

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

COMMITTEE SUBSTITUTE  
FOR

SENATE BILL 468

By: Newberry

COMMITTEE SUBSTITUTE

An Act relating to the State Banking Commissioner;  
amending 14A O.S. 2011, Section 6-502, which relates  
to members of the Consumer Credit Commission;  
amending 71 O.S. 2011, Section 1-601, as amended by  
Section 643, Chapter 304, O.S.L. 2012 (71 O.S. Supp.  
2016, Section 1-601), which relates to the Oklahoma  
Securities Commission; making the State Banking  
Commissioner a voting member of certain commissions;  
making gender neutral; modifying references; and  
declaring an emergency.

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

SECTION 1. AMENDATORY 14A O.S. 2011, Section 6-502, is  
amended to read as follows:

Section 6-502. A. The Commission on Consumer Credit shall  
consist of nine (9) members to be appointed by the Governor by and  
with the advice and consent of the Senate. The State Banking  
Commissioner shall be an ex officio ~~nonvoting~~ voting tenth member of  
the Commission.

B. It is unlawful for any member of the Commission, the  
Administrator of Consumer Credit, or any other officer or employee

1 of the Department to use for personal benefit any information which  
2 is filed with or obtained by the Administrator and which is not made  
3 public. No provision of the Uniform Consumer Credit Code authorizes  
4 any member of the Commission, the Administrator, or any other  
5 officer or employee of the Department to disclose any information  
6 except among themselves or when necessary or appropriate in a  
7 proceeding or investigation according to the provisions of the  
8 Uniform Consumer Credit Code. The provisions of the Uniform  
9 Consumer Credit Code shall not be construed to create or derogate  
10 any privilege that exists at common law or otherwise when  
11 documentary or other evidence is sought under a subpoena directed to  
12 any member of the Commission, the Administrator, or any other  
13 officer or employee of the Department.

14 C. Except upon proof of corruption, no member of the Commission  
15 shall be civilly liable to any applicant or other person for any  
16 acts or omissions.

17 D. No member of the Commission shall participate in any  
18 proceeding before the Commission involving any corporation,  
19 partnership, or unincorporated association for which the member is  
20 or was at any time in the preceding twelve (12) months a director,  
21 officer, partner, employee, member, or stockholder. A member of the  
22 Commission may disqualify himself or herself from participation in  
23 any proceeding before the Commission for any cause deemed by him or  
24 her to be sufficient.

1       SECTION 2.       AMENDATORY       71 O.S. 2011, Section 1-601, as  
2 amended by Section 643, Chapter 304, O.S.L. 2012 (71 O.S. Supp.  
3 2016, Section 1-601), is amended to read as follows:

4       Section 1-601. A. The Administrator shall administer ~~this act~~  
5 the Oklahoma Uniform Securities Act of 2004.

6       B. There are hereby created the Oklahoma Securities Commission  
7 and the Department of Securities. The Commission shall be the  
8 policy making and governing authority of the Department, shall  
9 appoint the Administrator and shall be responsible for the  
10 enforcement of ~~this act~~ the Oklahoma Uniform Securities Act of 2004.

11       C. 1. The Commission shall consist of four (4) members to be  
12 appointed by the Governor by and with the advice and consent of the  
13 Senate. One member will be a member of the Oklahoma Bar Association  
14 appointed from a list of five nominees submitted by the Oklahoma Bar  
15 Association; one member shall be an active officer of a bank or  
16 trust company operating in the State of Oklahoma appointed from a  
17 list of five nominees submitted by the Oklahoma Bankers Association;  
18 and one member shall be a certified public accountant appointed from  
19 a list of five nominees submitted by the Oklahoma Society of  
20 Certified Public Accountants; and one member shall be engaged in the  
21 securities industry and shall be appointed for a six-year initial  
22 term from a list of five nominees submitted by the Oklahoma  
23 Securities Industry Association; provided, that the State ~~Bank~~

1 Banking Commissioner of Oklahoma shall be and ~~he~~ is hereby made an  
2 ex officio voting member of ~~said~~ the Commission.

3       2. Except for appointment of the member engaged in the  
4 securities industry as provided for in subsection C of this section,  
5 no person may be appointed to or by the Commission while ~~he~~ such  
6 person is registered as a broker-dealer, agent, investment adviser,  
7 or investment adviser representative under ~~this act~~ the Oklahoma  
8 Uniform Securities Act of 2004, or while he is an officer, director,  
9 or partner of any person so registered, or while he or she is an  
10 officer, director, or partner of an issuer which has a registration  
11 statement effective under ~~this act~~ the Oklahoma Uniform Securities  
12 Act of 2004, or while he or she is occupying a similar status or  
13 performing similar functions.

