



Occupational Licensing Review

Board Questionnaire

Board Name Division of Securities

Point of Contact Rachael Carl, Legislative Director

Describe the board's primary purpose and its various goals and objectives

The Ohio Securities Act has required the licensure of firms and professionals engaged in the securities markets on behalf of Ohio investors since 1913. The Ohio legislature enacted the state's first "blue sky law" in response to the Bankers' Panic of 1907 and the rise of securities fraud cases following World War I. In 1917, the United States Supreme Court upheld the statute against charges that it violated the Fourteenth Amendment and unduly burdened interstate commerce. (*Hall v. Geiger-Jones Co.*, 242 US 539 (1917)).

The Ohio Division of Securities ("Division") oversees the securities marketplace in Ohio in accordance with the Ohio Securities Act, as codified in Chapter 1707 of the Ohio Revised Code ("ORC"), and associated rules set forth in the Ohio Administrative Code ("OAC") 1301: 6-3 et seq. The Division's primary goals are to protect Ohio investors and position Ohio securities markets for healthy, sustainable growth. It seeks to achieve those goals by making Ohio a welcome home for securities professionals and other market participants; providing fair access to capital, especially for start-ups and other small companies seeking to create jobs and grow their business; and preserving the wealth and capital of Ohio families and businesses through smart policy, education, examination, and enforcement.

In terms of its Licensing program, it oversees one of the state's largest registrant populations, regulating more than 215,000 securities firms and individual professionals. In addition to its Licensing function, the Division also: (1) oversees securities registration and exemption filings made for securities offerings in Ohio (of which more than 7,800 such filings were made in the last reporting year); (2) investigates and prosecutes securities fraud and violations through administrative, civil, and criminal enforcement action; and (3) provides direct investor education and outreach to facilitate informed investing practices and to prevent fraud and abuse.

Describe and identify the board's past and anticipated workload, number of staff required to complete workload, and total number of staff

a. The Division's workload is heavy and continues to grow year after year. Focusing on the Division's Licensing function, the Division's overall registrant population has grown 13.8% over the course of the past five years, from 189,096 total licenses renewed in 2014 to 215,189 licenses renewed in 2019. Specifically, during this 5 year time period:

- i. Dealer population has decreased 8%, from 2,122 firms to 1,950
- ii. Salesperson population has increased 14%, from 166,825 agents to 190,222
- iii. Investment adviser population has increased 17%, from 2,468 firms to 2,890
- iv. Investment adviser representative population has increased 13.8%, from 17,603 representatives to 20,031
- v. State Retirement System Investment Officer (SRSIO) population has increased 23%, from 78 to 96
- vi. Bureau of Worker's Compensation Investment Officer (BWCCIO) population has remained unchanged (only 1 investment officer position established by law).

b. The Division has a total of 39 full-time employees. Eleven of those employees work within the Division's Licensing Section. The latter number has not changed over the course of the past five years and does not include support that these employees receive on a regular basis from the Division's other sections (Administration, Enforcement, and Corporation Finance) or the agency's administrative sections (Legal, HR, Fiscal, IT, and Policy).

c. The Division's Licensing staff focuses most of their time on applications for licensure (initial, renewal, and transfer); on-going compliance via examination (routine or for-cause); and gatekeeping via suspension, revocation, or restriction of a license. As certain licensees are subject to concurrent federal registration and review (broker-dealer and federal investment adviser firms), the Licensing staff directs most of their resources and attention to licensees for which the state has exclusive licensing authority (state-registered investment adviser firms and all investment adviser representatives) as well as the individual agents of broker-dealer firms that are not closely examined by federal regulators at the licensing level.

d. The Division's Licensing staff is also very interested in acquiring new team members who have technological expertise in the areas of cybersecurity and fintech as these are growing regulatory priorities within the securities industry.

Describe and identify the board's past and anticipated budgets and its sources of funding

The Division's main operating account, which funds the operations of the Licensing section and other sections, is known as Fund 5500. The Division requested \$5,284,994 for each year in the FY2020-2021 biennium. As noted earlier, the Division has not increased staffing within the Licensing Section over the course of the past five years so the budget devoted to this function has remained flat. The primary source of funding for Fund 5500 is Licensing revenue, which like the total number of registrants, has steadily increased year-over-year for the past five years. In FY2019, the Division generated \$14,689,595 in Licensing revenue alone.

