

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 SENATE BILL 1389

By: Mazzei

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5  
6 AS INTRODUCED

7 An Act relating to securities; creating the Oklahoma  
8 Intrastate Crowdfunding Exemption; providing for  
9 definitions; providing an exemption for a certain  
10 offer or sale; providing that certain offer or sale  
11 conform to certain state and federal laws; requiring  
12 certain conditions be met to become an issuer;  
13 requiring that certain notice be filed; providing for  
14 a filing fee; directing deposit of certain fee into  
15 the Oklahoma Department of Securities Revolving Fund;  
16 requiring certain items be included in the notice;  
17 Requiring the issuer provide a disclosure statement;  
18 directing what is to be included in disclosure  
19 statement; requiring the issuer to provide an escrow  
20 agreement to the Oklahoma Securities Commission;  
21 directing all funds be deposited into the escrow  
22 account; limiting the amount of cash and other  
23 consideration for sales of a security; providing an  
24 exception to limit; limiting the amount an investor  
may purchase based on income; requiring the issuer to  
provide an annual report to the Commission; providing  
requirements as to what is to be included in the  
annual report; providing penalties for failure to pay  
notice filing fee; providing requirements for an  
intermediary; directing funds received from investors  
to go to the escrow account; providing for  
registration of an intermediary; providing for a  
registration fee; directing deposit of registration  
fee into certain fund; requiring certain information  
to be contained in application; providing for  
registration upon certain findings of the Commission;  
authorizing certain late fees; providing for  
codification; and providing an effective date.

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

2 SECTION 1. NEW LAW A new section of law to be codified  
3 in the Oklahoma Statutes as Section 2-201 of Title 71, unless there  
4 is created a duplication in numbering, reads as follows:

5 This act may be cited as the "Oklahoma Intrastate Crowdfunding  
6 Exemption."

7 SECTION 2. NEW LAW A new section of law to be codified  
8 in the Oklahoma Statutes as Section 2-202 of Title 71, unless there  
9 is created a duplication in numbering, reads as follows:

10 As used in this act:

11 1. "Commission" means the Oklahoma Securities Commission.

12 2. "Intermediary" means a natural person residing in the state  
13 or a corporation, trust, partnership, association, or other legal  
14 entity registered with the Secretary of State to do business in the  
15 state, which facilitates the offer or sale of securities under  
16 Section 3 of this act.

17 SECTION 3. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 2-203 of Title 71, unless there  
19 is created a duplication in numbering, reads as follows:

20 1. Notwithstanding any other provision of law, an offer or sale  
21 of a security by an issuer is an exempt transaction if the offer or  
22 sale is conducted in accordance with this section. The exemption  
23 provided in this section may not be used in conjunction with any  
24

1 other exemption under Section 1-202 of Title 71 of the Oklahoma  
2 Statutes.

3 2. The offer or sale of securities under this section must be  
4 conducted in accordance with the requirements of the federal  
5 exemption for intrastate offerings in Section 3(a)(11) of the  
6 Securities Act of 1933, 15 U.S.C., Section 77c(a)(11), and United  
7 States Securities and Exchange Commission Rule 147, 17 C.F.R.,  
8 Section 230.147, adopted pursuant to the Securities Act of 1933.

9 3. An issuer must:

- 10 a. be a for-profit business entity formed under the laws  
11 of the state, be registered with the Secretary of  
12 State, maintain its principal place of business in the  
13 state, and derive its revenues primarily from  
14 operations in the state,
- 15 b. conduct transactions for the offering through a dealer  
16 registered with the Secretary of State or an  
17 intermediary registered under Section 4 of this act,
- 18 c. not be, either before or as a result of the offering,  
19 an investment company as defined in Section 3 of the  
20 Investment Company Act of 1940, 15 U.S.C., Section  
21 80a-3, or subject to the reporting requirements of  
22 Section 13 or 15(d) of the Securities Exchange Act of  
23 1934, 15 U.S.C., Section 78m or 78o(d),  
24

