

**BARBARA K. CEGAVSKE**  
*Secretary of State*

STATE OF NEVADA



**SCOTT W. ANDERSON**  
*Chief Deputy Secretary of State*

**ERIN M. HOUSTON**  
*Deputy Secretary for Securities,  
Securities Administrator*

**OFFICE OF THE  
SECRETARY OF STATE**

June 30, 2022

**Notice of Workshop to Solicit Comments on Revised Proposed Regulations,  
Agenda, and Small Business Impact Statement**

Notice is hereby given that the Office of the Secretary of State, Securities Division, 2250 Las Vegas Boulevard North, Suite 400, North Las Vegas, Nevada 89030, is holding a workshop relating to revised proposed regulations set forth in Nevada Revised Statutes, Chapter 90 and Chapter 90 of the Nevada Administrative Code.

The workshop will be conducted remotely beginning at 9:00 a.m. on Tuesday, August 2, 2022. Individuals wishing to participate may, on the scheduled day and time, enter the meeting from the following link: [https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_NDViMDhhOTYtOTU5YS00Y2RjLTk3ZGUtYTk3ZGU4Nzc4ZWUw%40tbread.v2/0?context=%7b%22id%22%3a%22e4a340e6-b89e-4e68-8eaa-1544d2703980%22%2c%22oid%22%3a%226c648ae8-3758-4693-b417-40a951f7da5b%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_NDViMDhhOTYtOTU5YS00Y2RjLTk3ZGUtYTk3ZGU4Nzc4ZWUw%40tbread.v2/0?context=%7b%22id%22%3a%22e4a340e6-b89e-4e68-8eaa-1544d2703980%22%2c%22oid%22%3a%226c648ae8-3758-4693-b417-40a951f7da5b%22%7d). To access the meeting via audio only dial 1-775-321-6111, Phone Conference ID 180-137-614#.

The purpose for the workshop is to solicit comments from interested persons on revised proposed regulations to be added to or revise significant portions of Chapter 90 of the Nevada Administrative Code ("NAC"), which pertains to laws set forth in Nevada Revised Statutes ("NRS") Chapter 90. The regulations are intended to update and modernize Chapter 90 of the Nevada Administrative Code. The below agenda for that day includes the general topics that may be addressed in the proposed regulations.

A copy of the revised proposed regulations revising NAC 90 are attached. NRS Chapter 90 can be found at the following web address: <https://www.leg.state.nv.us/NRS/NRS-090.html>. NAC Chapter 90 in its current form can be found at the following web address: <https://www.leg.state.nv.us/NAC/NAC-090.html>. These materials may also be obtained by contacting Eli Beauchamp, 2250 Las Vegas Boulevard North, Suite 400, North Las Vegas, NV 89030, E-mail: [ebeauchamp@sos.nv.gov](mailto:ebeauchamp@sos.nv.gov). A reasonable fee for copying may be charged.

The Securities Division is also requesting that all interested parties submit written comments on or before August 2, 2022. Written Comments should be directed to Erin Houston, Nevada Secretary of State's Office Securities Division, 2250 Las Vegas Boulevard North, Suite 400, North Las Vegas, Nevada 89030, E-mail: [ehouston@sos.nv.gov](mailto:ehouston@sos.nv.gov).

This Notice of has been sent to all persons on the Securities Division's mailing list for administrative regulations and posted at the following locations:

**LAS VEGAS OFFICE**  
2250 Las Vegas Boulevard North, Suite 400  
North Las Vegas, NV 89030  
Telephone: (702) 486-2440  
Fax: (702) 486-2452

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**Nevada Secretary of State's Office, Main Lobby**

2250 Las Vegas Boulevard, North, Suite 400, North Las Vegas, NV 89030

**Nevada Secretary of State's Office**

**Commercial Recordings Main Lobby**

202 North Carson Street, Carson City, Nevada 89701

**Nevada State Legislative Building**

401 South Carson Street, Carson City, Nevada 89701

**Nevada State Library**

100 North Stewart Street, Carson City, NV 89701

**State of Nevada Website**

<http://nv.gov/>

**Nevada Secretary of State Website, Investor Information page**

<http://www.nvsos.gov/sos/investor-information>

**Nevada Secretary of State Website**

<http://www.nvsos.gov/sos>

**Nevada State Legislative Counsel Bureau**

Administrative Regulation Notices Website: <https://www.leg.state.nv.us/App/Notice/A>

