 investors.

3 SECTION 18. AMENDATORY 71 O.S. 2021, Section 1-307, is
4 amended to read as follows:

5 Section 1-307. The Administrator may waive or modify, in whole
6 or in part, any or all of the requirements of Sections ~~11, 12, 1-~~
7 302, 1-303, and subsection B of Section ~~13~~ 1-304 of this ~~act~~ title
8 or the requirement of any information or record in a registration
9 statement or in a periodic report filed pursuant to subsection I of
10 Section ~~14~~ 1-305 of this ~~act~~ title.

11 SECTION 19. AMENDATORY 71 O.S. 2021, Section 1-308, is
12 amended to read as follows:

13 Section 1-308. A. In addition to all other applicable
14 registration provisions specified in this act, investment
15 certificate issuers are subject to the provisions of this section.

16 As used in this section:

17 1. "Investment certificate" means thrift certificates,
18 certificates of deposit, savings obligations and similar
19 certificates or obligations issued and sold by an investment
20 certificate issuer as defined in paragraph 2 of this subsection; and

21 2. "Investment certificate issuer" means any financial
22 institution or person, other than a federally or state chartered
23 bank, bank holding company, trust company or savings and loan
24 association, or any credit union, which accepts investor funds or

1 deposits in exchange for the issuance of investment certificates;
2 provided, however, the term "investment certificate issuer" shall
3 not include a financial institution or person which, as of November
4 1, 1985, issued only the following securities:

- 5 a. investment certificates exempt under the provisions of
6 Sections ~~6~~ 1-201 through ~~8~~ 1-203 of this ~~act~~ title,
- 7 b. investment certificates registered by coordination
8 under Section ~~12~~ 1-303 of this ~~act~~ title, or
- 9 c. any other security as to which the Administrator, by
10 rule or order, finds that registration is not
11 necessary or appropriate for the protection of
12 investors.

13 Nothing contained in this act shall be construed as precluding
14 an investment certificate issuer from qualifying for and relying
15 upon any of the exemptions from the provisions of Sections ~~10~~ 1-301
16 and ~~32~~ 1-504 of this ~~act~~ title as contained in Sections ~~6~~ 1-201
17 through ~~8~~ 1-203 of this ~~act~~ title.

18 B. In addition to other powers conferred by this act, the
19 Administrator shall have power to require an investment certificate
20 issuer to:

- 21 1. Cause its books and records to be made available at its
22 offices and to provide to the Department a trial balance within five
23 (5) days of the commencement of any examination. The books and
24 records shall be audited at least once each year by an independent

1 certified public accountant in accordance with generally accepted
2 auditing standards, and the report thereof, including financial
3 statements prepared in accordance with generally accepted accounting
4 principles, furnished to the Administrator in such form as he or she
5 may require;

6 2. Observe methods and standards, including classification
7 standards of loans, which the Administrator may prescribe by rule
8 adopted and promulgated pursuant to the Administrative Procedures
9 Act for determining the value of various types of assets;

10 3. Maintain its accounting systems and procedures in accordance
11 with such regulations as adopted and promulgated by the
12 Administrator pursuant to the Administrative Procedures Act;
13 provided, the accounting system required shall have due regard to
14 the size of the investment certificate issuer;

15 4. Charge off the whole or any part of an asset, the value of
16 which, at the time of the Administrator's action, has deteriorated
17 for reasons set forth by the Administrator by rule adopted and
18 promulgated pursuant to the Administrative Procedures Act; and

19 5. Write down an asset to market value as prescribed by the
20 Administrator by rule adopted and promulgated pursuant to the
21 Administrative Procedures Act.

22 C. Every investment certificate issuer shall obtain from the
23 Administrator a written acknowledgment, issued in accordance with
24 procedures adopted and promulgated pursuant to the Administrative

1 Procedures Act, that the investment certificate issuer engages in
2 the business of accepting investor funds or deposits in exchange for
3 the issuance of investment certificates. Any investment certificate
4 issuer who obtains such an acknowledgment shall be subject to this
5 section and shall possess all the rights, powers and privileges and
6 shall be subject to all of the duties, restrictions and limitations
7 contained herein. No company or person who fails to obtain such
8 acknowledgment within ninety (90) days of the effective date of the
9 adoption by the Administrator of procedures governing the issuance
10 of a written acknowledgment shall possess or exercise, unless
11 expressly given and possessed or exercised under other laws, any of
12 the benefits, rights, powers or privileges which are herein
13 conferred on investment certificate issuers. Any company or person
14 who fails to obtain a written acknowledgment as described herein may
15 not engage in the business of issuing investment certificates.

16 D. Any officer, director or employee of an investment
17 certificate issuer found by the Administrator to be dishonest,
18 reckless, unfit to participate in the conduct of the affairs of the
19 institution, or practicing a continuing disregard or violation of
20 laws, rules, regulations or orders which are likely to cause
21 substantial loss to the company or likely to seriously weaken the
22 condition of the company shall be removed immediately from office by
23 the board of directors of the investment certificate issuer of which
24 he or she is an officer, director or employee, on the written order

1 of the Administrator; provided, that the investment certificate
2 issuer or officer, employee, or director may within ten (10) days
3 file a notice of protest for the removal with the Commission, and as
4 soon as possible thereafter, the Commission will review the order of
5 the Administrator and make findings as it deems proper, and that,
6 pending said time, the officer, employee or director shall not
7 perform any of the duties of his office.

8 E. An investment certificate issuer shall not, without the
9 consent of the Administrator:

10 1. Make a loan to any of its stockholders owning twenty-five
11 percent (25%) or more of the stock of the investment certificate
12 issuer, or its officers or directors;

13 2. Make a loan to any employee in excess of Ten Thousand
14 Dollars (\$10,000.00); or

15 3. Make a loan to or other investment in or purchase any asset
16 from any company in which any of its officers, directors or
17 stockholders may have any direct or indirect interest, unless made
18 in an arm's length transaction.

19 F. An investment certificate issuer shall not, without the
20 consent of the Administrator:

21 1. Lend money in excess of ten percent (10%) of its
22 shareholders' equity to any person, association, partnership or
23 corporation liable for such obligations; provided, however, that
24

1 this limitation does not apply to the purchase of investment
2 securities; or

3 2. Engage in, or acquire any interest in, any business
4 prohibited to a bank chartered under the laws of this state.

5 G. The shareholders' equity of an investment certificate issuer
6 shall not be less than ten percent (10%) of the investment
7 certificates outstanding. Provided, an investment certificate
8 issuer lawfully incorporated and operating in this state on or
9 before November 1, 1985, with less than the above specified
10 shareholders' equity shall, at the beginning of each fiscal year
11 thereafter, increase its shareholders' equity by a minimum of one-
12 fourth (1/4) the difference between its shareholders' equity on
13 November 1, 1985, and the above specified amount until such time as
14 its shareholders' equity equals or exceeds the amount specified
15 above. For purposes of computing the shareholders' equity, the
16 reserve against bad debts shall be included.

17 H. Every investment certificate issuer shall maintain a reserve
18 against bad debts in an amount required by the Administrator by rule
19 adopted and promulgated pursuant to the Administrative Procedures
20 Act, but in no event shall the reserve against bad debts be less
21 than two percent (2%) of total loans outstanding.

22 I. If the Administrator finds the capital of an investment
23 certificate issuer to be impaired according to the standard set
24 forth in subsection G of this section, the Administrator may:

1 1. Give notice of the impairment to the directors and
2 shareholders of the investment certificate issuer and levy an
3 assessment in a designated amount upon the holders of record of the
4 investment certificate issuer's stock to remedy an impairment of
5 capital. Upon receipt of an order to levy an assessment, the
6 directors shall cause to be sent to all holders of stock, at their
7 addresses as listed on the books of the investment certificate
8 issuer, a notice of the amount of the assessment and a copy of this
9 subsection. If an assessment is not paid within ninety (90) days
10 after the order is mailed, the Administrator, at his or her
11 discretion, may offer the shares of the defaulting stockholders for
12 sale at public auction at a price which shall not be less than the
13 amount of the assessment and the cost of the sale; or

14 2. Apply to the district court of any county where the assets
15 of the investment certificate issuer are located for an order
16 appointing a conservator of, and directing him to rehabilitate, the
17 investment certificate issuer. If all reasonable efforts to
18 rehabilitate the investment certificate issuer fail, the
19 Administrator may apply to the court for an order directing the
20 appointment of a liquidator to dissolve any such issuer and
21 liquidate its assets. All rights and interests of the stockholders
22 in the stock, property and assets of such investment certificate
23 issuer are thereby terminated except the rights of stockholders to
24 the proceeds of liquidation, if any, after all other valid claims,

1 including interest, against the assets of the investment certificate
2 issuer and the proceeds of liquidation have been satisfied. The
3 conservator or liquidator appointed under this subsection shall meet
4 qualifications established by the Administrator by rule adopted and
5 promulgated pursuant to the Administrative Procedures Act.

6 J. Whenever the capital or reserve of any investment
7 certificate issuer shall be impaired according to the standards set
8 forth in subsections G and H of this section, the investment
9 certificate issuer shall make no new loans, renew any investment
10 certificates or sell new investment certificates without the consent
11 of the Administrator.

12 K. 1. It shall be unlawful for any investment certificate
13 issuer to issue investment certificates when insolvent.

14 2. Every officer, director, principal stockholder, or every
15 other person who materially participates or aids in the issuance of
16 an investment certificate in violation of this subsection, or who
17 directly or indirectly controls any such person, shall be jointly
18 and severally liable, unless the officer, director, principal
19 stockholder, or any other person who so participates, aids or
20 controls, sustains the burden of proof that the person did not know,
21 and could not have known, of the existence of the facts by reason of
22 which liability is alleged to exist. There shall be contribution as
23 in cases of contract among the persons so liable.

24

1 3. The rights and remedies provided for in this subsection are
2 in addition to any other rights or remedies provided for in Title 71
3 of the Oklahoma Statutes, or that may exist at law or in equity.

4 L. The Administrator may as often as he or she deems it prudent
5 and necessary for the protection of the public, make or cause to be
6 made examinations of the books, records, papers, assets and
7 liabilities of every kind and character owned by, or relating to,
8 every investment certificate issuer.

9 M. Every investment certificate issuer shall make and file with
10 the Administrator reports at such times and in such form as the
11 Administrator may prescribe by rule or order. The reports shall be
12 verified by the oath of either the president, the vice-president, or
13 the secretary and attested by the signature of two or more of the
14 directors. Each report shall exhibit in detail, as may be required
15 by the Administrator, the resources and liabilities of the
16 investment certificate issuer at the close of business on the day to
17 be specified by the Administrator.

18 N. Every investment certificate issuer whose investor funds or
19 deposits are not insured by an agency of the government shall
20 disclose on the face of each investment certificate in ten-point
21 type the following:

22 "This certificate is not insured by the Federal Deposit
23 Insurance Corporation or any other agency of the government."
24

1 SECTION 20. AMENDATORY 71 O.S. 2021, Section 1-402, is
2 amended to read as follows:

3 Section 1-402. A. It is unlawful for an individual to transact
4 business in this state as an agent unless the individual is
5 registered under this act as an agent or is exempt from registration
6 as an agent under subsection B of this section.

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

9 1. An individual who represents a broker-dealer in effecting
10 transactions in this state limited to those described in Section
11 ~~15(h)(2)~~ 15(i)(3) of the Securities Exchange Act of 1934 (15 U.S.C.
12 Section ~~78o(h)(2)~~ 78o(i)(3));

13 2. An individual who represents a broker-dealer that is exempt
14 under subsection B or D of Section ~~18~~ 1-401 of this ~~act~~ title;

15 3. An individual who represents an issuer with respect to an
16 offer or sale of the issuer's own securities or those of the
17 issuer's parent or any of the issuer's subsidiaries to existing
18 employees, partners, members or directors of the issuer or the
19 issuer's parent or any of the issuer's subsidiaries, and who is not
20 compensated in connection with the individual's participation by the
21 payment of commissions or other remuneration based, directly or
22 indirectly, on transactions in those securities;

23 4. An individual who represents an issuer and who effects
24 transactions in the issuer's securities exempted by Section ~~7~~ 1-202

1 of this ~~act~~ title, other than paragraphs 11 and 14 of Section 7 1-
2 202 of this ~~act~~ title;

3 5. An individual who represents an issuer who effects
4 transactions solely in federal covered securities of the issuer, but
5 an individual who effects transactions in a federal covered security
6 under Section 18(b)(3) or ~~18(b)(4)(D)~~ 18(b)(4)(F) of the Securities
7 Act of 1933 (15 U.S.C. Section 77r(b)(3) or ~~77r(b)(4)(D)~~
8 77r(b)(4)(F)) is not exempt if the individual is compensated in
9 connection with the agent's participation by the payment of
10 commissions or other remuneration based, directly or indirectly, on
11 transactions in those securities;

12 6. An individual who represents a broker-dealer registered in
13 this state under subsection A of Section ~~18~~ 1-401 of this ~~act~~ title
14 or exempt under subsection B of Section ~~18~~ 1-401 of this ~~act~~ title
15 in the offer and sale of securities for an account of a
16 nonaffiliated federal covered investment adviser with investments
17 under management in excess of One Hundred Million Dollars
18 (\$100,000,000.00) acting for the account of others pursuant to
19 discretionary authority in a signed record;

20 7. An individual who represents an issuer in connection with
21 the purchase of the issuer's own securities;

22 8. An individual who represents an issuer and who restricts
23 participation to performing ministerial or clerical work; or
24

1 9. Any other individual exempted by rule adopted or order
2 issued under this act.

3 C. The registration of an agent is effective only while the
4 agent is employed by or associated with a broker-dealer registered
5 under this act or an issuer that is offering, selling or purchasing
6 its securities in this state.

7 D. It is unlawful for a broker-dealer, or an issuer engaged in
8 offering, selling, or purchasing securities in this state, to employ
9 or associate with an agent who transacts business in this state on
10 behalf of broker-dealers or issuers unless the agent is registered
11 under subsection A of this section or exempt from registration under
12 subsection B of this section.

13 E. Unless prohibited by rule adopted or order issued under this
14 act, an individual may act as an agent for more than one broker-
15 dealer or more than one issuer at a time.

16 F. It is unlawful for an individual acting as an agent,
17 directly or indirectly, to conduct business in this state on behalf
18 of a broker-dealer or issuer if the registration of the individual
19 as an agent is suspended or revoked under this act; or the
20 individual is barred from employment or association with a broker-
21 dealer by an order under this act, the Securities and Exchange
22 Commission, or a self-regulatory organization; or the individual is
23 subject to an order of a court of competent jurisdiction
24 temporarily, preliminarily or permanently enjoining such individual

1 from conducting business in this state on behalf of a broker-dealer
2 or issuer.

