



IDAHO
DEPARTMENT OF FINANCE

REPORT PURSUANT TO THE GOVERNOR'S EXECUTIVE ORDER 2017-06

Consolidated Report for the Consumer Finance and Securities Bureaus
Of
The Idaho Department of Finance

JUNE 28, 2018
IDAHO DEPARTMENT OF FINANCE

Idaho Department of Finance

Consumer Finance Bureau

Report on Individual Mortgage Loan Originator License Processes

Summary

The Idaho Department of Finance, through its Consumer Finance Bureau (Bureau), administers compliance with the Idaho Safe and Fair Enforcement for Mortgage Licensing Act of 2009 (Idaho SAFE Act). The Idaho SAFE Act was adopted following the passage of federally mandated requirements for the licensing of individual mortgage loan originators, as found in the federal Safe and Fair Enforcement for Mortgage Licensing Act of 2008, 12 U.S.C. §5101, et seq. The Idaho SAFE Act repealed and replaced pre-existing licensing requirements for individual mortgage loan originators (MLOs) that were adopted by the 2004 Idaho Legislature based on requests made to the Department by members of Idaho's mortgage lending industry. Therefore, it is under the provisions of the Idaho SAFE Act that the Department administers the licensing of individual MLOs. In addition to administering MLO licensing, the Bureau also administers the licensing and supervision of approximately 1,033 mortgage broker and mortgage lender locations from which MLOs conduct business in the State of Idaho. Furthermore, the Bureau also administers the licensing and supervision of approximately 1,569 companies operating under the authority of the Idaho Credit Code and the Idaho Collection Agency Act. Sections 1 thru 16 of this report provide detail on the Department's authorities, administrative practices, and results as they relate to individual licensing.

Though the licensing of individual MLOs is federally mandated, the manner of Idaho's adoption of licensing standards has provided the Department with the ability to apply certain measures that it believes have the effect of reducing the costs and burdens associated with individual MLO licensing. As examples, and as shown in the following report, these measures include, but are not limited to:

- As referenced in Section 18 of this report, the use of the Nationwide Multi-state Licensing System (NMLS) that provides individuals with a single repository for their licensing records and provides them with an efficient method by which they can apply for, maintain, and renew licenses in jurisdictions across the United States;

- As referenced in Sections 4 and 12 of this report, the establishment of a mortgage recovery fund, funded by fees paid by license applicants, in lieu of requiring each individual MLO to obtain individual surety bonds or meet specific net worth requirements, each of which represent potential barriers to entry into the market as MLOs;
- As referenced in Sections 4, 17, and 20, of this report, the adoption of financial fitness policies that provide the Department with the ability to evaluate an MLO's approach to financial responsibility in a manner that is much more user-friendly than in many other states. Importantly, these financial responsibility policies were adopted by the Department to provide mortgage loan originators with the opportunity, in most cases, to become licensed and engage in the mortgage business **while** addressing outstanding financial issues, such as liens, collections, or other derogatory credit;
- As referenced in Section 17 of this report, the allowance for individuals who may have failed to file a license renewal application, or failed to meet all of the necessary requirements for a license renewal, to obtain the reinstatement of their license within a 60-day period immediately following a license expiration. License reinstatement may occur after an individual meets certain necessary requirements but without paying fees greater than the cost of a new license application.

Sections 17, 18, and 20 of this report also discuss certain initiatives the Department has engaged in to promote greater efficiencies in individual mortgage loan originator licensing. These include the regular assessment of policies and modifying procedures for the purpose of reducing burdens to individual licensees, as well as, participating in nationwide efforts to improve licensing efficiencies and allowing individuals greater access to competitive markets.

Sections

1. **License Type:** Mortgage Loan Originator License
2. **Statutory Reference:** [Idaho Code §26-31-101 et seq.](#)¹
3. **Rule Reference:** [IDAPA 12.01.10](#)²
4. **Requirements for Licensure:**³
 - a. [Idaho Code §§26-31-305, 306, 307, and 308](#)
 - b. Application fee of \$200 through the Nationwide Multistate Licensing System (NMLS);
 - c. Fingerprints for submission through the NMLS to the FBI for criminal background check;
 - d. Disclosure of personal history and business experience;
 - e. Disclosure of any administrative, civil, or criminal findings by any governmental jurisdiction;
 - f. Credit report for financial responsibility review (See [Idaho Financial Responsibility Policy](#));
 - g. Disclosure of civil or criminal findings against the license applicant by any governmental jurisdiction;
 - h. Director’s finding that the license applicant has never had a mortgage-related license revoked in any governmental jurisdiction;
 - i. Director’s finding that the license applicant has not been convicted of, found guilty of or pled guilty or nolo contendere to a felony in a domestic, foreign or military court (i) within seven years immediately preceding the date of the license

