

serves in terms of gender, ethnicity, and cultural and socio-economic backgrounds.

(c) Conduct.

(1) All volunteers, employees, and directors must conduct themselves in a professional manner.

(2) Volunteers, employees, and directors may not discriminate against any individual on the grounds of race, color, national origin, religion, sex (including pregnancy), age, disability, or other legally protected classes.

(3) A local volunteer advocate program may terminate a relationship with a volunteer, employee, or director who:

(A) does not act in accordance with the policies of the local volunteer advocate program; or

(B) has abused or neglected a position of trust.

(d) Confidentiality.

(1) Each local program must counsel volunteers, employees, and directors on what constitutes confidential information.

(2) A volunteer, employee, or director may not communicate any confidential information pertaining to an individual being served by a local volunteer advocate program to a person who is not authorized to possess the confidential information.

(e) Conflicts of Interest. Each local volunteer advocate program must have a written conflict-of-interest policy that:

(1) prohibits any personal, business, or financial interest that renders a volunteer, employee, or director unable or potentially unable to perform the duties and responsibilities assigned to that volunteer, employee, or director in an efficient and impartial manner; and

(2) prohibits a volunteer, employee, or director from using the position for private gain, or acting in a manner that creates the appearance of impropriety.

(f) Liability.

(1) A person is not liable for civil damages for a recommendation made or an opinion rendered in good faith, while acting in the official scope of the person's duties as a board member, staff member, or volunteer of a local volunteer advocate program.

(2) Neither HHSC nor the statewide volunteer advocate organization will be liable for the actions of local volunteer advocate program volunteers, employees, or directors. Volunteers, employees, and directors of local volunteer advocate programs must abide by the conduct, confidentiality, and conflict-of-interest requirements outlined in this section, as well as all other laws and regulations governing the prescribed conduct and activity.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Karen Ray

Chief Counsel

Texas Health and Human Services Commission

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For further information, please call: (512) 460-0992

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TITLE 7. BANKING AND SECURITIES

PART 1. FINANCE COMMISSION OF TEXAS

CHAPTER 7. TEXAS FINANCIAL EDUCATION ENDOWMENT FUND

7 TAC §§7.101, 7.103 - 7.105

The Finance Commission of Texas (commission) proposes amendments to §7.101 (relating to Applicability and Purpose), §7.103 (relating to TFEE Grant Program), §7.104 (relating to TFEE Gifts and Donations), and §7.105 (relating to TFEE Fund Management) in 7 TAC Chapter 7, concerning Texas Financial Education Endowment Fund.

The rules in 7 TAC Chapter 7 govern the Texas Financial Education Endowment (TFEE). The Texas Legislature established TFEE in 2011, in order to support statewide financial education and consumer credit building activities and programs. The commission and the OCCC have established a grant program to promote the purposes of TFEE.

In general, the purpose of the proposed rule changes to 7 TAC Chapter 7 is to implement changes resulting from the commission's review of the chapter under Texas Government Code, §2001.039. Notice of the review of 7 TAC Chapter 7 was published in the *Texas Register* on August 2, 2024 (49 TexReg 5783). The commission received no comments in response to that notice.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC received no informal precomments on the rule text draft.

The Texas Legislature passed SB 1371 in the 2023 regular legislative session. SB 1371 modernized, clarified, and corrected provisions of the Texas Finance Code administered by the OCCC. In particular, SB 1371 relocated and amended the statutory provision that establishes TFEE. SB 1371 relocated this section from previous Texas Finance Code, §393.628 to current Texas Finance Code, §14.113. SB 1371 also amended Texas Finance Code, §14.113(b) to specify that funds in TFEE will be invested under the prudent business person standard described by the Texas Constitution, replacing previous language that referred to investing funds in the same manner as funds of the Employees Retirement System of Texas (ERS).

A proposed amendment to §7.101(a) would replace a reference to Texas Finance Code, §393.628 with an updated reference to Texas Finance Code, §14.113. This amendment would correct the statutory reference and implement SB 1371's relocation of the section, as described earlier in this preamble.

Proposed amendments to §7.103(g) would specify requirements for the longitudinal report that grantees file after the end of a two-year grant cycle. The proposed amendments would specify that the longitudinal report is comprehensive, that the report must describe activity performed under the grant agreement, and that the report is due on June 30 following the end of the grant cycle. The proposed amendments are intended to clarify requirements for grantees and to provide a more specific deadline for the report.

