

# AGENCY STRATEGIC PLAN

FISCAL YEARS 2021 TO 2025

BY

## Texas State Securities Board

<u>BOARD MEMBER</u>	<u>DATES OF TERM</u>	<u>HOMETOWN</u>
E. Wally Kinney, Chair	8/2019 - 1/2025	Comfort
Miguel Romano, Jr., Member	9/2015 - 1/2021	Austin
Kenny Koncaba, Member	5/2019 - 1/2023	Friendswood
Robert Belt, Member	7/2019 - 1/2023	Houston
Melissa Tyroch, Member	8/2019 - 1/2025	Belton

DATE OF SUBMISSION  
JUNE 1, 2020

SIGNED: /s/ Travis J. Iles

Travis J. Iles, Securities Commissioner

APPROVED: /s/ E. Wally Kinney

E. Wally Kinney, Chair

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## Agency Mission, Philosophy, and Structure

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### *Agency Mission*

Pursuant to the requirements of The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-45 (The Securities Act or Act), the mission of the State Securities Board (SSB) is to protect investors. Consistent with that mission, the agency seeks to encourage capital formation, job formation, free and competitive securities markets, and minimize burdens on issuers and persons subject to the Act, especially small businesses.

### *Philosophy*

A healthy and productive capital market requires the State Securities Board maintain a carefully balanced approach to regulation. A harsh and unyielding regulatory system limits incentives for businesses to raise capital in Texas. An overly-lenient regulatory system fosters an environment in which unscrupulous promoters can damage investor confidence and inhibit investment in the State. In accomplishing the SSB mission, agency staff are mindful a measured regulatory approach requires:

- Timely actions and decisions based upon the law, common sense, sound judgment, and fiscal responsibility;
- Regulations that are necessary, effective, and current;
- Regulations applied in an unbiased, clear, and consistent manner;
- Enforcement measures applied consistently and fairly – always in the investing public’s best interests and in the interest of justice;
- Agency outreach to promote and foster regulatory compliance and collaboration;
- Hiring, developing, and retaining a high quality and diverse workforce dedicated to adding value to the agency’s mission; &
- Transparency.

### *Structure*

To implement the requirements of The Securities Act, the State Securities Board maintains programs for:

- Law enforcement;
- Registration of securities;
- Registration of dealers, agents, investment advisers, and investment adviser

representatives; &

- Inspections of registered dealers and investment advisers.

Through its law enforcement program, the agency seeks to proactively detect and prevent violations of the Act and, when appropriate, pursues administrative enforcement actions or refers matters for civil action or criminal prosecution. The agency also provides investigative, trial, and appellate assistance to prosecutors for matters referred for criminal action with staff routinely serving in special prosecutor and expert witness capacities.

Through the agency's registration programs, applications for registration of securities are analyzed and notice filings for offerings in Texas are reviewed to ensure compliance with the Act and Board Rules. The agency also evaluates applications for registration of dealers, agents, investment advisers, and investment adviser representatives filed with the agency and processes notice filings of investment advisers and investment adviser representatives doing business in the state to ensure that only qualified firms and individuals are authorized to deal with the investing public in Texas.

Through the inspections and compliance program, the agency inspects the records of registered dealers and investment advisers to ensure that these registrants are acting in compliance with the Act and Board Rules and, in appropriate circumstances, pursues actions to sanction registrants found to have violated those requirements. For registrants with up to one hundred million dollars under management, the agency serves as the primary or sole provider of regulatory oversight.

The governing board of the State Securities Board is comprised of five members appointed by the Governor, with consent of the Senate, who serve six-year staggered terms. The Board establishes the policies of the agency and meets periodically to update agency rules to ensure that investors remain adequately protected and that unreasonable burdens on legitimate capital formation are avoided. The Board appoints a Securities Commissioner who serves at the pleasure of the Board, administers the provisions of the Act, manages the day-to-day operations of the Agency, and relies on the expertise of a highly qualified staff.

## AGENCY OPERATIONAL GOAL AND ACTION PLAN

Accomplished on or before August 31, 2025

### GOAL

Protect investors through efficient and effective regulation that increases investor confidence and encourages capital formation, job formation and free and competitive securities markets in Texas.

### SPECIFIC ACTION ITEMS TO ACHIEVE THE GOAL

Bring Law Enforcement Actions against Violators: Aggressively investigate suspected violations of the Texas Securities Act and ensure that appropriate administrative, civil, or criminal enforcement action is taken to protect the public.

Inspect Dealers and Investment Advisers: Perform comprehensive inspection of records of registered dealers and investment advisers to ensure continuing compliance with statutory and rule requirements.

Guarantee that Persons Registered or Authorized are Qualified: Perform comprehensive and timely reviews of dealer, agent investment adviser and investment adviser representative applications to ensure applicants are qualified for registration.