¹ Idaho Residential Mortgage Practices Act

² Rules Pursuant to the Idaho Residential Mortgage Practices Act

³ Requirements for mortgage loan originator licensing under the Idaho Residential Mortgage Practices Act are based on federally mandated requirements of the Federal Safe and Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act), found in Title V of The Housing and Economic Recovery Act of 2008. The federal SAFE Act requirements were adopted in Idaho by passage of House Bill 169 by the 2009 Idaho Legislature. House Bill 169 incorporated language drafted through a multi-state effort to advance uniform language, approved by the U.S. Department of Housing and Urban Development (the federal agency with oversight of state compliance with the SAFE Act at the time), for states to adopt to ensure compliance with SAFE Act requirements, as set forth under “Requirements for Licensure” in this Report.

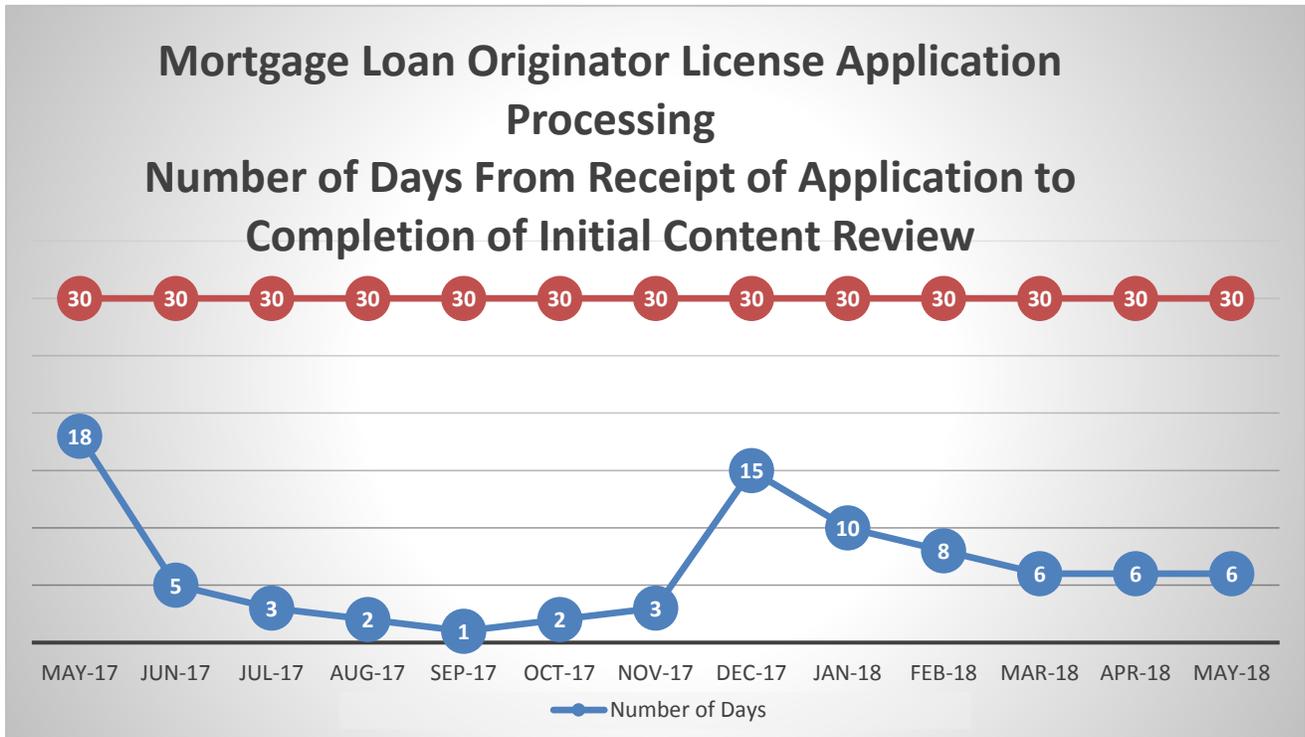
- application, or (ii) at any time preceding the date of the application, if such felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering;
- j. Director’s finding that the license applicant has not shown a disregard for his/her personal financial affairs, but rather has demonstrated financial responsibility, character, and general fitness sufficient to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of the law;
 - k. Director’s finding that the license applicant has successfully completed 20 hours of NMLS-approved pre-license mortgage education;
 - l. Director’s finding that the license applicant has passed the pre-license written test developed by the NMLS; and,
 - m. Director’s finding that the license applicant has paid \$100 for deposit into the Mortgage Recovery Fund.⁴

