

RECEIVED

AUG 03 2018

BUREAU OF
LEGISLATIVE RESEARCH

Arkansas Securities Department
No. 214.00

Marked-Up Version

Proposed

Amendments to the following Rules of the Arkansas Securities Commissioner

Rule 302.01(c) EXAMINATION OF AGENTS AND SUPERVISORS. The Commissioner requires that written examinations on general securities knowledge and state securities law be taken and passing scores achieved within a two (2) year period immediately preceding the filing date of the application before an applicant will be considered eligible for registration.

(1) Agent. An applicant to be an agent must achieve passing scores for the appropriate FINRA examinations. FINRA rules effective October 1, 2018 require agents to pass the Securities Industry Essentials Exam (SIE) and a specialized knowledge exam appropriate to their job function. Agent applicants must also pass the Series 63 or Series 66 exam that addresses state law. Prior to October 2018 agents were required to pass a Series 7 or Series 1 exam along with an exam covering state law. following examinations:

~~(A) — Series 1 — Registered Representative or~~

~~Series 7 — General Securities Representative; and~~

~~(B) — Series 63 — Uniform Securities Agent State Law, or~~

~~Series 66 — Uniform Combined State Law~~

(2) Limited Agent. Applicants successfully completing a limited knowledge examination will only be eligible for registration to effect transactions in those securities that were covered by the limited examination. Applicants shall satisfy the state law examination requirement by passing the Series 63 or Series 66 examination and the knowledge requirement by passing at least one of the following limited knowledge securities examination.s:

~~Series 6 — Investment Company Products;~~

~~Series 17, 37, or 38 — All General Securities Except Municipal;~~

~~Series 22 — Direct Participation Programs;~~

~~Series 42—Registered Options Representative;~~

~~Series 52—Municipal Securities;~~

~~Series 55—Equity Trader;~~

~~Series 62—Corporate Securities;~~

~~Series 72—Government Securities;~~

~~Series 79—Investment Banking; and~~

~~Series 82—Private Securities.~~

- (3) Supervisor. An agent designated as a supervisor must achieve passing scores for the appropriate FINRA examinations. FINRA rules effective October 1, 2018 require agents to pass the SIE and a specialized knowledge exam appropriate to their job function. Agent applicants must also pass the Series 63 or Series 66 exam that addresses state law. Prior to October 2018 agents were required to pass the Agent exams along with a Series 24 exam or the Series 9 and Series 10 exams combined with the Series 23 exam. following examinations:

~~The agent examination requirements in Rule 302.01(c)(1); and~~

~~Series 24—General Securities Principal (formerly Series 40 or Series 00), or~~

~~Series 9 and Series 10—General Securities Sales Supervisor (formerly Series 8), combined with the~~

~~Series 23—General Securities Principal Qualification~~

- (4) Limited Supervisor. If the firm is limited in its scope of business and provides verification of the same to the Commissioner then at least one (1) agent designated as a limited supervisor must achieve passing scores for the appropriate FINRA examinations. following examinations:

~~The agent examination requirement in Rule 302.01(c)(2); and~~

~~At least one (1) limited scope securities principal examination that is appropriate for the supervision of agents with a limited registration. The following limited scope securities principal examinations are recognized:~~

~~Series 4—Options Principal;~~

~~Series 26—Investment Company Products;~~

~~Series 39—Direct Participation Programs;~~

~~Series 51—Municipal Fund Securities; and~~

~~Series 53—Municipal Securities.~~

- (5) Any individual who has been registered as a general securities agent, general securities principal, or investment adviser representative in any state, commonwealth, territory, district, or province in the United States or Canada within the two (2) years immediately preceding the filing of an application and who has at any time in the past met the requirements of Rule 302.01(c) shall not be required to repeat the examinations in order to become registered.
- (6) Solely in those cases where circumstances warrant because of the limited time; amount; nature of the issue or transaction involved; or the specific circumstances unique to the applicant, the Commissioner may, upon petition and good cause shown by the applicant, waive any or all of the examination requirements set forth above.

Rule 302.02(f) EXAMINATION OF INVESTMENT ADVISER REPRESENTATIVE.

- (1) Examination Requirements. An individual applying to be registered as an investment adviser representative under the Act shall provide the Commissioner with proof of knowledge of the investment advisory business and the Act by obtaining a passing score(s) within the two (2) year period immediately preceding the filing date of the application, on either of the following examinations:
 - (A) Series 65 - Uniform Investment Adviser Law; or
 - (B) Appropriate FINRA examinations for registration as a Broker-dealer Agent set out in Rule 302.01(c)(1) ~~Series 7—General Securities Representative~~, combined with the Series 66, Uniform Combined State Law exam.
- (2) Waivers. The examination requirements under Rule 302.02(f)(1) shall not apply to an individual who currently holds and maintains in good standing one (1) of the following professional designations:
 - (A) Certified Financial Planner (CFP) awarded by the Certified Financial Planner Board of Standards;
 - (B) Chartered Financial Consultant (ChFC) awarded by the American College, Bryn Mawr, Pennsylvania;

- (C) Personal Financial Specialist (PFS) awarded by the American Institute of Certified Public Accountants;
 - (D) Chartered Financial Analyst (CFA) awarded by the CFA Institute;
 - (E) Chartered Investment Counselor (CIC) awarded by The Investment Adviser Association; or
 - (F) Any other professional designation as the Commissioner may by rule or order accept.
- (3) Any individual who has been registered as an investment adviser representative or broker-dealer agent in any state, commonwealth, territory, district, or province in the United States or Canada within the two years immediately preceding the filing of an application and who has at any time in the past met the requirements of Rule 302.02(f)(1) shall not be required to repeat the examinations in order to become registered as an investment adviser representative.
- (4) Solely in those cases where circumstances warrant because of the limited time; amount; or nature of the issue or transaction involved; or the specific circumstances unique to the applicant, the Commissioner may, upon petition and good cause shown by the applicant, waive, any or all of the examination requirements set forth above.
- (5) An applicant who is an agent for a broker-dealer/investment adviser and who is not required by the agent's home jurisdiction to make a separate filing on CRD as an investment adviser representative but who has previously met the requirements of Rule 302.02(f)(1) shall not be required to repeat the examinations in order to become registered as an investment adviser representative in this state.