Identify the number of members of its governing board or other governing entity and their compensation, if any

There is no governing board or commission. The Licensing section is housed entirely within the Division and staffed by full-time agency employees of the Ohio Department of Commerce.

Is the preservation of the board necessary to protect the public's health, safety, or welfare? If so, is the authority of the board narrowly tailored to protect the public's health against present, recognizable, and significant harms to the public's health safety and welfare?

a. Yes, preservation of the Division is necessary to protect the public's health, safety, and welfare. The Division is the only state authority charged with the regulation of the sale of securities products in Ohio, the licensure of securities professionals working with Ohio investors, as well as the only authority empowered to investigate securities crimes and violations of the Ohio Securities Act on behalf of Ohio victims.

b. Yes, the Division's authority is narrowly tailored (but broadly construed by the courts) to fulfill its public protection mandate. While there have been amendments to the Ohio Securities Act since its initial enactment in 1913, the Division's authority has remained stable and acutely focused on these functions for more than a century.

Could the public be protected or served in an alternate or less restrictive manner?

No, the Ohio investing public could not be protected or served in an alternate or less restrictive manner. Like all other U.S. jurisdictions, the State of Ohio needs a local regulator accountable directly to the public in ensuring the safety and integrity of the securities markets. The critical gatekeeping function that the Division's Licensing team serves by screening out incompetent and unscrupulous actors from the securities workforce is an Ohio investor's first line of defense to fraud and loss.

To illustrate this point, in FY2019, the Licensing staff reviewed over 7,700 individuals with disciplinary disclosure (up from 6,855 individuals in FY2018), conducting a more extensive screening prior to state approval or to permit continuing state licensure. The Division field examiners conducted 331 registrant on-site examinations and 37 pre-licensing examinations in FY2019 (282 registrant on-site examinations and 61 pre-licensing examinations in FY2018).

Does the board serve a specific private interest?

No, the Division does not serve a specific private interest. The Division was established to serve the public's interest in monitoring the safety of the securities products they invest in and the market participants they wish to do business with.

Are the board's rules consistent with the legislative mandate expressed in the statutes that created and empowered the board?

Yes, the Division's rules are consistent with the legislative mandates expressed in the Ohio Securities Act. As is the case with all agency rules, any changes to the the Division's rules must go through the public comment process (including specific vetting with industry stakeholders) and further independent review by the Common Sense Initiative Office and the Joint Committee on Agency Rule Review prior to adoption to ensure they are consistent with the Division's legislative mandate. The Division's entire set of rules, moreover, are reviewed in toto every five years.

If applicable, please identify any licenses or functions of the board that could be eliminated or consolidated

There are no licenses or functions of the Division that could be eliminated or consolidated.

Describe the extent to which the board's jurisdiction and programs overlap or duplicate those of other boards, the extent to which the board coordinates with those other boards, and the extent to which the board's programs could be consolidated with the programs of other state departments or boards.

a. The Division's jurisdiction and programs do not overlap or duplicate those of any other Ohio agencies or boards. The only jurisdictional overlap that exists is with other federal regulators. Specifically, the Division shares regulatory oversight with its federal counterparts (the United States Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA)), as well as other state securities regulators that share a common licensee, issuer, or enforcement target. In addition, there are licensees for which the Division is the exclusive regulator (i.e., state-registered Investment Advisers, Investment Adviser Representatives, SRSIOs, and the BWCCIO).

b. Collectively, the Division and these other state and federal regulators coordinate and collaborate to monitor the nation's expansive securities markets and market players. To ensure adequate coverage at both the local and national level for both small and large actors, a complementary, rather than consolidated, approach to securities regulation has worked best for more than a century.