5. License Renewal Requirements

- a. [Idaho Code §§26-31-309](#) and [310](#);
- b. The licensee continues to meet the delineated minimum standards for initial licensing, outlined under Item 4, above;
- c. The licensee has successfully completed eight hours of annual continuing education as approved by the NMLS; and,
- d. The licensee has filed a completed renewal application, together with a \$100 license renewal fee, through the NMLS, on or before December 31 of each year.

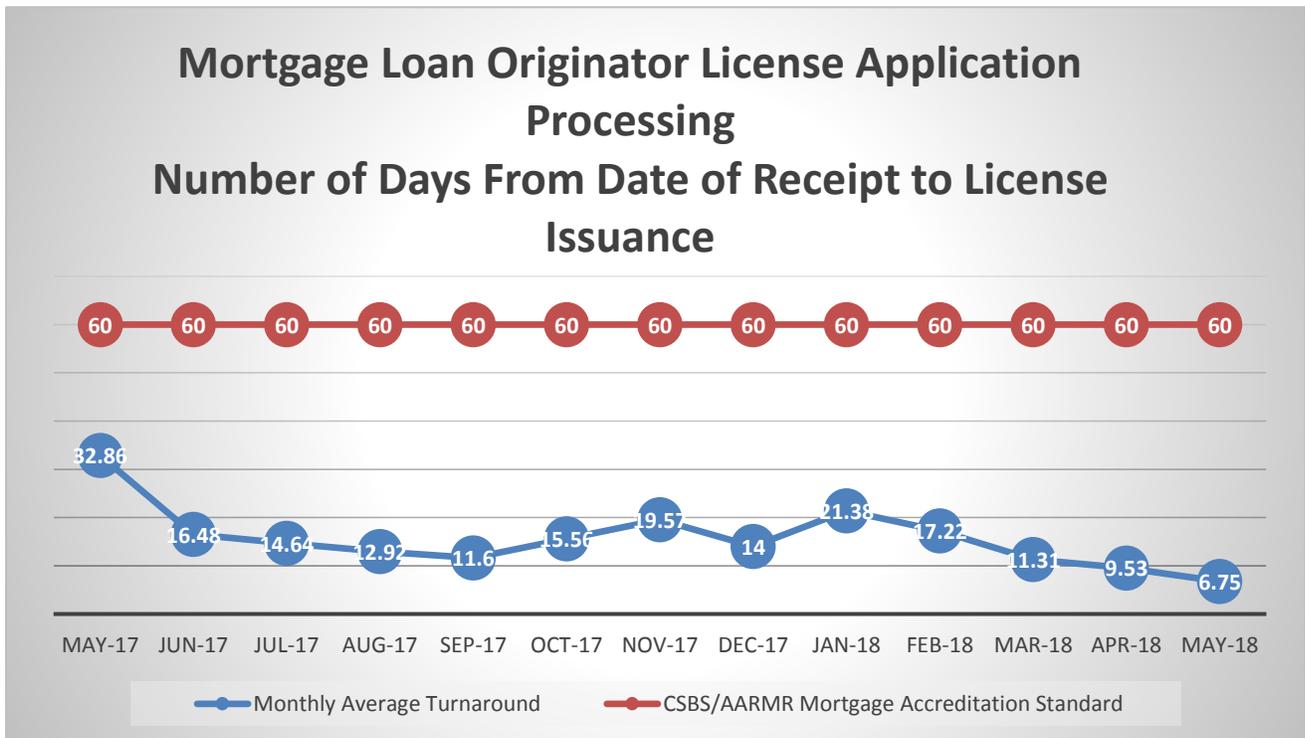
⁴ House Bill 169, adopted by the 2009 Idaho Legislature included a provision to establish a “Mortgage Recovery Fund” in lieu of continuing with individual surety bonding for mortgage licensees. That has proven to be very beneficial; saving mortgage licensees significant annual surety bond premiums since 2009 and saving Department of Finance staff many hours in monitoring and maintaining the former surety bond requirement. Further, due to the strength of the “Mortgage Recovery Fund,” the Director has been statutorily authorized to offer a “fee holiday” to all Idaho mortgage licensees at license renewal for the past four years (since the 2014 license renewal period through 2017), thus saving Idaho’s mortgage licensees millions of dollars, collectively, over the past four years.