Proposed amendments throughout §7.104(a) would replace references to Texas Finance Code, §393.628 with updated references to Texas Finance Code, §14.113. These amendments would correct statutory references and implement SB 1371's relocation of the section, as described earlier in this preamble.

A proposed amendment to §7.105 would replace a reference to Texas Finance Code, §393.628(b) with an updated reference to Texas Finance Code, §14.113(b). Another proposed amendment to §7.105 would replace the current reference to the ERS investment standard with a reference to the prudent person standard described by the Texas Constitution. These amendments would implement the changes contained in SB 1371, as described earlier in this preamble.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes.

Huffman Lewis, Director of Consumer Protection, has determined that for each year of the first five years the proposed amendments are in effect, the public benefits anticipated as a result of the changes will be that the commission's rules will be more easily understood by persons required to comply with the rules, and will be consistent with legislation recently passed by the Texas Legislature.

The OCCC does not anticipate that the proposed rule changes will result in any economic costs to persons who are required to comply with the proposed rule changes.

The OCCC is not aware of any adverse economic effect on small businesses, micro-businesses, or rural communities resulting from this proposal. But in order to obtain more complete information concerning the economic effect of these rule changes, the OCCC invites comments from interested stakeholders and the public on any economic impacts on small businesses, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC. The proposal would not create a new regulation. The proposal would expand current §7.103 by specifying requirements for the six-month longitudinal report following the end of a grant programming cycle. The proposal would not limit or repeal an existing regulation. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas*

Register. After the 30th day after the proposal is published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The rule changes are proposed under Texas Finance Code, §14.113, which authorizes the commission to adopt rules to administer the Texas Financial Education Endowment. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules necessary to supervise the OCCC and ensure compliance with Texas Finance Code, Title 4.

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapter 14.

§7.101. *Applicability and Purpose*

(a) Applicability. This chapter governs the administration of the Texas Financial Education Endowment (TFEE) fund as provided by Texas Finance Code, §14.113. [~~§393.628~~]

(b) - (c) (No change.)

§7.103. *TFEE Grant Program*

(a) - (f) (No change.)

(g) Reporting and monitoring.

(1) General reporting requirements. To receive reimbursement of TFEE grant expenses, a grantee must:

(A) submit grant reports in a timely manner;

(B) maintain satisfactory compliance with the grant agreement and proposed grant activities;

(C) report performance measures; and

(D) track and report participant demographic information.

(2) Semi-annual reports. A grantee must submit semi-annual reports that demonstrate performance outcomes and financial information over the term of the grant in accordance with and by the deadlines set forth in the grant agreement.

(3) Six-month longitudinal report. A grantee must submit a comprehensive six-month longitudinal report after program completion to demonstrate program objectives and describe activity performed under the grant agreement. The longitudinal report is due on June 30 following the end of the grant programming cycle.

(4) Monitoring. The grant coordinator or GAC may use the following methods to monitor a grantee's performance and expenditures:

(A) Desk review. The grant coordinator or GAC may conduct a desk review of a grantee to review and compare individual source documentation and materials to summary data provided during the reporting process.

(B) Site visits and inspection reviews. The grant coordinator or GAC may conduct a scheduled site visit to a grantee's place of business to review compliance and performance issues. Site visits may be comprehensive or limited in scope.

(h) (No change.)

§7.104. *TFEE Gifts and Donations*

(a) Authorized gifts and donations.

(1) TFEE purpose. Under Texas Finance Code, §14.113(d), [~~§393.628(d)~~], the finance commission may solicit gifts, grants, and donations that fulfill the purpose of TFEE to support statewide financial education and consumer credit building activities

and programs in this state, including the specific purposes provided by Texas Finance Code, §14.113(c). [~~§393.628(e)~~]

(2) Consumer credit educational purpose. Under Texas Finance Code, §14.105(a), the commissioner may accept gifts, grants, and donations on behalf of the state for a purpose related to a consumer credit educational opportunity, unless prohibited by Texas Finance Code, §14.105(b) or other law. A consumer credit educational opportunity is also considered to be a consumer credit building activity under TFEE.

(3) From state agencies. Under Texas Finance Code, §14.113(c), [~~§393.628(e)~~] the finance commission may partner with other state agencies to administer the TFEE fund, including the acceptance of gifts and donations from other state agencies, for the purposes outlined in paragraphs (1) and (2) of this subsection.

(4) From other parties. Gifts and donations from parties other than state agencies must meet the same criteria required for grantees eligible under §7.103(b) of this title (relating to TFEE Grant Program).

