Frequently Asked Questions

This Q&A format is designed to provide you with responses to questions frequently addressed to Registration staff in connection with the registration or notice filings of dealers, investment advisers, and their agents or representatives. This discussion can not address every possible scenario, so readers should consult the Texas Securities Act and Board Rules for additional information. This FAQ is not intended as legal advice. Readers are encouraged to consult an attorney prior to reliance on this information.

References to Rules refer to the Rules and Regulations of the Texas State Securities Board (the Agency). The Rules are located at 7 Texas Administrative Code (TAC) 101-143 and are accessible from this web site. References to Sections refer to Sections of the Texas Securities Act (the Act), Tex. Rev. Civ. Stat. Ann., art. 581-1 et seq. References to SEC Rules refer to the regulations promulgated by the United States Securities and Exchange Commission (SEC) located at 17 Code of Federal Regulations (CFR).

The FAQ's are organized in the following categories:

Broker Dealers and their Agents

1.A. When registration is required

1.A.1 Q: Does Texas have any exemptions from dealer registration available to persons who sell securities within Texas?

A: Yes, numerous exemptions are available to dealers and agents whose activities would

otherwise require them to register with the Texas Securities Commissioner. Section 5 of the Act lists transactions exempt from securities registration and provides that the company or person engaging in many of these transactions need not be registered as a dealer. Sections 5.T and 12.B of the Act authorize the creation of additional exemptions by rule. Section 5.T and 12.B rules are found in Chapters 109, 111, and 139 of the Rules. Many of these rules also provide an exemption from the dealer registration provisions of the Act. An exemption for broker dealer agent registration appears in Rule 115.1(b)(2).

1.A.2 Q: I am president of a bank headquartered in Texas, with numerous branches located throughout the state. We have reached an agreement with an independent registered dealer for them to begin selling securities from offices located on our bank's premises. Is our bank required to be registered with the Texas Securities Commissioner before sales activity can legally begin?

A: Yes, your bank must register with the Texas Securities Commissioner unless certain conditions for an exemption are satisfied. See Rule 139.20. Note that filing and fee requirements for dealers and agents exempted under this provision are preserved in Rule 139.20(c). Notice filing fees are equal to the amount that would have been paid had the dealer and each agent filed for registration in Texas. Please refer to the "Forms and Fees" link for an updated list of fees: Forms and Fees

1.A.3 Q: My business is planning an initial public offering of securities and wants to sell the shares through registered dealers in Texas. Does my business need to register as a dealer with the Texas Securities Commissioner?

A: No, your business is not required to be registered if all sales activities are conducted by a registered dealer. The definition of dealer in Section 4.C of the Act excludes an issuer that sells securities only by or through a registered dealer acting as fiscal agent for the issuer.

1.A.4 Q: Is registration as a dealer with the Texas Securities Commissioner required to sell interests in oil and gas leases?

A: Usually. Section 5.Q of the Act provides an exemption from dealer registration for the owners of oil and gas leases who wish to sell interests in the leases. If an agent of the owner is involved in selling the interests, that agent must be registered. Rule 109.14(b) states that if three specified conditions are met, an employee of the owner selling such interests is not considered an agent required to be registered with the Texas Securities Commissioner. All three of these conditions must be met, or the employee cannot sell the interests for the owner without registering.

1.A.5 Q: Do I have to register with the Texas Securities Commissioner if I am offering and selling covered securities as defined in Section 18(b) of the federal Securities Act of 1933?

A: Yes. Dealing in covered securities does not in and of itself provide an exemption from dealer or agent registration. See Rule 114.4(g). However, see FAQ 1.A.1.

1.A.6 Q: I am an agent of BD Firm. BD Firm is currently registered with the Texas Securities Commissioner, but I am not. One of my best clients, Mr. Jones, is moving to Texas in a few weeks. May I continue to trade securities for him without registering with the Texas Securities Commissioner? He would be my only Texas client.

A: You may be able to continue to trade for Mr. Jones on a temporary basis once he is in Texas. The Securities Exchange Act of 1934, Section 15(h)(3), provides a grace period for state registration when an existing customer moves. See Rule 115.1(b)(2). To qualify for the provision, **all** of the following conditions must be met:

- BD Firm must be currently registered with the Texas Securities Commissioner. (For a situation where BD Firm is not registered, see FAQ 1.A.7.)
- You are not ineligible to register as an agent with the Texas Securities Commissioner (See Rule 115.1(b)(2)(B).) In this limited context, agents are ineligible to register with this state if they have been convicted of a securities-related felony or a theft-related felony.
- You are registered with a registered securities association and at least one state. (See Rule 115.1(b)(2)(A) and (C).) A registered securities association is any one currently recognized as such by the Securities and Exchange Commission pursuant to Section 15A of the Securities Exchange Act of 1934. To date, the only one so recognized is the Financial Industry Regulatory Authority (FINRA).
- You must file an application for registration with the Texas Securities Commissioner within 10 business days after (1) the date of the transaction you effected for Mr. Jones once he has changed his residence to Texas, or (2) you discover Mr. Jones has changed his residence to Texas. After you have filed an application for agent registration with Texas, you may continue to effect transactions for Mr. Jones for 60 days after the date your application was filed, as long as you have not been notified that your application has been denied or stayed for cause.

Additionally, the transactions effected for Mr. Jones must be of the kind described in Section 15(h)(3) of the Securities Exchange Act of 1934. In the situation presented, that provision would require that:

- Mr. Jones has maintained an account with BD Firm for 30 days prior to the day of the transaction;
- You were assigned to Mr. Jones for 14 days prior to the day of the transaction;
- You are registered with a state where Mr. Jones (1) previously resided, or (2) was present for at least 30 consecutive days during the 1-year period prior to the day of the transaction.