6. **Number of Days from Receipt of License Application to Completion of Initial Content Review with Feedback to Applicant**



May 2017 through May 2018 – Average Number of Days from Receipt of License Application to Completion of Initial Content Review = 6.5 Calendar Days

7. **Average Processing Time from Receipt of Application to License Issuance – From May 2017 through May 2018⁵**



Average License Application Processing Time from May 2017 through May 2018 = 15.7 Calendar Days⁶

⁵ During the period of May 1, 2017 through the end of May 2018 the Department reviewed 2,025 new mortgage loan originator license applications.

⁶ The length of time that it takes a Mortgage Loan Originator license applicant to cure license application deficiencies is solely the responsibility of, and solely controlled by, the license applicant. It takes the Idaho Department of Finance less than three business days to issue a Mortgage Loan Originator license after receipt of a complete Mortgage Loan Originator License application.

8. Basis to Deny or Not Accept Application

- a. [Idaho Code §§26-31-305, 306, 307, and 308](#);
- b. Failure to make complete disclosure of all information required in the license application;
- c. Failure to cure license application deficiencies within 60 days of written notice;
- d. Failure to satisfy all of the requirements set forth in item No. 4, above;
- e. The Director may suspend acting on an application for licensure pending resolution of any criminal charges against the license applicant, the outcome of which could disqualify the applicant from licensure if the applicant is found guilty, or pleads guilty to, the pending charge; and,
- f. The Director may suspend acting on an application for licensure pending resolution of any civil or administrative action against the license applicant involving any aspect of a financial service business, the outcome of which could disqualify the applicant from licensure.

9. Basis to Refuse Renewal

- a. [Idaho Code §26-31-309](#); and,
- b. Failure to satisfy all of the requirements set forth in item No. 5, above.

10. Initial License Application Fee

- a. [Idaho Code §26-31-305\(1\)](#): \$200

11. Annual License Renewal Fee

- a. [Idaho Code §26-31-309\(1\)](#) \$100

12. Mortgage Recovery Fund Fee

- a. [Idaho Code §26-31-110\(1\)\(c\)](#) \$100

16. Disciplinary Actions – May 19, 2013 – May 19, 2018

Docket No.	Statutory Basis	Factual Summary
1. 2016-16-01	Idaho Code §26-31-313(1)(b) Idaho Code §26-31-317(10) Idaho Code §26-31-306(1)(d)	Action to revoke license for submission of falsified bank statements in a license renewal application. Consent Order stipulated to non-renewal of license and a bar from reapplying for a license in Idaho for five years.
2. 2017-16-02	IDAPA 12.01.10.005 12 CFR 1026.42(c)(1)(i)(A)	Multiple attempts to influence appraiser valuations in processing residential mortgage loan applications. Consent Order stipulated to (i) license suspension thru 2017, and (ii) bar from reapplying for a license in Idaho for two years.

17. Law, Rule, or Policy Changes or Attempted Changes in Last 5 Years to Eliminate Barriers to Entry

a. Changes to Law

- i. Proposed and obtained legislative amendments to allow for license reinstatement following an individual’s failure to renew an existing license.

b. Changes in Policy

- i. Modified Financial Responsibility Policy to be less restrictive on cumulative total of past due credit accounts.¹⁰
- ii. Adopted the Uniform State Test for MLOs (UST) in lieu of an individual Idaho state law test, thereby reducing burdens on license applicants

¹⁰ The Department’s “[Financial Responsibility Policy](#)” (Policy) parts from the approach by many other state mortgage regulators. Rather than keeping individuals out of the mortgage business for falling on hard financial times, the framework of the Department’s Policy is oriented toward transitioning loan originators *into* business, with the recognition that anyone can experience financial setbacks. Given that, the Policy allows individuals, who would be barred from obtaining a license in many other states, to enter into a Conditional License Agreement allowing them to demonstrate the requisite financial responsibility while at the same time engaging in business as an Idaho-licensed Mortgage Loan Originator.

applying for a license in Idaho or other states that had also adopted the UST.