How many other states regulate the occupation or occupations under the board's jurisdiction? Is a license required to engage in that occupation or those occupations in other states? Are the initial licensing and license renewal requirements for the occupation or occupations substantially equivalent in every state? How does the amount of regulation exercised by the board compare to the regulation of the occupation or occupations, if any, in other states?

a. All other 49 U.S. states and the District of Columbia regulate the same license types as the Division, with the exception of the SRSIOs and the BWCCIO. While the Division has not completed a 50 state survey, it is our belief that Ohio is somewhat unique in requiring licensure of these public retirement system investment officers. The additions to the Ohio Securities Act regarding licensure of SRSIOs came about in June 2004, together with other investment management reforms under Senate Bill 133, and appear in R.C. 1707.162 - 1707.163. Similarly, the licensing requirement for the BWCCIO was enacted in September 2005, as part of House Bill 66. See R.C. 1707.164 -1707.165.

b. Yes, a license is required to engage in the occupations of dealer, salesperson, investment adviser, and investment adviser representative in all other states.

c. The initial licensing and renewal requirements for dealers, salespersons, investment advisers and investment adviser representatives are substantially equivalent in every state. Specifically, market participants have been utilizing uniform registration and disclosure forms (e.g., Forms BD, BD-W, U4, U5, U6, ADV, ADV-W) to request licensure or update regulatory disclosures with federal and all state regulators for decades. Moreover, the competency qualifying examinations (e.g., Series 7, Series 6, Series 65) are uniform examinations that can be used to obtain individual licensure across the country. Finally, the Web CRD/IARD systems are robust, online registration and disclosure filing systems, many functions which occur in real-time, that are utilized by all federal and state securities regulators, including Ohio. This "one-stop-shop" system allows market participants to make bulk/batch filings, pay fees, make updates, and request renewals to all applicable regulators in one electronic process.

d. The amount of regulation exercised by the Division over dealers, salespersons, investment advisers, and investment adviser representatives is very similar to that exercised in other states. The Division does perform extensive background screening of licensed professionals, including collection of confidential fingerprint data to identify individuals with a criminal history involving the sale of securities. Only a minority of states have this authority.

Would significant changes in the board's rules prevent an individual licensed in Ohio from practicing, or allow an individual licensed in Ohio to practice, the same occupation in another jurisdiction without obtaining an occupational license for that occupation in that other jurisdiction?

While the initial licensing and renewal requirements for dealers, salespersons, investment advisers, and investment adviser representatives are very similar in every state, a license in one state does not automatically qualify someone for a license in another state. As such, significant changes in the Division's rules wouldn't have an immediate impact on the person's licensure with another state, but it could make Ohio's requirements less uniform, or possibly more or less onerous by comparison.

Does the board recognize national uniform licensure requirements for one or more occupations under the board's jurisdiction?

Yes. For licensure of dealers, salesperson, investment advisers, and investment adviser representatives, the Division recognizes national uniform application and disclosure forms, as well as recognizing national uniform competency exams and professional designations. As discussed above, market participants have been utilizing uniform registration and disclosure forms (e.g., Forms BD, BD-W, U4, U5, U6, ADV, ADV-W) to request licensure or update regulatory disclosures with federal and all state regulators for decades. Moreover, the competency qualifying examinations (e.g., Series 7, Series 6, Series 65) are uniform examinations that are used to obtain individual licensure across the country. The five professional designations accepted by the Division for certain licensees (Certified Financial Planner, Chartered Financial Analyst, Chartered Financial Consultant, Chartered Investment Counselor, CPA with Personal Financial Specialist Designation) are nationally-recognized designations and are accepted by a majority of other state securities regulators as well. Finally, the Web CRD/IARD systems are robust, online registration and disclosure filing systems, many functions which occur in real-time, that are utilized by all federal and state securities regulators, including Ohio, as well as industry participants.

Could private contractors be used, in an effective and efficient manner, either to assist the board in the performance of its duties or to perform these duties instead of the board?

It is not likely that private contractors could be used, in a cost-effective and efficient manner, either to assist the Division in the performance of its duties or to perform these duties instead of the Division. The Division is staffed by full-time agency employees housed within the Department of Commerce who have obtained industry specific training, advanced degrees and professional certifications, all of which accomplishes highly-specialized efficiencies in this area. Private sector pay for these individuals is expected to be many multiples of existing state agency employee pay.