3 SECTION 21. AMENDATORY 71 O.S. 2021, Section 1-403, is
4 amended to read as follows:

5 Section 1-403. A. It is unlawful for a person to transact
6 business in this state as an investment adviser unless the person is
7 registered under this act as an investment adviser or is exempt from
8 registration as an investment adviser under subsection B of this
9 section.

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

12 1. A federal covered investment adviser;

13 2. A person without a place of business in this state that is
14 registered under the securities act of the state in which that
15 person has its principal place of business if its only clients in
16 this state are:

17 a. federal covered investment advisers, investment
18 advisers registered under this act, or broker-dealers
19 registered under this act,

20 b. institutional investors,

21 c. bona fide preexisting clients whose principal places
22 of residence are not in this state if the investment
23 adviser is registered under the securities act of the
24

1 state in which the clients maintain principal places
2 of residence, or

3 d. any other client exempted by rule adopted or order
4 issued under this act;

5 3. A person without a place of business in this state if the
6 person has had, during the preceding twelve (12) months, not more
7 than five clients that are residents of this state in addition to
8 those specified under paragraph 2 of this subsection; or

9 4. Any other person exempted by rule adopted or order issued
10 under this act.

11 C. It is unlawful for an investment adviser, directly or
12 indirectly, to employ or associate with an individual to engage in
13 an activity related to investment advice in this state if the
14 registration of the individual is suspended or revoked under this
15 act, or the individual is barred from employment or association with
16 an investment adviser, federal covered investment adviser, or
17 broker-dealer by an order under this act, the Securities and
18 Exchange Commission, or a self-regulatory organization, unless the
19 investment adviser did not know, and in the exercise of reasonable
20 care could not have known, of the suspension, revocation, or bar.
21 Upon request from the investment adviser and for good cause, the
22 Administrator, by order, may waive, in whole or in part, the
23 application of the prohibitions of this subsection to the investment
24 adviser.

1 D. It is unlawful for an investment adviser to employ or
2 associate with an individual required to be registered under this
3 act as an investment adviser representative who transacts business
4 in this state on behalf of the investment adviser unless the
5 individual is registered under subsection A of Section ~~21~~ 1-404 of
6 this ~~act~~ title or is exempt from registration under subsection B of
7 Section ~~21~~ 1-404 of this ~~act~~ title.

8 E. The exemption from registration provided by subparagraph b
9 of paragraph 2 of subsection B of this section shall not be
10 available to any person who acts as an investment adviser to the
11 state, any county, municipality or school district of this state, or
12 any other political subdivision of this state; any agency or
13 corporate or other instrumentality of any such entity; or any
14 pension fund for the benefit of employees of any such entity, unless
15 registered with the Securities and Exchange Commission and the
16 Municipal Securities Rulemaking Board.

17 SECTION 22. AMENDATORY 71 O.S. 2021, Section 1-404, is
18 amended to read as follows:

19 Section 1-404. A. It is unlawful for an individual to transact
20 business in this state as an investment adviser representative
21 unless the individual is registered under this act as an investment
22 adviser representative or is exempt from registration as an
23 investment adviser representative under subsection B of this
24 section.

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

3 1. An individual who is employed by or associated with an
4 investment adviser that is exempt from registration under subsection
5 B of Section ~~20~~ 1-403 of this ~~act~~ title unless the individual has a
6 place of business in this state or is not a "supervised person" as
7 that term is defined in Section 202(a)(25) of the Investment
8 Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(25)); and

9 2. Any other individual exempted by rule adopted or order
10 issued under this act.

11 C. The registration of an investment adviser representative is
12 not effective while the investment adviser representative is not
13 employed by or associated with an investment adviser registered
14 under this act or a federal covered investment adviser that has made
15 or is required to make a notice filing under Section ~~22~~ 1-405 of
16 this ~~act~~ title.

17 D. An individual may transact business as an investment adviser
18 representative for more than one investment adviser or federal
19 covered investment adviser at a time unless a rule adopted or order
20 issued under this act prohibits or limits an individual from acting
21 as an investment adviser representative for more than one investment
22 adviser or federal covered investment adviser.

23 E. It is unlawful for an individual acting as an investment
24 adviser representative, directly or indirectly, to conduct business

1 in this state on behalf of an investment adviser or a federal
2 covered investment adviser if the registration of the individual as
3 an investment adviser representative is suspended or revoked; or the
4 individual is barred from employment or association with an
5 investment adviser or a federal covered investment adviser by an
6 order under this act, the Securities and Exchange Commission, or a
7 self-regulatory organization; or the individual is subject to an
8 order of a court of competent jurisdiction temporarily,
9 preliminarily or permanently enjoining such individual from
10 conducting business in this state on behalf of an investment adviser
11 or a federal covered investment adviser. Upon request from a
12 federal covered investment adviser and for good cause, the
13 Administrator, by order issued, may waive, in whole or in part, the
14 application of the requirements of this subsection to the federal
15 covered investment adviser.

16 F. An investment adviser registered under this act, a federal
17 covered investment adviser that has filed a notice under Section ~~22~~
18 1-405 of this ~~act~~ title, or a broker-dealer registered under this
19 act is not required to employ or associate with an individual as an
20 investment adviser representative for the referral of investment
21 advisory clients so long as any compensation paid by such persons
22 for such referral is paid to an investment adviser registered under
23 this act, a federal covered investment adviser who has filed a
24 notice under Section ~~22~~ 1-405 of this ~~act~~ title, or a broker-dealer

1 registered under this act with which the individual is employed or
2 associated as an investment adviser representative.

3 SECTION 23. AMENDATORY 71 O.S. 2021, Section 1-405, is
4 amended to read as follows:

5 Section 1-405. A. Except with respect to a federal covered
6 investment adviser described in subsection B of this section, it is
7 unlawful for a federal covered investment adviser to transact
8 business in this state as a federal covered investment adviser
9 unless the federal covered investment adviser complies with
10 subsection C of this section.

11 B. The following federal covered investment advisers are not
12 required to comply with subsection C of this section:

13 1. A federal covered investment adviser without a place of
14 business in this state if its only clients in this state are:

- 15 a. federal covered investment advisers, investment
16 advisers registered under this act, and broker-dealers
17 registered under this act,
- 18 b. institutional investors,
- 19 c. bona fide preexisting clients whose principal places
20 of residence are not in this state, or
- 21 d. other clients specified by rule adopted or order
22 issued under this act;

23 2. A federal covered investment adviser without a place of
24 business in this state if the person has had, during the preceding

1 twelve (12) months, not more than five clients that are residents in
2 this state in addition to those specified under paragraph 1 of this
3 subsection; and

4 3. Any other person excluded by rule adopted or order issued
5 under this act.

6 C. A person acting as a federal covered investment adviser, not
7 excluded under subsection B of this section, shall file a notice
8 containing a consent to service of process complying with Section ~~49~~
9 1-611 of this ~~act~~ title, such records as have been filed with the
10 Securities and Exchange Commission under the Investment Advisers Act
11 of 1940 required by rule or order under this act, and the fee
12 specified in Section ~~50~~ 1-612 of this ~~act~~ title.

13 D. The notice under subsection C of this section becomes
14 effective upon its filing and expires at midnight on December 31
15 each year.

16 SECTION 24. AMENDATORY 71 O.S. 2021, Section 1-406, is
17 amended to read as follows:

18 Section 1-406. A. A person shall register as a broker-dealer,
19 agent, investment adviser, or investment adviser representative by
20 filing an application that contains:

21 1. The information required for the filing of a uniform
22 application, a consent to service of process complying with Section
23 ~~49~~ 1-611 of this ~~act~~ title, the fee specified in Section ~~50~~ 1-612 of
24

1 this ~~act~~ title and any reasonable fees charged by the designee of
2 the Administrator for processing the filing; and

3 2. Upon request by the Administrator, any other financial or
4 other information that the Administrator determines is appropriate.

5 B. If the information contained in an application that is filed
6 under subsection A of this section is or becomes inaccurate or
7 incomplete in any material respect, the registrant shall promptly
8 file a correcting amendment.

9 C. If an order is not in effect and a proceeding is not pending
10 under Section ~~28~~ 1-411 of this ~~act~~ title, registration becomes
11 effective at noon on the 45th day after a completed application is
12 filed unless the registration is denied. A rule adopted or order
13 issued under this act may set an earlier effective date or may defer
14 the effective date until noon on the 45th day after the filing of
15 any amendment completing the application.

16 D. A registration is effective until midnight on December 31 of
17 the year for which the application for registration is filed.
18 Unless an order is in effect under Section ~~28~~ 1-411 of this ~~act~~
19 title, a registration may be automatically renewed each year by
20 filing such records as are required by rule adopted or order issued
21 under this act, by paying the fee specified in Section ~~50~~ 1-612 of
22 this ~~act~~ title, and by paying costs charged by the designee of the
23 Administrator for processing the filings.

24

1 E. A rule adopted or order issued under this act may impose
2 such other conditions not inconsistent with the National Securities
3 Markets Improvement Act of 1996. An order issued under this act may
4 waive, in whole or in part, specific requirements in connection with
5 registration as are in the public interest and for the protection of
6 investors.

7 SECTION 25. AMENDATORY 71 O.S. 2021, Section 1-407, is
8 amended to read as follows:

9 Section 1-407. A. A broker-dealer or investment adviser may
10 succeed to the current registration of another broker-dealer or
11 investment adviser or a notice filing of a federal covered
12 investment adviser, and a federal covered investment adviser may
13 succeed to the current registration of an investment adviser or
14 notice filing of another federal covered investment adviser, by
15 filing as a successor an application for registration pursuant to
16 Section ~~18~~ 1-401 or ~~20~~ 1-403 of this ~~act~~ title, or a notice pursuant
17 to Section ~~22~~ 1-405 of this ~~act~~ title, for the unexpired portion of
18 the current registration or notice filing.

19 B. A broker-dealer or investment adviser that changes its form
20 of organization or state of incorporation or organization may
21 continue its registration by filing an amendment to its registration
22 if the change does not involve a material change in its financial
23 condition or management. The amendment becomes effective when filed
24 or upon a date designated by the registrant in its filing. The new

1 organization is a successor to the original registrant for the
2 purposes of this act. If there is a material change in financial
3 condition or management, the broker-dealer or investment adviser
4 shall file a new application for registration. Any predecessor
5 registered under this act shall stop conducting its securities
6 business other than winding down transactions and shall file for
7 withdrawal of broker-dealer or investment adviser registration
8 within forty-five (45) days after filing its amendment to effect
9 succession.

10 C. A broker-dealer or investment adviser that changes its name
11 may continue its registration by filing an amendment to its
12 registration. The amendment becomes effective when filed or upon a
13 date designated by the registrant.

14 D. A change of control of a broker-dealer or investment adviser
15 may be made in accordance with a rule adopted or order issued under
16 this act.

17 SECTION 26. AMENDATORY 71 O.S. 2021, Section 1-408, is
18 amended to read as follows:

19 Section 1-408. A. If an agent registered under this act
20 terminates employment by or association with a broker-dealer or
21 issuer, or if an investment adviser representative registered under
22 this act terminates employment by or association with an investment
23 adviser or federal covered investment adviser, or if either
24 registrant terminates activities that require registration as an

1 agent or investment adviser representative, the broker-dealer,
2 issuer, investment adviser, or federal covered investment adviser
3 shall promptly file a notice of termination. If the registrant
4 learns that the broker-dealer, issuer, investment adviser, or
5 federal covered investment adviser has not filed the notice, the
6 registrant may do so.

7 B. If an agent registered under this act terminates employment
8 by or association with a broker-dealer registered under this act and
9 begins employment by or association with another broker-dealer
10 registered under this act; or if an investment adviser
11 representative registered under this act terminates employment by or
12 association with an investment adviser registered under this act; or
13 a federal covered investment adviser that has filed a notice under
14 Section ~~22~~ 1-405 of this ~~act~~ title, and begins employment by or
15 association with another investment adviser registered under this
16 act or a federal covered investment adviser that has filed a notice
17 under Section ~~22~~ 1-405 of this ~~act~~ title; then upon the filing by or
18 on behalf of the registrant, within thirty (30) days after the
19 termination, of an application for registration that complies with
20 the requirement of subsection A of Section ~~23~~ 1-406 of this ~~act~~
21 title, and payment of the filing fee required under Section ~~50~~ 1-612
22 of this ~~act~~ title, the registration of the agent or investment
23 adviser representative, is:

24

1 1. Immediately effective as of the date of the completed filing
2 if the agent's Central Registration Depository record or successor
3 record or the investment adviser representative's Investment Adviser
4 Registration Depository record or successor record does not contain
5 a new or amended disciplinary disclosure within the previous twelve
6 (12) months; or

7 2. Temporarily effective as of the date of the completed
8 filing, if the agent's Central Registration Depository record or
9 successor record or the investment adviser representative's
10 Investment Adviser Registration Depository record or successor
11 record contains a new or amended disciplinary disclosure within the
12 preceding twelve (12) months.

13 C. The Administrator may withdraw the temporary registration if
14 there are or were grounds for discipline under Section ~~28~~ 1-411 of
15 this ~~act~~ title and the Administrator does so within thirty (30) days
16 after the filing of the application. If the Administrator does not
17 withdraw the temporary registration within the 30 day period,
18 registration becomes automatically effective on the 31st day after
19 filing.

20 D. The Administrator may prevent the effectiveness of a
21 transfer of an agent or investment adviser representative under
22 paragraph 1 or 2 of subsection B of this section based on the public
23 interest and the protection of investors.

24

1 E. If the Administrator determines that a registrant or
2 applicant for registration is no longer in existence or has ceased
3 to act as a broker-dealer, agent, investment adviser, or investment
4 adviser representative, or is the subject of an adjudication of
5 incapacity or is subject to the control of a committee, conservator,
6 or guardian, or cannot reasonably be located, a rule adopted or
7 order issued under this act may require the registration be canceled
8 or terminated or the application denied. The Administrator may
9 reinstate a canceled or terminated registration, with or without
10 hearing, and may make the registration retroactive.

