

Summary of Proposed 2017 Amendments Rules of the Arkansas Securities Commissioner

Rule 204.01 General (Administration) An additional form is adopted for a Uniform Notice of Regulation A – Tier 2 Offering.

Rule 301.01(c) – Supervision Requirements The provisions requiring a Business Continuity Plan are amended to more closely follow national model rules.

Rule 302.02 – Investment Adviser Registration Procedure Rule 302.02(b)(1)(B)(iv) is amended to clarify required elements of advisory contracts used by investment advisers.

Rule 302.02 – Investment Adviser Registration Procedure Rule 302.02(h) is added to provide an exemption for certain investment advisers to private funds. This rule closely follows a national model rule.

Rule 306.01 – Records and Reports (Examinations) of Investment Advisers Language to existing required business records is amended to clarify that electronic copies of original communications may be kept as required records. Additional language was added to clarify required elements of advisory contracts used by investment advisers.

Rule 308.02 – Fraudulent, Deceptive, Dishonest, or Unethical Practices of Investment Adviser or Representative Rules 308.02(p) and (u) are amended to clarify required elements of advisory contracts used by investment advisers.

Rule 309.01 – Protections of Vulnerable Adults from Financial Exploitation This Rule adds a definition for clarity to the newly adopted legislation in Securities Act Section 23-42-309 that provided new protections for vulnerable adults.

Rule 504.01 – Transactions Exempt under Section 23-42-504(a) Rule 504.01(a)(12) is added to provide additional clarifying provisions to the newly adopted model exemption for Arkansas-only Crowdfunding Offerings in the Securities Act Section 23-42-504(a)(12). This exemption will allow for easier business formation for projects involving one million dollars or less. Investors that are not accredited are restricted to investments of five thousand dollars or less.

Rule 509.01 – Covered Securities (Notice Filings) Rule 509.01(c) is amended to specify filing requirements for offerings made under Tier 2 of Federal Regulation A and Section 18(b)(3) of the Securities Act of 1933.

Rule 604.13(b) – Summary Order Rule concerning Summary Orders is amended for clarity.