Has the operation of the board inhibited economic growth, reduced efficiency, or increased the cost of government?

No, the operation of the Division has not inhibited economic growth, reduced efficiency, or increased the cost of government. As discussed above, the Division's licensee population has increased 13.8% over the past 5 years, while the number of Division staff members dedicated to the Licensing program has remained flat during that time period. In addition, 99% of all applications, renewals, and disclosure updates filed with the Division are done so electronically, ensuring ease and efficiency for the licensing population.

Describe the authority of the board regarding fees, inspections, enforcement, and penalties.

- a. The Division's authority to charge licensing fees is set forth in RC 1707.17.
- b. The Division's Enforcement authority (including inspections) is set forth in RC 1707.23.
- c. The Division's authority to issue penalties against licensees (denial, suspension, revocation) is set forth in RC 1707.19, in accordance with Chapter 119 of the Ohio Revised Code. The Division does not have authority to issue a fine or any other type of monetary penalty without the voluntary consent of a licensee.

Describe the extent to which the board has permitted qualified applicants to serve the public.

The Division grants licenses to any individual or business so long as they meet the requirements under the Ohio Securities Act. Generally speaking, all license types require a combination of the following elements: completion of an application form, payment of the application fee, proof of minimum competency, completion of background check (fingerprint results), have complied with the Act and rules promulgated thereunder, and be "of good business repute." So long as the applicant meets all of the criteria, they are issued a license allowing them to serve Ohio's investing public. In calendar year 2018, the Division approved 98.7% of all salesperson and investment adviser representative applications.

Describe the extent to which the board has permitted individuals to practice elements of the occupation without a license.

The Ohio Securities Act prescribes: (1) certain definitional exemptions (carving the individual/entity/type of conduct out of the Act), and (2) certain licensing exceptions where the activity is being done in a limited scope or with specified clients. All exemptions and exceptions are self-executing (i.e., no filing or application to the Division is required). Below are a few of the exemptions and exceptions available under the Act (Note: A complete list can be supplied upon request):

For instance, within the definition of "dealer," (R.C. 1707.01(E)) there are exemptions for: (a) any issuer, including any officer, director, employee, or trustee of, or member or manager of, or partner in, or any general partner of, any issuer, that sells, offers for sale, or does any act in furtherance of the sale of a security that represents an economic interest in that issuer, provided no commission, fee, or other similar remuneration is paid to or received by the issuer for the sale; (b) Any licensed attorney, public accountant, or firm of such attorneys or accountants, whose activities are incidental to the practice of the attorney's, accountant's, or firm's profession; (c) Any person that, for the account of others, engages in the purchase or sale of securities that are issued and outstanding before such purchase and sale, if a majority or more of the equity interest of an issuer is sold in that transaction, and if, in the case of a corporation, the securities sold in that transaction represent a majority or more of the voting power of the corporation in the election of directors; (d) Any person that brings an issuer together with a potential investor and whose compensation is not directly or indirectly based on the sale of any securities by the issuer to the investor; (e) Any bank. The definition of "dealer" also excludes "any person who is a member in good standing of a self-regulatory agency or stock exchange in Canada and is registered as a broker or dealer in a Canadian province or territory provided all transactions in Ohio are limited to: (1) Canadian residents who are temporarily in Ohio with whom the Canadian broker or dealer has a bona fide business customer relationship; or (2) Self-directed, tax-advantaged retirement plans where the holder or contributor is a Canadian resident." OAC 1301:6-3-01(K).

Exempted from the definition of "investment adviser" at OAC 1301:6-3-01(L) is: Any person who, during the course of the preceding twelve months: (a) Has had fewer than fifteen clients; (b) Does not hold himself out generally to the public as an investment adviser; and (c) Has clients consisting solely of: (i) "Accredited investors" as defined in rule 501(a) of Regulation D under the Securities Act of 1933, 15 U.S.C.A. 77a, as amended; (ii) "Excepted persons" as defined in division (EE) of section 1707.01 of the Revised Code; (iii) "Qualified purchasers" as defined in division (FF) of section 1707.01 of the Revised Code; and other entities enumerated in the Code. Exempted from the definition of "salesperson" are: "the general partners of a partnership, and the executive officers of a corporation or unincorporated association, licensed as a dealer are not salespersons within the meaning of this definition, nor are clerical or other employees of an issuer or dealer that are employed for work to which the sale of securities is secondary and incidental." RC 1707.01(F)(2).