- 1           d.   not be a company with an undefined business operation,  
2           a company that lacks a business plan, a company that  
3           lacks a stated investment goal for the funds being  
4           raised, or a company that plans to engage in a merger  
5           or acquisition with an unspecified business entity,
- 6           e.   not be subject to a disqualification established by  
7           the commission or a disqualification described in  
8           Section 1-411 of Title 71 of the Oklahoma Statutes or  
9           United States Securities and Exchange Commission Rule,  
10          17 C.F.R., Section 230.506(d), adopted pursuant to the  
11          Securities Act of 1933. Each director, officer,  
12          person occupying a similar status or performing a  
13          similar function or person holding more than twenty  
14          percent (20%) of the shares of the issuer is subject  
15          to this requirement,
- 16          f.   execute an escrow agreement with a federally insured  
17          financial institution authorized to do business in the  
18          state for the deposit of investor funds and ensure  
19          that all offering proceeds are provided to the issuer  
20          only when the aggregate capital raised from all  
21          investors is equal to or greater than the target  
22          offering amount, and
- 23          g.   allow investors to cancel a commitment to invest  
24          within three (3) business days before the offering

1 deadline, as stated in the disclosure statement, and  
2 issue refunds to all investors if the target offering  
3 amount is not reached by the offering deadline.

4 4. The issuer must file a notice of the offering with the  
5 Commission, in writing or in electronic form, in a format prescribed  
6 by Commission rule, together with a nonrefundable filing fee of Two  
7 Hundred Dollars (\$200.00). The filing fee shall be deposited into  
8 the Oklahoma Department of Securities Revolving Fund. The  
9 Commission may adopt rules establishing procedures for the deposit  
10 of fees and the filing of documents by electronic means if the  
11 procedures provide the Commission with the information and data  
12 required by this section. A notice is effective upon receipt by the  
13 Commission of the completed form, filing fee and an irrevocable  
14 written consent to service of civil process. The notice may be  
15 terminated by filing with the Commission a notice of termination.  
16 The notice and offering expire twelve (12) months after filing the  
17 notice with the Commission and are not eligible for renewal. The  
18 notice must:

- 19 a. be filed with the Commission at least ten (10) days  
20 before the issuer commences an offering of securities  
21 or the offering is displayed on a website of an  
22 intermediary in reliance upon the exemption provided  
23 by this section,  
24

- 1 b. indicate that the issuer is conducting an offering in  
2 reliance upon the exemption provided by this section,
- 3 c. contain the name and contact information of the  
4 issuer,
- 5 d. identify any predecessors, owners, officers,  
6 directors, and control persons or any person occupying  
7 a similar status or performing a similar function of  
8 the issuer, including that person's title, his or her  
9 status as a partner, trustee, sole proprietor or  
10 similar role, and his or her ownership percentage,
- 11 e. identify the federally insured financial institution  
12 authorized to do business in the state in which  
13 investor funds will be deposited in accordance with  
14 the escrow agreement,
- 15 f. bear an attestation under oath that the issuer, its  
16 predecessors, affiliated issuers, directors, officers,  
17 and control persons, or any other person occupying a  
18 similar status or performing a similar function, are  
19 not currently and have not been within the past ten  
20 (10) years the subject of regulatory or criminal  
21 actions involving fraud or deceit,
- 22 g. include documentation verifying that the issuer is  
23 organized under the laws of the state and authorized  
24 to do business in the state,

- 1           h.    include the intermediary's website address where the  
2                    issuer's securities will be offered, and  
3           i.    include the target offering amount.

4           5.    The issuer must amend the notice form within thirty (30)  
5    days after any information contained in the notice becomes  
6    inaccurate for any reason. The Commission may require, by rule, an  
7    issuer who has filed a notice under this section to file amendments  
8    with the office.