1.A.7 Q: I am an agent for BD Firm. Neither the BD firm nor I is registered with the Texas Securities Commissioner. May I continue to trade securities for my client, Mr. Jones, without registering with Texas? He would be my only Texas client.
A: Unlike many states, Texas does not have a de minimis exemption from registration for agents of a dealer when the dealer is not registered with the Texas Securities Commissioner. If you sell or offer for sale securities in Texas, even if you have only one client, you must be registered as an agent of a Texas-registered dealer, or as a dealer yourself, before you sell or offer to sell securities. However, see FAQ 1.A.1.
1.A.8 Q: I am an agent of BD Firm. BD Firm is currently registered with the Texas Securities Commissioner, but I am not. One of my clients, Ms. Smith, is vacationing in Texas for a few weeks. May I trade securities for her while she is in Texas without registering with Texas? I have no other clients located in Texas.
A: You may be able to continue to trade for Ms. Smith on a temporary basis while she is in Texas. The Securities Exchange Act of 1934, Section 15(h)(2), provides a de minimis transaction exemption for agents when their clients are traveling or on vacation. See Rule 115.1(b)(2). To qualify for the provision, all of the following conditions must be met:

- BD Firm must be currently registered with the Texas Securities Commissioner. (In

situations where BD Firm is not registered with Texas, see FAQ 1.A.9.

- You are not ineligible to register as an agent with the Texas Securities Commissioner. (See Rule 115.1(b)(2)(B) and FAQ 1.A.10.)
- You are registered with a registered securities association and at least one state. (See Rule 115.1(b)(2)(A) and (C) and FAQ 1.A.6.)

If Ms. Smith is in Texas for 30 or more consecutive days, you must file an application for registration in Texas within 10 business days after (1) the date of the transaction you effected for Ms. Smith, or (2) you discover Ms. Smith has been in Texas for 30 or more consecutive days. After you have filed an application for agent registration in Texas, you may continue to effect transactions for Ms. Smith for 60 days after the date your application was filed, as long as you have not been notified that your application has been denied or stayed for cause.

Additionally, the transactions effected for Ms. Smith must be of the kind described in Section 15(h)(3) of the Securities Exchange Act of 1934. In the situation presented, that provision would require that:

- Ms. Smith has maintained an account with BD Firm for 30 days prior to the day of the transaction;
- You were assigned to Ms. Smith for 14 days prior to the day of the transaction;
- You are registered with a state where Ms. Smith (1) resided, or (2) was present for at least 30 consecutive days during the 1-year period prior to the day of the transaction.

1.A.9 Q: I am an agent of BD Firm. Neither BD Firm nor I is currently registered with the Texas Securities Commissioner. One of my clients, Ms. Smith, is vacationing in Texas for a few weeks. May I trade securities for her while she is in Texas without registering with Texas? Assume I have no other clients located in Texas.
A: Unlike many states, Texas does not have a de minimis exemption from registration for agents of a dealer when the dealer is not registered with the Texas Securities Commissioner. If you sell or offer for sale securities in Texas, even if you have only one client, you must be registered as an agent of a Texas-registered dealer, or as a dealer yourself, before you sell or offer to sell securities. However, see FAQ 1.A.1.

1.B. Other requirements

1.B.1 Q: I am involved in selling securities; however, I am exempt from the dealer registration requirements of the Act. Do I need to comply with any other provisions of the Act in conducting my sales activities?
A: Yes, for example, certain of the civil liability provisions of Section 33 of the Act and the penal provisions of Section 29 of the Act will still apply to you, including the antifraud provisions of Section 29.C. Violations of the provisions of Section 29 are felonies and carry substantial penalties, including, for the most serious violations, up to life imprisonment and a $10,000 fine. Although NSMIA affected who must register as an agent of a dealer and when registration is required, it preserved the state's fraud authority. Accordingly, the state's jurisdiction to investigate and bring enforcement actions with respect to fraud or deceit, or unlawful conduct by a broker or dealer, in connection with securities or securities transactions remains unaffected. See Rules 114.4(I) and 115.1(b)(2)(D).
1.B.2 Q: As a seller of securities, are there limitations on the use made of information I have pertaining to my clients?
A: Yes, the Gramm-Leach-Bliley Act prohibits a financial institution from disclosing

nonpublic personal information about a consumer to nonaffiliated third parties, unless certain notice and opt-out requirements have been met. Additionally, the institution must develop written privacy policies and disclose them to customers on an annual basis.

1.C. Finders

1.C.1 Q: What is a Finder?
A: A Finder is an individual who receives compensation solely for introducing an accredited investor to a company issuing securities and/or introducing an issuer to accredited investors. See Rule 115.1(a)(9) of the Rules for the precise definition of a Finder.
1.C.2 Q: What are the filing requirements for a Finder?
A: A Finder must submit an application on Form BD as a sole proprietor and pay a fee of $275. The application must be filed in paper form with a cover letter stating that the application is for registration as a Finder. These documents and fee must be mailed to the Texas State Securities Board, P.O. Box 13167, Austin, TX 78711-3167.
1.C.3 Q: Are there any examination requirements for a Finder?
A: No. Finders are given a waiver of the examination requirements, as described in Rule 115.3(c)(2)(e).
1.C.4 Q: The Form BD contains questions that do not necessarily pertain to my activities as a Finder. Do I have to complete all the questions?
A: Yes. You must complete all of the questions on the Form BD. For those questions that do not pertain to your business, please state not applicable.
1.C.5 Q: Item 12 of Form BD requires you to identify the types of business engaged in, or to be engaged in if not yet active. Finder's activities are not in the list. How do I respond?
You may check the box in Item 12.Z of Form BD that refers to Other activities. You will then be required to describe your limited Finder activities in Schedule D of the Form BD.
1.C.6 Q: Will I receive a Certificate of Registration upon approval of my application?
A: Yes. The Certificate of Registration will reflect a General Dealer Restricted to Finder's activities prescribed in Rule 115.1(c)(2)(M).
1.C.7 Q: Can an LLC or corporation submit a Finder's application?
A: No. Finder registration is limited to individuals. If an LLC or corporation (Entity) intends to provide Finder's activities, the Entity will be subject to the general dealer registration requirements prescribed in Rule 115.2, and each agent of the dealer will be required to satisfy the minimum qualifications for registration and pass certain examinations prescribed in Rule 115.3.
F1.C.8 Q: Are there any minimum capital or bonding requirements?
A:No.
1.C.9 Q: Can a Finder receive equity from the Issuer of the securities as compensation?
A: Yes. However, the Finder, as a potential shareholder of the Issuer, must disclose the conflicts of interest this form of compensation imposes.

1.D. Business Brokers

1.D.1 Q: What is a "business broker" under Texas securities laws? Who needs a business broker license?
A: A business broker is a type of securities dealer that is restricted to a narrow scope of securities-related activities. A business broker is a person (including an individual or a company) whose securities activities are restricted to acting as a broker between principals for the sale of a majority of the stock or equity securities of a privately held business pursuant to a privately negotiated purchase agreement, where the managerial control of the business will devolve upon the purchaser(s) and where compensation

received by the business broker will be payable for the brokerage activities only.
Any individual or entity that performs these activities must be registered with the Securities Commissioner as a dealer, or agent of a dealer, before acting as a business broker. See Section 12 of the Act.