11 SECTION 27. AMENDATORY 71 O.S. 2021, Section 1-409, is
12 amended to read as follows:

13 Section 1-409. Withdrawal of registration by a broker-dealer,
14 agent, investment adviser, or investment adviser representative
15 becomes effective sixty (60) days after the filing of the
16 application to withdraw or within any shorter period as provided by
17 rule adopted or order issued under this act unless a revocation or
18 suspension proceeding is pending when the application is filed. If
19 a proceeding is pending, withdrawal becomes effective when and upon
20 such conditions as required by rule adopted or order issued under
21 this act. The Administrator may institute a revocation or
22 suspension proceeding under Section ~~28~~ 1-411 of this ~~act~~ title
23 within one year after the withdrawal became effective automatically
24 and issue a revocation or suspension order as of the last date on

1 which registration was effective if a proceeding is not pending when
2 the application is filed.

3 SECTION 28. AMENDATORY 71 O.S. 2021, Section 1-410, is
4 amended to read as follows:

5 Section 1-410. A. Subject to Section ~~15(h)~~ 15(i) of the
6 Securities Exchange Act of 1934 (15 U.S.C. Section ~~78o(h)~~ 78o(i)) or
7 Section 222 of the Investment Advisers Act of 1940 (15 U.S.C.
8 Section 80b-18a), a rule adopted or order issued under this act may
9 establish minimum financial requirements for broker-dealers
10 registered or required to be registered under this act and
11 investment advisers registered or required to be registered under
12 this act.

13 B. Subject to Section ~~15(h)~~ 15(i) of the Securities Exchange
14 Act of 1934 (15 U.S.C. Section ~~78o(h)~~ 78o(i)) or Section 222 of the
15 Investment Advisers Act of 1940 (15 U.S.C. Section 80b-18a), a
16 broker-dealer registered or required to be registered under this act
17 and an investment adviser registered or required to be registered
18 under this act shall file such financial reports as are required by
19 a rule adopted or order issued under this act. If the information
20 contained in a record filed under this subsection is or becomes
21 inaccurate or incomplete in a material respect, the registrant shall
22 promptly file a correcting amendment.

23

24

1 C. Subject to Section ~~15(h)~~ 15(i) of the Securities Exchange
2 Act of 1934 (15 U.S.C. Section ~~78o(h)~~ 78o(i)) or Section 222 of the
3 Investment Advisers Act of 1940 (15 U.S.C. Section 80b-18a):

4 1. A broker-dealer registered or required to be registered
5 under this act and an investment adviser registered or required to
6 be registered under this act shall make and maintain the accounts,
7 correspondence, memoranda, papers, books, and other records as
8 required by rule adopted or order issued under this act;

9 2. Broker-dealer records required to be maintained under
10 paragraph 1 of this subsection may be maintained in any form of data
11 storage acceptable under Section 17(a) of the Securities Exchange
12 Act of 1934 (15 U.S.C. Section 78q(a)) if they are readily
13 accessible to the Administrator; and

14 3. Investment adviser records required to be maintained under
15 paragraph 1 of this subsection may be maintained in any form of data
16 storage required by rule adopted or order issued under this act.

17 D. The records of a broker-dealer registered or required to be
18 registered under this act and an investment adviser registered or
19 required to be registered under this act are subject to such
20 reasonable periodic, special, or other audits or inspections by a
21 representative of the Administrator, within or without this state,
22 as the Administrator considers necessary or appropriate in the
23 public interest and for the protection of investors. An audit or
24 inspection may be made at any time and without prior notice. The

1 Administrator may copy, and remove for audit or inspection copies
2 of, all records the Administrator reasonably considers necessary or
3 appropriate to conduct the audit or inspection. The Administrator
4 may assess a reasonable charge for conducting an audit or inspection
5 under this subsection.

6 E. Subject to Section ~~15(h)~~ 15(i) of the Securities Exchange
7 Act of 1934 (15 U.S.C. Section ~~78o(h)~~ 78o(i)) or Section 222 of the
8 Investment Advisers Act of 1940 (15 U.S.C. Section 80b-18a), an
9 agent may not have custody of funds or securities of a customer
10 except under the supervision of a broker-dealer and an investment
11 adviser representative may not have custody of funds or securities
12 of a client except under the supervision of an investment adviser or
13 federal covered investment adviser. A rule adopted or order issued
14 under this act may prohibit, limit, or impose conditions on a
15 broker-dealer regarding custody of funds or securities of a customer
16 and on an investment adviser regarding custody of securities or
17 funds of a client.

18 F. With respect to an investment adviser registered or required
19 to be registered under this act, a rule adopted or order issued
20 under this act may require that information be furnished or
21 disseminated to clients or prospective clients in this state as
22 necessary or appropriate in the public interest and for the
23 protection of investors and advisory clients.

24

1 G. A rule adopted or order issued under this act may require
2 any individual registered under Section ~~19~~ 1-402 or ~~21~~ 1-404 of this
3 ~~act~~ title to participate in a continuing education program which is
4 approved by the Securities and Exchange Commission and administered
5 by a self-regulatory organization or, in the absence of such a
6 program, a rule adopted or order issued under this act may require
7 continuing education for an individual registered under Section ~~21~~
8 1-404 of this ~~act~~ title.

9 SECTION 29. AMENDATORY 71 O.S. 2021, Section 1-411, is
10 amended to read as follows:

11 Section 1-411. A. If the Administrator finds that the order is
12 in the public interest and subsection D of this section authorizes
13 the action, an order issued under this act may deny an application,
14 or may condition or limit registration:

15 1. Of an applicant to be a broker-dealer, agent, investment
16 adviser, or investment adviser representative; and

17 2. If the applicant is a broker-dealer or investment adviser,
18 any partner, officer, or director, any person having a similar
19 status or performing similar functions, or any person directly or
20 indirectly controlling the broker-dealer or investment adviser.

21 B. If the Administrator finds that the order issued is in the
22 public interest and subsection D of this section authorizes the
23 action an order issued under this act may revoke, suspend,
24 condition, or limit the registration of a registrant and if the

1 registrant is a broker-dealer or investment adviser, any partner,
2 officer, or director, any person having a similar status or
3 performing similar functions, or any person directly or indirectly
4 controlling the broker-dealer or investment adviser. However, the
5 Administrator:

6 1. May not institute a revocation or suspension proceeding
7 under this subsection based on an order issued by another state that
8 is reported to the Administrator or designee later than one year
9 after the date of the order on which it is based; and

10 2. Under subparagraphs a and b of paragraph 5 of subsection D
11 of this section may not issue an order on the basis of an order
12 under the state securities act of another state unless the other
13 order was based on conduct for which subsection D of this section
14 would authorize the action had the conduct occurred in this state.

15 C. If the Administrator finds that the order is in the public
16 interest and paragraphs 1 through 6, 8, 9, 10, 12 or 13 of
17 subsection D of this section authorizes the action, an order under
18 this act may censure, impose a bar, impose a civil penalty in an
19 amount not to exceed a maximum of Five Thousand Dollars (\$5,000.00)
20 for a single violation or Two Hundred Fifty Thousand Dollars
21 (\$250,000.00) for multiple violations on a registrant, and/or
22 recover the costs of the investigation from a registrant and if the
23 registrant is a broker-dealer or investment adviser, from any
24 partner, officer, or director, any person having a similar function

1 or any person directly or indirectly controlling the broker-dealer
2 or investment adviser.

3 D. A person may be disciplined under subsections A through C of
4 this section if the person:

5 1. Has filed an application for registration in this state
6 under this act ~~or the predecessor act~~ within the previous ten (10)
7 years, which, as of the effective date of registration or as of any
8 date after filing in the case of an order denying effectiveness, was
9 incomplete in any material respect or contained a statement that, in
10 light of the circumstances under which it was made, was false or
11 misleading with respect to a material fact;

12 2. Has willfully violated or willfully failed to comply with
13 this act ~~or the predecessor act~~ or a rule adopted or order issued
14 under this act ~~or the predecessor act~~ within the previous ten (10)
15 years;

16 3. Has been convicted of any felony or within the previous ten
17 (10) years has been convicted of a misdemeanor involving a security,
18 a commodity futures or option contract, or an aspect of a business
19 involving securities, commodities, investments, franchises,
20 insurance, banking, or finance;

21 4. Is enjoined or restrained by a court of competent
22 jurisdiction in an action instituted by the Administrator under this
23 act ~~or a predecessor act~~, a state, the Securities and Exchange
24 Commission, or the United States from engaging in or continuing an

1 act, practice, or course of business involving an aspect of a
2 business involving securities, commodities, investments, franchises,
3 insurance, banking, or finance;

4 5. Is the subject of an order, issued after notice and
5 opportunity for hearing by:

6 a. the securities, depository institution, insurance or
7 other financial services regulator of a state, or by
8 the Securities and Exchange Commission or other
9 federal agency denying, revoking, barring, or
10 suspending registration as a broker-dealer, agent,
11 investment adviser, federal covered investment
12 adviser, or investment adviser representative,

13 b. the securities regulator of a state or by the
14 Securities and Exchange Commission against a broker-
15 dealer, agent, investment adviser, investment adviser
16 representative, or federal covered investment adviser,

17 c. the Securities and Exchange Commission or by a self-
18 regulatory organization suspending, barring, canceling
19 or expelling the registrant from membership in a self-
20 regulatory organization,

21 d. a court adjudicating a United States Postal Service
22 fraud,

23

24

1 e. the insurance regulator of a state denying,
2 suspending, or revoking the registration of an
3 insurance agent, or

4 f. a depository institution regulator suspending or
5 barring a person from the banking or depository
6 institution business;

7 6. Is the subject of an adjudication or determination, after
8 notice and opportunity for hearing, by the Securities and Exchange
9 Commission, the Commodity Futures Trading Commission, the Federal
10 Trade Commission, a federal depository institution regulator, or a
11 depository institution, insurance, or other financial services
12 regulator of a state that the person willfully violated the
13 Securities Act of 1933, the Securities Exchange Act of 1934, the
14 Investment Advisers Act of 1940, the Investment Company Act of 1940,
15 or the Commodity Exchange Act, the securities or commodities law of
16 a state, or a federal or state law under which a business involving
17 investments, franchises, insurance, banking, or finance is
18 regulated;

19 7. Is insolvent, either because the person's liabilities exceed
20 the person's assets or because the person cannot meet the person's
21 obligations as they mature, but the Administrator may not enter an
22 order against an applicant or registrant under this paragraph
23 without a finding of insolvency as to the applicant or registrant;
24

1 8. Refuses to allow or otherwise impedes the Administrator from
2 conducting an audit or inspection under subsection D of Section ~~27~~
3 1-410 of this ~~act~~ title or refuses access to any registrant's office
4 to conduct an audit or inspection under subsection D of Section ~~27~~
5 1-410 of this ~~act~~ title;

6 9. Has failed to reasonably supervise an agent, investment
7 adviser representative, or other individual, if the agent,
8 investment adviser representative, or other individual was subject
9 to the person's supervision and committed a violation of this act ~~or~~
10 ~~the predecessor act~~ or a rule adopted or order issued under this act
11 ~~or the predecessor act~~ within the previous ten (10) years;

12 10. Has not paid the proper filing fee within thirty (30) days
13 after having been notified by the Administrator of a deficiency, but
14 the Administrator shall vacate an order under this paragraph when
15 the deficiency is corrected;

16 11. After notice and opportunity for a hearing, has been found
17 within the previous ten (10) years:

18 a. by a court of competent jurisdiction to have willfully
19 violated the laws of a foreign jurisdiction under
20 which the business of securities, commodities,
21 investment, franchises, insurance, banking or finance
22 is regulated,

23 b. to have been the subject of an order of a securities
24 regulator of a foreign jurisdiction denying, revoking,

1 or suspending the right to engage in the business of
2 securities as a broker-dealer, agent, investment
3 adviser, investment adviser representative or similar
4 person, or

5 c. to have been suspended or expelled from membership by
6 or participation in a securities exchange or
7 securities association operating under the securities
8 laws of a foreign jurisdiction;

9 12. Is the subject of a cease and desist order issued by the
10 Securities and Exchange Commission or issued under the securities,
11 commodities, investment, franchise, banking, finance or insurance
12 laws of a state;

13 13. Has engaged in dishonest or unethical practices in the
14 securities, commodities, investment, franchise, banking, finance or
15 insurance business within the previous ten (10) years; or

16 14. Is not qualified on the basis of factors such as training,
17 experience, and knowledge of the securities business. However, in
18 the case of an application by an agent for a broker-dealer that is a
19 member of a self-regulatory organization or by an individual for
20 registration as an investment adviser representative, a denial order
21 may not be based on this paragraph if the individual has
22 successfully completed all examinations required by subsection E of
23 this section. The Administrator may require an applicant for
24 registration under Section ~~19~~ 1-402 or ~~21~~ 1-404 of this ~~act~~ title

1 who has not been registered in a state within the two (2) years
2 preceding the filing of an application in this state to successfully
3 complete an examination.

4 E. A rule adopted or order issued under this act may require
5 that an examination, including an examination developed or approved
6 by an organization of securities regulators, be successfully
7 completed by a class of individuals or all individuals. An order
8 issued under this act may waive, in whole or in part, an examination
9 as to an individual and a rule adopted under this act may waive, in
10 whole or in part, an examination as to a class of individuals if the
11 Administrator determines that the examination is not necessary or
12 appropriate in the public interest and for the protection of
13 investors.

14 F. The Administrator may summarily postpone an application or
15 summarily suspend a registration before final determination of an
16 administrative proceeding. Upon the issuance of the order, the
17 Administrator shall promptly notify each person subject to the order
18 that the order has been issued, the reasons for the action, and that
19 within fifteen (15) days after the receipt of a request in a record
20 from the person the matter will be scheduled for a hearing and such
21 hearing shall be commenced within fifteen (15) days of the matter
22 being set for hearing. If a hearing is not requested and none is
23 ordered by the Administrator, within thirty (30) days after the date
24 of service of the order, the order becomes final by operation of

1 law. If a hearing is requested or ordered, the Administrator, after
2 notice of and opportunity for hearing to each person subject to the
3 order, may modify or vacate the order or extend the order until
4 final determination.

5 G. An order may not be issued under this section, except under
6 subsection F of this section, without:

7 1. Appropriate notice to the applicant or registrant;

8 2. Opportunity for hearing; and

9 3. Findings of fact and conclusions of law in a record in
10 accordance with the Administrative Procedures Act. If the person to
11 whom the notice is addressed does not request a hearing within
12 ~~fifteen (15)~~ thirty (30) days after the date of service of the
13 ~~notice is effective~~, a final order as provided in subsection A, B or
14 C of this section may be issued.

15 H. A person who controls, directly or indirectly, a person not
16 in compliance with this section may be disciplined by order of the
17 Administrator under subsections A through C of this section to the
18 same extent as the noncomplying person, unless the controlling
19 person did not know, and in the exercise of reasonable care could
20 not have known, of the existence of conduct that is the basis for
21 discipline under this section.