(b) (No change.)

§7.105. TFEE Fund Management

In accordance with Texas Finance Code, §14.113(b), [~~§393.628(b)~~] TFEE funds will be remitted to the comptroller for deposit in the Texas Treasury Safekeeping Trust Company. TFEE funds may be invested and reinvested under the prudent person standard described by Texas Constitution, Article VII, Section 11b [in the same manner as funds of the Employees Retirement System of Texas under Texas Government Code, Chapter 815, Subchapter D].

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Matthew Nance

General Counsel, Office of Consumer Credit Commissioner
Finance Commission of Texas

Earliest possible date of adoption: December 8, 2024

For further information, please call: (512) 936-7660



CHAPTER 115. SECURITIES DEALERS AND AGENTS

7 TAC §§115.1 - 115.6, 115.8 - 115.11, 115.16, 115.21, 115.22, 115.24

The Texas State Securities Board proposes a new rule and amendments to thirteen rules in Chapter 115. Specifically, the Board proposes amendments to §115.1, concerning General Provisions; §115.2, concerning Application Requirements; §115.3, concerning Examination; §115.4, concerning Evidences of Registration; §115.5, concerning Minimum Records; §115.6, concerning Registration of Persons with Criminal Backgrounds; §115.8, concerning Fee Requirements; §115.9, concerning Post-Registration Reporting Requirements; §115.10, concerning Supervisory Requirements; §115.11, concerning Finder Registration and Activities; §115.16, concerning Use of Senior-Specific Certifications and Professional Designations;

§115.21, concerning System Addressing Suspected Financial Exploitation of Vulnerable Customers Pursuant to the Texas Securities Act, Section 45; and §115.22, concerning Electronic Submission of Forms and Fees; and proposes new §115.24, concerning Adoption by Reference of Conduct Rules.

The rules in 7 TAC Chapter 115 govern securities dealers and agents. The purpose of the proposed rule changes to this chapter is to implement changes pursuant to the agency's periodic review of its rules.

The references to sections of the Texas Securities Act (Act) in §§115.1, 115.3 - 115.5, 115.8, 115.16, and 115.21 would be updated to refer to the correct sections in the codified version of the Act in the Texas Government Code. The codification was adopted by HB 4171, 86th Legislature, 2019 Regular Session, and became effective January 1, 2022 (HB 4171).

Sections 115.1 and 115.5 would also be amended to replace the references in those sections to the term "Securities and Exchange Commission" with the term "SEC." SEC is a defined term in §107.2, concerning Definitions.

Section 115.5 would also be amended to abbreviate a cite to the Code of Federal Regulations found in subsection (a). CFR is a defined term in §107.2, concerning Definitions.

Section 115.1 would also be amended to add "or in this state" to paragraph (a)(8) to conform the definition of "within this state" to language used in the codified Act and to delete redundant language in subparagraph (b)(2)(D) that is also contained in subsection (d). In addition, paragraph (c)(2) would be amended to correct a cross reference.

Section 115.3 would also be amended to replace the reference to "North American Securities Administrators Association" with the term "NASAA" in paragraph (a)(1). NASAA is a defined term in §107.2, concerning Definitions. In addition, paragraph (b)(4) would be amended to update the names of two NASAA examinations.

Amendments to §§115.3(c)(3)(D), 115.5(b)(13), and 115.6(g) would be made to remove or update outdated language.

Section 115.5 would also be amended to abbreviate a reference to "Central Registration Depository" as "CRD" for consistency.

An additional proposed amendment to §115.1 relates to the definition of a dealer's branch office. The definition of a dealer's "branch office" set forth in §115.1(a)(2) would be amended to incorporate and recognize a new rule adopted by the Financial Industry Regulatory Authority (FINRA) establishing a new designated location category referred to as a "residential supervisory location" (or RSL). Dealer firms that are members of FINRA may designate certain locations where they do business as an RSL instead of a "branch office," if the firm and location meet specified criteria and conditions set forth in FINRA rules. A dealer that is registered in Texas must submit a notice filing for all of its Texas locations that meet the definition of "branch office" set forth in §115.1(a)(2). Texas registered dealers do not submit notice filings for locations in Texas that are non-branch locations. This change would result in Texas locations that are designated by dealers registered in Texas as RSLs under FINRA rules being excluded from the definition of a dealer's "branch office." This change would also result in registered dealers no longer needing to make a notice filing with the agency for locations that are RSLs, which locations would be thereafter treated under the rules as non branch locations.