

## HF4040/SF4156 (KOTYZA-WITTHUHN / KLEIN) COMMERCE SECURITIES POLICY BILL

### WHAT DOES THIS BILL DO?

HF4040/SF4156 includes updates to statutes and direction to the department to do rulemaking that will allow the Commerce Department to better serve Minnesota's Investment Adviser Representatives (IARs), investors, consumers, and businesses. This bill does the following:

- Establishes a continuing education program for Investment Advisor Representatives (IARs) registered in Minnesota, as recommended by the North American Securities Administrators Association (NASAA).
- Amends the IAR qualification requirements, which are currently listed in Minnesota statute §80A.61, subdivision (g)(1)(i)(B) to add in the Series 7 exam requirement to the definition.
- Institute "notice filings" for securities issuers offering securities under the Regulation A Tier 2 (Reg A, Tier 2) federal exemption. Currently companies issuing Reg A, Tier 2 securities are exempt from state registration, and file statements with the SEC. This provision would require the issuer to prove the state with copies of Reg A, Tier 2 documents filed with the SEC.
- Establish the option to defer payment of initial franchise fees until a business opens, amending Minnesota Statute . §80C.05, subdivision 3. The Department currently offers this fee deferral option administratively, and the provision would bring that practice into statute.

### WHY IS THIS BILL IMPORTANT?

IARs are entrusted to advise clients as they make important financial decisions regarding their life savings. Advisers in Minnesota should be informed on current industry regulations and best practices. Furthermore, notice filings ensures bad actors can be identified on the state level enabling the department to monitor and provide consumer protection to Minnesota investors. Finally, bringing the existing practice of franchise fee deferrals into statute will ease the financial burden of expanding a business in Minnesota.

### HOW WILL MINNESOTANS BE BETTER OFF IF WE PASS THIS BILL?

This bill will benefit Investors, their advisors, consumers, and business owners. IARs will benefit from clarifying their qualification and continuing education requirements. By bringing both in line with national best practices, we ensure Minnesota's IARs are not hindered by unnecessary additional red tape. Investors can invest confidently knowing that the state and federal governments are protecting them from bad actors. Finally, expanding a business is a huge financial risk. This bill enables the Department of Commerce to empower Minnesotan business

### CONTACT US

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