9           6.    The issuer must provide to investors and the dealer or  
10   intermediary, along with a copy to the Commission at the time that  
11   the notice is filed, and make available to potential investors  
12   through the dealer or intermediary, a disclosure statement  
13   containing material information about the issuer and the offering,  
14   including:

- 15           a.    the name, legal status, physical address, and website  
16                    address of the issuer,  
17           b.    the names of the directors, officers, and any person  
18                    occupying a similar status or performing a similar  
19                    function, and the name of each person holding more  
20                    than twenty percent (20%) of the shares of the issuer,  
21           c.    a description of the business of the issuer and the  
22                    anticipated business plan of the issuer,  
23           d.    a description of the stated purpose and intended use  
24                    of the proceeds of the offering,

1 e. the target offering amount, the deadline to reach the  
2 target offering amount, and regular updates regarding  
3 the progress of the issuer in meeting the target  
4 offering amount,

5 f. the price to the public of the securities or the  
6 method for determining the price. However, before the  
7 sale, each investor must receive in writing the final  
8 price and all required disclosures and have an  
9 opportunity to rescind the commitment to purchase the  
10 securities,

11 g. a description of the ownership and capital structure  
12 of the issuer, including:

13 (1) terms of the securities being offered and each  
14 class of security of the issuer, including how  
15 those terms may be modified, and a summary of the  
16 differences between such securities, including  
17 how the rights of the securities being offered  
18 may be materially limited, diluted or qualified  
19 by rights of any other class of security of the  
20 issuer,

21 (2) a description of how the exercise of the rights  
22 held by the principal shareholders of the issuer  
23 could negatively impact the purchasers of the  
24 securities being offered,

1 (3) the name and ownership level of each existing  
2 shareholder who owns more than twenty percent  
3 (20%) of any class of the securities of the  
4 issuer,

5 (4) how the securities being offered are being valued  
6 and examples of methods of how such securities  
7 may be valued by the issuer in the future,  
8 including during subsequent corporate actions,  
9 and

1 0 (5) the risks to purchasers of the securities  
1 1 relating to minority ownership in the issuer, the  
1 2 risks associated with corporate action, including  
1 3 additional issuances of shares, a sale of the  
1 4 issuer or of assets of the issuer, or  
1 5 transactions with related parties,

1 6 h. a description of the financial condition of the  
1 7 issuer:

1 8 (1) for offerings that, in combination with all other  
1 9 offerings of the issuer within the preceding 12-  
2 0 month period, have target offering amounts of One  
2 1 Hundred Thousand Dollars (\$100,000.00) or less,  
2 2 the description must include the most recent  
2 3 income tax return filed by the issuer, if any,  
2 4 and a financial statement that must be certified

1 by the principal executive officer of the issuer  
2 as true and complete in all material respects,

3 (2) for offerings that, in combination with all other  
4 offerings of the issuer within the preceding 12-  
5 month period, have target offering amounts of  
6 more than One Hundred Thousand Dollars

7 (\$100,000.00), but not more than Five Hundred  
8 Thousand Dollars (\$500,000.00), the description  
9 must include financial statements prepared in  
10 accordance with generally accepted accounting  
11 principles and reviewed by a certified public  
12 accountant who is independent of the issuer,  
13 using professional standards and procedures for  
14 such review or standards and procedures  
15 established by the office, by rule, for such  
16 purpose, and

17 (3) for offerings that, in combination with all other  
18 offerings of the issuer within the preceding 12-  
19 month period, have target offering amounts of  
20 more than Five Hundred Thousand Dollars

21 (\$500,000.00), the description must include  
22 audited financial statements prepared in  
23 accordance with generally accepted accounting  
24 principles by a certified public accountant who

1 is independent of the issuer and other  
2 requirements as the Commission may establish by  
3 rule, and

- 4 i. the following statement in boldface, conspicuous type  
5 on the front page of the disclosure statement:

6 "These securities are offered under, and will be sold in reliance  
7 upon, an exemption from the registration requirements of federal and  
8 Oklahoma securities laws. Consequently, neither the Federal  
9 Government nor the State of Oklahoma has reviewed the accuracy or  
10 completeness of any offering materials. In making an investment  
11 decision, investors must rely on their own examination of the issuer  
12 and the terms of the offering, including the merits and risks  
13 involved. These securities are subject to restrictions on  
14 transferability and resale and may not be transferred or resold  
15 except as specifically authorized by applicable federal and state  
16 securities laws. Investing in these securities involves a  
17 speculative risk, and investors should be able to bear the loss of  
18 their entire investment."