22 I. The Administrator may not institute a proceeding under
23 subsection A, B or C of this section based solely on material facts
24 actually known by the Administrator unless an investigation or the

1 proceeding is instituted within one year after the Administrator
2 actually knew the material facts.

3 SECTION 30. AMENDATORY 71 O.S. 2021, Section 1-504, is
4 amended to read as follows:

5 Section 1-504. A. Except as otherwise provided in subsection B
6 of this section, it is unlawful for a person to distribute a
7 prospectus, pamphlet, circular, form letter, advertisement, sales
8 literature, or other advertising communication relating to a
9 security or investment advice, addressed or intended for
10 distribution to prospective investors, including clients or
11 prospective clients of a person registered or required to be
12 registered as an investment adviser under this act, unless the sales
13 and advertising literature is first filed with the Department with
14 the fee specified in Section ~~50~~ 1-612 of this ~~act~~ title and the
15 Department has responded indicating that the Administrator has no
16 objection to its distribution or use.

17 B. This section does not apply to sales and advertising
18 literature specified in subsection A of this section relating to a
19 federal covered security, a federal covered investment adviser, or a
20 security or transaction exempted by Section ~~6, 7,~~ 1-201, 1-202, or ~~8~~
21 1-203 of this ~~act~~ title except as may be required pursuant to
22 paragraph 7 of Section ~~6~~ 1-201 of this ~~act~~ title.

23 SECTION 31. AMENDATORY 71 O.S. 2021, Section 1-508, is
24 amended to read as follows:

1 Section 1-508. A. A person who willfully violates this act, or
2 a rule adopted or order issued under this act, except Section ~~32~~ 1-
3 504 of this ~~act~~ title or the notice filing requirements of Section
4 ~~11~~ 1-302 or ~~22~~ 1-405 of this ~~act~~ title, or that willfully violates
5 Section ~~33~~ 1-505 of this ~~act~~ title knowing the statement made to be
6 false or misleading in a material respect, upon conviction, shall be
7 fined not more than One Hundred Thousand Dollars (\$100,000.00) or
8 imprisoned not more than ten (10) years, or both such fine and
9 imprisonment. An individual convicted of violating a rule adopted
10 or order issued under this act may be fined, but may not be
11 imprisoned, if the individual did not have knowledge of the rule or
12 order.

13 B. This act does not limit the power of this state to punish a
14 person for conduct that constitutes a crime under other laws of this
15 state.

16 C. On a criminal matter referred by the Administrator, the
17 prosecuting attorney may designate and appoint one or more lawyers
18 of the Department as special assistants as available for the purpose
19 of assisting in or conducting a criminal prosecution arising by
20 reason of an investigation or proceeding under this section.

21 SECTION 32. AMENDATORY 71 O.S. 2021, Section 1-509, is
22 amended to read as follows:

23

24

1 Section 1-509. A. Enforcement of civil liability under this
2 section is subject to the Securities Litigation Uniform Standards
3 Act of 1998.

4 B. A person is liable to a purchaser if the person sells a
5 security in violation of Section ~~10~~ 1-301 of this ~~section~~ title, or
6 by means of an untrue statement of a material fact or an omission to
7 state a material fact necessary in order to make the statement made,
8 in light of the circumstances under which it is made, not
9 misleading, the purchaser not knowing the untruth or omission, and
10 the seller not sustaining the burden of proof that the seller did
11 not know and, in the exercise of reasonable care, could not have
12 known of the untruth or omission. An action under this subsection
13 is governed by the following:

14 1. The purchaser may maintain an action at law or in equity to
15 recover the consideration paid for the security, and interest at the
16 legal rate of interest per year from the date of the purchase, less
17 the amount of any income received on the security, plus costs, and
18 reasonable attorneys' fees determined by the court, upon the tender
19 of the security, or for actual damages as provided in paragraph 3 of
20 this subsection.

21 2. The tender referred to in paragraph 1 of this subsection may
22 be made any time before entry of judgment. Tender requires only
23 notice in a record of ownership of the security and willingness to
24 exchange the security for the amount specified. A purchaser that no

1 longer owns the security may recover actual damages as provided in
2 paragraph 3 of this subsection.

3 3. Actual damages in an action arising under this subsection
4 are the amount that would be recoverable upon a tender, less the
5 value of the security when the purchaser disposed of it, and
6 interest at the legal rate of interest per year from the date of
7 purchase, costs, and reasonable attorneys' fees determined by the
8 court.

9 C. A person is liable to the seller if the person buys a
10 security by means of an untrue statement of a material fact or
11 omission to state a material fact necessary in order to make the
12 statement made, in light of the circumstances under which it is
13 made, not misleading, the seller not knowing of the untruth or
14 omission, and the purchaser not sustaining the burden of proof that
15 the purchaser did not know, and in the exercise of reasonable care,
16 could not have known of the untruth or omission. An action under
17 this subsection is governed by the following:

18 1. The seller may maintain an action at law or in equity to
19 recover the security, and any income received on the security,
20 costs, and reasonable attorney's fees determined by the court, upon
21 the tender of the purchase price, or for actual damages as provided
22 in paragraph 3 of this subsection.

23 2. The tender referred to in paragraph 1 of this subsection may
24 be made any time before entry of judgment. Tender requires only

1 notice in a record of the present ability to pay the amount tendered
2 and willingness to take delivery of the security for the amount
3 specified. If the purchaser no longer owns the security, the seller
4 may recover actual damages as provided in paragraph 3 of this
5 subsection.

6 3. Actual damages in an action arising under this subsection
7 are the difference between the price at which the security was sold
8 and the value the security would have had at the time of the sale in
9 the absence of the purchaser's conduct causing liability, and
10 interest at the legal rate of interest per year from the date of the
11 sale of the security, costs, and reasonable attorneys' fees
12 determined by the court.

13 D. A person acting as a broker-dealer or agent that sells or
14 buys a security in violation of subsection A of Section ~~18~~ 1-401,
15 subsection A of Section ~~19~~ 1-402, or Section ~~34~~ 1-506 of this ~~act~~
16 title is liable to the customer. The customer, if a purchaser, may
17 maintain an action at law or in equity for recovery of actual
18 damages as specified in paragraphs 1 through 3 of subsection B of
19 this section; or, if a seller, a remedy as specified in paragraphs 1
20 through 3 of subsection C of this section.

21 E. A person acting as an investment adviser or investment
22 adviser representative that provides investment advice for
23 compensation in violation of subsection A of Section ~~20~~ 1-403,
24 subsection A of Section ~~21~~ 1-404, or Section ~~34~~ 1-506 of this ~~act~~

1 title is liable to the client. The client may maintain an action at
2 law or in equity to recover the consideration paid for the advice,
3 interest at the legal rate of interest per year from the date of
4 payment, costs, and reasonable attorney's fees determined by the
5 court.

6 F. A person that receives directly or indirectly any
7 consideration for providing investment advice to another person and
8 that employs a device, scheme, or artifice to defraud the other
9 person or engages in an act, practice, or course of business that
10 operates or would operate as a fraud or deceit on the other person,
11 is liable to the other person. An action under this subsection is
12 governed by the following:

13 1. The person defrauded may maintain an action to recover the
14 consideration paid for the advice and the amount of any actual
15 damages caused by the fraudulent conduct, interest at the legal rate
16 of interest per year from the date of the fraudulent conduct, costs,
17 and reasonable attorney's fees determined by the court, less the
18 amount of any income received as a result of the fraudulent conduct.

19 2. This subsection does not apply to a broker-dealer or its
20 agents, if the investment advice is solely incidental to the conduct
21 of business as a broker-dealer and no special compensation is
22 received for the investment advice.

23

24

1 G. The following persons are liable jointly and severally with
2 and to the same extent as persons liable under subsections B through
3 F of this section:

4 1. A person that directly or indirectly controls a person
5 liable under subsections B through F of this section, unless the
6 controlling person sustains the burden of proof that the person did
7 not know, and in the exercise of reasonable care could not have
8 known, of the existence of the conduct by reason of which the
9 liability is alleged to exist;

10 2. An individual who is a managing partner, executive officer,
11 or director of a person liable under subsections B through F of this
12 section, including an individual having a similar status or
13 performing similar functions, unless the individual sustains the
14 burden of proof that the individual did not know and, in the
15 exercise of reasonable care could not have known, of the existence
16 of the conduct by reason of which the liability is alleged to exist;

17 3. An individual who is an employee of or associated with a
18 person liable under subsections B through F of this section and who
19 materially aids the conduct giving rise to the liability, unless the
20 individual sustains the burden of proof that the individual did not
21 know and, in the exercise of reasonable care could not have known,
22 of the existence of the conduct by reason of which the liability is
23 alleged to exist;

24

1 4. A person that is a broker-dealer, agent, investment adviser,
2 or investment adviser representative that materially aids the
3 conduct giving rise to the liability under subsections B through F
4 of this section, unless the person sustains the burden of proof that
5 the person did not know and, in the exercise of reasonable care
6 could not have known, of the existence of the conduct by reason of
7 which liability is alleged to exist; and

8 5. Any other person who materially aids in the conduct giving
9 rise to the liability under subsections B through F of this section,
10 unless the person sustains the burden or proof that the person did
11 not know and, in the exercise of reasonable care could not have
12 known, of the existence of the conduct by reason of which liability
13 is alleged to exist.

14 H. A person liable under this section has a right of
15 contribution as in cases of contract against any other person liable
16 under this section for the same conduct.

17 I. A cause of action under this section survives the death of
18 an individual who might have been a plaintiff or defendant.

19 J. A person may not obtain relief:

20 1. Under subsection B of this section for violation of Section
21 ~~10~~ 1-301 of this ~~act~~ title, or under subsection D or E of this
22 section, unless the action is commenced within one year after the
23 violation occurred; or

24

1 2. Under subsection B of this section, other than for violation
2 of Section ~~10~~ 1-301 of this ~~act~~ title, or under subsection C or F of
3 this section, unless the action is instituted within the earlier of
4 two (2) years after discovery of the facts constituting the
5 violation or five (5) years after such violation.

6 K. A person that has made, or has engaged in the performance
7 of, a contract in violation of this act or a rule adopted or order
8 issued under this act, or that has acquired a purported right under
9 the contract with knowledge of conduct by reason of which its making
10 or performance was in violation of this act, may not base an action
11 on the contract.

12 L. A condition, stipulation, or provision binding a person
13 purchasing or selling a security or receiving investment advice to
14 waive compliance with this act or a rule adopted or order issued
15 under this act is void.

16 M. The rights and remedies provided by this act are in addition
17 to any other rights or remedies that may exist, but this act does
18 not create a cause of action not specified in this section.

19 SECTION 33. AMENDATORY 71 O.S. 2021, Section 1-510, is
20 amended to read as follows:

21 Section 1-510. A purchaser, seller, or recipient of investment
22 advice may not maintain an action under Section ~~37~~ 1-509 of this ~~act~~
23 title if:
24

1 1. The purchaser, seller, or recipient of investment advice
2 receives in a record, before the action is instituted:

- 3 a. an offer stating the respect in which liability under
4 Section ~~37~~ 1-509 of this ~~act~~ title may have arisen and
5 fairly advising the purchaser, seller, or recipient of
6 investment advice of that person's rights in
7 connection with the offer, and any financial or other
8 information necessary to correct all material
9 misstatements or omissions in the information that was
10 required by this act to be furnished to that person at
11 the time of the purchase, sale, or investment advice,
- 12 b. if the basis for relief under this section may have
13 been a violation of subsection B of Section ~~37~~ 1-509
14 of this ~~act~~ title, an offer to repurchase the security
15 for cash, payable on delivery of the security, equal
16 to the consideration paid, and interest at the legal
17 rate of interest per year from the date of purchase,
18 less the amount of any income received on the
19 security, or, if the purchaser no longer owns the
20 security, an offer to pay the purchaser upon
21 acceptance of the offer damages in an amount that
22 would be recoverable upon a tender, less the value of
23 the security when the purchaser disposed of it, and
24 interest at the legal rate of interest per year from

1 the date of purchase in cash equal to the damages
2 computed in the manner provided in this subsection,
3 c. if the basis for relief under this section may have
4 been a violation of subsection C of Section ~~37~~ 1-509
5 of this ~~act~~ title, an offer to tender the security, on
6 payment by the seller of an amount equal to the
7 purchase price paid, less income received on the
8 security by the purchaser, and interest at the legal
9 rate of interest from the date of the sale, or if the
10 purchaser no longer owns the security, an offer to pay
11 the seller upon acceptance of the offer, in cash,
12 damages in the amount of the difference between the
13 price at which the security was purchased and the
14 value the security would have had at the time of the
15 purchase in the absence of the purchaser's conduct
16 that may have caused liability and interest at the
17 legal rate of interest per year from the date of the
18 sale,
19 d. if the basis for relief under this section may have
20 been a violation of subsection D of Section ~~37~~ 1-509
21 of this ~~act~~ title, and if the customer is a purchaser,
22 an offer to pay as specified in subparagraph b of this
23 paragraph; or, if the customer is a seller, an offer
24

1 to tender or to pay as specified in subparagraph c of
2 this paragraph,

3 e. if the basis for relief under this section may have
4 been a violation of subsection E of Section ~~37~~ 1-509
5 of this ~~act~~ title, an offer to reimburse in cash the
6 consideration paid for the advice and interest at the
7 legal rate of interest per year from the date of
8 payment, or

9 f. if the basis for relief under this section may have
10 been a violation of subsection F of Section ~~37~~ 1-509
11 of this ~~act~~ title, an offer to reimburse in cash the
12 consideration paid for the advice, the amount of any
13 actual damages that may have been caused by the
14 conduct, and interest at the legal rate of interest
15 per year from the date of the violation causing the
16 loss;

17 2. An offer under paragraph 1 of this subsection states that it
18 must be accepted by the purchaser, seller, or recipient of
19 investment advice within thirty (30) days after the date of its
20 receipt by the purchaser, seller, or recipient of investment advice,
21 or any shorter period, of not less than three (3) days, that the
22 Administrator, by order, specifies;

1 3. The offeror has the present ability to pay the amount
2 offered or to tender the security under paragraph 1 of this
3 subsection;

4 4. The offer under paragraph 1 of this subsection is delivered
5 to the purchaser, seller, or recipient of investment advice, or sent
6 in a manner that ensures receipt by the purchaser, seller, or
7 recipient of investment advice; and

8 5. The purchaser, seller, or recipient of investment advice
9 that accepts the offer under paragraph 1 of this subsection, in a
10 record within the period specified under paragraph 2 of this
11 subsection is paid in accordance with the terms of the offer.