1.D.2 Q: When a sale of a business is accomplished by a sale of the assets of the business rather than through a stock or other securities sale, is registration as a business broker required?

A: No. The registration provisions of the Act only apply when a sale is made or proposed to be made through the sale of securities.

1.D.3 Q: Are there any situations where a business broker can offer the sale of a small business on a stock basis without violating the Act or Board Rules?

A: Registration is required regardless of the size of the business that is being brokered when it is offered or sold through the transfer of stock or other equity securities.

1.D.4 Q: What is the cost of a business broker dealer license?

A: The filing of an original application is $275. A registration is effective through December 31 of the year it is granted. A registration must be renewed annually for a fee of $270.

If the business broker applicant is a legal entity (corporation, partnership or LLC, for example) the entity must also apply to register a designated officer via Form U-4. The application fee for registration of a designated officer is $285 for the initial application and $275 for each annual renewal.

If a business broker conducts securities-related activities through an agent, the agent must be registered. An agent application fee is $285 and it must be renewed annually. The agent renewal fee is $275.

1.D.5 Q: What form does a business broker use to register its "main office" with the Texas Securities Commissioner?

A: Form BD is used to register a company or sole proprietor as a business broker. Form BD will identify the principal place of business of the broker. If the business broker conducts securities-related activities at another location C in addition to the principal place of business C the other location(s) must be registered as a "branch office" of the broker. The fee for registration of a branch office is $25. Form BR is used to register a branch office.

1.D.6 Q: What form does an individual business broker use to register himself/herself?

A: Form BD. If an agent of a sole proprietor business broker is required to register, Form U-4 is used. See Rule 115.2(a).

1.D.7 Q: If a company registers with the Texas Securities Commissioner, does each agent have to register also?

A: If a broker conducts activities as a business broker through agents, each of the agents must be registered.

1.D.8 Q: Once an application for a business broker license is submitted, what is the usual turnaround time for approval or response by the Registration Division?

A: Within 14 days after receipt of an application and appropriate registration fees, the Registration Division will send a letter setting forth a list of items or exhibits that either have not been filed or that contain errors or omissions. Within 14 days of receipt of requested items or exhibits, the staff will review the application and the applicant=s responses and make a recommendation to grant, deny, or allow withdrawal of the application. See Rule 104.5.

If the application is complete upon filing and there are no deficiencies, the Registration Staff may make its recommendation within 14 days after receipt of the application.

1.D.9 Q: What are the filing requirements for obtaining a business broker license?

A: The applicant should submit:

- Form BD;
- Form U-4 for the designated officer if the applicant is a legal entity;
- A copy of articles of incorporation, partnership agreement, articles of association, trust agreement, or other documents which indicate the form of organization, certified by the appropriate jurisdiction or by an officer or partner of the applicant (unless the applicant is a sole proprietor);
- A balance sheet prepared in accordance with GAAP reflecting the financial condition of the business broker as of a date not more than 90 days prior to the date of such filing, as well as a certification of balance sheet form;
- Any other information deemed necessary by the Texas Securities Commissioner to determine the business broker=s or agent=s business repute or qualifications; and
- The appropriate fee(s). See Rule 115.2.

If a business broker has multiple offices where securities transactions will take place, each branch office must be registered using a Form BR. The fee for registration of a branch office is $25.

1.D.10 Q: Is a business broker applicant required to pass a securities examination?

A: No. Rule 115.3(c)(2)(D) provides a full waiver of examination requirements.

1.D.11 Q: What does a business broker license cover?

A: The restricted activities described in FAQ 1.D.1.

1.D.12 Q: What type of transactions does a business broker license cover (i.e., size, scope, etc.)?

A: A registration is restricted to business brokerage activities, but there is no limitation as to the size of a transaction or the size of a business broker=s operational structure. For example, where a business broker has multiple agents acting under the dealer=s license, the number of agents is not restricted but each agent must register by filing a Form U-4 and the appropriate fee.

1.D.13 Q: Since business brokers do not hold money or securities, is there a bonding or minimum capital requirement for business brokers?

A: No, but an applicant must demonstrate that it is solvent by filing a balance sheet, as described in FAQ 1.D.9.

1.D.14 Q: What are the possible penalties if a broker does not have a business broker license and he/she participates in a business brokerage securities transaction, or collects a fee in such a transaction?

A: If an unregistered person sells or offers securities for sale at a time when the person should be registered, the person could be subject to administrative, civil or criminal action.

1.D.15 Q: When a properly licensed business broker is involved in a sale of business through a stock sale, what can that broker actually do?

A: A business broker can only act as a broker between principals in the scope of a privately negotiated purchase agreement.

1.D.16 Q: When a properly licensed business broker is involved in a sale of business through a stock sale, what are some of the things that a broker should not do?
A: An exhaustive list is not possible, but in general a business broker should not participate in a fraud, material omission or misrepresentation, or a scheme to evade registration in relation to an offer for sale or sale of securities.
1.D.17 Q: Can a properly licensed business broker participate in the valuation of a company that will sell via a stock sale?
A: The answer depends upon the circumstances and, in particular, the terms of a privately negotiated purchase agreement.
1.D.18 Q: What if the sale started out as an asset sale and the broker did the valuation for the asset sale?
A: If it is not part of a scheme to evade registration, registration as a business broker is not triggered until the transaction evolves into a purchase of the business via a majority of the stock or equity capital. It should be noted that asset sales can quickly become securities transactions and the broker must be registered at the time of the transaction. Therefore, a business broker who is likely to be involved with a purchase that will be accomplished through a securities transaction should be registered beforehand. Refer to FAQ 1.D.8, regarding the time required to review an application.
1.D.19 Q: When a properly licensed business broker is involved in a sale of business through a stock sale, can he/she pay a finder=s fee?
A: The business broker should not pay a fee to a person who is not registered as the broker=s agent, an agent of a general securities dealer, or as a finder, unless a specific exemption is available under the Act or Board rules. (Note: Exemptions are fact-specific so you should consult legal counsel or the General Counsel of Texas State Securities Board before relying on an exemption.)
A "finder" is an individual who receives compensation for introducing an accredited investor to an issuer or an issuer to an accredited investor solely for the purpose of a potential investment in the securities of the issuer, but does not participate in negotiating any of the terms of an investment and does not give advice to any such parties regarding the advantages or disadvantages of entering into an investment.
A finder must be registered and conduct his/her activities in accordance with Rule 115.11. The amount or structure of a finder=s fee is not restricted, but the role a finder may play in a transaction is restricted as described above and in FAQ 1.C.
1.D.20 Q: When a properly licensed business broker is involved in a sale of business through a stock sale, can he/she receive referral fees from lenders, valuation experts or other entities involved in the transaction?
A: In relation to a sale of business through a stock sale a business broker can be compensated for the brokerage activities only.
1.D.21 Q: Must a business broker's securities related business be housed separately from non-regulated business activities?
A: No. However, a business broker that operates on the premises of another non-securities-related business should be careful to segregate the records of the business brokerage activities or it is possible that an inspection of the office could bring the other records under review, especially if the records of the other operation are commingled with those that are securities-related. See Rule 115.5(e)(9).
1.D.22 Q: Is there a prohibition on advertising that a broker holds a securities license? What can a business broker say regarding registration with the Texas Securities

