



House Bill 2274 – Securities Regulation

Presenters:

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Department of Consumer
and Business Services

Background

- The primary focus of the Oregon Securities Law, ORS Chapter 59, is investor protection. The Law has three key mechanisms for protecting investors from harm:
 - A security must be registered with the director of DCBS before it is offered or sold in Oregon, subject to certain statutory conditions
 - A person offering investment advice or selling securities must be licensed by the director as an investment advisor, investment advisor representative, broker-dealer or salesperson, unless an exemption or exclusion applies
 - A person may not directly or indirectly make any false or misleading statements in connection with the sale or purchase of Oregon securities

Policy

- SB 2274A advances the following policy changes to ORS Chapter 59:
 - Confidentiality of investigations
 - Restitution authority
 - Director's inquiry
 - Enhanced civil penalties for harm to vulnerable populations

Policy

- SB 2274A advances the following policy changes to ORS Chapter 59:
 - Confidentiality of investigations – Currently, securities investigations are not confidential and may be disclosed through public records requests
 - A party under active investigation for securities violations could ask for their investigatory file
 - Confidentiality of investigations is standard for many securities regulators in other states, and should be extended to the Oregon securities statutes
 - Restitution authority – Giving DCBS the authority to order that restitution be paid to an investor injured by a securities law violation

Policy

- Provisions continued:
 - Director's inquiry – Requiring persons subject to the securities laws to respond to the department's investigatory authority promptly and truthfully
 - Enhanced civil penalties for harm to vulnerable populations

Questions?

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