12 SECTION 34. AMENDATORY 71 O.S. 2021, Section 1-601, is
13 amended to read as follows:

14 Section 1-601. A. The Administrator shall administer the
15 Oklahoma Uniform Securities Act of 2004.

16 B. There are hereby created the Oklahoma Securities Commission
17 and the Department of Securities. The Commission shall be the
18 policy making and governing authority of the Department, shall
19 appoint the Administrator and shall be responsible for the
20 enforcement of the Oklahoma Uniform Securities Act of 2004.

21 C. 1. The Commission shall consist of four (4) members to be
22 appointed by the Governor by and with the advice and consent of the
23 Senate. One member will be a member of the Oklahoma Bar Association
24 appointed from a list of five nominees submitted by the Oklahoma Bar

1 Association; one member shall be an active officer of a bank or
2 trust company operating in the State of Oklahoma appointed from a
3 list of five nominees submitted by the Oklahoma Bankers Association;
4 and one member shall be a certified public accountant appointed from
5 a list of five nominees submitted by the Oklahoma Society of
6 Certified Public Accountants; and one member shall be engaged in the
7 securities industry and shall be appointed for a six-year initial
8 term from a list of five nominees submitted by the Oklahoma
9 Securities Industry Association; provided, that the State Banking
10 Commissioner shall be and is hereby made an ex officio voting member
11 of the Commission.

12 2. Except for appointment of the member engaged in the
13 securities industry as provided for in subsection C of this section,
14 no person may be appointed to or by the Commission while such person
15 is registered as a broker-dealer, agent, investment adviser, or
16 investment adviser representative under the Oklahoma Uniform
17 Securities Act of 2004, or while he or she is an officer, director,
18 or partner of any person so registered, or while he or she is an
19 officer, director, or partner of an issuer which has a registration
20 statement effective under the Oklahoma Uniform Securities Act of
21 2004, or while he or she is occupying a similar status or performing
22 similar functions.

23 3. It is unlawful for any member of the Commission, the
24 Administrator, or any other officer or employee of the Department to

1 use for personal benefit any information which is filed with or
2 obtained by the Administrator and which is not made public. No
3 provision of the Oklahoma Uniform Securities Act of 2004 authorizes
4 any member of the Commission, the Administrator or any other officer
5 or employee of the Department to disclose any such information
6 except among themselves or when necessary or appropriate in a
7 proceeding or investigation under the Oklahoma Uniform Securities
8 Act of 2004 or in connection with a proceeding or investigation
9 conducted by any state, federal or foreign law enforcement agency,
10 securities agency or self-regulatory organization. No provision of
11 the Oklahoma Uniform Securities Act of 2004 either creates or
12 derogates from any privilege which exists at common law or otherwise
13 when documentary or other evidence is sought under a subpoena
14 directed to any member of the Commission, the Administrator or any
15 other officer or employee of the Department.

16 4. Except on proof of corruption, no Commissioner shall for his
17 or her acts or failure to act be civilly liable to any investor,
18 applicant for registration, or any other person.

19 D. The Governor shall biennially appoint Commission members to
20 serve for a staggered term of six (6) years. Upon the expiration of
21 initial terms, the term of each member shall be six (6) years from
22 the date of his or her appointment and qualification, and until his
23 or her successor shall qualify. Vacancies shall be filled by the
24

1 Governor for the unexpired term. Members shall be eligible for
2 reappointment.

3 E. The Commission shall select a chair and is hereby authorized
4 to adopt rules for conducting its proceedings. Any three members
5 shall constitute a quorum for transacting Commission business. The
6 Commission shall meet bimonthly on such date as it may designate and
7 may meet at such other times as it may deem necessary, or when
8 called by the chair or by any two members. Complete minutes of each
9 meeting shall be kept and filed in the Department and shall be
10 available for public inspection during reasonable office hours. The
11 Commission shall report annually to the Governor, to the Speaker of
12 the House of Representatives and to the President Pro Tempore of the
13 Senate. The report shall contain the minutes of each meeting held
14 during the year, legislative recommendations, a summary of
15 violations of the Oklahoma Uniform Securities Act of 2004 and action
16 taken thereon, a list of securities registered under the Oklahoma
17 Uniform Securities Act of 2004 and such other data and information
18 as may be deemed necessary or appropriate. The Commission is hereby
19 authorized to publish such report, and the Administrator may sell
20 copies of such report at such price as is reasonably sufficient to
21 defray the expenses of the Department in preparing, publishing, and
22 disseminating the same. Each member of the Commission shall have
23 unrestricted access to all offices and records under the
24 jurisdiction of the Department. The Commission, or a majority

1 thereof, may exercise any power or perform any act authorized for
2 the Administrator under the provisions of the Oklahoma Uniform
3 Securities Act of 2004.

4 F. The Commission shall appoint a full-time Administrator, who
5 shall serve at the pleasure of the Commission. The Administrator
6 shall administer the Oklahoma Uniform Securities Act of 2004 under
7 the supervision of the Commission and in accordance with its
8 policies.

9 G. The Administrator shall be a person of good moral character,
10 at least thirty (30) years of age, a resident taxpayer of Oklahoma,
11 and thoroughly familiar with corporate organization, investment
12 banking, investment trusts, the sale of securities, and the
13 statistical details of the manufacturing industries and commerce of
14 this state. In addition, the Administrator shall:

15 1. Be a graduate of an accredited law school and a member of
16 the Oklahoma Bar Association, or shall have had ten (10) years'
17 experience as a certified public accountant; and

18 2. Have at least three (3) years' work experience involving
19 some aspect of the securities industry. The Commission may also
20 require additional qualifications. The salary of the Administrator
21 shall be fixed by the Commission.

22 H. The Administrator, with the approval of the Commission, may
23 designate a Deputy Securities Administrator, who shall possess the
24 same qualifications, including bond, required for the Administrator

1 and who shall perform all the duties required to be performed by the
2 Administrator when the Administrator is absent or unable to act for
3 any reason.

4 I. Before assuming office, the Administrator shall give a bond
5 in the sum of Fifty Thousand Dollars (\$50,000.00) payable to the
6 State of Oklahoma, to be approved by the Attorney General of the
7 State of Oklahoma, conditioned that he or she will faithfully
8 execute the duties of the office. The Administrator may by rule or
9 order require any employee of the Department to be bonded on the
10 same condition and in the same or such lesser amount as he or she
11 determines. The expense of all such bonds shall be paid from funds
12 available to the Department.

13 J. 1. The internal administrative organization of the
14 Department shall be determined by the Commission in such manner as
15 to promote the efficient and effective enforcement of the Oklahoma
16 Uniform Securities Act of 2004. The Department shall include, but
17 not be limited to, divisions relating to:

- 18 a. registration of broker-dealers, agents, investment
19 advisers, and investment adviser representatives,
- 20 b. registration of securities,
- 21 c. investigation and enforcement, and
- 22 d. investor education.

23
24

1 2. Within the division of investor education, the Department
2 may provide the following services at the discretion of the
3 Administrator:

- 4 a. informing investors of all rights and remedies
5 available under this act,
- 6 b. informing investors of the availability of private
7 dispute resolution, including arbitration and
8 mediation, as an alternative to other courses of
9 action,
- 10 c. acting as a liaison between investors and the other
11 divisions of the Department, and
- 12 d. acting as a liaison between investors and issuers of
13 securities, broker-dealers or investment advisers
14 subject to the jurisdiction of the Department under
15 this act.

16 Nothing in this subsection shall authorize any employee of the
17 Department to represent the interests of, or to serve as counsel
18 for, investors in any proceeding or action to include an
19 administrative or civil proceeding brought by the Department or the
20 Securities and Exchange Commission, a proceeding brought by the
21 National Association of Securities Dealers, Inc., or an arbitration
22 or mediation proceeding. Further, no employee of the Department may
23 advise any person about the value of securities or as to the
24

1 advisability of investing in, purchasing or selling securities, or
2 as to the value or merits of pursuing a particular course of action.

3 3. ~~Employees~~ Records of the division of investor education
4 shall not be exempt from the provisions of the Open Records Act and
5 Section 1-607 of this title except as provided for in subparagraph 8
6 of paragraph B of Section 1-607 of this title.

7 K. The Administrator shall prepare in writing a manual of
8 necessary employee positions for the Department, including job
9 classifications, personnel qualifications, duties, maximum and
10 minimum salary schedules, and other personnel information, which
11 shall be approved by the Commission. The Administrator may select,
12 appoint, and employ such attorneys, accountants, auditors,
13 examiners, clerks, stenographers, and other personnel as he or she
14 deems necessary for the proper administration of the Oklahoma
15 Uniform Securities Act of 2004, and may fix their compensation and
16 the salary of the Deputy Administrator. The Deputy Administrator
17 and other employees of the Department shall serve at the pleasure of
18 the Administrator.

19 L. The Commission and the Securities Department shall be
20 assigned offices in Oklahoma City, Oklahoma, by the Office of
21 Management and Enterprise Services, and all records of the
22 Commission and Department shall be kept in those offices, unless and
23 until transferred to the Records Management Division of the Oklahoma
24 Department of Libraries.

1 M. ~~The Department of Securities' attorney, paralegal, legal~~
2 ~~secretary, accountant, investigator, examiner, chief financial~~
3 ~~officer, network administrator, business manager, and investor~~
4 ~~education coordinator positions shall be in the unclassified service~~
5 ~~and are in no way subject to any of the provisions of the Merit~~
6 ~~System of Personnel Administration or of the rules promulgated by~~
7 ~~the Office of Management and Enterprise Services except those~~
8 ~~relating to leave regulations.~~

9 ~~N.~~ 1. Neither the Administrator nor any employee of the
10 Department, during their respective terms of employment, shall serve
11 as a director, officer, shareholder, member, partner, agent or
12 employee of any person who, during the period of such
13 Administrator's or employee's employment with the Department:

14 a. was licensed or applied for registration as a broker-
15 dealer, agent, investment adviser or investment
16 adviser representative under this act, or

17 b. applied for or secured the registration of securities
18 under the Oklahoma Uniform Securities Act of 2004.

19 2. Nothing in paragraph 1 of this subsection shall prohibit the
20 holding, purchasing or selling of any securities by the
21 Administrator or any employee of the Department in accordance with
22 regulations adopted by the Commission for the purpose of protecting
23 the public interest and avoiding conflicts of interest.

1 3. Nothing contained in paragraph 1 of this subsection shall
2 prohibit the holding, purchasing or selling of any securities of any
3 issuer described in subparagraph b of paragraph 1 of this subsection
4 of this section by the Administrator if either:

5 a. the Administrator together with his or her spouse, or
6 minor children, owns less than one percent (1%) of any
7 class of outstanding securities of any such issuer so
8 long as such securities are not purchased in an
9 initial public offering, or

10 b. such securities are held or purchased through a
11 management account or trust administered by a bank or
12 trust company authorized to do business in this state
13 that has sole investment discretion regarding the
14 holding, purchasing or selling of such securities and
15 the Administrator or employee did not, directly or
16 indirectly, advise, counsel or command the holding,
17 purchasing or selling of any securities or furnish any
18 information relating to any such securities to such
19 bank or trust company and further, such account or
20 trust does not at any time have more than ten percent
21 (10%) of its total assets invested in the securities
22 of any one issuer or hold more than five percent (5%)
23 of the outstanding securities of any class of
24 securities of any one issuer.

1 ~~Θ.~~ N. The Oklahoma Uniform Securities Act of 2004 does not
2 create or diminish a privilege or exemption that exists at common
3 law, by statute or rule, or otherwise.

4 ~~P.~~ O. The Administrator may develop and implement investor
5 education initiatives to inform the public about investing in
6 securities, with particular emphasis on the prevention and detection
7 of securities fraud. In developing and implementing these
8 initiatives, the Administrator may collaborate with public and
9 nonprofit organizations with an interest in investor education. The
10 Administrator may accept a grant or donation from a person that is
11 not affiliated with the securities industry or from a nonprofit
12 organization, regardless of whether the organization is affiliated
13 with the securities industry, to develop and implement investor
14 education initiatives. This subsection does not authorize the
15 Administrator to require participation or monetary contributions of
16 a registrant in an investor education program.

17 SECTION 35. AMENDATORY 71 O.S. 2021, Section 1-604, is
18 amended to read as follows:

19 Section 1-604. A. If the Administrator determines that a
20 person has engaged, is engaging, or is about to engage in an act,
21 practice, or course of business constituting a violation of this act
22 or a rule adopted or order issued under this act or constituting a
23 dishonest or unethical practice or that a person has materially
24 aided, is materially aiding, or is about to materially aid an act,

1 practice, or course of business constituting a violation of this act
2 or a rule adopted or order issued under this act or constituting a
3 dishonest or unethical practice, the Administrator may:

4 1. Issue an order directing the person to cease and desist from
5 engaging in the act, practice, or course of business or to take
6 other action necessary or appropriate to comply with this act;

7 2. Issue an order denying, suspending, revoking, or
8 conditioning the exemptions for a broker-dealer under subparagraph d
9 or f of paragraph 1 of subsection B of Section ~~18~~ 1-401 of this ~~act~~
10 title or an investment adviser under subparagraph c of paragraph 2
11 of subsection B of Section ~~20~~ 1-403 of this ~~act~~ title; or

12 3. Issue an order under Section ~~9~~ 1-204 of this ~~act~~ title.

13 B. An order under subsection A of this section is effective on
14 the date of issuance. Upon issuance of the order, the Administrator
15 shall promptly serve each person subject to the order with a copy of
16 the order and a notice that the order has been entered. The order
17 must include a statement whether the Administrator will seek a civil
18 penalty or costs of the investigation, a statement of the reasons
19 for the order, and notice that, within fifteen (15) days after
20 receipt of a request in a record from the person, the matter will be
21 scheduled for a hearing and the hearing shall be commenced within
22 fifteen (15) days of the matter being set for hearing. Any request
23 for a hearing shall be made in writing and the person making the
24 request shall specifically admit or deny the allegations contained

1 in the order. If a person subject to the order does not request a
2 hearing and none is ordered by the Administrator, within thirty (30)
3 days after the date of service of the order, the order, that may
4 include a civil penalty or costs of the investigation if a civil
5 penalty or costs were sought in the statement accompanying the
6 order, becomes final as to that person by operation of law. If a
7 hearing is requested or ordered, the Administrator, after notice of
8 and opportunity for hearing to each person subject to the order, may
9 modify or vacate the order or extend it until final determination.