19 7. The issuer shall provide to the Commission a copy of the  
20 escrow agreement with a financial institution authorized to conduct  
21 business in this state. All investor funds must be deposited in the  
22 escrow account. The escrow agreement must require that all offering  
23 proceeds be released to the issuer only when the aggregate capital  
24 raised from all investors is equal to or greater than the minimum

1 target offering amount specified in the disclosure statement as  
2 necessary to implement the business plan, and that all investors  
3 will receive a full return of their investment commitment if that  
4 target offering amount is not raised by the date stated in the  
5 disclosure statement.

6 8. The sum of all cash and other consideration received for  
7 sales of a security under this section may not exceed One Million  
8 Dollars (\$1,000,000.00), less the aggregate amount received for all  
9 sales of securities by the issuer within the twelve (12) months  
10 preceding the first offer or sale made in reliance upon this  
11 exemption. Offers or sales to a person owning twenty percent (20%)  
12 or more of the outstanding shares of any class or classes of  
13 securities or to an officer, director, partner, or trustee, or a  
14 person occupying a similar status, do not count toward this  
15 limitation.

16 9. Unless the investor is an accredited investor as defined by  
17 Rule 501 of Regulation D, adopted pursuant to the Securities Act of  
18 1933, the aggregate amount sold by an issuer to an investor in  
19 transactions exempt from registration requirements under this  
20 subsection in a 12-month period may not exceed:

- 21 a. the greater of Two Thousand Dollars (\$2,000.00) or  
22 five percent (5%) of the annual income or net worth of  
23 such investor, if the annual income or the net worth  
24

1 of the investor is less than One Hundred Thousand  
2 Dollars (\$100,000.00), or

- 3 b. ten percent (10%) of the annual income or net worth of  
4 such investor, not to exceed a maximum aggregate  
5 amount sold of One Hundred Thousand Dollars  
6 (\$100,000.00), if either the annual income or net  
7 worth of the investor is equal to or exceeds One  
8 Hundred Thousand Dollars (\$100,000.00).

9 10. The issuer shall file with the Commission and provide to  
10 investors free of charge an annual report of the results of  
11 operations and financial statements of the issuer within forty (45)  
12 days after the end of its fiscal year, until no securities under  
13 this offering are outstanding. The annual reports must meet the  
14 following requirements:

- 15 a. include an analysis by management of the issuer of the  
16 business operations and the financial condition of the  
17 issuer, and disclose the compensation received by each  
18 director, executive officer, and person having an  
19 ownership interest of twenty percent (20%) or more of  
20 the issuer, including cash compensation earned since  
21 the previous report and on an annual basis, and any  
22 bonuses, stock options, other rights to receive  
23 securities of the issuer, or any affiliate of the  
24 issuer, or other compensation received, and

1           b.   disclose any material change to information contained  
2                    in the disclosure statements which was not disclosed  
3                    in a previous report.

4       11.   a.   A notice-filing under this section shall be summarily  
5                    suspended by the Commission if the payment for the  
6                    filing is dishonored by the financial institution upon  
7                    which the funds are drawn. Failure to pay the  
8                    required notice filing fee constitutes an immediate  
9                    and serious danger to the public health, safety, and  
10                   welfare. The Commission shall enter a final order  
11                   revoking a notice-filing in which the payment for the  
12                   filing is dishonored by the financial institution upon  
13                   which the funds are drawn.

