

Rule Summary and Fiscal Analysis (Part A)**Department Of Commerce**

Agency Name

Division Of Securities

Division

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1301:6-3-15.1

Rule Number

NEW

TYPE of rule filing

Rule Title/Tag Line

Application for investment adviser's license; responsibilities of licensed investment adviser.**RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **No**

2. Are you proposing this rule as a result of recent legislation? **No**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **119.03**

4. Statute(s) authorizing agency to adopt the rule: **1707.20**

5. Statute(s) the rule, as filed, amplifies or implements: **1707.15.1**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

The purpose in rescinding the current version and proposing a new rule is to avoid confusion, provide clarity, and maintain the rule in as updated a version, as possible. The rule, in its entirety, tracks federal provisions pertaining to investment advisers.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

The new rule re-organizes the current provisions, placing most of the definitions at the beginning of the rule for ease in reading and understanding. Procedural provisions including initial licensure, updates, amendments and renewals are contained in the next paragraph. Paragraph (C) contains the minimum competency or designation requirements for licensees and paragraph (D) pertains to an investment adviser's duty of reasonable supervision of its representatives. Books and records maintenance and retentions provisions are contained in paragraph (E) and apply to investment advisers licensed, or required to be licensed, with the Division. Paragraph (F) pertains to the prevention of misuse of nonpublic information. Paragraph (G) contains disclosure requirements or the "brochure rule" that investment advisers must provide to clients prior to entering advisory contracts. Paragraph (G) also contains disclosure requirements for investment advisers involved in wrap fee programs. Paragraph (H) pertains to investment advisory contracts and compensations parameters. Lastly, paragraph (I) pertains to withdrawal from licensure, and provisions pertaining to discontinuation of employment or affiliation of an investment adviser representative with an investment adviser are located in paragraph (J).

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

The UCS and CFR as federal laws and rules are readily and generally available to the public in various mediums, including local public libraries, the Internet, college libraries, and the Library of Congress.

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

N/A

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

Not Applicable.

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so:

Not Applicable.

12. 119.032 Rule Review Date:

(If you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: At time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

FISCAL ANALYSIS

13. Estimate the total amount by which *this proposed rule* would **increase / decrease** either **revenues / expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will have no impact on revenues or expenditures.

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N/A

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

N/A

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

No, or nominal, cost to persons directly affected.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**