Commissioner? Must the license be displayed on the wall of a business broker=s office?
A: It is unlawful for a business broker to use the fact of its registration by public display or advertisement. For example, a business broker may not maintain a marquee, letterhead or business cards stating that AABC Business Broker is registered with the Texas State Securities Board. "There is no prohibition on advertising that a broker is "registered," but the fact of registration can not be tied to the Texas State Securities Board or the Texas Securities Commissioner. See Section 20 of the Act.
Pursuant to Section 21 of the Act, immediately upon receipt of a registration certificate, the business broker shall post the certificate and at all times it is to be conspicuously displayed in the broker=s principal place of business and, likewise, a certificate must be posted in each registered branch office located within this state. See Rule 115.2(c) relating to Form BR for each branch office.
1.D.23 Q: Can a registered business broker include its securities dealer license number in advertising related to business brokerage activities?
A: No. As stated above, a business broker is prohibited from using the fact of its registration in advertising. The prohibition includes the public display or advertisement of the license number issued by the Texas State Securities Board.
1.D.24 Q: Can a business broker bring a civil suit to collect a commission or compensation for securities-related activities?
A: Section 34 of the Act provides that no person shall bring any action in court for collection of a commission or compensation for services rendered in the sale or purchase of securities without alleging and proving that such person was duly registered under the Act.
1.D.25 Q: Must securities transaction records be maintained within the same division/company as the records of sale-of-asset transactions or must they be segregated?
A: It is best to segregate stock transaction records from sale-of-asset transaction records. See FAQ 1.D.21.
1.D.26 Q: A policy and procedures manual is required of a registered dealer who has agents. Does a sole practitioner who has no agents or affiliates working for him/her have to have a policy and procedures manual?
A: Pursuant to Rule 115.10, a written supervisory system is required when a broker has agents. The rule does not require such written procedures when the dealer does not have agents, but it generally considered a best practice to establish written procedures in order to ensure that records relating to business brokerage activities are properly created and preserved.

Investment Advisers and their Representatives

2.A. Where an investment adviser should register

2.A.1 Q: How do I determine if I register as an investment adviser with the SEC or with the Texas Securities Commissioner?
A: The National Securities Markets Improvement Act of 1996 (NSMIA) divided the registration of investment advisers and their representatives between the SEC and the state regulators. Generally, investment advisers with $25 million or more in assets under management (See FAQ 2.A.2) will register with the SEC. Most other investment advisers, not meeting the $25 million threshold, will register with the states. (See FAQ 2.A.8 for a list of other investment advisers who register with the SEC rather than any state, regardless of the value of assets under management.) Investment advisers who meet the

$25 million threshold but who are not required to register with the SEC, because they are excluded from the definition of investment adviser in Section 202(a)(11) of the Investment Advisers Act of 1940, are also not required to be registered with the states. Please note that the definition of investment adviser in Rule 116.1 excludes banks from the definition of investment adviser.

The SEC increased the $25 million assets under management threshold for mandatory SEC registration to $30 million and provided that investment advisers having between $25 and $30 million in assets under management may choose whether to register with the SEC or the states. The safe-harbor from SEC registration for an investment adviser opting to register with the state securities authority (rather than the SEC) must be based on a reasonable belief that it is not required to register with the SEC because it does not have sufficient assets under management (at least $30 million). This safe harbor is available only to an adviser that is registered with the state in which it has its principal office and place of business.

In this context, principal office and place of business is where the executive office of the investment adviser is located. This is where the officers, partners, or managers of the investment adviser direct, control, and coordinate the activities of the investment adviser (SEC Rule 203A-3(c) (17 CFR §275.203A-3). An investment adviser can have only one principal place of business.

2.A.2. Q: How are assets under management defined for purposes of the $25/$30 million threshold?

A: Assets under management means the securities portfolios with respect to which the investment adviser provides continuous and regular supervisory or management services. See Investment Advisers Act of 1940, Section 203A(a)(2) and FAQ's 2.A.3 and 2.A.4 for definitions of these terms. SEC Release No. IA-1633, published in the May 22, 1997 edition of the Federal Register, further defined other aspects of this definition. Once it has been determined that an account is a securities portfolio that receives continuous and regular supervisory or management services, the entire value of the account (not just the securities portion) is included in determining the amount of the adviser's assets under management. In some cases, the adviser may have responsibility for an account only a portion of which receives continuous and regular supervisory or management services. In such a case, only the portion of the securities portfolio that receives continuous and regular supervisory or management services may be included as part of the adviser's assets under management. The method by which the accounts are valued for purposes of determining assets under management is the same as that used to value the account for purposes of client reporting or to determine fees for investment advisory services.

2.A.3 Q: What are securities portfolios, referenced in FAQ 2.A.2?

A: A securities portfolio is any account at least 50% of the total value of which consists of securities. An investment adviser may treat cash and cash equivalents as securities for the purpose of determining whether an account is a securities portfolio.

2.A.4 Q: What is continuous and regular supervisory or management services, referenced in FAQ 2.A.2?

A: Guidance on whether an adviser provides an account with continuous and regular supervisory or management services is provided in the Instruction 8(c) to Form ADV-T, which provides general criteria and factors with examples of their application. Three factors are considered, but no single factor is determinative. The three factors are: the terms of the advisory contract, the form of compensation, and the management practices

of the adviser.