14       3. It is unlawful for any member of the Commission, the  
15 Administrator, or any other officer or employee of the Department to  
16 use for personal benefit any information which is filed with or  
17 obtained by the Administrator and which is not made public. No  
18 provision of ~~this act~~ the Oklahoma Uniform Securities Act of 2004  
19 authorizes any member of the Commission, the Administrator or any  
20 other officer or employee of the Department to disclose any such  
21 information except among themselves or when necessary or appropriate  
22 in a proceeding or investigation under ~~this act~~ the Oklahoma Uniform  
23 Securities Act of 2004 or in connection with a proceeding or  
24 investigation conducted by any state, federal or foreign law

1 enforcement agency, securities agency or self-regulatory  
2 organization. No provision of ~~this act~~ the Oklahoma Uniform  
3 Securities Act of 2004 either creates or derogates from any  
4 privilege which exists at common law or otherwise when documentary  
5 or other evidence is sought under a subpoena directed to any member  
6 of the Commission, the Administrator or any other officer or  
7 employee of the Department.

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

11 D. The Governor shall biennially appoint Commission members to  
12 serve for a staggered term of six (6) years. Upon the expiration of  
13 initial terms, the term of each member shall be six (6) years from  
14 the date of his or her appointment and qualification, and until his  
15 or her successor shall qualify. Vacancies shall be filled by the  
16 Governor for the unexpired term. Members shall be eligible for  
17 reappointment.

18 E. The Commission shall select a chair and is hereby authorized  
19 to adopt rules for conducting its proceedings. Any three members  
20 shall constitute a quorum for transacting Commission business. The  
21 Commission shall meet bimonthly on such date as it may designate and  
22 may meet at such other times as it may deem necessary, or when  
23 called by the chair or by any two members. Complete minutes of each  
24 meeting shall be kept and filed in the Department and shall be

1 available for public inspection during reasonable office hours. The  
2 Commission shall report annually to the Governor, to the Speaker of  
3 the House of Representatives and to the President Pro Tempore of the  
4 Senate. The report shall contain the minutes of each meeting held  
5 during the year, legislative recommendations, a summary of  
6 violations of ~~this act~~ the Oklahoma Uniform Securities Act of 2004  
7 and action taken thereon, a list of securities registered under ~~this~~  
8 ~~act~~ the Oklahoma Uniform Securities Act of 2004 and such other data  
9 and information as may be deemed necessary or appropriate. The  
10 Commission is hereby authorized to publish such report, and the  
11 Administrator may sell copies of such report at such price as is  
12 reasonably sufficient to defray the expenses of the Department in  
13 preparing, publishing, and disseminating the same. Each member of  
14 the Commission shall have unrestricted access to all offices and  
15 records under the jurisdiction of the Department. The Commission,  
16 or a majority thereof, may exercise any power or perform any act  
17 authorized for the Administrator under the provisions of ~~this act~~  
18 the Oklahoma Uniform Securities Act of 2004.

19 F. The Commission shall appoint a full-time Administrator, who  
20 shall serve at the pleasure of the Commission. ~~He~~ The Administrator  
21 shall administer the ~~act~~ Oklahoma Uniform Securities Act of 2004  
22 under the supervision of the Commission and in accordance with its  
23 policies.

1       G. The Administrator shall be a person of good moral character,  
2 at least thirty (30) years of age, a resident taxpayer of Oklahoma,  
3 and thoroughly familiar with corporate organization, investment  
4 banking, investment trusts, the sale of securities, and the  
5 statistical details of the manufacturing industries and commerce of  
6 this state. In addition, the Administrator shall:

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

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

14       H. The Administrator, with the approval of the Commission, may  
15 designate a Deputy Securities Administrator, who shall possess the  
16 same qualifications, including bond, required for the Administrator  
17 and who shall perform all the duties required to be performed by the  
18 Administrator when the Administrator is absent or unable to act for  
19 any reason.

20       I. Before assuming office, the Administrator shall give a bond  
21 in the sum of Fifty Thousand Dollars (\$50,000.00) payable to the  
22 State of Oklahoma, to be approved by the Attorney General of the  
23 State of Oklahoma, conditioned that he or she will faithfully  
24 execute the duties of ~~his~~ the office. The Administrator may by rule

1 or order require any employee of the Department to be bonded on the  
2 same condition and in the same or such lesser amount as he or she  
3 determines. The expense of all such bonds shall be paid from funds  
4 available to the Department.

5 J. 1. The internal administrative organization of the  
6 Department shall be determined by the Commission in such manner as  
7 to promote the efficient and effective enforcement of ~~this act~~ the  
8 Oklahoma Uniform Securities Act of 2004. The Department shall  
9 include, but not be limited to, divisions relating to:

- 10 a. registration of broker-dealers, agents, investment
- 11 advisers, and investment adviser representatives,
- 12 b. registration of securities,
- 13 c. investigation and enforcement, and
- 14 d. investor education.

15 2. Within the division of investor education, the Department  
16 may provide the following services at the discretion of the  
17 Administrator:

- 18 a. informing investors of all rights and remedies
- 19 available under this act,
- 20 b. informing investors of the availability of private
- 21 dispute resolution, including arbitration and
- 22 mediation, as an alternative to other courses of
- 23 action,
- 24



- 1           c.    acting as a liaison between investors and the other  
2               divisions of the Department, and
- 3           d.    acting as a liaison between investors and issuers of  
4               securities, broker-dealers or investment advisers  
5               subject to the jurisdiction of the Department under  
6               this act.