10 C. If a hearing is requested or ordered pursuant to subsection
11 B of this section, a hearing must be held pursuant to the
12 Administrative Procedures Act. A final order may not be issued
13 unless the Administrator makes findings of fact and conclusions of
14 law in a record in accordance with the Administrative Procedures
15 Act. The final order may make final, vacate, or modify the order
16 issued under subsection A of this section.

17 D. In a final order under subsection C of this section, the
18 Administrator may impose a civil penalty up to a maximum of Five
19 Thousand Dollars (\$5,000.00) for a single violation or up to Two
20 Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations
21 in a single proceeding or a series of related proceedings.

22 E. In a final order, the Administrator may charge the actual
23 cost of an investigation or proceeding for a violation of this act
24 or a rule adopted or order issued under this act.

1 F. If a petition for judicial review of a final order is not
2 filed in accordance with Section ~~47~~ 1-609 of this ~~act~~ title, the
3 Administrator may file a certified copy of the final order with the
4 clerk of a court of competent jurisdiction. The order so filed has
5 the same effect as a judgment of the court and may be recorded,
6 enforced, or satisfied in the same manner as a judgment of the
7 court.

8 G. If a person does not comply with an order under this
9 section, the Administrator may petition a court of competent
10 jurisdiction to enforce the order. The court may not require the
11 Administrator to post a bond in an action or proceeding under this
12 section. If the court finds, after service and opportunity for
13 hearing, that the person was not in compliance with the order, the
14 court may adjudge the person in civil contempt of the order. The
15 court may impose a further civil penalty against the person for
16 contempt in an amount not to exceed One Thousand Dollars (\$1,000.00)
17 for each violation and may grant any other relief the court
18 determines is just and proper in the circumstances.

19 SECTION 36. AMENDATORY 71 O.S. 2021, Section 1-605, is
20 amended to read as follows:

21 Section 1-605. A. The Administrator may:

22 1. Issue forms and orders and, after notice and comment, may
23 adopt and amend rules necessary or appropriate to carry out this act
24 and may repeal rules, including rules and forms governing

1 registration statements, applications, notice filings, reports, and
2 other records;

3 2. By rule, define terms, whether ~~or not~~ used in this act, but
4 those definitions may not be inconsistent with this act; and

5 3. By rule, classify securities, persons, and transactions and
6 adopt different requirements for different classes.

7 B. Under this act, a rule or form may not be adopted or
8 amended, or an order issued or amended, unless the Administrator
9 finds that the rule, form, order, or amendment is necessary or
10 appropriate in the public interest or for the protection of
11 investors and is consistent with the purposes intended by this act.
12 In adopting, amending, and repealing rules and forms, Section ~~46~~ 1-
13 608 of this ~~act~~ title applies in order to achieve uniformity among
14 the states and coordination with federal laws in the form and
15 content of registration statements, applications, reports, and other
16 records, including the adoption of uniform rules, forms, and
17 procedures.

18 C. Subject to Section ~~15(h)~~ 15(i) of the Securities Exchange
19 Act (15 U.S.C. Section 78o(i)) and Section 222 of the Investment
20 Advisers Act of 1940 (15 U.S.C. Section 80b-18a), the Administrator
21 may require that a financial statement filed under this act be
22 prepared in accordance with generally accepted accounting principles
23 in the United States and comply with other requirements specified by
24

1 rule adopted or order issued under this act. A rule adopted or
2 order issued under this act may establish:

3 1. Subject to Section ~~15(h)~~ 15(i) of the Securities Exchange
4 Act (15 U.S.C. Section 78o(i)) and Section 222 of the Investment
5 Advisors Act of 1940 (15 U.S.C. Section 80b-18a), the form and
6 content of financial statements required under this act;

7 2. Whether unconsolidated financial statements must be filed;
8 and

9 3. Whether required financial statements must be audited by an
10 independent certified public accountant.

11 D. The Administrator may provide interpretative opinions or
12 issue determinations that the Administrator will not institute a
13 proceeding or an action under this act against a specified person
14 for engaging in a specified act, practice, or course of business if
15 the determination is consistent with this act. The charge for
16 interpretative opinions or determinations that the Administrator
17 will not institute an action or a proceeding under this act shall be
18 specified in Section ~~50~~ 1-612 of this ~~act~~ title.

19 E. A penalty under this act may not be imposed for, and
20 liability does not arise from, conduct that is engaged in or omitted
21 in good faith believing it conforms to a rule, form, or order of the
22 Administrator under this act.

23 F. A hearing in an administrative proceeding under this act
24 shall be conducted in public.

1 SECTION 37. AMENDATORY 71 O.S. 2021, Section 1-606, is
2 amended to read as follows:

3 Section 1-606. A. The Administrator shall maintain, or
4 designate a person to maintain, a register of applications for
5 registration of securities; registration statements; notice filings;
6 applications for registration of broker-dealers, agents, investment
7 advisers, and investment adviser representatives; notice filings by
8 federal covered investment advisers that are or have been effective
9 under this act or the predecessor act; notices of claims of
10 exemption from registration or notice filing requirements contained
11 in a record; orders issued under this act or the predecessor act;
12 and interpretative opinions or no action determinations issued under
13 this act.

14 B. The Administrator shall make all rules, forms,
15 interpretative opinions, and orders available to the public.

16 C. The Administrator shall furnish a copy of a record that is a
17 public record or a certification that the public record does not
18 exist to a person who so requests. The charge for furnishing the
19 record or certification shall be specified in Section ~~50~~ 1-612 of
20 this ~~act~~ title. A copy of the record certified or a certificate by
21 the Administrator of a record's nonexistence is prima facie evidence
22 of a record or its nonexistence.

23 SECTION 38. AMENDATORY 71 O.S. 2021, Section 1-607, is
24 amended to read as follows:

1 Section 1-607. A. Except as otherwise provided in subsection B
2 of this section, records obtained by the Administrator or filed
3 under this act, including a record contained in or filed with a
4 registration statement, application, notice filing, or report, are
5 public records and are available for public examination.

6 B. The following records are not public records and are not
7 available for public examination under subsection A of this section:

8 1. A record obtained by the Administrator or created by a
9 representative of the Administrator in connection with an audit or
10 inspection under subsection K of Section ~~14~~ 1-305 or subsection D of
11 Section ~~27~~ 1-410 of this ~~act~~ title or an investigation under Section
12 ~~40~~ 1-602 of this ~~act~~ title;

13 2. A part of a record filed in connection with a registration
14 statement under Sections ~~10~~ 1-301 and ~~12~~ 1-303 through ~~14~~ 1-305 of
15 this ~~act~~ title or a record obtained under subsection K of Section ~~14~~
16 1-305 or subsection D of Section ~~27~~ 1-410 of this ~~act~~ title that
17 contains trade secrets or confidential information if the person
18 filing the registration statement or providing the record has
19 asserted a claim of confidentiality or privilege that is authorized
20 by law;

21 3. A record that is not required to be provided to the
22 Administrator or filed under this act and is provided to the
23 Administrator only on the condition that the record will not be
24 subject to public examination or disclosure;

1 4. A record in a litigation file;

2 5. A nonpublic record received from a person specified in
3 subsection A of Section ~~46~~ 1-608 of this ~~act~~ title;

4 6. A record obtained by the Administrator through a designee of
5 the Administrator that a rule or order under this act determines has
6 been:

7 a. expunged from the Administrator's records by the
8 designee, or

9 b. determined to be nonpublic or nondisclosable by that
10 designee if the Administrator finds the determination
11 to be in the public interest and necessary for the
12 protection of investors; ~~and~~

13 7. Any social security number, residential address unless used
14 as a business address, and residential telephone number contained in
15 a record that is filed; and

16 8. Any records concerning a participant in the Department's
17 investor education program that would be individual student records
18 or communications subject to the protections of Section 24A.16 of
19 Title 51 of the Oklahoma Statutes or the Family Educational Rights
20 and Privacy Act unless authorized for release by the parent or
21 guardian of the participant or by the participant if he or she is
22 eighteen (18) years of age or older.

23 C. If disclosure is for the purpose of a civil or
24 administrative investigation, action, or proceeding brought by the

1 Administrator or a criminal referral made by the Administrator or to
2 a person specified in subsection A of Section ~~46~~ 1-608 of this ~~act~~
3 title, the Administrator may disclose a record obtained in
4 connection with an audit or inspection under subsection K of Section
5 ~~14~~ 1-305 of this ~~act~~ title or subsection D of Section ~~27~~ 1-410 of
6 this ~~act~~ title or a record obtained or created in connection with an
7 investigation under Section ~~40~~ 1-602 of this ~~act~~ title so long as
8 the receiving person specified in subsection A of Section ~~46~~ 1-608
9 of this ~~act~~ title provides assurances to undertake such safeguards
10 as are necessary and appropriate to protect the confidentiality of
11 files to which access is granted and information derived therefrom.

12 SECTION 39. AMENDATORY 71 O.S. 2021, Section 1-608, is
13 amended to read as follows:

14 Section 1-608. A. The Administrator shall, in its discretion,
15 cooperate, coordinate, consult, and, subject to Section ~~45~~ 1-607 of
16 this ~~act~~ title, share records and information with the securities
17 regulator of another state, Canada, a Canadian province or
18 territory, a foreign jurisdiction, the Securities and Exchange
19 Commission, the United States Department of Justice, the Commodity
20 Futures Trading Commission, the Federal Trade Commission, the
21 Securities Investor Protection Corporation, a self-regulatory
22 organization, a national or international organization of securities
23 regulators, a federal or state banking and insurance regulator, and
24 a governmental law enforcement agency to effectuate greater

1 uniformity in securities matters among the federal government, self-
2 regulatory organizations, states, and foreign governments.

3 B. In cooperating, coordinating, consulting, and sharing
4 records and information under this section and in acting by rule,
5 order, or waiver under this act, the Administrator shall, in its
6 discretion, take into consideration in carrying out the public
7 interest the following general policies:

8 1. Maximizing effectiveness of regulation for the protection of
9 investors;

10 2. Maximizing uniformity in federal and state regulatory
11 standards; and

12 3. Minimizing burdens on the business of capital formation,
13 without adversely affecting essentials of investor protection.

14 C. The cooperation, coordination, consultation, and sharing of
15 records and information authorized by this section includes:

16 1. Establishing or employing one or more designees as a central
17 depository for registration and notice filings under this act and
18 for records required or allowed to be maintained under this act;

19 2. Developing and maintaining uniform forms;

20 3. Conducting a joint examination or investigation;

21 4. Holding a joint administrative hearing;

22 5. Instituting and prosecuting a joint civil or administrative
23 proceeding;

24 6. Sharing and exchanging personnel;

1 7. Coordinating registrations under Sections ~~10~~ 1-301 and ~~18~~ 1-
2 401 through ~~21~~ 1-404 of this ~~act~~ title and exemptions under Section
3 ~~8~~ 1-203 of this ~~act~~ title;

4 8. Sharing and exchanging records, subject to Section ~~45~~ 1-607
5 of this ~~act~~ title;

6 9. Formulating rules, statements of policy, guidelines, forms,
7 and interpretative opinions and releases;

8 10. Formulating common systems and procedures;

9 11. Notifying the public of proposed rules, forms, statements
10 of policy, and guidelines;

11 12. Attending conferences and other meetings among securities
12 regulators, which may include representatives of governmental and
13 private sector organizations involved in capital formation, deemed
14 necessary or appropriate to promote or achieve uniformity; and

15 13. Developing and maintaining a uniform exemption from
16 registration for small issuers, and taking other steps to reduce the
17 burden of raising investment capital by small businesses.

18 SECTION 40. AMENDATORY 71 O.S. 2021, Section 1-610, is
19 amended to read as follows:

20 Section 1-610. A. Sections ~~10~~ 1-301 and ~~11~~ 1-302, subsection A
21 of Section ~~18~~ 1-401, subsection A of Section ~~19~~ 1-402, subsection A
22 of Section ~~20~~ 1-403, subsection A of Section ~~21~~ 1-404, and Sections
23 ~~29, 34, 37~~ 1-501, 1-506, 1-509 and ~~38~~ 1-510 of this ~~act~~ title do not
24 apply to a person that sells or offers to sell a security unless the

1 offer to sell or the sale is made in this state or the offer to
2 purchase or the purchase is made and accepted in this state.

3 B. Subsection A of Section ~~18~~ 1-401, subsection A of Section ~~19~~
4 1-402, subsection A of Section ~~20~~ 1-403, subsection A of Section ~~21~~
5 1-404, and Sections ~~29, 34, 37~~ 1-501, 1-506, 1-509 and ~~38~~ 1-510 of
6 this ~~act~~ title do not apply to a person that purchases or offers to
7 purchase a security unless the offer to purchase or the purchase is
8 made in this state or the offer to sell or the sale is made and
9 accepted in this state.

10 C. For the purpose of this section, an offer to sell or to
11 purchase a security is made in this state, whether or not either
12 party is then present in this state, if the offer:

- 13 1. Originates from within this state; or
- 14 2. Is directed by the offeror to a place in this state and
15 received at the place to which it is directed.

16 D. For the purpose of this section, an offer to purchase or to
17 sell is accepted in this state, whether or not either party is then
18 present in this state, if the acceptance:

- 19 1. Is communicated to the offeror in this state and the offeree
20 reasonably believes the offeror to be present in this state and the
21 acceptance is received at the place in this state to which it is
22 directed; and
- 23 2. Has not previously been communicated to the offeror, orally
24 or in a record, outside this state.

1 E. An offer to sell or to purchase is not made in this state
2 when a publisher circulates or there is circulated on the
3 publisher's behalf in this state a bona fide newspaper or other
4 publication of general, regular, and paid circulation that is not
5 published in this state, or that is published in this state but has
6 had more than two thirds of its circulation outside this state
7 during the previous twelve (12) months or when a radio or television
8 program or other electronic communication originating outside this
9 state is received in this state. A radio or television program, or
10 other electronic communication is considered as having originated in
11 this state if either the broadcast studio or the originating source
12 of transmission is located in this state, unless:

13 1. The program or communication is syndicated and distributed
14 from outside this state for redistribution to the general public in
15 this state;

16 2. The program or communication is supplied by a radio,
17 television, or other electronic network with the electronic signal
18 originating from outside this state for redistribution to the
19 general public in this state;

20 3. The program or communication is an electronic communication
21 that originates outside this state and is captured for
22 redistribution to the general public in this state by a community
23 antenna or cable, radio, cable television, or other electronic
24 system; or

1 4. The program or communication consists of an electronic
2 communication that originates in this state, but which is not
3 intended for distribution to the general public in this state.

