

Annual List of Rulemaking Activity
Rules Adopted January 1, 2019 to December 31, 2019
Prepared by the Secretary of State pursuant to 5 MRS §8053-A sub-§5

Agency name: Department of Professional and Financial Regulation,
Office of Securities

Umbrella-Unit: **02-032**

Statutory authority: 32 MRS §§ 16406, 16411, 16412, 16605

Chapter number/title: **Ch. 504**, Broker-Dealer and Agent Licensing

Filing number: **2019-221**

Effective date: 12/14/2019

Type of rule: Routine Technical

Emergency rule: No

Principal reason or purpose for rule:

This filing makes two updates to ch. 504:

- (1) References in Section 6 to FINRA's examination program would be updated to reflect FINRA's recent restructuring of the program; and
- (2) A broker-dealer's or agent's use of a client's unique identifying information to access a client's account would be added to Section 8's list of dishonest and unethical practices because the practice can run afoul of custody and record-keeping requirements and can void a client's user agreements with a custodian.

Basis statement:

The Securities Administrator proposed changes to ch. 504 to update references to FINRA examinations following updates to FINRA's examination program and to add to the list of dishonest and unethical practices an Investment Adviser's or Investment Adviser Representative's use of a client's unique identifying information to access a client's account.

On July 31, 2019, public notice of the proposed changes to ch. 504, and the opportunity to comment, were provided in the Secretary of State's consolidated advertisement in Maine newspapers, pursuant to 5 MRS §8053. Notice was further provided to interested parties on August 1, 2019, by posting on the Office of Securities website and by electronic distribution via Granicus. The public comment period ended September 3, 2019.

The Securities Administrator received one comment on the proposed changes submitted by email.

Fiscal impact of rule:

The updates will not have a fiscal impact.

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Agency name: Department of Professional and Financial Regulation,
Office of Securities

Umbrella-Unit: **02-032**

Statutory authority: 32 MRS §§ 16403, 16404, 16405, 16406, 16408, 16409, 16411,
16412, 16605

Chapter number/title: **Ch. 515**, Investment Adviser Licensing

Filing number: **2019-222**

Effective date: 12/14/2019

Type of rule: Routine Technical

Emergency rule: No

Principal reason or purpose for rule:

- (1) References in Section 10 to FINRA's examination program would be updated to reflect FINRA's recent restructuring of the program; and
- (2) An IA/IAR's use of a client's unique identifying information to access a client's account would be added to Section 14's list of dishonest and unethical practices because the practice can run afoul of custody and record-keeping requirements and an IA/IAR's fiduciary duty to a client.

Basis statement:

The Securities Administrator proposed changes to Ch. 515 to update references to FINRA examinations following updates to FINRA's examination program and to add to the list of dishonest and unethical practices an Investment Adviser's or Investment Adviser Representative's use of a client's unique identifying information to access a client's account.

On July 31, 2019, public notice of the proposed changes to Ch. 515, and the opportunity to comment, were provided in the Secretary of State's consolidated advertisement in Maine newspapers, pursuant to 5 MRS §8053. Notice was further provided to interested parties on August 1, 2019, by posting on the Office of Securities website and by electronic distribution via Granicus. The public comment period ended September 3, 2019.

The Securities Administrator received one comment on the proposed changes submitted by email.

Fiscal impact of rule:

The updates will not have a fiscal impact.