Guarantee Registered Securities Offerings are in Compliance with the Act: Perform comprehensive and timely reviews of securities registration applications to ensure full disclosure of all material information to purchasers and compliance with the Securities Act.

### HOW THE GOAL OR ACTION ITEMS SUPPORT EACH STATEWIDE OBJECTIVE

1. The operational goal and action items create accountability to tax and fee payers of Texas by requiring responsive, comprehensive, and timely work in each of the core functions of the State Securities Board as set forth in The Securities Act -- enforcement of the Act, registration of securities, registration of firms and individuals selling securities or rendering investment advice, and inspection of the records of registered firms.
2. The most efficient use of taxpayer funds to maximize results is achieved by limiting the operational goal and action items to only the core functions of the State Securities Board.
3. The operational goal and action items create the foundation for measurement of performance of the agency in carrying out its core functions and for implementing plans to continuously improve effectiveness based on performance results.
4. The operational goal and action items create the foundation for excellent customer

service by requiring efficient, effective, comprehensive, and timely work in core functions of the agency.

5. The operational goal and action items that are directly linked to the four core functions of the State Securities Board are concisely set forth in a way that maximizes transparency and public understanding of the mission and actions of the agency.

## REDUNDANCIES AND IMPEDIMENTS

REDUNDANCIES AND IMPEDIMENTS (REPEAT SECTION AS NECESSARY FOR EACH IDENTIFIED REDUNDANCY AND IMPEDIMENT)	
<b>SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF APPLICABLE)</b>	---
<b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS</b>	---
<b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b>	---
<b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE</b>	---
NATURAL DISASTER-RELATED REDUNDANCIES AND IMPEDIMENTS (IF APPLICABLE)	
<b>SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF APPLICABLE)</b>	COVID-19 is not expected to result in any statutory changes for the State Securities Board.
<b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS</b>	---
<b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b>	---
<b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE</b>	---

## EXTERNAL / INTERNAL ASSESSMENT

Texas is an exceptionally large and growing capital market. In every region of the State, including the Texas-Mexico and Texas-Louisiana border regions, the State Securities Board provides services to investors; securities issuers seeking to raise capital; persons registered or applying for registration as securities dealers, agents, investment advisers, and investment adviser representatives; firms and individuals requiring assistance with compliance with securities statutes and regulations; and firms subject to inspection by the agency. To effectively meet the service requirements of these customers and to help facilitate the law enforcement and inspections strategies of the agency, the State Securities Board maintains offices in Austin, Dallas, Houston, Corpus Christi, and Lubbock and a field presence in San Antonio.

Long-term customer demands for the State Securities Board's services are expected to continue to increase, driven by the growth of the Texas economy and population generally as well as increasing dependence by the public on the securities markets to help meet personal financial goals. A contributing factor in this growth has been the widespread adoption of self-directed retirement plans, which has significantly increased the public's direct participation in, and dependence on, the securities markets to help fund retirement objectives. With dependence on the markets comes a dependence on the market professionals who advise individual investors. Demands on agency services have also increased with the introduction of new investment products into the markets. The State Securities Board anticipates the recent rise in fraudulent securitized cryptocurrency investment programs to continue for the foreseeable future.

Changes made in federal law in 2010 shifted responsibility to the agency for oversight of an increased number of investment advisers. The State Securities Board has responsibility for oversight of more than 1,300 investment advisers in Texas having investor assets under management of up to \$100 million. Currently, these advisers collectively manage billions in investor funds in Texas.

As communication channels evolve, the amount of investment-related information presented to investors in public forums such as newspapers, radio, television, and the Internet is increasing. Widespread public solicitation can greatly accelerate participation in fraudulent investment schemes and the resulting harm to the public. Anecdotally, recent enforcement actions have demonstrated the continued effectiveness of traditional marketing tactics as well as the public's growing receptiveness to consuming information through newer mediums such as social media. The agency is proactive in its enforcement approach and effectively prevents and detects violations of The Securities Act. Outreach to industry, investor education initiatives, coordination and collaboration with state and federal agencies and law enforcement, and market surveillance are key components of the agency's enforcement approach.

79% of the staff of the State Securities Board are attorneys, financial examiners, accountants, information technology specialists, and other professionals. In order to effectively protect Texas investors without restraining capital formation by legitimate issuers and dealers, agency employees must be well-educated, knowledgeable, and adequately trained to make prompt and accurate recommendations and decisions concerning complex



fraudulent schemes, illegal sales practices, compliance with regulatory requirements, and plans of business for firms and individuals dealing in securities and rendering investment advice. The agency expends significant resources to ensure that employees receive adequate training and have the necessary support to effectively perform the agency's work.