As a general matter, an account over which an adviser has discretionary authority and for which it provides ongoing supervisory or management services receives continuous and regular supervisory or management services. Most discretionary accounts meet this standard. Additionally, a limited number of non-discretionary arrangements may receive continuous and regular supervisory or management services if the adviser has an ongoing responsibility to select or make recommendations, based on the needs of the client, as to specific securities or other investments the account may purchase or sell and, if such recommendations are accepted by the client, the adviser is responsible for arranging or effecting the purchase or sale.

2.A.5 Q: When is the value of the securities portfolio determined?

A: The value of the securities portfolio is to be determined as of a date no more than 90 days prior to the date Form ADV-T is filed with the SEC. Thereafter, the value of assets under management would be reported annually on Schedule I of Form ADV. Schedule I is updated annually, within 90 days after the end of the adviser's fiscal year.

2.A.6 Q: What if I register with the SEC and subsequently the value of the assets under management falls below $25 million?

A: As indicated in FAQ 2.A.5, the value of the assets under management is evaluated and reported on an annual basis. An adviser that is no longer eligible for registration with the SEC must withdraw its registration within a 90-day grace period after the date the adviser files its Schedule I indicating that it would not be eligible for SEC registration. Within that grace period, the adviser must become registered in all applicable states. If the adviser fails to withdraw its registration with the SEC during the grace period, the SEC may institute proceedings to cancel the adviser's registration. SEC Rules 203A-1(c) and 204-1 (17 CFR §275.203A-1 and §275.204-1). Such an adviser violates Texas law if it renders investment advice without completing registration with the Texas Securities Commissioner at the time its registration with the SEC is withdrawn or canceled.

2.A.7 Q: What if I register with Texas and subsequently my assets under management exceeds $30 million?

A: The transition from Texas to SEC registration parallels the transition from SEC to Texas registration. An adviser whose assets under management grow to $30 million must apply for registration with the SEC within 90 days of filing an annual reporting amendment to its Form ADV reporting that it has at least $30 million of assets under management. See SEC Rule 203A-1(b) (17 CFR §275.203A-1).

2.A.8 Q: Are there other categories of advisers who register with the SEC regardless of whether they meet the $25/$30 million threshold amount?

A: Yes. Federal law provides that (1) an investment adviser who advises an investment company that is registered under the Investment Company Act of 1940 pursuant to an advisory contract with that investment company, and (2) an investment adviser that is not regulated or required to be regulated in the state in which it has its principal office and place of business (See FAQ 2.A.1) must register with the SEC rather than with any state. (This applies to an investment adviser with its principal office and place of business in Ohio or Wyoming.) An investment adviser with its principal office in a foreign country, doing business in the United States, will register with the SEC rather than with any state. Additionally, advisers who meet the conditions of SEC Rule 203A-2 register with the SEC instead of the states. An adviser falls within the application of this rule if it is in any of these categories:

- a nationally recognized statistical rating organization (NRSRO);
- a pension consultant that provides investment advice to employee benefit plans with respect to assets having an aggregate value of at least $50 million during the adviser's last fiscal year*;
- *This category does not cover an adviser providing advice to participants of an employee benefit plan (e.g., regarding the allocation of the participant's contribution in an employee directed defined contribution plan) unless the adviser also provides advice to employee benefit plans with respect to $50 million of plan assets.
- a newly formed investment adviser with a reasonable expectation of eligibility ($25 million of assets under management) within 120 days;
- an affiliated investment adviser that controls, is controlled by, or is under common control with (25% presumes control) an investment adviser eligible to register, and registered with the SEC, provided the principal office and place of business (See FAQ 2.A.1) of the affiliated investment adviser is the same as that of the SEC-registered adviser;
- an investment adviser required to be registered under the laws of at least 30 states (excluding those states where the investment adviser would have an exemption from registration available) (See 17 CFR §275.203A-2.); or
- an investment adviser who provides investment advice to all clients** exclusively through an interactive website and who is not affiliated with an adviser that registers with the SEC.
  ** This category permits an adviser to provide investment advice to fewer than 15 clients through other means during the preceding 12 months.

2.A.9 Q: Didn't NSMIA create a national de minimis exemption from investment adviser registration?
A: Yes. If an investment adviser does not have a place of business (See FAQ 2.A.10) located in Texas and, during the preceding 12-month period, had no more than 5 clients (See FAQ 2.A.11) who are Texas residents, the investment adviser is not required to register with the Texas Securities Commissioner. See Rule 116.1(b)(2)(A). However, a notice filing and fee is required. See Rule 116.1(b)(2)(C) and FAQ 2.A.12. This is satisfied by filing Form ADV through the IARD system for the firm as well as filing Form U-4 for each investment adviser representative through the CRD system.
2.A.10 Q: What constitutes an adviser's place of business for purposes of the national de minimis exemption referenced in FAQ 2.A.9?
A: An investment adviser's place of business for the purpose of the national de minimis exemption is

- an office at which the investment adviser regularly provides investment advisory services, solicits, meets with, or otherwise communicates with clients, and
- any other location that is held out to the general public as a location at which the investment adviser provides investment advisory services, solicits, meets with, or otherwise communicates with clients. SEC Rule 222-1(a) (17 CFR §275.222-1).

2.A.11 Q: Who is counted as a client for purposes of the national de minimis exemption, referenced in FAQ 2.A.9?

A: The following rules apply when calculating the number of clients for purposes of the national de minimis exemption.

A natural person and

- at person's minor children (whether or not they share the same principal residence as the natural person);
- any relative, spouse, or relative of the spouse of the natural person who has the same principal residence; and
- all accounts or all trusts of which the natural person and/or any relative or spouse of that person sharing the same principal residence (or any minor children of that person) are the only primary beneficiaries

will be treated as a single client. See SEC Rules 222-2 and 203(b)(3)-1(a)(1) (17 CFR §§275.222-2 and 275.203(b)(3)-1).

A corporation, general partnership, limited partnership, limited liability company, trust, or other legal organization that receives investment advice based on its (the entity's) investment objectives, rather than the objectives of its shareholders, partners, limited partners, members, or beneficiaries (its Owners) will be treated as a single client. Similarly, two or more of these entities receiving investment advice based on its (the entity's) investment objectives that also have identical Owners will be treated as a single client.