14           b.   A notice-filing under this section shall be summarily  
15                    suspended by the Commission if the issuer made a  
16                    material false statement in the issuer's notice-  
17                    filing. The summary suspension shall remain in effect  
18                    until a final order is entered by the Commission. A  
19                    material false statement made in the issuer's notice-  
20                    filing constitutes an immediate and serious danger to  
21                    the public health, safety, and welfare. If an issuer  
22                    made a material false statement in the issuer's  
23                    notice-filing, the Commission shall enter a final  
24                    order revoking the notice-filing and issue permanent

1 bars to the issuer and all owners, officers,  
2 directors, and control persons, or any person  
3 occupying a similar status or performing a similar  
4 function of the issuer, including title, status as a  
5 partner, trustee, sole proprietor or similar role, and  
6 ownership percentage.

7 12. An intermediary must:

- 8 a. take measures, as established by commission rule, to  
9 reduce the risk of fraud with respect to transactions,  
10 including verifying that the issuer is in compliance  
11 with the requirements of this section and, if  
12 necessary, denying an issuer access to its platform if  
13 the intermediary believes it is unable to adequately  
14 assess the risk of fraud of the issuer or its  
15 potential offering,
- 16 b. provide basic information on its website regarding the  
17 high risk of investment in and limitation on the  
18 resale of exempt securities and the potential for loss  
19 of an entire investment. The basic information must  
20 include:
- 21 (1) a description of the escrow agreement that the  
22 issuer has executed and the conditions for  
23 release of such funds to the issuer in accordance  
24

1 with the agreement and subsection 4 of this  
2 section, and

3 (2) a description of whether financial information  
4 provided by the issuer has been audited by an  
5 independent certified public accountant,

6 c. obtain a zip code or residence address from each  
7 potential investor who seeks to view information  
8 regarding specific investment opportunities, in order  
9 to confirm that the potential investor is a resident  
10 of the state,

11 d. obtain and verify a valid Oklahoma driver license  
12 number or Oklahoma identification card number from  
13 each investor before purchase of a security to confirm  
14 that the investor is a resident of the state. The  
15 commission may adopt rules authorizing additional  
16 forms of identification and prescribing the process  
17 for verifying any identification presented by the  
18 investor,

19 e. obtain an affidavit from each investor stating that  
20 the investment being made by the investor is  
21 consistent with the income requirements of subsection  
22 9 of this section,

23 f. direct the release of investor funds in escrow in  
24 accordance with subsection 3 of this section,

1 g. direct investors to transmit funds directly to the  
2 financial institution designated in the escrow  
3 agreement to hold the funds for the benefit of the  
4 investor,

5 h. provide a monthly update for each offering, after the  
6 first full month after the date of the offering. The  
7 update must be accessible on the intermediary's  
8 website and must display the date and amount of each  
9 sale of securities, and each cancellation of  
10 commitment to invest, in the previous calendar month,

11 i. require each investor to certify in writing, including  
12 as part of such certification his or her signature and  
13 his or her initials next to each paragraph of the  
14 certification, as follows:

15 "I understand and acknowledge that:

16 I am investing in a high-risk, speculative business venture. I may  
17 lose all of my investment, and I can afford the loss of my  
18 investment.

19 This offering has not been reviewed or approved by any state or  
20 federal securities commission or other regulatory authority, and no  
21 regulatory authority has confirmed the accuracy or determined the  
22 adequacy of any disclosure made to me relating to this offering.

23 The securities I am acquiring in this offering are illiquid and  
24 are subject to possible dilution. There is no ready market for the

1 sale of the securities. It may be difficult or impossible for me to  
2 sell or otherwise dispose of the securities, and I may be required  
3 to hold the securities indefinitely.

4 I may be subject to tax on my share of the taxable income and  
5 losses of the issuer, whether or not I have sold or otherwise  
6 disposed of my investment or received any dividends or other  
7 distributions from the issuer.