A dealer is not required to be licensed with the Division if it "has no place of business in this state, is registered with the securities and exchange commission, and the only transactions effected in this state are with institutional investors." RC 1707.14(A)(5). Certain investment advisers may avail themselves of a licensing exception if: "The person has no place of business in this state, and the person's only clients in this state are any of the following: (a) Investment companies as defined in the Investment Company Act of 1940; (b) Other investment advisers; (c) Licensed dealers; (d) Banks; (e) Insurance companies subject to regulation under Title XXXIX [39] of the Revised Code and health insuring corporations regulated under Chapter 1751. of the Revised Code; (f) Employee benefit plans with assets of not less than one million dollars; (g) Government agencies or instrumentalities, whether acting for themselves or trustees with investment control; (h) Other institutional investors as the division may designate by rule." RC 1707.141(A)(3). Investment advisers may also be excepted from Division licensure if: "The person has no place of business in this state, and during the preceding twelve-month period, the person has had not more than five clients, other than those described in division (A)(3) of this section, that are residents of this state." RC 1707.141(A)(4).

Assess the cost-effectiveness of the board in terms of number of employees, services rendered, and administrative costs incurred, both past and present.

As noted above, the Licensing section of the Division of Securities is comprised of 11 full-time employees within the Ohio Department of Commerce. The Division's requested budget for its entire operation (Licensing, Registration, Enforcement, Investor Education & Outreach) for the FY2020-2021 Biennium is \$5,284,994 each year.

Has the board's operation been impeded or enhanced by existing statutes and procedures and by budgetary, resource, and personnel practices?

The Division has not experienced any significant changes that have affected its practices, and the Division is well-equipped to oversee its core licensing base (the registrants for which it has exclusive or primary licensing authority).

Has the board recommended statutory changes to the general assembly that would benefit the public as opposed to the persons regulated by the board, if any, and have those recommendations and other policies been adopted and implemented?

Every statutory change and rule that the Division has passed since the Ohio Securities Act was passed in 1913 has been the public interest to protect Ohio investors and to ensure the safety of the Ohio securities markets. The Division has enjoyed a positive and collaborative relationship with its licensees to ensure statutory and rule changes respect and properly account for their interests as well.

Has the board required any persons it regulates to report to it the impact of board rules and decisions on the public as they affect service costs and service delivery?

As part of every rulemaking proposal, the Division affirmatively solicits feedback from the public and any persons it regulates regarding the impact of its rules and decisions on the public and licensees in terms of service costs and service delivery. The Division also issues a quarterly publication, The Ohio Securities Bulletin, discussing issues before the Division and inviting industry and public feedback. Finally, the Division hosts in-person Advisory Committee Meetings at its annual Ohio Securities Conference (open to the public) to discuss current issues before the Division and engage in stakeholder conversations.

Are persons regulated by the board, if any, required to assess problems in their business operations that affect the public?

As a function of both federal and state securities law, licensees are required to adopt, implement, and adhere to policies and procedures reasonably designed to prevent violations of federal and state securities laws (i.e., compliance and supervisory oversight requirements). Licensees are also required to disclose various matters (e.g., customer complaints, judicial liens, bankruptcies, regulatory actions, etc.) that may arise from problems in their business operations. These disclosures are required by all state and federal regulators on the uniform, standardized forms previously described.

Has the board encouraged public participation in its rule-making and decision-making?

The Division adopts, amends, reviews, and rescinds rules in accordance with Chapter 119 of the Revised Code and follows the accompanying requirements and procedures for public participation (e.g., public notice, public hearing). For any proposed rule adoptions, amendments, or rescissions, the Division sends a copy of the proposed rules to stakeholders for comment. With respect to informing its policy-making, (1) the Division issues a quarterly publication, The Ohio Securities Bulletin, discussing matters before the Division and inviting industry and public feedback; and (2) the Division hosts in-person Advisory Committee Meetings annually to discuss current issues before the Division and engage in stakeholder conversations.