*The Nevada Secretary of State, Securities Division is pleased to make reasonable accommodations for those individuals with disabilities who wish to participate in the meeting. If special arrangements for the meeting are necessary, please notify Eli Beauchamp at (702) 486-2440 or [nvsec@nv.sos.gov](mailto:nvsec@nv.sos.gov) no later than five working days before the meeting.*

Dated: June 30, 2022

Respectfully,

/s/Erin M. Houston

Erin M. Houston, Deputy Secretary for Securities  
Securities Administrator

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## **AGENDA**

- 1. Introduction to Workshop Process**
- 2. Discussion and Public Comment on proposed amendments to Nevada Administrative Code Chapter 90 (LCB File Number R018-21)**

**Proposed amendments and discussion for possible action regarding State Administrative Regulations include the following:**

- a. Identification of additions to the current Nevada Administrative Code
  - i. Sections 1 – 40 formally adopt portions of the NASAA Model Rules for Federal Crowdfunding Offerings with notice filing requirements; the NASAA Notice Filing Rule for Regulation A – Tier 2 Offerings with notice filing requirements; the NASAA Model Rule Exempting Certain Acquisition Brokers from registration; the NASAA Custody Requirements for Investment Advisers, Model Rule 102(e)(1)-1 alternative 2 which was previously adopted by reference in NAC 90.3864; the provision that it is an unethical business practice for investment advisers to accept performance-based compensation unless certain conditions are met which is based on NASAA Model Rule 102(f)-3 which was previously adopted by reference in NAC 90.3864; NASAA Model Rule 203(a)-1A; NASAA Model Rule 102(a)(4)-1 alternative 2 which was previously incorporated by way of NASAA Model Rule 203(a)(2) and adopted by reference in NAC 90.3864; language from the NASAA Investment Adviser Information Security and Privacy Rule adopted May 19, 2019; NASAA Brochure Rule Requirements for Investment Advisers, Model Rule 203(b)-1, which is substantially similar to 17 C.F.R. 275.204-3 and which was previously adopted by reference in NAC 90.3864; NASAA Model Rule 203(a)-2 Alternative 1 as amended 5/19/2019, which is substantially similar to 17 C.F.R. 275.204-2, which was previously adopted by reference in NAC 90.3864; portions of the NASAA Statement of Policy Regarding Use of Electronic Offering Documents and Electronic Signatures pertaining to electronic offering documents et al; portions of the NASAA Statement of Policy Regarding Use of Electronic Offering Documents and Electronic Signatures pertaining to the use of electronic signatures; the NASAA Model Rule on Investment Adviser Representative Continuing Education, adopted 11/24/2020; and portions of NASAA Model Legislation or Regulation to Protect Vulnerable Adults from Financial Exploitation adopted January 22, 2016.

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- b. Modifications of the current Nevada Administrative Code, Chapter 90
  - i. Sections 41-70 contain clean-up and modernizing provisions of existing language of NAC 90.

**3. Discussion of Public Comment**

**4. Adjournment**

NOTE: The Nevada Secretary of State's Office, Securities Division may take the above matters out of order, may consolidate the above matters for consideration, and reserves the right to remove or delay any of the above matters on the Agenda. Commenters may be limited to three minutes. Members of the public are encouraged to submit written comments for record at [ehouston@sos.nv.gov](mailto:ehouston@sos.nv.gov).

Date: June 30, 2022

Respectfully,

/s/Erin M. Houston

Erin M. Houston

Deputy Secretary of State for Securities



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**SMALL BUSINESS IMPACT STATEMENT**

AS REQUIRED BY NRS 233B.0608 AND 233B.0609

**LCB FILE NO. R018-21**

June 30, 2022

NOTE: Small Business is defined as a “business for profit which employs fewer than 150 full-time or part-time employees.” (NRS 233B.0382)

- 1. Describe the manner in which comment was solicited from affected small businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.**