RECEIVED

AUG 08 2018

BUREAU OF
LEGISLATIVE RESEARCH

Arkansas Securities Department
No. 214.00

Proposed – Clean Version

Amendments to the following Rules of the Arkansas Securities Commissioner

- Rule 302.01(c) EXAMINATION OF AGENTS AND SUPERVISORS.** The Commissioner requires that written examinations on general securities knowledge and state securities law be taken and passing scores achieved within a two (2) year period immediately preceding the filing date of the application before an applicant will be considered eligible for registration.
- (1) **Agent.** An applicant to be an agent must achieve passing scores for the appropriate FINRA examinations. FINRA rules effective October 1, 2018 require agents to pass the Securities Industry Essentials Exam (SIE) and a specialized knowledge exam appropriate to their job function. Agent applicants must also pass the Series 63 or Series 66 exam that addresses state law. Prior to October 2018 agents were required to pass a Series 7 or Series 1 exam along with an exam covering state law.
 - (2) **Limited Agent.** Applicants successfully completing a limited knowledge examination will only be eligible for registration to effect transactions in those securities that were covered by the limited examination. Applicants shall satisfy the state law examination requirement by passing the Series 63 or Series 66 examination and the knowledge requirement by passing at least one limited knowledge securities examination.
 - (3) **Supervisor.** An agent designated as a supervisor must achieve passing scores for the appropriate FINRA examinations. FINRA rules effective October 1, 2018 require agents to pass the SIE and a specialized knowledge exam appropriate to their job function. Agent applicants must also pass the Series 63 or Series 66 exam that addresses state law. Prior to October 2018 agents were required to pass the Agent exams along with a Series 24 exam or the Series 9 and Series 10 exams combined with the Series 23 exam.
 - (4) **Limited Supervisor.** If the firm is limited in its scope of business and provides verification of the same to the Commissioner then at least one (1) agent designated as a limited supervisor must achieve passing scores for the appropriate FINRA examinations.
 - (5) Any individual who has been registered as a general securities agent, general securities principal, or investment adviser representative in any state, commonwealth, territory, district, or province in the United States or Canada within the two (2) years immediately preceding the filing of an application and who has at any time in the past met the requirements of Rule 302.01(c)

shall not be required to repeat the examinations in order to become registered.

- (6) Solely in those cases where circumstances warrant because of the limited time; amount; nature of the issue or transaction involved; or the specific circumstances unique to the applicant, the Commissioner may, upon petition and good cause shown by the applicant, waive any or all of the examination requirements set forth above.

Rule 302.02(f) EXAMINATION OF INVESTMENT ADVISER REPRESENTATIVE.

- (1) Examination Requirements. An individual applying to be registered as an investment adviser representative under the Act shall provide the Commissioner with proof of knowledge of the investment advisory business and the Act by obtaining a passing score(s) within the two (2) year period immediately preceding the filing date of the application, on either of the following examinations:
 - (A) Series 65 - Uniform Investment Adviser Law; or
 - (B) Appropriate FINRA examinations for registration as a Broker-dealer Agent set out in Rule 302.01(c)(1), combined with the Series 66, Uniform Combined State Law exam.
- (2) Waivers. The examination requirements under Rule 302.02(f)(1) shall not apply to an individual who currently holds and maintains in good standing one (1) of the following professional designations:
 - (A) Certified Financial Planner (CFP) awarded by the Certified Financial Planner Board of Standards;
 - (B) Chartered Financial Consultant (ChFC) awarded by the American College, Bryn Mawr, Pennsylvania;
 - (C) Personal Financial Specialist (PFS) awarded by the American Institute of Certified Public Accountants;
 - (D) Chartered Financial Analyst (CFA) awarded by the CFA Institute;
 - (E) Chartered Investment Counselor (CIC) awarded by The Investment Adviser Association; or
 - (F) Any other professional designation as the Commissioner may by rule or order accept.
- (3) Any individual who has been registered as an investment adviser representative or broker-dealer agent in any state, commonwealth, territory,

district, or province in the United States or Canada within the two years immediately preceding the filing of an application and who has at any time in the past met the requirements of Rule 302.02(f)(1) shall not be required to repeat the examinations in order to become registered as an investment adviser representative.

- (4) Solely in those cases where circumstances warrant because of the limited time; amount; or nature of the issue or transaction involved; or the specific circumstances unique to the applicant, the Commissioner may, upon petition and good cause shown by the applicant, waive, any or all of the examination requirements set forth above.
- (5) An applicant who is an agent for a broker-dealer/investment adviser and who is not required by the agent's home jurisdiction to make a separate filing on CRD as an investment adviser representative but who has previously met the requirements of Rule 302.02(f)(1) shall not be required to repeat the examinations in order to become registered as an investment adviser representative in this state.