Assess the efficiency with which formal public complaints filed with the board have been processed to completion.

The Division receives complaints from a variety of sources, including direct complaints filed with the Division and internal and external referrals. The Division reviews all information received in order to determine whether such information justifies the initiation of an investigation. The Division reviews each complaint through a 4-person panel generally consisting of the Attorney Inspector, Deputy Attorney Inspector, Investigator, and an Administrative Assistant. The panel reviews and discusses the information provided by the complainant, as well as any other information gathered, in order to answer the following questions:

- Does the complaint involve a "security" as defined by R.C. 1707.01(B)?
- Is the subject of the complaint licensed in Ohio as a securities dealer, securities salesperson, investment adviser or investment adviser representative?
- Does the alleged activity involve a potential violation of the Ohio Securities Act?
- Did the alleged activity occur in Ohio? Are the alleged victims or the subject of the complaint located in Ohio?
- Did the alleged activity occur within the past 5 years (within the statute of limitations)?
- Is there another state or federal agency that regulates the individuals and activities alleged in the complaint?
- Does the Division have any open or closed cases involving the subject of the complaint?

After the panel reviews the complaint and documentation, the panel determines whether a formal investigation will be opened at that time. Enforcement investigations are confidential pursuant to RC 1707.12(C) and the Office of the Attorney Inspector is deemed a criminal justice agency (RC 1707.36). The Division's investigation may result in administrative action against the target (including Cease and Desist, Suspension, and Revocation orders), initiating a civil action, and/or a referral for criminal prosecution.

During FY2019, the Enforcement section of the Division secured 11 indictments, obtained 8 convictions on behalf of 23 victims, and recovered \$1,878,955 in restitution for victims. Also during FY2019, the Enforcement section initiated 18 administrative actions, 9 of which involved current or former licensees.

Has the purpose for which the board was created been fulfilled? Has it changed? Does it still exist?

The purpose for which the Division was created still exists. The licensee population and products, practices, and schemes are constantly in flux, meaning the Division's important public protection and gatekeeping functions are always in critical demand. New entrants into the Ohio securities markets are subject to the same competency and oversight requirements as current market participants (the number of licensees has been on the steady increase, 13.8%, over the past 5 years alone). In addition, the population of state-licensed investment advisers, over which the Division has exclusive jurisdiction, has increased by 7.6% in the past 5 years (32% the past 10 years) and is expected to continue expanding.

Given the proliferation of Internet offerings and access to global marketplaces, it is more important than ever that Ohio investors have trust and confidence that the securities firms and professionals with whom they do business are regulated at both the national and state levels. State securities regulators, like the Division, are the closest regulators to the local communities, small businesses, and the investing public and still serve a critical role in ensuring the integrity of the financial markets.

Does federal law require that the board be renewed in some form?

Federal law does not require the Division's renewal, but there would be significant gaps in licensure and market oversight if the Division's authority was removed. The complimentary regulatory approach among state and federal securities regulators has worked most effectively, for over 100 years, when these partners work in tandem.

Assess the administrative hearing process of a board if the board has an administrative hearing process, and whether or not the hearing process is consistent with due process rights.

The due process rights of current and prospective licensees are protected by the administrative hearing process set forth in Chapter 119. of the Ohio Revised Code.

Is the requirement for the occupational license or licenses under the board's jurisdiction consistent with the policies expressed in section 4798.02 of the Revised Code? Does the license serve a meaningful, defined public interest? Does it provide the least restrictive form of regulation that adequately protects the public interest?

a. The requirements for the individual (natural person) occupational license types under the Division's jurisdiction (salesperson, investment adviser representative, SRSIO, and BWCCIO) are consistent with the policies expressed in section 4798.02 of the Revised Code. R.C. 4798.01(A) explicitly states that "occupational regulation" excludes a "business license" or a "facility license," and as such, does not apply to the licenses of dealer and investment adviser under the Division's jurisdiction.