8 By entering into this transaction with the issuer, I am  
9 affirmatively representing myself as being an Oklahoma resident at  
10 the time this contract is formed, and if this representation is  
11 subsequently shown to be false, the contract is void.

12 If I resell any of the securities I am acquiring in this  
13 offering to a person that is not an Oklahoma resident within nine  
14 (9) months after the closing of the offering, my contract with the  
15 issuer for the purchase of these securities is void."

16 j. require each investor to answer questions  
17 demonstrating an understanding of the level of risk  
18 generally applicable to investments in startups,  
19 emerging businesses, and small issuers, and an  
20 understanding of the risk of illiquidity,

21 k. take reasonable steps to protect personal information  
22 collected from investors,  
23  
24

- 1           1.   prohibit its directors and officers from having any  
2                    financial interest in the issuer using its services,  
3                    and  
4            m.   implement written policies and procedures that are  
5                    reasonably designed to achieve compliance with federal  
6                    and state securities laws; comply with the anti-money  
7                    laundering requirements of 31 C.F.R., Chapter X,  
8                    applicable to registered brokers; and comply with the  
9                    privacy requirements of 17 C.F.R., Part 248, relating  
10                  to brokers.

11       13.   An intermediary not registered as a dealer may not:

- 12           a.   offer investment advice or recommendations. A refusal  
13                    by an intermediary to post an offering that it deems  
14                    not credible or that represents a potential for fraud  
15                    may not be construed as an offer of investment advice  
16                    or recommendation,  
17           b.   solicit purchases, sales or offers to buy securities  
18                    offered or displayed on its website,  
19           c.   compensate employees, agents or other persons for the  
20                    solicitation of, or based on the sale of, securities  
21                    offered or displayed on its website,  
22           d.   hold, manage, possess or otherwise handle investor  
23                    funds or securities,  
24

- 1 e. compensate promoters, finders or lead generators for  
2 providing the intermediary with the personal  
3 identifying information of any potential investor, or  
4 f. engage in any other activities set forth by commission  
5 rule.

6 15. All funds received from investors must be directed to the  
7 financial institution designated in the escrow agreement to hold the  
8 funds and must be used in accordance with representations made to  
9 investors by the intermediary. If an investor cancels a commitment  
10 to invest, the intermediary must direct the financial institution  
11 designated to hold the funds to promptly refund the funds of the  
12 investor.

13 SECTION 4. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 2-204 of Title 71, unless there  
15 is created a duplication in numbering, reads as follows:

16 An intermediary may not engage in business in this state unless  
17 the intermediary is registered as a dealer or as an intermediary  
18 with the Commission pursuant to this section to facilitate the offer  
19 or sale of securities. An intermediary, in order to obtain  
20 registration, must file with the Commission a written application on  
21 a form prescribed by Commission rule and pay a registration fee of  
22 Two Hundred Dollars (\$200.00). The fees under this subsection shall  
23 be deposited into the Oklahoma Department of Securities Revolving  
24 Fund. The Commission may establish by rule procedures for

1 depositing fees and filing documents by electronic means if such  
2 procedures provide the Commission with the information and data  
3 required by this section. Each intermediary must also file an  
4 irrevocable written consent to service of civil process.

5 a. The application must contain such information as the  
6 Commission may require concerning:

- 7 (1) the name of the applicant and address of its  
8 principal office and each office in this state,  
9 (2) the applicant's form and place of organization;  
10 and, if the applicant is a corporation, a copy of  
11 its articles of incorporation and amendments to  
12 the articles of incorporation or, if a  
13 partnership, a copy of the partnership agreement,  
14 (3) the website address where securities of the  
15 issuer will be offered, and  
16 (4) contact information.