4 F. Subsection A of Section ~~20~~ 1-403, subsection A of Section ~~21~~
5 1-404, subsection A of Section ~~22~~ 1-405, and Sections ~~30, 33~~ 1-502,
6 1-505, and ~~34~~ 1-506 of this ~~act~~ title apply to a person if the
7 person engages in an act, practice, or course of business
8 instrumental in effecting prohibited or actionable conduct in this
9 state, whether ~~or not~~ either party is then present in this state.

10 SECTION 41. AMENDATORY 71 O.S. 2021, Section 1-612, is
11 amended to read as follows:

12 Section 1-612. A. Unless otherwise provided for by law, the
13 following shall be the fees charged pursuant to the provisions of
14 this act:

- 15 1. Broker-dealer registration fee or
16 renewal fee.....\$300.00
- 17 2. Broker-dealer or issuer agent or
18 broker-dealer principal
19 registration fee or renewal fee.....\$50.00
- 20 3. Broker-dealer agent on an inactive
21 basis, renewal fee.....\$10.00
- 22 4. Investment adviser registration fee
23 or renewal fee.....\$300.00

24

- a. examination fee.....\$50.00, and
- b. a filing fee computed in the same manner as the filing fee required pursuant to of subsection B of this section for any additional securities being registered.

17. Copying fee.

- a. 8 1/2" by 14" or smaller.....\$.25 per page
- b. Larger than 8 1/2" by 14".....\$1.00 per page
- c. Certified copy 8 1/2" by 14" or smaller.....\$1.00 per page
- d. Certified copy larger than 8 1/2" by 14".....\$2.00 per page

18. Document search fee for commercial purpose.....\$20.00 per hour

19. Notice filing fee for a federal covered security under Section ~~18~~ (b) (4) (D) (ii) and (b) (4) (F) of the Securities Act of 1933 (15 U.S.C. Section 77r(b) (4) (D) (ii) and (b) (4) (F)).....\$250.00

20. Late fee for late notice filing for a federal covered security under Section 18(b) (4) (F) of the

1 Securities Act of 1933 (15 U.S.C.

2 Section 77r(b) (4) (F)\$250.00

3 B. For the purpose of registering securities under this act,
4 any person filing a registration statement shall pay an examination
5 fee of Two Hundred Dollars (\$200.00) and a filing fee computed upon
6 the aggregate offering price of the securities sought to be
7 registered in Oklahoma as follows:

8 a fee equal to one-tenth of one percent (1/10 of 1%)
9 of said price; provided, in no event shall the filing
10 fee be less than Two Hundred Dollars (\$200.00) or more
11 than Two Thousand Five Hundred Dollars (\$2,500.00).

12 C. Any person making a notice filing pursuant to subsection A
13 of Section 1-302 of this title, or renewing such a filing, shall pay
14 a filing fee of Five Hundred Dollars (\$500.00) with each such notice
15 or renewal filed.

16 D. A person required to pay a filing or notice fee under this
17 section may transmit the fee through or to a person designated by
18 rule adopted or order issued under this act. All fees and other
19 charges collected by the Administrator shall be deposited in the
20 General Revenue Fund with the State Treasurer, except for the fees
21 deposited in the Oklahoma Department of Securities Revolving Fund
22 and the amounts deposited in the Oklahoma Department of Securities
23 Investor Education Revolving Fund.

1 E. There is hereby created in the State Treasury a revolving
2 fund for the Oklahoma Department of Securities to be designated the
3 "Oklahoma Department of Securities Revolving Fund". The fund shall
4 be a continuing fund, not subject to fiscal year limitations, and
5 shall consist of fees and other charges collected by the
6 Administrator as follows:

7 1. The fees collected pursuant to paragraphs 1, 4, 5, 8, 14,
8 15, 17 and 18 of subsection A of this section;

9 2. The fees collected pursuant to the provisions of Section 1-
10 504 of this title as provided in paragraph 9 of subsection A of this
11 section;

12 3. The examination fees designated in paragraph 16 of
13 subsection A and in subsection B of this section;

14 4. The amounts collected pursuant to subsection D of Section 1-
15 605 of this title set forth in paragraph 13 of subsection A of this
16 section; and

17 5. One Hundred Fifty Dollars (\$150.00) of each filing fee
18 collected pursuant to subsection C of this section.

19 The Oklahoma Department of Securities Revolving Fund shall be a
20 continuing fund, not subject to fiscal year limitations.

21 Expenditures from the Oklahoma Department of Securities Revolving
22 Fund shall be made pursuant to the laws of this state and the
23 statutes relating to the Oklahoma Department of Securities, and
24 without legislative appropriation. Expenditures from the Oklahoma

1 Department of Securities Revolving Fund shall be made upon warrants
2 issued by the State Treasurer against claims filed as prescribed by
3 law with the Director of the Office of Management and Enterprise
4 Services for approval and payment.

5 F. There is hereby created in the State Treasury a revolving
6 fund for the Oklahoma Department of Securities to be designated the
7 "Oklahoma Department of Securities Investor Education Revolving
8 Fund". The fund shall be a continuing fund, not subject to fiscal
9 year limitations, and shall consist of all amounts collected
10 pursuant to court order or judgment in actions brought by the
11 Administrator, and amounts received in multistate settlements
12 participated in by the Department, and interest attributable to the
13 investment of the fund that shall be deposited in the Oklahoma
14 Department of Securities Investor Education Revolving Fund. The
15 Fund may be invested in any investment instrument allowed by
16 Oklahoma Statutes to the State Treasurer for the investment of state
17 funds. Any amounts received from any court settlement in excess of
18 One Million Dollars (\$1,000,000.00) shall be transferred to the
19 General Fund. The Administrator shall use the moneys in this fund
20 exclusively for the specific purposes of research for education and
21 education of Oklahoma residents in matters concerning securities
22 laws and general investor protection. The Oklahoma Department of
23 Securities Investor Education Revolving Fund shall be a continuing
24 fund, not subject to fiscal year limitations. Expenditures from the

1 Oklahoma Department of Securities Investor Education Revolving Fund
2 shall be made pursuant to the laws of this state and the statutes
3 relating to the Oklahoma Department of Securities, and without
4 legislative appropriation. Expenditures from the Oklahoma
5 Department of Securities Investor Education Revolving Fund shall be
6 made upon warrants issued by the State Treasurer against claims
7 filed as prescribed by law with the Director of the Office of
8 Management and Enterprise Services for approval and payment.

9 G. There is hereby created a petty cash fund for the Oklahoma
10 Department of Securities. The Director of the Office of Management
11 and Enterprise Services and the Administrator are hereby authorized
12 and it shall be their duty to fix the maximum amount of the petty
13 cash fund, not to exceed Five Hundred Dollars (\$500.00). The
14 Director of the Office of Management and Enterprise Services shall
15 prescribe all forms, systems, and procedures for administering the
16 petty cash fund. The fund shall be used solely to pay:

17 1. Examination, investigation and litigation expenses of the
18 Department, including, but not limited to, court costs, filing fees,
19 copying fees, and witness fees; and

20 2. Incidental operating expenses of the Department not to
21 exceed One Hundred Dollars (\$100.00) per transaction.

22 H. Once paid, fees shall be nonrefundable.
23
24

1 I. Section 211 of Title 62 of the Oklahoma Statutes shall not
2 apply to the Oklahoma Department of Securities or the Oklahoma
3 Securities Commission.

4 SECTION 42. AMENDATORY 71 O.S. 2021, Section 803, is
5 amended to read as follows:

6 Section 803. The following business opportunities are exempt
7 from Sections 806 through 811 of this title:

8 1. Any offer or sale of a business opportunity for which the
9 immediate cash payment made by the purchaser for any business
10 opportunity is at least Twenty-five Thousand Dollars (\$25,000.00) if
11 the immediate cash payment does not exceed twenty percent (20%) of
12 the purchaser's net worth as determined exclusive of principal
13 residence, furnishings therein, and automobiles. The Administrator
14 may by rule withdraw or further condition the availability of this
15 exemption.

16 2. Any offer or sale of a business opportunity for which the
17 purchaser is required to make a payment to the seller or a person
18 recommended by the seller not to exceed Five Hundred Dollars
19 (\$500.00). For purposes of this paragraph, "payment" means the
20 total amount the purchaser becomes obligated to pay to the seller or
21 to any third party either prior to or at the time of delivery of the
22 products, equipment, supplies or services or within one (1) year of
23 the commencement of operation of the business opportunity by the
24 purchaser. If payment is over a period of time, "payment" shall

1 include the sum of the down payment and the total periodic payments.
2 If the purchaser may enter at different levels, "payment" means the
3 total sum the purchaser is obligated to pay to enter at the level
4 chosen by the purchaser.

5 3. Any offer or sale of a business opportunity where the seller
6 has a net worth of not less than One Million Dollars (\$1,000,000.00)
7 as determined on the basis of the seller's most recent audited
8 financial statements, prepared within thirteen (13) months of such
9 offer or sale in accordance with generally accepted accounting
10 principles and audited in accordance with generally accepted
11 auditing standards. Net worth may be determined on a consolidated
12 basis where the seller is at least eighty percent (80%) owned by one
13 person and that person expressly guarantees the obligations of the
14 seller with regard to the offer or sale of any business opportunity
15 claimed to be exempt under this paragraph. The Administrator may by
16 rule withdraw or further condition the availability of this
17 exemption.

18 4. Any offer or sale of a business opportunity where the
19 purchaser has a net worth of not less than Two Hundred Fifty
20 Thousand Dollars (\$250,000.00). Net worth shall be determined
21 exclusive of principal residence, furnishings therein, and
22 automobiles. The Administrator may by rule withdraw or further
23 condition the availability of this exemption.

24

1 5. Any offer or sale of a business opportunity where the
2 purchaser is a bank, savings and loan association, trust company,
3 insurance company, credit union, investment company as defined by
4 the Investment Company Act of 1940, pension or profit sharing trust
5 or other financial institution or institutional buyer or a dealer
6 registered pursuant to the Oklahoma Securities Act, where the
7 purchaser is acting for itself or in a fiduciary capacity.

8 6. Any offer or sale of a business opportunity or franchise as
9 defined in Section 802 of this title provided that the seller
10 delivers to each purchaser fourteen (14) calendar days prior to the
11 earlier of the execution by a purchaser of any contract or agreement
12 imposing a binding legal obligation on the purchaser or the payment
13 by a purchaser of any consideration in connection with the offer or
14 sale of the business opportunity or franchise, one of the following
15 disclosure documents:

- 16 a. ~~A Uniform Franchise Offering Circular~~ a disclosure
17 document prepared in accordance with the guidelines
18 adopted by the North American Securities
19 Administrators Association, Inc., or
20 b. ~~A~~ a disclosure document prepared pursuant to the
21 Federal Trade Commission rule entitled Disclosure
22 Requirements and Prohibitions Concerning Franchising,
23 16 C.F.R. ~~Section~~ Part 436 or the Business Opportunity
24 Rule, 16 C.F.R. Part 437 as applicable.

1 For the purposes of this paragraph, a personal meeting shall
2 mean a face-to-face meeting between the purchaser and the seller or
3 their representatives, which is held for the purpose of discussing
4 the offer or sale of a business opportunity. The Administrator may
5 by rule adopt any amendment to the ~~Uniform Franchise Offering~~
6 ~~Circular~~ disclosure document that has been adopted by the North
7 American Securities Administrators Association, Inc. or any
8 amendment to the disclosure document prepared pursuant to the
9 Federal Trade Commission rule entitled Disclosure Requirements and
10 Prohibitions Concerning Franchising, 16 C.F.R. ~~Section Part~~ 436,
11 ~~that has been adopted by the Federal Trade Commission or the~~
12 Business Opportunity Rule, 16 C.F.R. Part 437 as applicable.

13 7. Any offer or sale of a business opportunity for which the
14 required cash payment made by a purchaser to participate in any
15 business opportunity does not exceed Seven Hundred Fifty Dollars
16 (\$750.00) and the required payment is made for:

- 17 a. the not-for-profit sale of sales demonstration
18 equipment, material or samples, and/or
19 b. product inventory sold to the purchaser at a bona fide
20 wholesale price.

21 8. Any offer or sale of a business opportunity which the
22 Administrator exempts by order or a class of business opportunities
23 which the Administrator exempts by rule upon the finding that such
24 exemption would not be contrary to public interest and that

1 registration would not be necessary or appropriate for the
2 protection of purchasers.

3 9. Any business which is operated under a lease or license on
4 the premises of the lessor or licensor as long as such business is
5 incidental to the business conducted by the lessor or the licensor
6 on such premises, including, without limitation, leased departments,
7 licensed departments and concessions.

8 SECTION 43. AMENDATORY 71 O.S. 2021, Section 807, is
9 amended to read as follows:

10 Section 807. A. In order to register a business opportunity,
11 the seller shall file with the Administrator ~~one of the following a~~
12 ~~disclosure documents~~ document prepared pursuant to Section 808 of
13 this title with the appropriate cover sheet as required by Section
14 808 of this title, a consent to service of process as specified in
15 subsection B of this section, the appropriate fee set forth in
16 Section 829 of this title, and any other information determined by
17 the Administrator to be necessary.;

18 ~~1. A Uniform Franchise Offering Circular prepared in accordance~~
19 ~~with the guidelines adopted by the North American Securities~~
20 ~~Administrators Association, Inc. The Administrator may by rule~~
21 ~~adopt any amendment to the Uniform Franchise Offering Circular that~~
22 ~~has been adopted by the North American Securities Administrators~~
23 ~~Association, Inc.;~~

24

1 ~~2. A disclosure document prepared pursuant to the Federal Trade~~
2 ~~Commission rule entitled Disclosure Requirements and Prohibitions~~
3 ~~Concerning Franchising and Business Opportunity Ventures; 16 C.F.R.~~
4 ~~Section 436. The Administrator may by rule adopt any amendment to~~
5 ~~the disclosure document prepared pursuant to 16 C.F.R. Section 436~~
6 ~~that has been adopted by the Federal Trade Commission; or~~

7 ~~3. A disclosure document prepared pursuant to Section 808 of~~
8 ~~this title.~~

9 B. Every seller shall file the consent to service of process
10 required by Section 818 of this title.

11 C. A registration automatically becomes effective upon the
12 expiration of fifteen (15) full business days after a complete
13 filing, provided that no order has been issued or that no proceeding
14 is pending pursuant to Section 810 of this title. The Administrator
15 may by order waive or reduce the time period prior to effectiveness,
16 provided that a complete filing has been made. The Administrator
17 may by order defer the effective date until the expiration of
18 fifteen (15) full business days after the filing of any amendment.
19 For purposes of this subsection, a filing shall be deemed complete
20 upon receipt by the Administrator of the items described in
21 subsections A and B of this section.

