

**COMMITTEE AMENDMENT**  
HOUSE OF REPRESENTATIVES  
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2352 \_\_\_\_\_  
Of the printed Bill  
Page \_\_\_\_\_ Section \_\_\_\_\_ Lines \_\_\_\_\_  
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

**AMEND TITLE TO CONFORM TO AMENDMENTS**

Adopted: \_\_\_\_\_

Amendment submitted by: Todd Russ

\_\_\_\_\_

\_\_\_\_\_  
Reading Clerk

STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

PROPOSED COMMITTEE  
SUBSTITUTE  
FOR  
HOUSE BILL NO. 2352

By: Russ

PROPOSED COMMITTEE SUBSTITUTE

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

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

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

Section 1-302. A. With respect to a federal covered security, as defined in Section 18(b)(2) of the Securities Act of 1933 ~~+~~<sup>15</sup> U.S.C. Section 77r(b)(2)~~+~~, that is not otherwise exempt under Sections ~~6~~ 1-201 through ~~8~~ 1-203 of this ~~act~~ title, the issuer shall file a notice with the Administrator prior to an offer in this state. A separate notice shall be filed for each class of an issuer's securities offered in this state. Each notice shall be for

1 an indefinite amount of securities. A notice, or renewal thereof,  
2 shall be accompanied by the filing fee set forth in Section ~~50~~ 1-612  
3 of this ~~act~~ title. The Administrator may, by rule or order,  
4 prescribe notice filing and renewal requirements, and the  
5 requirements for filing of reports of the dollar amount of  
6 securities sold or offered to be sold to persons located in this  
7 state.

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

20 C. 1. With respect to a security that is a federal covered  
21 security under Section 18(b)(4) (~~DE~~) of the Securities Act of 1933~~(,~~  
22 15 U.S.C. Section 77r(b)(4) (~~DE~~)~~),~~ a rule under this act may require  
23 a notice filing by or on behalf of an issuer ~~to include a copy of~~  
24 ~~Form D, including the Appendix, as promulgated by the Securities and~~

1 ~~Exchange Commission, and a consent to service of process complying~~  
2 ~~with Section 49 of this act signed by the issuer not later than~~  
3 ~~fifteen (15) days after the first sale of the federal covered~~  
4 ~~security in this state and the payment of a fee as provided in~~  
5 ~~Section 50 of this act~~ as allowed by applicable federal law.

6 2. With respect to a security that is a federal covered  
7 security under Section 18(b)(3) or Section 18(b)(4)(D)(ii) of the  
8 Securities Act of 1933, 15 U.S.C. Sections 77r(b)(3) and  
9 77r(b)(4)(D)(ii), a rule under this act may require a notice filing  
10 by or on behalf of an issuer as allowed by applicable federal law.

11 D. Except with respect to a federal covered security under  
12 Section 18(b)(1) of the Securities Act of 1933 ~~+~~15 U.S.C. Section  
13 ~~77r(b)(1)+~~, if the Administrator finds that there is a failure to  
14 comply with a notice or fee requirement of this section, the  
15 Administrator may issue a stop order suspending the offer and sale  
16 of a federal covered security in this state. If the deficiency is  
17 corrected, the stop order is void as of the time of its issuance and  
18 no penalty may be imposed by the Administrator.

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

21 Section 1-401. A. It is unlawful for a person to transact  
22 business in this state as a broker-dealer, unless the person is  
23 registered under this act as a broker-dealer or is exempt from  
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1 registration as a broker-dealer under subsection B or D of this  
2 section.

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

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

- 7 a. the issuer of the securities involved in the  
8 transactions,
- 9 b. a broker-dealer registered under this act or a broker-  
10 dealer not required to be registered as a broker-  
11 dealer under this act,
- 12 c. an institutional investor,
- 13 d. a nonaffiliated federal covered investment adviser  
14 with investments under management in excess of One  
15 Hundred Million Dollars (\$100,000,000.00) acting for  
16 the account of others pursuant to discretionary  
17 authority in a signed record,
- 18 e. a bona fide preexisting customer whose principal place  
19 of residence is not in this state and the person is  
20 registered as a broker-dealer under the Securities  
21 Exchange Act of 1934 or not required to be registered  
22 under the Securities Exchange Act of 1934 and is  
23 registered under the securities act of the state in  
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1 which the customer maintains a principal place of  
2 residence,

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

7 (1) the broker-dealer is registered under the  
8 Securities Exchange Act of 1934 or the broker-  
9 dealer is not required to be registered under the  
10 Securities Exchange Act of 1934 and is registered  
11 under the securities laws of the state in which  
12 the customer relationship was established and  
13 where the customer had maintained a principal  
14 place of residence, and

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

3 g. not more than three customers in this state during the  
4 previous twelve (12) months, in addition to those  
5 specified in subparagraphs a through f and under  
6 subparagraph h of this paragraph, if the broker-dealer  
7 is registered under the Securities Exchange Act of  
8 1934 or not required to be registered under the  
9 Securities Exchange Act of 1934 and is registered  
10 under the securities act of the state in which the  
11 broker-dealer has its principal place of business, ~~and~~  
12 ~~h. any other person exempted by rule or order under this~~  
13 ~~act; and~~

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

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

20 C. It is unlawful for a broker-dealer, or for an issuer engaged  
21 in offering, offering to purchase, purchasing, or selling securities  
22 in this state, directly or indirectly, to employ or associate with  
23 an individual to engage in an activity related to securities  
24 transactions in this state if the registration of the individual is

1 suspended or revoked under this act; or the individual is barred  
2 from employment or association with a broker-dealer, an issuer, an  
3 investment adviser or a federal covered investment adviser by an  
4 order of the securities regulator of a state, the Securities and  
5 Exchange Commission, or a self-regulatory organization. A broker-  
6 dealer or issuer does not violate this subsection if the broker-  
7 dealer or issuer did not know, and in the exercise of reasonable  
8 care could not have known, of the suspension, revocation, or bar.  
9 Upon request from a broker-dealer or issuer and for good cause  
10 shown, an order under this act may modify or waive the prohibitions  
11 of this subsection.

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

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

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

22 b. an individual from Canada or other foreign  
23 jurisdiction who is present in this state and whose  
24 transactions are in a self-directed tax advantaged

1 retirement plan of which the individual is the holder  
2 or contributor in that foreign jurisdiction, or  
3 c. an individual who is resident in this state, with whom  
4 the broker-dealer customer relationship arose while  
5 the individual was temporarily or permanently resident  
6 in Canada or the other foreign jurisdiction, and

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

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

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