

**MEMORANDUM**

TO: D. Michael Quinn, Ohio Department of Commerce
FROM: Paula Steele, Regulatory Policy Advocate
DATE: April 13, 2015
RE: CSI Review – Registration of Securities (OAC 1301:6-3-02; 1301:6-3-03; 1301:6-3-04.1; 1301:6-3-06; 1301:6-3-08; 1301:6-3-09; 1301:6-3-09.1; 1303:6-3-09.3; 1301:6-3-12; and 1303:6-3-13)

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This Department of Commerce, Division of Securities rule package consists of ten proposed rules – eight no-change and two amended – which are being reviewed subject to the five-year rule review requirement prescribed in Ohio statute. The proposed rules address various aspects of the registration of securities under the regulation of the Division. The rule package was submitted to the CSI Office on January 20, 2015 with the comment period ending on February 13, 2015. No comments were received during the comment period.

The draft rules in this package address the way in which securities registrations are to be accomplished as well as various exemptions to state registration requirements. The rules include definitions, specific exemptions and how to claim them, procedures for registering a securities offering (including forms and notice requirements), length of time an issuer may sell its securities, and procedures for electronic filings. According to the BIA submitted, the Division engaged in direct outreach to stakeholder groups as part of the five-year review, and subsequently shared the proposed results of the review with stakeholders. No concerns were expressed by the stakeholders and no comments were received during the CSI review period.

The proposed rules address how to be compliant but do not impose fees or directly articulate

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disciplinary actions, fines or penalties for non-compliance of the rules. The Division justifies the rules as promoting safety and equality in the securities market through consistent regulation and full an adequate disclosure requirements. The CSI Office agrees that the rules are justified.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Department of Commerce Division of Securities should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Director of Regulatory Policy



MEMORANDUM

TO: D. Michael Quinn, Ohio Department of Commerce
FROM: Paula Steele, Regulatory Policy Advocate
DATE: February 17, 2015
RE: CSI Review – Administrative and Definitional Rules (OAC 1301:6-1-01, 1301:6-1-03 and 1301:6-3-01)

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This Department of Commerce, Division of Securities rule package consists of three proposed rules – one no-change, one amended and one rescinded – which are being reviewed subject to the five-year rule review requirement prescribed in Ohio statute. The proposed rules pertain to a Division policy to not provide an opinion of the value of any security, notifications for adopting or rescinding rules, and definitions. The BIA asserts, and the CSI Office concurs, that the proposed rules do not create an adverse impact to business.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Department of Commerce, Division of Securities should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Director of Regulatory Policy



MEMORANDUM

TO: D. Michael Quinn, Ohio Department of Commerce
FROM: Paula Steele, Regulatory Policy Advocate
DATE: April 13, 2015
RE: CSI Review – Securities Licensing (OAC 1301:6-3-14; 1301:6-3-14.1; 1301:6-3-14.2; 1301:6-3-15; 1301:6-3-15.1; 1301:6-3-16; 1301:6-3-16.1; 1301:6-3-16.3; and 1301:6-3-16.5)

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This Department of Commerce, Division of Securities rule package consists of nine proposed rules – four no-change and five amended – which are being reviewed subject to the five-year rule review requirement prescribed in Ohio statute. The proposed rules address various aspects of the different licenses issued by the Division. The rule package was submitted to the CSI Office on January 20, 2015 with the comment period ending on February 13, 2015. No comments were received during the comment period.

Pursuant to statute, the Division issues a number of different licenses, including for securities dealers, securities salespersons, investment advisers, investment adviser representatives, state retirement system investment officers, and the Bureau of Workers' Compensation Chief Investment Officer. The draft rules in this package establish the processes required for these various licenses, as well as exemptions in certain cases. According to the BIA submitted, the Division engaged in direct outreach to stakeholder groups as part of the five-year review, and subsequently shared the proposed results of the review with stakeholders. No concerns were expressed by the stakeholders and no comments were received during the CSI review period.

The BIA also indicates that most of the impacts to business from these regulations – specifically,

license requirements and associated fees – are established by statute rather than these rules. The BIA does describe in greater detail the administrative compliance costs for the processes established by these rules. Ultimately, the regulations help protect consumers and promote the confidence necessary for a strong securities market in Ohio. Therefore, the CSI Office believes the impacts from the rules are justified.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Department of Commerce Division of Securities should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Director of Regulatory Policy



MEMORANDUM

TO: D. Michael Quinn, Ohio Department of Commerce
FROM: Paula Steele, Regulatory Policy Advocate
DATE: April 13, 2015
RE: **CSI Review – Procedures and Prohibitions** (OAC 1301:6-3-19, 1301:6-3-23, 1301:6-3-39.1, 1301:6-3-44 and 1301:6-3-48)

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This Department of Commerce Division of Securities rule package consists of five proposed rules – one no-change and four amended – which are being reviewed subject to the five-year rule review requirement prescribed in Ohio statute. The proposed rules address aspects of registration of securities and licensing. The rule package was submitted to the CSI Office on January 20, 2015 with the comment period ending on February 13, 2015. No comments were received during the comment period.

The proposed rules define deceptive practices and behavior that constitutes good business reputation for security dealers and salespersons. In addition, the proposed rules address the Division's disciplinary hearing process, procedures to apply for a retroactive exemption, qualification, or registration of securities and the Division's internal record's retention policies. Most of the amendments were minor; however, OAC 1301:6-3-39.1 was amended to allow filers credit for previous filing fees, and OAC 1301:6-3-44 was amended to include violations of state securities regulations as disqualifying offenses.

According to the BIA submitted, the Division engaged in direct outreach to stakeholder groups as part of the five-year review, and subsequently shared the proposed results of the review with stakeholders. No concerns were expressed by the stakeholders and no comments were received

during the CSI review period. The proposed rules address how to be compliant but do not directly articulate disciplinary actions, fines or penalties for non-compliance of the rules. Non-compliance ramifications are contained within ORC Chapter 1707. The Division justifies the rules as promoting safety and equality in the securities market through consistent recordkeeping and disclosure requirements, and promote consumer confidence in the market. The CSI Office agrees that the rules are justified.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Department of Commerce Division of Securities should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Director of Regulatory Policy