b. Securities professionals play a financially-sensitive role in the lives of Ohio citizens. As is the case in other states, the Ohio General Assembly imposed licensing requirements on these individuals to subject them to professional standards, as well as regulatory oversight and discipline. Participation by Ohio citizens in the ownership of business enterprises—or more simply, the buying of securities—is a centerpiece of economic life. But the willingness of individuals to purchase securities is inextricably tied to their perception of the credibility of the securities market, including the effectiveness of securities regulation. The Division of Securities' ability to ensure the basic competence of securities-market participants, verify the solvency of those participants, and monitor compliance with securities regulations, especially anti-fraud obligations, serves a meaningful, defined public interest.

c. The Division's licensing requirements provide the least restrictive form of regulation necessary to adequately protect the public interest. The Division's licensing requirements generally consist of the following: completion of an application form, payment of the application fee, proof of minimum competency, completion of background check (fingerprint results), compliance with the Act and rules promulgated thereunder, and be "of good business repute." So long as the applicant meets all of the criteria, they are issued a license allowing them to serve Ohio's investing public. Licenses are renewable year-to-year, as long as the applicant remains affiliated with the same licensed firm. The Division's licensing requirements are very similar to those imposed by all other US state securities regulators.

Assess the extent to which licensing ensures that practitioners have occupational skill sets or competencies that are substantially related to protecting consumers from present, significant, and substantiated harms that threaten public health, safety, or welfare, and the impact that those criteria have on applicants for a license, particularly those with moderate or low incomes, seeking to enter the occupation or profession.

Generally, the Division's licensing requirements require completion of an application form, payment of the application fee, proof of minimum competency, completion of background check (fingerprint results), compliance with the Ohio Securities Act and rules promulgated thereunder, and be "of good business repute." The applicant's competency to practice in their desired occupation is assessed by passing one or more uniform securities examinations (e.g., Series 6, Series 7, Series 65), which are nationally-recognized examinations managed by the Financial Industry Regulatory Authority (FINRA) or the North American Securities Administrators Association (NASAA). With respect to applicants with moderate or low incomes, all applicants are eligible to sit for competency examinations once they are 18 years old. No advanced education is required. Further, several of the competency examinations do not require broker-dealer sponsorship in order to take the examination, eliminating another barrier to entry for applicants.

These examinations cover a variety of topics depending on the type of securities work the professional will be engaging in so as to best protect public welfare. Generally speaking, these exams cover topics such as: economic factors and business information; investment vehicle characteristics; client investment recommendations and strategies; securities laws, regulations, and guidelines; knowledge of capital markets; understanding products and their risks; understanding trading; customer accounts; prohibited activities; and, the overview of the regulatory framework. These examinations undergo extensive subject-matter analysis and question drafting/testing on a regular basis to remain relevant. Applicants for investment adviser representative and SRSIO licensure may also meet the minimum competency requirement by establishing they are a member in good standing with one of five professional designating authorities (Certified Financial Planner, Chartered Financial Analyst, Chartered Financial Consultant, Chartered Investment Counselor, and CPA with Personal Financial Specialist Designation). These designations were selected by a majority of state securities regulators, including Ohio, to satisfy the competency requirement due to each's inclusion of one or more of the following factors: education and/or experience pre-requisites, examination component, continuing education requirement, complaint investigation/oversight, and public disciplinary process.

Assess the extent to which the requirement for the occupational license stimulates or restricts competition, affects consumer choice, and affects the cost of services.

The requirements for the Division's occupational licenses do not restrict competition, affect consumer choice, or affect the cost of services. To the contrary, the Division's licensure requirements level the playing field for all market participants in Ohio, as they are substantially similar to those required by federal and other state securities regulators. Moreover, Ohio licensing fees for securities firms and individuals are amongst the lowest one-third to one-half of state licensing fees in the country.

Are changes needed in the enabling laws of the board in order for it to comply with the criteria suggested by the considerations listed in this questionnaire?

No changes are needed in the enabling laws of the Division in order for it to comply with the criteria suggested by the considerations listed in this questionnaire.

Additional Notes

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