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R.C. 121.93 Required Report

- 1) **Date: March 21, 2023**
- 2) **Agency: Department of Commerce, Division of Securities**
- 3) **Agency Contact**
 - a) Name: Roger L. Patrick, Jr.
 - b) Email: roger.patrick@com.ohio.gov
 - c) Phone: 614-644-4859
- 4) Provide the number of operations reviews that your agency completed during the governor's recently expired term. **One**
- 5) List any principles of law or policies described in [R.C. 121.93\(A\)](#) that your agency identified in your operations review(s). **Registration by Qualification**
- 6) Describe your agency's considerations regarding the identified principles of law or policies under [R.C. 121.93\(B\)](#).

The Division of Securities proposes to amend O.A.C. 1301:6-3-09 by incorporating by reference existing national industry standards and by formally adopting guidelines that have been used by the industry and enforced by the Division for many years to facilitate the registration process.

- 7) List any principles of law or policies for which your agency determined rulemaking is indicated or for which your agency has commenced the rulemaking process under [R.C. 121.93\(C\)](#).

The Division proposes to amend O.A.C. 1301:6-3-09 by incorporating by reference existing national industry standards and by formally adopting guidelines that have been used by the industry and enforced by the Division for many years to facilitate the registration process. More specifically, the Division proposes to formally incorporate the North American Securities Administrators Association (NASAA) Statements of Policy, the Division's "Merit Standards for Securities Offerings," and other guidelines that have been in longstanding use in order to (1) make the policy more available to the public and to the filers that may be

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specifically affected; and (2) to clarify regulatory requirements of the rule and the statute with which the rule is associated. The proposed amendment allows for a good cause waiver of these policy statements and guidelines by expressly prefacing the new subsections with the text “absent good cause shown.”

The Division is currently in the process of amending O.A.C. 1301:6-3-09. The Division started this process on October 12, 2021 after a stakeholder raised an issue with the rule. After discussions with JCARR, the Division agreed to voluntarily undertake a rulemaking effort to incorporate NASAA Statements of Policy into rule, eliminating the need for the Division’s appearance at the hearing. The Division circulated a draft of the amended rule to stakeholders in April 2022. The initial complaining stakeholder was not satisfied with the draft, leading to a second notice (dated November 10, 2022) for the Division to appear before JCARR to address the stakeholder’s remaining concern. The Division appeared to answer those concerns and provide testimony. At the conclusion of the hearing, JCARR voted to recommend that the Division commence the rule making process to incorporate NASAA Statements of Policy and other guidelines into rule.

The Division made additional revisions and submitted the proposed rule amendment to the Common Sense Initiative on January 20, 2023. There were several comment letters submitted by stakeholders before the comment period ended February 28, 2023. The Division also invited stakeholders to attend a meeting on March 21, 2023 where the Division and stakeholders engaged in discussion about the concerns for rule amendment. The Division is in the process of responding to the comment letters through submission of a memorandum to CSI. The Division plans to file the amended rule to JCARR after CSI review is complete.