The beneficial owners of common entities are not required to have identical ownership interests in order for the entities to be treated as a single client, although an adviser cannot avoid registration by arranging nominal common ownership. An Owner will also be counted as a client if the investment adviser provides investment advisory services to the Owner separate and apart from the services it provides to the entity.

A limited partnership or limited liability company is a client of any general partner, managing member, or other person acting as investment adviser to the partnership or limited liability company. See SEC Rule 203(b)(3)-1 (17 CFR §275.203(b)(3)-1.

All clients in Texas are counted for purposes of the de minimis exemption, regardless of whether another exemption from investment adviser registration is available under the Texas Act or Rules.

Any person for whom an investment adviser provides investment advisory services without compensation is not considered a client. See SEC Rule 203(b)(3)-(b)(4) (17 CFR §275.203(b)(3)-1). Compensation in this context includes any economic benefit, whether or not in the form of an advisory fee, and need not be paid directly, but can be provided by a third party. The adviser, however, has all of the fiduciary obligations with respect to such a client that it has with respect to a paying client. Regardless of whether the person receiving the advice is a client, if the adviser provides continuous and regular supervisory or management services, the assets in that account must be included in the determination of the adviser's assets under management in reaching the $25/$30 million threshold amount. (See FAQ 2.A.1.)

An investment adviser with its principal office and place of business in the United States must count all clients. An investment adviser with its principal office and place of business outside the United States counts only clients that are residents of the United States. See SEC Rule 203(b)(3)-1 (b)(5) (17 CFR §275.203(b)(3)-1). See FAQ 2.A.1 for the definition of principal office and place of business.

2.A.12 Q: Even though I'm not required to register as an investment adviser with the Texas Securities Commissioner (because of the exclusions noted in FAQ's 2.A.1, 2.A.8, or 2.A.9) do I have to make any filing with Texas?
A: Yes. The investment adviser must file an initial fee equal to the amount that would have been paid had the investment adviser or investment adviser representative filed for registration with Texas. These fees are paid through the CRD system via filing Form ADV for the investment adviser and Form U-4 for the investment adviser representative. See Rule 116.2. Thereafter, additional filings and fees are required both annually and on amendment of the adviser's Form ADV. See Rule 116.1(b)(2)(C).

2.B. Registration of representatives

2.B.1 Q: I am employed as a representative of an investment adviser. My employer does not have to register with the Texas Securities Commissioner (because of exclusions or exemptions noted in FAQ's 2.A.1, 2.A.8, or 2.A.9). Do I have to register with the Texas Securities Commissioner if I have clients in Texas? Do I make a notice filing instead of registering?
A: The SEC has defined a supervised person as a partner, officer, director, or employee (including independent contractor) of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser. However, only a supervised person who is an investment adviser representative (See FAQ 2.B.2) and has a place of business (See FAQ 2.B.6) in Texas is required to register with Texas. See Rule 116.1(b)(2)(B). A supervised person with Texas clients who does not meet both these criteria will make a notice filing with Texas instead of registering. A notice filing is accomplished by filing Form U-4 for each investment adviser representative through CRD.
The SEC, in Release IA-1733 Section III, recognized the authority of the states to continue to collect fees from those supervised persons not currently required to be registered in a state, but who would have been required to register in that state prior to NSMIA. Further, in Section II(3)(b)(iv) of The Great Divide: Amendments to the Investment Advisers Act and Related Commission Rulemaking, a report by the SEC Task Force on Investment Adviser Regulation, the SEC staff acknowledged the authority of a state to require the registration of representatives of investment advisers that take advantage of the national de minimis exemption. Texas has chosen to only require a notice filing from such representatives, a less burdensome requirement than a registration filing.
2.B.2 Q: Who is an investment adviser representative (IAR)?
A: A supervised person is also an IAR if the supervised person has more than five clients who are natural persons and more than 10% of the person's clients are natural persons. This client test is measured with respect to all of an IAR's clients nationwide, and compliance with the 5-client and 10% test is to be determined at all times (rather than periodically) with respect to current clients. Supervised persons who do not, on a regular basis, solicit, meet with, or otherwise communicate with clients of the investment adviser, or who provide only impersonal investment advice, are excluded from the definition of IAR. If more than one supervised person provides advice to a client, the client is attributed to each supervised person. Client in this context has the same meaning as that discussed in FAQ 2.A.11. See SEC Rule 203A-3(a) (17 CFR §275.203A-3(a)).
Two categories of natural persons are excluded from the count. A natural person who has at least $750,000 under management with the IAR's firm immediately after entering into an advisory contract , or who the firm reasonably believes has a net worth in excess of

$1.5 million (together with assets held jointly with a spouse) prior to entering into the advisory contract, is not counted towards the 5-client or 10% threshold. See SEC Rule 203A-3 (17 CFR §275.203A-3).

2.B.3 Q: I am operating in Texas as a solicitor for an SEC-registered investment adviser. Must I also register or make a filing with the Texas Securities Commissioner?

A: As a general rule, if a solicitor is a supervised person, the solicitor is not required to register with the Texas Securities Commissioner. Whether a solicitor for an SEC-registered investment advisor is subject to state registration requirements turns on: (1) whether the solicitor is a supervised person, (see FAQ 2.B.1) and (2) whether the solicitor is an IAR (see FAQ 2.B.2). If a solicitor of an SEC-registered investment adviser does not provide investment advice, the solicitor is not required to register with the Texas Securities Commissioner, but is subject to the fee and notice filing provisions. A third-party solicitor for an SEC-registered investment adviser (i.e., a solicitor who is not an employee of the adviser) is not a supervised person and, therefore, has to register with the Texas Securities Commissioner. A solicitor who solicits on behalf of both a Texas-registered investment adviser and an SEC-registered investment adviser, is subject to Texas registration requirements.

2.B.4 Q: I am operating in Texas as a solicitor for a Texas-registered investment adviser. Must I also register or make a notice filing with the Texas Securities Commissioner?

A: A solicitor of a Texas-registered investment adviser must register with the Texas Securities Commissioner and meet all state registration requirements contained in the Act and Rules.

2.B.5 Q: I am an IAR of a SEC-registered investment adviser. Do I have to register or make notice filings with the Texas Securities Commissioner?