22 D. The registration is effective for one (1) year commencing on
23 the day of effectiveness and may be renewed annually upon the filing
24 of a current disclosure document accompanied by any documents or

1 information that the Administrator may by rule or order require. A
2 renewal fee as set forth in Section 829 of this title shall
3 accompany each request for renewal. Failure to renew upon the close
4 of the one-year period of effectiveness will result in expiration of
5 the registration. The Administrator may by rule or order require
6 the filing of a sales report and payment of a report filing fee as
7 set forth in Section 829 of this title.

8 E. The Administrator may by rule or order require the filing of
9 all proposed literature or advertising prior to its use and payment
10 of the review fee as set forth in Section 829 of this title for each
11 sales literature or advertising package.

12 SECTION 44. AMENDATORY 71 O.S. 2021, Section 809, is
13 amended to read as follows:

14 Section 809. A. It is unlawful for any person to offer or sell
15 any business opportunity, as defined in Section ~~2~~ 802 of ~~the~~
16 ~~Oklahoma Business Opportunity Sales Act~~ this title, unless the
17 business opportunity contract or agreement is in writing and a copy
18 of the contract or agreement is given to the purchaser at the time
19 the purchaser signs the contract or agreement.

20 B. Contracts or agreements shall set forth in at least ten-
21 point type the following:

22 1. The terms and conditions of any and all payments due to the
23 seller;

24

1 2. The seller's principal business address and the name and
2 address of the seller's agent in this state authorized to receive
3 service of process;

4 3. The business form of the seller, whether corporate,
5 partnership or otherwise;

6 4. The delivery date or, when the contract provides for a
7 periodic delivery of items to the purchaser, the approximate
8 delivery date of the product, equipment or supplies the seller is to
9 deliver to the purchaser to enable the purchaser to start his or her
10 business; and

11 5. Whether the product, equipment or supplies are to be
12 delivered to the purchaser's home or business address or are to be
13 placed or caused to be placed by the seller at locations owned or
14 managed by persons other than the purchaser.

15 SECTION 45. AMENDATORY 71 O.S. 2021, Section 811, is
16 amended to read as follows:

17 Section 811. In connection with the offer or sale of a business
18 opportunity, no seller may make or use any of the representations
19 set forth in divisions (4) and (5) of subparagraph a of paragraph 3
20 of Section 2 802 of ~~the Oklahoma Business Opportunity Sales Act~~ this
21 title unless the seller has at all times a minimum net worth of
22 Fifty Thousand Dollars (\$50,000.00) as determined in accordance with
23 generally accepted accounting principles.
24

1 SECTION 46. AMENDATORY 71 O.S. 2021, Section 814, is
2 amended to read as follows:

3 Section 814. A. Whenever it appears to the Administrator that
4 any person has engaged in or is about to engage in any act or
5 practice constituting a violation of any provision of the Oklahoma
6 Business Opportunity Sales Act or any rule or order hereunder, the
7 Administrator may:

8 1. Issue an order directing each person to cease and desist
9 from continuing the act or practice and/or issue an order imposing a
10 civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00)
11 for a single violation or transaction or of Fifty Thousand Dollars
12 (\$50,000.00) for multiple violations or transactions in a single
13 proceeding or a series of related proceedings; or

14 2. Prior to, concurrently with, or subsequent to an
15 administrative proceeding pursuant to paragraph 1 of this
16 subsection, bring an action in the district court of Oklahoma County
17 or the district court in any other county where service can be
18 obtained on one or more of the defendants to enjoin the acts or
19 practices and to enforce compliance with the Oklahoma Business
20 Opportunity Sales Act or any rule or order hereunder. ~~Upon a proper~~
21 ~~showing, a permanent or temporary injunction, restraining order or~~
22 ~~writ of mandamus shall be granted and a receiver or conservator may~~
23 ~~be appointed for the defendant or the defendant's assets or the~~
24 ~~court may order rescission, which shall include restitution plus the~~

1 ~~legal interest rate, for any sales of business opportunities~~
2 ~~determined to be unlawful pursuant to the Oklahoma Business~~
3 ~~Opportunity Sales Act or any rule or order hereunder. The court~~
4 ~~shall not require the Administrator to post a bond. No costs shall~~
5 ~~be assessed for or against the Administrator in a proceeding under~~
6 ~~the Oklahoma Business Opportunity Sales Act brought by or against~~
7 ~~the Administrator in any court except as otherwise provided by law~~
8 In an action under this section and upon a proper showing, the court
9 may:

10 a. issue a permanent or temporary injunction, restraining
11 order, or declaratory judgment,

12 b. order other appropriate or ancillary relief which may
13 include:

14 (1) an asset freeze, accounting, writ of attachment,
15 writ of general or specific execution, and
16 appointment of a receiver or conservator, that
17 may be the Administrator, for the defendant or
18 the defendant's assets,

19 (2) ordering the Administrator to take charge and
20 control of a defendant's property including
21 investment accounts and accounts in a depository
22 institution, rents, and profits; to collect
23 debts; and to acquire and dispose of property,

24

1 (3) imposing a civil penalty in an amount not to
2 exceed Five Thousand Dollars (\$5,000.00) for a
3 single violation or in an amount not to exceed
4 Two Hundred Fifty Thousand Dollars (\$250,000.00)
5 for more than one violation; an order of
6 rescission, restitution, or disgorgement directed
7 to a person who has engaged in an act, practice,
8 or course of business constituting a violation of
9 this act or a rule adopted or order issued under
10 this act, and

11 (4) ordering the payment of prejudgment and
12 postjudgment interest, or

13 c. order such other relief as the court considers
14 appropriate.

15 B. Except as provided in subsection D of this section or unless
16 the right to notice and hearing is waived by the person against whom
17 the sanction is imposed, the sanctions provided in paragraph 1 of
18 subsection A of this section may be imposed only after notice and
19 opportunity for hearing as required by the Administrative Procedures
20 Act. If the person to whom notice is addressed does not request a
21 hearing within fifteen (15) days after the service of the notice, a
22 final order as provided for in subsection A of this section may be
23 issued.

1 C. For purposes of determining any sanction to be imposed under
2 subsection A of this section, the Administrator shall consider,
3 among other factors, the frequency and persistence of the conduct
4 constituting a violation of the Oklahoma Business Opportunity Sales
5 Act or a rule or order of the Administrator under the Oklahoma
6 Business Opportunity Sales Act, the number of persons adversely
7 affected by the conduct, and the resources of the person committing
8 the violation.

9 D. 1. If the Administrator makes written findings of fact to
10 support the conclusion that the public interest will be harmed by
11 delay in issuing a cease and desist order pursuant to paragraph 1 of
12 subsection A of this section, the Administrator may issue a summary
13 order pending the hearing required by subsection B of this section.

14 Upon the entry of the summary order, the Administrator shall
15 promptly notify the person subject to the summary order:

- 16 a. that the summary order has been entered and the
17 reasons therefor,
- 18 b. that the person subject to the summary order, if
19 desiring a hearing, must make written request for a
20 hearing to the Administrator within fifteen (15) days
21 after service of the notice is effective,
- 22 c. that within fifteen (15) days after receipt by the
23 Administrator of a written request the matter will be
24 set for hearing to determine whether the summary order

1 should be modified, vacated or extended pending final
2 determination of any proceeding under paragraph 1 of
3 subsection A of this section, and

4 d. that a hearing shall be commenced within fifteen (15)
5 days of the matter being set for hearing.

6 2. The summary order shall remain in effect until the
7 conclusion of the hearing on the summary order unless the
8 Administrator or the Administrator's designee extends the summary
9 order pending a final determination of any proceeding under
10 paragraph 1 of subsection A of this section. If no hearing is
11 requested and none is ordered by the Administrator, the summary
12 order will remain in effect until it is modified or vacated by the
13 Administrator or the Administrator's designee. If a request for
14 hearing on the summary order is timely made and if the hearing is
15 not commenced by the Administrator within the time limit set forth
16 above, the summary order shall dissolve and a cease and desist order
17 shall not be issued pursuant to paragraph 1 of subsection A of this
18 section except upon reasonable notice and opportunity for a hearing
19 as provided in subsection B of this section.

20 E. When the Administrator has authority to institute an action
21 or proceeding pursuant to this section, the Administrator may accept
22 an assurance of discontinuance of an act or practice that is alleged
23 to be unlawful under Section 819 of this title from the person who
24 is alleged to have engaged or be about to engage in the act or

1 practice. The assurance shall not constitute an admission of guilt.
2 The assurance may include a stipulation for any or all of the
3 following:

4 1. The voluntary payment by the person for the costs of
5 investigation;

6 2. An amount to be held in escrow pending the outcome of an
7 action; or

8 3. An amount for restitution to an aggrieved person.

9 An assurance of discontinuance shall be in writing and filed
10 with the Administrator. Unless rescinded by the parties or voided
11 by a court for good cause, the assurance may be enforced in the
12 district court of Oklahoma County by the parties to the assurance.
13 The assurance may be modified by the parties or by a court for good
14 cause.

15 SECTION 47. AMENDATORY 71 O.S. 2021, Section 824, is
16 amended to read as follows:

17 Section 824. A. Any person who violates Section ~~6~~ 806,
18 subsection A of Section ~~8~~ 808, subsection A of Section ~~9~~ 809 or
19 Section ~~11~~ 811 of ~~the Oklahoma Business Opportunity Sales Act~~ this
20 title, is liable to the purchaser who may sue either at law or in
21 equity for rescission, for recovery of all money and other valuable
22 consideration paid for the business opportunity and for actual
23 damages, together with interest at the legal rate from the date of
24 sale, reasonable attorney's fees and court costs.

1 B. Any person who violates Sections ~~19, 21~~ 819, 821, or ~~22~~ 822
2 of ~~the Oklahoma Business Opportunity Sales Act~~ this title is liable
3 to the purchaser who may sue either at law or in equity for
4 rescission, for recovery of all money or other valuable
5 consideration paid for the business opportunity and for actual
6 damages, together with interest at the legal rate from the date of
7 sale, reasonable attorney's fees and court costs.

8 SECTION 48. AMENDATORY 71 O.S. 2021, Section 825, is
9 amended to read as follows:

10 Section 825. Any person who controls or materially aids a
11 person liable under Sections ~~22~~ 822 or ~~23~~ 823 of this ~~act~~ title
12 shall be liable jointly and severally with and to the same extent as
13 the person committing the violation.

14 SECTION 49. AMENDATORY 71 O.S. 2021, Section 826, is
15 amended to read as follows:

16 Section 826. A. No action shall be maintained under subsection
17 A of Section ~~24~~ 824 of this ~~act~~ title unless commenced before the
18 expiration of three (3) years after the act or transaction
19 constituting the sale. No action shall be maintained under
20 subsection B of Section ~~24~~ 824 of this ~~act~~ title unless commenced
21 before the expiration of two (2) years after the untruth or omission
22 was, or in the exercise of reasonable care should have been,
23 discovered, or such longer term of limitation as may be otherwise
24 provided by law.

1 B. The rights and remedies under the Oklahoma Business
2 Opportunity Sales Act are in addition to any other rights or
3 remedies that may exist at law or in equity.

4 C. Any condition, stipulation or provision binding any
5 purchaser of a business opportunity to waive compliance with or
6 relieving a person from any duty or liability imposed by or any
7 right provided by the Oklahoma Business Opportunity Sales Act or any
8 rule or order issued pursuant to the act is void.

9 SECTION 50. AMENDATORY 71 O.S. 2021, Section 828, is
10 amended to read as follows:

11 Section 828. All of the administrative procedures applicable to
12 investigations and proceedings conducted pursuant to the ~~Oklahoma~~
13 ~~Securities Act~~ Oklahoma Uniform Securities Act of 2004 which are not
14 in conflict with the provisions of this ~~act~~ title shall apply to any
15 offer and/or sale of a business opportunity in this state.

16 SECTION 51. AMENDATORY 85 O.S. 2021, Section 398, is
17 amended to read as follows:

18 Section 398. A. The Workers' Compensation Court shall adopt
19 rules permitting two or more employers not otherwise subject to the
20 provisions of Section 2b of this title to pool together liabilities
21 under this act for the purpose of qualifying as a group self-insurer
22 and each such employer shall be classified as a self-insurer.

23 B. The Court shall approve the distribution of all
24 undistributed policyholders' surplus of a Workers' Compensation

1 Self-Insurance Program if the Program complies with the following
2 criteria:

- 3 1. Has been in business for at least five (5) years;
- 4 2. Has its financial statements audited by a public accounting
5 firm which audits at least one corporate client which has assets in
6 excess of One Billion Dollars (\$1,000,000,000.00) and on which the
7 accounting firm has issued an unqualified opinion as to the fair
8 presentation of the financial position of the Program showing
9 adequate solvency and reserves; and
- 10 3. Is in compliance with the provisions of this title and all
11 other regulations as required by the Court.

12 C. A group self-insurer created pursuant to this section either
13 prior to or after the effective date of this act shall not be
14 subject to the provisions of the ~~Oklahoma Securities Act~~ Oklahoma
15 Uniform Securities Act of 2004.

16 SECTION 52. AMENDATORY 85A O.S. 2021, Section 102, is
17 amended to read as follows:

18 Section 102. A. The Workers' Compensation Commission shall
19 adopt rules permitting two or more employers, not otherwise subject
20 to the provisions of Section 150 of this act, to pool together
21 liabilities under this act for the purpose of qualifying as a group
22 self-insurer and each such employer shall be classified as a self-
23 insurer.

24

1 B. The Commission shall approve the distribution of all
2 undistributed policyholders' surplus of a Workers' Compensation
3 Self-Insurance Program if the Program complies with the following
4 criteria:

- 5 1. Has been in business for at least five (5) years;
- 6 2. Has its financial statements audited by a public accounting
7 firm which audits at least one corporate client which has assets in
8 excess of One Billion Dollars (\$1,000,000,000.00) and on which the
9 accounting firm has issued an unqualified opinion as to the fair
10 presentation of the financial position of the Program showing
11 adequate solvency and reserves; and
- 12 3. Is in compliance with the provisions of this act and all
13 other regulations as required by the Commission.

14 C. A group self-insurer created pursuant to this section either
15 prior to or after the effective date of this act shall not be
16 subject to the provisions of the ~~Oklahoma Securities Act~~ Oklahoma
17 Uniform Securities Act of 2004.

18 SECTION 53. This act shall become effective November 1, 2022.

19
20 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND
21 PENSIONS, dated 04/04/2022 - DO PASS.

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