7           Nothing in this subsection shall authorize any employee of the  
8 Department to represent the interests of, or to serve as counsel  
9 for, investors in any proceeding or action to include an  
10 administrative or civil proceeding brought by the Department or the  
11 Securities and Exchange Commission, a proceeding brought by the  
12 National Association of Securities Dealers, Inc., or an arbitration  
13 or mediation proceeding. Further, no employee of the Department may  
14 advise any person about the value of securities or as to the  
15 advisability of investing in, purchasing or selling securities, or  
16 as to the value or merits of pursuing a particular course of action.

17           3. Employees of the division of investor education shall not be  
18 exempt from the provisions of the Open Records Act and Section 1-607  
19 of this title.

20           K. The Administrator shall prepare in writing a manual of  
21 necessary employee positions for the Department, including job  
22 classifications, personnel qualifications, duties, maximum and  
23 minimum salary schedules, and other personnel information, which  
24 shall be approved by the Commission. The Administrator may select,

1 appoint, and employ such accountants, auditors, examiners, clerks,  
2 stenographers, and other personnel as he or she deems necessary for  
3 the proper administration of ~~this act~~ the Oklahoma Uniform  
4 Securities Act of 2004, and may fix their compensation and the  
5 salary of the Deputy Administrator. The Deputy Administrator and  
6 other employees of the Department shall serve at the pleasure of the  
7 Administrator.

8 L. The Commission and the Securities Department shall be  
9 assigned offices in Oklahoma City, Oklahoma, by the Office of  
10 Management and Enterprise Services, and all records of the  
11 Commission and Department shall be kept in those offices, unless and  
12 until transferred to the Records Management Division of the Oklahoma  
13 Department of Libraries.

14 M. The Department of Securities' attorney, paralegal, legal  
15 secretary, accountant, investigator, examiner, chief financial  
16 officer, network administrator, business manager, and investor  
17 education coordinator positions shall be in the unclassified service  
18 and are in no way subject to any of the provisions of the Merit  
19 System of Personnel Administration or of the rules promulgated by  
20 the Office of Management and Enterprise Services except those  
21 relating to leave regulations.

22 N. 1. Neither the Administrator nor any employee of the  
23 Department, during their respective terms of employment, shall serve  
24 as a director, officer, shareholder, member, partner, agent or

1 employee of any person who, during the period of such  
2 Administrator's or employee's employment with the Department:

- 3 a. was licensed or applied for registration as a broker-  
4 dealer, agent, investment adviser or investment  
5 adviser representative under this act, or
- 6 b. applied for or secured the registration of securities  
7 under ~~this act~~ the Oklahoma Uniform Securities Act of  
8 2004.

9 2. Nothing in paragraph 1 of this subsection shall prohibit the  
10 holding, purchasing or selling of any securities by the  
11 Administrator or any employee of the Department in accordance with  
12 regulations adopted by the Commission for the purpose of protecting  
13 the public interest and avoiding conflicts of interest.

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

- 18 a. the Administrator together with his or her spouse, or  
19 minor children, owns less than one percent (1%) of any  
20 class of outstanding securities of any such issuer so  
21 long as such securities are not purchased in an  
22 initial public offering, or
- 23 b. such securities are held or purchased through a  
24 management account or trust administered by a bank or

1 trust company authorized to do business in this state  
2 that has sole investment discretion regarding the  
3 holding, purchasing or selling of such securities and  
4 the Administrator or employee did not, directly or  
5 indirectly, advise, counsel or command the holding,  
6 purchasing or selling of any securities or furnish any  
7 information relating to any such securities to such  
8 bank or trust company and further, such account or  
9 trust does not at any time have more than ten percent  
10 (10%) of its total assets invested in the securities  
11 of any one issuer or hold more than five percent (5%)  
12 of the outstanding securities of any class of  
13 securities of any one issuer.

14 O. ~~This act~~ The Oklahoma Uniform Securities Act of 2004 does  
15 not create or diminish a privilege or exemption that exists at  
16 common law, by statute or rule, or otherwise.

17 P. The Administrator may develop and implement investor  
18 education initiatives to inform the public about investing in  
19 securities, with particular emphasis on the prevention and detection  
20 of securities fraud. In developing and implementing these  
21 initiatives, the Administrator may collaborate with public and  
22 nonprofit organizations with an interest in investor education. The  
23 Administrator may accept a grant or donation from a person that is  
24 not affiliated with the securities industry or from a nonprofit

1 organization, regardless of whether the organization is affiliated  
2 with the securities industry, to develop and implement investor  
3 education initiatives. This subsection does not authorize the  
4 Administrator to require participation or monetary contributions of  
5 a registrant in an investor education program.

6 SECTION 3. It being immediately necessary for the preservation  
7 of the public peace, health or safety, an emergency is hereby  
8 declared to exist, by reason whereof this act shall take effect and  
9 be in full force from and after its passage and approval.

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