A: An IAR of a SEC-registered investment adviser, having a place of business (See FAQ 2.B.6) in Texas must register and qualify as an investment adviser representative with the Texas Securities Commissioner. An IAR without a place of business in Texas must notice file.

2.B.6. Q:What qualifies as a place of business, for purposes of FAQ 2.B.5?

A: A place of business is:

any place or office from which the IAR regularly provides investment advisory services, solicits, meets with, or otherwise communicates with clients, and

any other location that is held out to the general public as a location at which the IAR provides investment advisory services, solicits, meets with, or otherwise communicates with clients. See SEC Rule 203A-3(b) (17 CFR §275.203A-3).

Publishing information in a professional directory or a telephone listing, or distributing advertisements, business cards, stationery, or similar communications that identify the location as one at which the IAR is or will be available to meet or communicate with clients is considered such a location. The definition encompasses permanent and temporary offices as well as other locations at which an IAR may provide advisory services, such as a hotel or auditorium. Frequency of the Activity at a particular location is not relevant for this determination.

2.C. Activities requiring registration

2.C.1 Q: I want to set up financial plans for my mother and for other relatives and friends who live in Dallas. May I help them without having to register as an investment adviser in Texas?

A: Yes, if you receive no financial compensation for your services. The definition of

investment adviser in Rule 116.1 refers to a person who, for compensation . . . Accordingly, so long as you do not receive compensation for any investment advice you render from Texas or to a Texas resident, you need not register.

2.C.2 Q: I am an investment adviser who lives outside of Texas. One of my best clients, Mr. Jones, is moving to Texas in a few weeks. May I continue to service his account without having to register in Texas? He would be my only Texas client.

A: Yes, if you do not have a place of business in Texas. See FAQ's 2.A.9 and 2.A.10. However, a notice filing and fee is required. See Rule 116.1(b)(2) and FAQ 2.A.12.

2.C.3 Q: I want to serve as an investment adviser to an institutional investor located in Texas. May I do so without having to register in Texas? (I do not have any other Texas clients.)

A: Yes, if the institutional investor is one of the types of institutions listed in the Act, Section 5.H, and Rule 109.3.

2.C.4 Q: I am located in Texas and have been asked by a Texas billionaire to serve as his personal financial planner in exchange for a fee. Since he is a very wealthy and sophisticated investor, as well as my old college roommate and partner in several business ventures, do I need to register in Texas as an investment adviser?

A: Yes, you do. Even though this friend and business partner would qualify as an individual accredited investor under SEC rules, Texas has no exemption for rendering investment advice to individual accredited investors.

2.D. Other requirements.

2.D.1 Q: What kind of books and records do I need to maintain to comply with Texas investment adviser registration?

A: To determine what books and records you must keep you must first determine where you maintain your principal place of business (See FAQ 2.D.3). In this context, your principal place of business is where the executive office of the investment adviser is located and from which the officers, partners, or managers of the investment adviser direct, control, and coordinate the activities of the investment adviser. See SEC Rule 222-1(b) (17 CFR §275.222-1). If it is a state other than Texas and you are registered as an investment adviser with that state, compliance with the applicable books and records requirements of that other state will suffice. See Rule 116.5(b) and (c) if your principal place of business is in Texas.

2.D.2 Q: What minimum capital and bonding requirements apply to me as an investment adviser registered in Texas?

A: You look to the requirements imposed by the state where you maintain your principal place of business (See FAQ 2.D.3). In this context, your principal place of business is where the executive office of the investment adviser is located and from which the officers, partners, or managers of the investment adviser direct, control, and coordinate the activities of the investment adviser. See SEC Rule 222-1(b) (17 CFR §275.222-1). If you are registered as an investment adviser with that state, compliance with its requirements will suffice. If your principal place of business is in Texas, you would look to the Texas requirements. Texas has no minimum capital or bonding requirements. However, insolvency may be a basis for the Texas Securities Commissioner's denial, revocation, or suspension of an investment adviser's registration. See Section 14.A(4) of the Act.

2.D.3 Q: I am involved in rendering investment advice; however, I am registered with the SEC rather than the Texas Securities Commissioner. Do I need to comply with any other

provisions of the Act in conducting my sales activities?
A: Yes, for example, certain of the civil liability provisions of Sections 33 and 33-1 and the penal provisions in Section 29 of the Act will still apply to you, including the antifraud provisions of Section 29.C. Violations of the provisions of Section 29 are felonies and carry substantial penalties, including, for the most serious violations, up to life imprisonment and a $10,000 fine. Although NSMIA affected who must register with state regulators, it preserves the state's fraud authority. Accordingly, the state's authority to investigate and bring enforcement actions with respect to fraud or deceit against an investment adviser, or person associated with an investment adviser, remains unaffected. See Rule 116.1(b)(2)(D). As an SEC-registered investment adviser, you would not be required to comply with Texas regulatory provisions such as those that establish record keeping, disclosure, and capital requirements. You must, however, preserve any books and records you were previously required to maintain under the law of the state where you maintained your principal office and place of business (See FAQ 2.A.1) prior to registering with the SEC. See SEC Rule 204-2(k) (17 CFR §275.204-2).
2.D.4 Q: I am involved in rendering investment advice. I am, however, exempted under the Texas Act and Rules from registering with the Texas Securities Commissioner. Do I need to comply with any other provisions of the Act in conducting my sales activities?
A: Yes. The civil liability provisions of Sections 33 and 33-1 of the Act and the penal provisions of Section 29 will apply to you, including the antifraud provisions of Section 29.C, even though you are operating under an exemption from registration. As noted in FAQ 2.D.3, violations of Section 29 constitute felonies and carry substantial penalties.
2.D.6 Q: As an investment adviser, are there limitations on the use made of information I have pertaining to my clients?
A: Yes, the Gramm-Leach-Bliley Act prohibits a financial institution from disclosing nonpublic personal information about a consumer to nonaffiliated third parties, unless certain notice and opt-out requirements have been met. Additionally, the institution must develop written privacy policies and disclose them to customers on an annual basis.