- iii. Adopted the issuance of Conditional Branch Licenses, thereby allowing MLOs to begin work faster while a company's branch application is pending full review.

c. Changes in Procedures

- i. Obtained approval for an additional Licensing Examiner in order to better process high volumes of MLO license applications.
- ii. Reformatted the Department's electronic MLO database in order to eliminate duplicative data entry and add greater efficiency in license application processing.
- iii. Revised/eliminated specific application review items that regularly required corrections on the part of MLOs.
- iv. Regularly develop and present MLO continuing education material, in cooperation with the Idaho Association of Mortgage Professionals and the Idaho Mortgage Lenders Association, in order to provide low cost continuing education credits to MLOs seeking license renewal.

18. Assessment of Public Interest

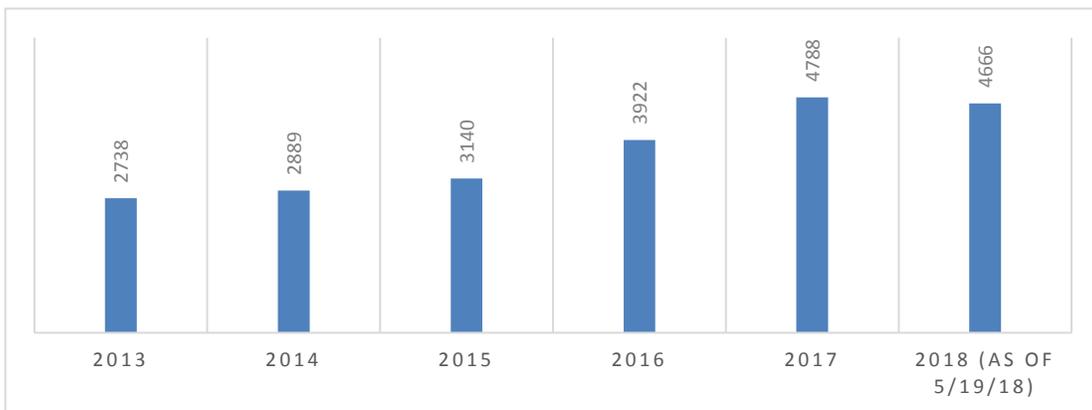
The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act) was enacted into law on July 30, 2008, with the primary objective of establishing minimum standards for individual states to license and register mortgage loan originators (MLOs). The SAFE Act also directed the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) to establish and administer the Nationwide Mortgage Licensing System (NMLS). The NMLS provides, among other things, a uniform licensing and reporting system, as well as a comprehensive database that allows regulators to better monitor licensees. NMLS Consumer Access provides consumers information about companies and individuals they may be working with. The SAFE Act was enacted to enhance consumer protection and reduce fraud by requiring states to establish minimum standards for the licensing and registration of state-licensed or non-depository MLOs and registration of depository MLOs through the NMLS.

The process of purchasing or refinancing a home can be daunting. In fact, the largest financial commitment that most people will make in their lives will be the purchase of a home. The SAFE Act, as adopted in Idaho and in every other state, helps ensure greater

professionalism and accountability in the U.S. mortgage markets, and helps prevent fraud by requiring MLOs to meet minimum standards of knowledge and training to qualify for licensure. For the general protection of the public, there is great interest in the continuation of the protections and safeguards incorporated into the SAFE Act, as adopted by all states. Further, there is great interest in the mortgage industry that state regulators continue their efforts to promote uniformity in interpreting and applying SAFE Act provisions across jurisdictional lines.