**ANSWER:** The Division solicited feedback from possibly affected small businesses by individually sending an electronic copy of the proposed revised regulations to all interested parties, including all licensed Nevada-based Investment Advisers with up-to-date email addresses with the Division. The Division also posted or caused to be posted the proposed regulations at the Nevada Secretary of State’s Office, Main Lobby; the Nevada Secretary of State’s Office, Commercial Recordings Main Lobby, State of Nevada Website, Nevada Secretary of State’s Website, Investor Information Page; Nevada Secretary of State Website; and the website of the Nevada State Legislative Counsel Bureau. A Notice of Workshop to Solicit Written Comments on Proposed Regulations was posted along with the proposed regulations. The noticed Workshop was held via Zoom on October 21, 2021. **No representatives from small businesses were present at the workshop, nor were any written comments received from the same.** Similarly, no comment was received from any small businesses following an informal remote workshop held solely for the purpose of soliciting feedback held on March 25, 2021. This workshop was noticed as described above.

- 2. The manner in which the analysis was conducted.**

**ANSWER:** The Nevada Securities Division (Division) considered the purpose and scope of the proposed revised regulations in Nevada Administrative Code 90 in order to determine whether the proposed changes will have an impact on the small businesses regulated by this code. Based on this review, the Division determined that these regulations will possibly have a direct adverse effect on a di minimis number of small businesses in the State of Nevada by



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requiring notice filing with the Division for Regulation A, Tier 2 offerings made in the state and requiring a small fee for the same. The fee for Regulation, Tier 2 offerings will be tied to the amount of money that is actually made by the registrant. Regulation A, Tier 2 Exemptions are originally filed with the Securities and Exchange Commission. For context, a search of the Security and Exchange Commission's EDGAR system revealed only twenty-three (23) total Regulation A, Tier 2 exemption filings made by businesses headquartered in the State of Nevada over the last five (5) years. It is not known how many, if any, of those filing entities qualify as small businesses within the meaning of NRS 233B.0382.

The Division determined that the proposed revised regulations do not have an adverse indirect effect on small businesses in Nevada. The Division determined that the revised regulations will possibly have a direct beneficial impact on small businesses in the State of Nevada by codifying exemptions to licensing that do not currently exist. Specifically, there may be exemptions to licensing certain branch office registration requirements following the adoption of the revised regulations.

**3. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate, including, without limitation, both adverse and beneficial effects and both direct and indirect effects.**

**ANSWER:** The Division anticipates that the proposed revised regulations will provide a minimal economic effect on small businesses because almost all of the proposed regulations contained in LCB File No. R018-21 have been implemented by the Division for many years because of language contained in NAC 90.321 adopting certain FINRA rules and NAC 90.3864 adopting the NASAA model rules by reference. Those FINRA and model rules are now being formally adopted by way of the revised regulations for purposes of clarity of Nevada rules.

**4. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.**

**ANSWER:** The potential impact of the proposed regulations on businesses that are located within the State of Nevada is so minimal that there was no effort made to reduce the impact of the same. As described above, the vast majority of entities offering Regulation A, Tier 2 offerings in Nevada as set forth in federal law are located outside of the state.



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**5. The estimated cost to the agency for enforcement of the proposed regulation.**

**ANSWER:** There is no out-of-pocket additional expense to the agency for enforcement of the proposed regulations as the proposed regulations do not create new regulatory schemes and notice filing for Regulation A, Tier 2 issuers can be accomplished through existing forms and processes within the Division.

**6. If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

**ANSWER:** The only new fee set forth in the revised regulations is for notice filing for Regulation A, Tier 2 offerings made within the State. The Division cannot ascertain with certainty how much extra revenue to the state will be derived from those offerings as the filing fee is based on NRS 90.500 which describes a registration fee based on a percentage off the maximum aggregate offering price at which the securities are to be offered in this State in an amount up to \$5,000.00. All revenue received by the Division are deposited into the state general fund.

**7. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.**

**ANSWER:** The proposed regulations does not include any provisions which duplicate or are more stringent than existing federal, state, or local standards.

**8. The reasons for the conclusions of the agency regarding the impact of a regulation on small businesses.**

**ANSWER:** The Division complied with NRS 233B.0608 by considering the scope and purpose of the revisions to NAC 90. The proposed revisions modernize the existing regulations contained in NAC 90 by formally adopting NASAA model rules and FINRA rules which have been changed and added over time, although those have been followed by the Division through the passive adoption language contained currently in NAC 90.321 and NAC 90.3864. Because these revisions have been followed implicitly for years, the Division anticipates no real impact on small businesses here in Nevada.