How to Register in Texas

3.A. Capacity and types of registration

3.A.1 Q: I am the sole owner, officer, and director of a corporation. Must I register as a corporation or can I register as a sole proprietor?
A: If the corporation will be represented in any manner (advisory contracts, letterhead, etc.) the corporation must register. If, however, you will act only as an individual, and do not use the corporate name, you may register as a sole proprietor, provided you meet all the registration requirements for a sole proprietor.
3.A.2 Q: Our company is in the process of registering an offering of its securities in Texas. Rather than using a broker-dealer, we will act as distributor ourselves. What must we do to register in Texas
A: A limited registration as an issuer-dealer may be obtained. Although the basic filing requirements are the same as those for a general securities dealer, in some instances a partial waiver of examination requirements for agents of the issuer-dealer may be available under Rule 115.3(c)(3)(E).
3.A.3 Q: Who can be a designated officer (DO)?
A: A corporate officer of the Texas-registered firm. See Rules Rule 115.2(b) and 116.2(b). This designation does not require residence in Texas by the officer. If a Form BD or ADV is

used, the DO must be named as an officer and control person on Schedule A of Form BD or ADV. If the DO is not included on Schedule A, a letter must be provided stating the DO's corporate title and confirming that the DO is a control person of the applicant.

3.A.4 Q: Who can be a Texas branch office supervisor?

A: Any Texas-registered agent who has been designated as such by the firm. See Rules Rule 115.2(c) and 116.2(c).

3.B. Examinations

3.B.1 Q: I have a Series 7 and Series 63 license. What do I have to do to keep these effective? How long before I must retake any exams?

A: The examinations you have passed meet the requirements for dealer or agent registration in Texas. Generally, as long as your registration remains active, you will not need to retake the exams. However, if your registration in Texas becomes inactive for a period of two years or longer, you must retake examinations to become registered again.

3.B.2 Q: What examinations are required for registration as an investment adviser?

A: In order to register as an investment adviser a person must complete the Uniform Investment Adviser Law Examination (Series 65) or the General Securities Representative Examination (Series 7) and the Uniform Combined State Law Examination (Series 66). See Rule 116.3.

3.B.2 Q: Are there any exemptions from the examination requirements for investment advisers or their representatives?

A: Yes, the following persons are exempt from the examination requirements:

- A person who was registered as an investment adviser or investment adviser representative on or before December 31, 1999, provided the person has maintained a registration as an investment adviser or investment adviser representative with any state securities administrator that has not lapsed for more than two years from the date of the last registration.
- Applicants who are certified by the Association for Investment Management and Research, or its predecessors, the Federation of Chartered Financial Analysts or by the Institute of Chartered Financial Analysts, to be chartered financial analysts (CFA);
- Applicants who are certified by the Certified Financial Planner Board of Standards, Inc., to be certified financial planners (CFP);
- Applicants who are designated by the American Institute of Certified Public Accountants as accredited personal financial specialists (PFS);
- Applicants who are designated by the Investment Counsel Association of America, Inc., as Chartered Investment Counsel (CIC); or
- Applicants who are designated by the American College, Bryn Mawr, Pennsylvania, as chartered financial consultants (ChFC).

See Rule 116.3(c)(2).

3.B.4. Q: I have completed the Series 6 and Series 66 examinations. Do I need to complete another exam before I can apply for registration as an investment adviser?

A: No, you may apply for a restricted registration to deal exclusively in securities issued by open-end investment companies (mutual funds) without taking any additional examinations. However, you must limit all of your investment advisory services and your

registration to the area of investment company products. See Rules 116.1(c)(2) and 116.3(b)(1).

3.B.5 Q: FINRA granted me a waiver of the Series 7 exam requirement. Do I still need to take the exam to register in Texas?

A: Yes, unless you apply for, and receive, a waiver from this Agency. Texas does not recognize examination waivers granted by other regulatory authorities. Accordingly, you will have to request an examination waiver when you file your application for registration in Texas. If the waiver is not granted, you will have to pass the exam before becoming registered in Texas.

3.C. Other Requirements.

3.C.1 Q: Do I have to register with FINRA if I am going to register with the Texas Securities Commissioner?

A:Registration with the FINRA is not a prerequisite to registration with Texas.

3.C.2 Q: I have a conviction on my record; will this prevent me from getting registered with Texas?

A: Not necessarily. Section 14.A(1) and (2) of the Act allow the Texas Securities Commissioner to deny registration to a person:

- convicted of any felony, or
- convicted of any misdemeanor which directly relates to the person's securities-related duties and responsibilities.

Applications showing a conviction are considered on a case-by-case basis. See Rules 115.6 and 116.6a.

3.C.2 Q: Is our firm subject to Texas franchise tax?

A: If your firm is a corporation or LLC, and if you are not sure of the firm's Texas franchise tax status, you should contact the Texas Comptroller of Public Accounts at (800) 252-1381

Renewals and amendments

4.A. Timing

4.A.1 Q: Once registration is granted, are there annual filings?

A: Yes, registrants and notice filers must renew annually. Additionally, there is a continuing requirement to update throughout the year if a change occurs in the information furnished on the original application. This is true of both registrants and of investment advisers who merely make notice filings with the Texas Securities Commissioner.

4.A.2 Q: What purpose does the December 31 renewal deadline serve?

A: The deadline allows the Agency to process renewals and issue new certificates in a timely and efficient manner.

4.A.3 Q: Is there a grace period after December 31?

A: No. Section 19.C of the Act provides the penalties for late filings. To avoid paying penalties, a new application can be submitted. A break in registration status occurs if the renewal is not timely filed. Similarly, registration is terminated if the renewal fee is not timely paid. Refiling the registration or filing a late renewal does not result in backdating of the effective date of registration. If there is a break in the registration status because a renewal is not timely filed and an investment adviser continues operations during this gap in registration, the investment adviser is subject to sanctions for unregistered activity.

4.A.4 Q: When will certificates be issued?
A: Registrants who meet the December 31 deadline will be issued a new Certificate of Registration by mid-January of the following year. The Firm's Certificate of Registration is now available electronically and must be accessed from our website at www.ssb.state.tx.us/cert. You must have the Firm's CRD or Texas File number to search for your certificate.

4.B. Fees

4.B.1 Q: Our firm is a FINRA member. Is the FINRA collecting branch office renewal fees?
A:Yes.
4.B.2 Q: Why do we pay an amendment fee?
A: Section 35.B(1) of the Act establishes amendment fees.
4.B.3 Q: What changes require amendment fees?
A: Changes in: name of entity; home office and/or branch office address; designated officer and/or supervisor; and plan of business, if it affects a restriction appearing on the certificate.

4.C. Other requirements

4.C.1 Q: Is there a requirement to file an annual financial statement?
A: No, unless specifically requested by the Texas Securities Commissioner or her representative.