A principal driver of “uniformity” in the states’ application of the licensing provisions of the SAFE Act, is the NMLS. NMLS 2.0, scheduled for rollout in 2019, will include many NMLS functionality improvements. NMLS is being rebuilt on a more modern platform in order to improve its operations, enhance the user experience, and strengthen supervision. The NMLS 2.0 Stakeholder Engagement Process is intended to develop the vision, concepts, and relevant policy issues to support the development process. NMLS 2.0 is governed by the SRR Board of Managers and the NMLS Policy Committee, and directed by the NMLS 2.0 Steering Committee. The goals and guiding principles of this modernization effort can be found here: [NMLS 2.0 Guiding Principles](#). Over the past couple of years, the Idaho Department of Finance has played, and continues to play, a key role in reassessing the NMLS and recommending improvements to reduce regulatory burdens that negatively affect regulators and licensees alike. It is anticipated that NMLS 2.0 will greatly enhance efficiencies in the MLO licensing process under the SAFE Act in every state.

19. Calendar Year-End Mortgage Loan Originator License Numbers from 2013 through May 19, 2018



20. Recommendations for Improvement, Modification, or Elimination of Requirements

- a. A revision of the Department’s Financial Responsibility Policy is currently being reviewed and assessed by the Department and the Idaho Mortgage Advisory Board. Portions of the existing policy have been adjusted to reflect revised Fannie Mae borrower eligibility guidelines. It is anticipated that the proposed policy revision will expedite license application reviews and greatly reduce the number of individuals whose credit histories are currently subject to review under the existing policy.

- b. On May 22, 2018, the U.S. House passed the Economic Growth, Regulatory Relief and Consumer Protection Act, rolling back some of the regulations of the Dodd-Frank law. The Act, anticipated to go into effect in January 2020, amends provisions of the federal SAFE Act governing state licensing of mortgage loan originators. These changes will provide mortgage loan originators 120 days of temporary transitional authority to continue in business while completing new license application requirements in instances, (i) involving a change of employment from a chartered bank/credit union to a non-bank mortgage broker/lender company, or (ii) where a licensed mortgage loan originator moves from one state to another. With these SAFE Act amendments, eliminating barriers to entry for transitioning mortgage loan originators, the Department will undertake all necessary changes to mortgage policies, rules, or laws to timely incorporate these regulatory reduction measures in Idaho.

Idaho Department of Finance

Securities Bureau

Report on Individual License Processes For Securities Representatives and Investment Adviser Representatives

Preamble

What Individual vocations does the Securities Bureau Regulate?

The Securities Bureau “registers” securities sales agents and investment adviser representatives, each of which is associated with a registered broker-dealer and/or investment advisory firm¹¹. These individuals offer various financial products and services to Idaho citizens and entities including a) soliciting and recommending, as well as effecting transactions in domestic and international investment securities, b) providing financial planning services and related products, and c) providing an array of investment management services.

Over 110,000 individuals are registered with the Securities Bureau to engage in various strata of the financial services industry, yet less than 2,000 of these individuals reside in the state of Idaho.

How is registration of these individuals effected?

Registration of these individuals is conducted through a web-based portal administered by the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization authorized by the U.S. Securities and Exchange Commission. The Central Registration Depository (CRD) and the Investment Adviser Registration Depository (IARD) are the central registration systems for the U.S. securities industry and its regulators. Web CRD also facilitates the processing and payment of registration-related fees for form filings, fingerprint submissions, qualification exams and continuing education sessions.

Essentially, all state securities regulators, the District of Columbia and Puerto Rico operate under some version of the Uniform Securities Act. This allows for the standardization and centralization of registration processes. FINRA consists of member firms that employ securities sales agents,

¹¹ The Bureau also provides for the registration of agents of issuers (persons not regularly engaged in the securities industry but who sell securities on behalf of one issuer of securities). At calendar year end, only 15 such individuals were registered as an issuer agent.

so industry and regulatory input is obtained when changes to the registration application forms and registration prerequisites are considered.

What are the requirements to register?

Due to the nature of their businesses and the significant financial risks posed to the investing public, securities sales agents and investment adviser representatives are required to have a sponsoring broker-dealer or investment adviser in order to apply to become registered. Applicants must complete a uniform application for registration and must pass standardized tests to ensure a minimum level of competency about the specific products and services they intend to offer to the investing public. Through FINRA, securities agent applicants must also submit to a fingerprint based criminal background check.

Sections

- 1. Each executive department of the state of Idaho as set forth in section 67- 2402, Idaho Code, including each division, bureau or self-governing agency with statutory or regulatory authority to issue a license to an individual, authorizing such person to engage in a profession, vocation or occupation, shall review and report:**

- a. the timeframe for final action either approving or denying a complete application for issuance of a professional, occupational, or vocational license;*

Response:

Once a registration application is deemed complete, the Idaho Uniform Securities Act allows the Department 45 days to act on the application or it becomes automatically effective.