17 b. The application must also contain such information as  
18 the Commission may require by rule about the  
19 applicant; any member, principal or director of the  
20 applicant or any person having a similar status or  
21 performing similar functions; or any persons directly  
22 or indirectly controlling the applicant. Each  
23 applicant and any direct owners, principals or  
24 indirect owners that are required to be reported on a

1 form adopted by Commission rule shall submit  
2 fingerprints for live-scan processing in accordance  
3 with rules adopted by the Commission. The  
4 fingerprints may be submitted through a third-party  
5 vendor authorized by the Oklahoma State Bureau of  
6 Investigation to provide live-scan fingerprinting.  
7 The costs of fingerprint processing shall be borne by  
8 the person subject to the background check. The  
9 Oklahoma State Bureau of Investigation shall conduct a  
10 state criminal history background check, and a federal  
11 criminal history background check must be conducted  
12 through the Federal Bureau of Investigation. The  
13 Commission shall review the results of the state and  
14 federal criminal history background checks and  
15 determine whether the applicant meets registration  
16 requirements. The Commission may waive, by rule, the  
17 requirement that applicants, including any direct  
18 owners, principals or indirect owners, which are  
19 required to be reported on a form adopted by  
20 Commission rule, submit fingerprints or the  
21 requirement that such fingerprints be processed by the  
22 Oklahoma State Bureau of Investigation or the Federal  
23 Bureau of Investigation. The Commission, by rule, or  
24

1 the office may require information about any applicant  
2 or person, including:

3 (1) his or her full name and any other names by which  
4 he or she may have been known and his or her age,  
5 social security number, photograph,  
6 qualifications, and educational and business  
7 history,

8 (2) any injunction or administrative order by a state  
9 or federal agency, national securities exchange,  
10 or national securities association involving a  
11 security or any aspect of the securities business  
12 and any injunction or administrative order by a  
13 state or federal agency regulating banking,  
14 insurance, finance, or small loan companies, real  
15 estate, mortgage brokers, or other related or  
16 similar industries, which relate to such person,  
17 and

18 (3) his or her conviction of, or plea of nolo  
19 contendere to, a criminal offense or his or her  
20 commission of any acts that would be grounds for  
21 refusal of an application,

22 c. The application must be amended within thirty (30)  
23 days if any information contained in the form becomes  
24 inaccurate for any reason,

1 d. An intermediary or persons affiliated with the  
2 intermediary are not subject to any disqualification  
3 described in the Oklahoma Uniform Securities Act of  
4 2004, Section 1-101 et seq. of Title 71 of the  
5 Oklahoma Statutes, or United States Securities and  
6 Exchange Commission Rule, 17 C.F.R., Section  
7 230.506(d), adopted pursuant to the Securities Act of  
8 1933. Each director, officer, control person of the  
9 issuer, any person occupying a similar status or  
10 performing a similar function, and each person holding  
11 more than twenty percent (20%) of the shares of the  
12 intermediary is subject to this requirement.

13 e. If the Commission finds that the applicant is of good  
14 repute and character and has complied with the  
15 provisions of this chapter and the rules adopted  
16 thereunder, it shall register the applicant. The  
17 registration of each intermediary expires on December  
18 31 of the year the registration became effective  
19 unless the registrant renews his or her registration  
20 on or before that date. Registration may be renewed  
21 by furnishing such information as the Commission may  
22 require by rule, together with payment of a fee of Two  
23 Hundred Dollars (\$200.00) and the payment of any  
24 amount due to the Commission pursuant to any order of

1 the Commission or pursuant to any agreement with the  
2 Commission. An intermediary who has not renewed a  
3 registration by the time that the current registration  
4 expires may request reinstatement of such registration  
5 by filing with the Commission, on or before January 31  
6 of the year following the year of expiration, such  
7 information as required by the Commission, together  
8 with payment of the fee of Two Hundred Dollars  
9 (\$200.00) and a late fee of Two Hundred Dollars  
10 (\$200.00). Any reinstatement of registration granted  
11 by the Commission during the month of January is  
12 deemed effective retroactive to January 1 of that  
13 year.

14 SECTION 5. This act shall become effective November 1, 2016.

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