For the 700 agent applications received between March 1, 2017 and May 21, 2017 that required staff review, the average wait time for approval

was less than 1.3 days¹². Of the 4 applications that were under review for more than 10 days, the average approval or application termination/withdrawal cycle was just under 25 days.

A second sampling of over 450 agent applications in the February to June 2018 timeframe using a marginally different analytic approach yielded an average approval wait time of less than 1.8 days (or 1.2 days if same day approvals are counted at zero). For the 70 applications that were deficient, the wait time until final action averaged 13.4 days¹³.

- b. *review of requirements that are prerequisites for the issuance of each type of license and suggestions on requirements that can be eliminated;*

Response:

To qualify for registration, applicants must 1) associate with an employing broker-dealer or investment advisory firm, 2) fill out a uniform application that is submitted through the CRD system, 3) pass a competency test directly associated with the types of financial services they want to offer, and 4) pay one of the lowest state registration fees in the nation (\$50 for securities agents and \$30 for Investment adviser representatives).

The Department of Finance has no additional prerequisites for licensure that are variant from the uniform national registration standards adopted and administered through FINRA and state securities regulators.

No suggestions are made regarding requirements that can be eliminated as all industry participants will ultimately be subject to use of the CRD and the related multi-jurisdictional licensing standards. To move away from the CRD platform and its requirements would necessitate a manual licensing process solely with the State of Idaho, likely adding costs to

¹² This average may be somewhat skewed as active registered agents who change employers are allowed to make an immediate transfer of their registration with no waiting period. Where the Department is concerned about the disciplinary history of an applicant, there can be a significant delay while waiting for additional information from the applicant, or in some cases, their response to our request for them to withdraw their application.

¹³ It should be noted that deficient application action times are often the result of deficiencies that can only be cured by the applicant. For example, if an agent's application is deficient because the applicant has not yet passed the relevant competency test, then the Securities Bureau is left to wait for the applicant to cure the deficiency by taking and passing the proper examination before the application can be approved.

industry and reduced efficiencies in handling these applications.

- c. *review of renewal requirements and suggestions on requirements that can be eliminated*

Response:

The renewal of securities industry agents is handled seamlessly through the FINRA CRD system on a calendar year basis. Securities industry agents must keep their information in the CRD system up to date and pay a renewal fee to the Department. Annual renewals are automatic for existing licensees as long as they have paid a renewal fee.

- d. *statutory or regulatory prohibitions that require the department to deny either the acceptance of an application for a license or the denial of the issuance or renewal of a license, together with a report of the number of applicants denied licensure, or whose applications were not accepted for consideration by the department or agency, or who were refused renewal of a license for the one-year period immediately following or preceding the date of this executive order, and the factual or statutory basis for each such denial.*

Response:

The Idaho Uniform Securities Act grants discretion to deny, revoke, suspend or limit a sales agent's registration application IF the Director deems it to be in the public interest AND there are appropriate grounds for the action as enumerated in the statute. Any such action by the Department provides due process to the affected sales agent by requiring an opportunity for a hearing to determine the merits of the Department's actions. Grounds for such action include:

- i. the agent's application is incomplete or contains misstatements or misleading information.
- ii. the agent has failed to pay the appropriate application fee.
- iii. the agent has willfully violated or willfully failed to comply with the Idaho Uniform Securities Act and rules associated with the act (e.g., professional conduct prohibitions).
- iv. the agent has been convicted of a felony in the past ten years or has been

convicted of a misdemeanor involving financial services products or the related securities business.

- v. the agent has been enjoined or restrained as a result of a sanctioning action by other state or federal securities regulators, insurance regulators, securities self-regulatory organizations, depository organizations, the U.S. Securities and Exchange Commission, and other federal regulatory bodies such as the CFTC.
- vi. the agent is insolvent.
- vii. the agent's refusal to allow or otherwise impede the Department from conducting a statutorily authorized audit or inspection.

During the twelve months preceding the date of the Executive Order, the Department issued one Order of Revocation on a broker-dealer firm but did not deny or revoke any individual agent registrations or applications. The Department did, by consent agreement, sanction one agent who was a principal of a state registered investment adviser, and did request and receive 17 voluntary agent application withdrawals.

- e. *statutory or regulatory authority for the suspension, revocation or other disciplinary action relating to professional, technical, or occupational licenses issued by such agency, together with a report of the number of such disciplinary actions and the factual or statutory basis for such action;*

Response:

Idaho Code § 30-14-412 provides the statutory basis for revocations, denials, and suspensions of registered securities agents (see preceding answer for specifics regarding such actions).

Idaho Codes §§ 30-14-604 and 603 enumerates the Department's administrative and civil enforcement authority under the Idaho Uniform Securities Act.

Idaho Code § 30-14-508 enumerates criminal penalties for violations of the Idaho Uniform Securities Act.

Contested orders issued pursuant to the Idaho Uniform Securities Act are subject to judicial review under Idaho Code § 30-14-609.

The Securities Bureau did not deny or revoke any individual agent registrations or applications during Fiscal 2017, but did, by consent, sanction a small number of entities and registered individuals who were alleged to have engaged in violations of the Idaho Uniform Securities Act.

- f. *the cost of administering the licensing process on a per applicant basis, and the fee charged to each applicant for issuance or renewal of a license.*

Response:

The fee charged in association with an agent registration application does not solely encompass the raw costs of reviewing and approving the application. Rather, the fee covers costs borne by the agency in providing ongoing oversight, examinations, investigations and enforcement actions involving registered agents. The Department does not presently charge separately for examinations.

- g. *in recognition of the work by board members to address these issues, list the laws and rule changes enacted in the past five years to eliminate barriers.*

Response:

The FINRA/State CRD registration platform is subject to a coordinated ongoing process of review and amendment. FINRA is the CRD administrator and is the self-regulatory organization recognized by the U.S. Securities and Exchange Commission to oversee securities industry participants. Industry members have multiple committees whose purpose is to consider or review proposed registration application changes and other forms processed through the CRD. FINRA and state securities regulators also have standing committees and workgroups whose charges include the review, consideration and recommendation of changes to CRD forms. Enhancements and changes to the CRD system are scheduled quarterly. The U.S. Securities and Exchange Commission

must ultimately approve CRD forms revisions.

During 2016, the Department engaged industry in a negotiated rulemaking process to amend the Rules Pursuant to the Idaho Uniform Securities Act. All Idaho domiciled securities agents and state registered investment advisers were invited to participate in the process, as were various members of the legal community with specific practices or interests in the securities field. Eight comments were received on the proposed amendments and one change was made as a result of such comments.

2. Each executive department of the state of Idaho as set forth in section 67- 2402, Idaho Code, including each division, bureau or self-governing agency with statutory or regulatory authority to issue a license to an individual, authorizing such person to engage in a professional, technical or occupation, shall:

- a. provide an assessment or statement as to whether the licensure, or requirements relating thereto, are in the public interest, together with the reasons for such assessment or opinion.*

Assessment of Public Interest

Nearly every securities sales agent or investment adviser representative registers in more than just their home state and they are often dually registered, and most often registered through FINRA as well. As such, a uniform framework for the vetting and registering of such individuals is highly desirable. This approach provides efficiencies and clarity for firms and their agents. Idaho does not have special requirements above and beyond the uniform registration protocols provided through the CRD.

Securities sales agents and investment adviser representatives are most often an individual investor's gateway to financial products, services and advice. Many Idahoans rely greatly on their financial adviser to recommend appropriate investments and to assist them with short and long-term financial planning. As such, minimum competency requirements are essential for these practitioners, as unscrupulous or incompetent agents can cause significant monetary harm to Idaho

investors. Appropriate vetting of registration applications also allows the Department to avoid registering individuals that have proven to pose a risk to investors' financial well-being.

The present regulatory framework and registration processes are appropriate and in the public interest.

- b. provide recommendations for improvement, modification or elimination of licensure requirements within the department's or the self-governing agency's jurisdiction*

Response:

Ongoing collaboration between industry, state, federal and self-regulatory organizations (e.g. FINRA) provides an appropriate mechanism to propose changes in registration requirements. This collaboration also provides the added efficiencies of a standardized registration platform. The Department is committed to being a part of this process and is open to industry and regulatory suggestions to make registration processes more efficient and appropriate in light of the need to ensure that financial practitioners deal with the public honestly, fairly and competently.