Securities regulation in the United States is comprised of federal, state and self-regulatory entities employing legal, analytical, inspection and investigation professionals. This regulatory structure lends itself to movement of staff between regulators based on compensation packages. Although salaries for professional positions at the State Securities Board are not competitive with those of individuals performing related work in the private sector, the agency seeks to maintain a salary structure that is at least more competitive with similar positions for other state and federal regulators. However, the agency loses qualified, experienced staff to other regulators based on salary levels. This is directly attributable to deficiencies in the agency's appropriations, making it impossible for it to compete with the salaries offered by organizations such as the U.S. Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA).

The State Securities Board will also be challenged in the next five years as approximately 18% of its workforce becomes eligible for retirement. The agency's succession planning focuses on cross-training of employees to help ensure redundancy of experience and skills.

Although federal law recognizes the role of each state to regulate securities transactions at the state level, Congress has acted in recent years to preempt state registration requirements with respect to certain securities and transactions, while preserving state authority to investigate and bring enforcement actions. Additional proposals considered in Congress, e.g. the exemptive structure of private offerings, may expand on these earlier initiatives and may require states to expend greater resources to stop fraudulent offerings sold to the public that are not subject to the state registration process.

Continued growth in the workload of the State Securities Board and the increasing complexity of investment schemes offered to the public will require the agency to continue to improve its methods of processing and evaluating information. Maintaining the agency's capital budget will be necessary to keep pace with ongoing technological advancements in the securities industry. The agency must also seek new opportunities to develop and use technologies to achieve the efficiencies that are necessary to carry out its mission. The prevalence of cybersecurity threats equally poses challenges the agency will need to address from prevention and mitigation perspectives going forward.

Because much of the information received by the State Securities Board, including evidence obtained in connection with investigations and inspections, is in electronic format, the agency must maintain modern equipment, software, and methodologies to effectively process and analyze this information. Because much of the evidence in modern white-collar crime resides on computers and other electronic storage devices and is often voluminous, the agency must also maintain up-to-date equipment, software, and methodologies to obtain and analyze this information.

The key factors that will influence technology decisions over the next five years are the volume of the activity in the enforcement, inspections, and registration strategies of the

agency, new developments in equipment, software, or processing methodologies that are available to improve the agency's functions, and proactively address cybersecurity threats.

The State Securities Board leverages the State's purchasing power by utilizing Department of Information Resources (DIR) contracts for information technology hardware, software, service purchases, Texan and Capital Complex Telephone System communications technology infrastructure, and the USAS and USPS statewide portal infrastructure. The agency's purchaser receives training through the Comptroller of Public Accounts and the agency relies heavily on vendors approved and listed on the Centralized Master Bidders List / HUB Directory. The agency began participation in the new centralized accounting and payroll system for Texas (CAPS) in September 2018.

The State Securities Board strives to align information technology policies and procedures with the State Strategic Plan for IR Management developed by DIR. The agency participates in a program designed to periodically test vulnerability to cyber-attacks and follows published state guidelines on security, identity management, access privileges, and disaster recovery plans.

The agency continuously adds new information to its publicly-available websites and participates in social media to increase the amount of investor education, securities registration, enforcement, and dealer, agent, investment adviser and investment adviser representative information available to Texans. The SSB intends to push resource information to registration stakeholders increasingly during the period of the current strategic plan. The agency will continue to comply with state and federal electronic information standards to limit barriers to access by the public.

New technologies will continue to be implemented to improve workplace productivity and collaboration through remote computing capabilities and enhanced security procedures for electronic file storage and portable devices. Server virtualization software and cloud storage will continue to be used to lower information technology operating costs and create redundancy of critical information. Operating system software will continue to be updated to improve the functionality of information technology resources.

The agency follows DIR published guidelines issued regarding best practices for managing digital information. The agency will continue to replace equipment in accordance with the cycle approved in its policies and procedures.

# SUPPLEMENTAL SCHEDULES

## SUPPLEMENTAL SCHEDULE A.

### **Budget Structure -- Goals, Objectives and Outcome Measures, Strategies and Output, Efficiency and Explanatory Measures**

#### GOAL: PROTECT INVESTORS AND ASSURE ACCESS TO CAPITAL FOR BUSINESS

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Protect Texas investors through efficient and effective regulation that increases investor confidence and encourages capital formation, job formation and free and competitive securities markets in Texas.

#### OBJECTIVE: Bring Law Enforcement Actions against Violators

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Aggressively investigate suspected violations of the Texas Securities Act and work closely with local, state, and federal prosecutors and law enforcement officials to ensure that appropriate enforcement action is taken, including the criminal referral, indictment, and conviction of individuals who violate provisions of the Act.

#### STRATEGY: Law Enforcement

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Investigate violations of the Texas Securities Act and coordinate appropriate actions by authorities.

#### OUTCOME MEASURES

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- ❖ Number of Law Enforcement Actions Taken
- ❖ Dollar Amount Involved in Law Enforcement Actions
- ❖ Percentage of Law Enforcement Actions Successful

#### OUTPUT MEASURES

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- ❖ Number of Investigations Opened
- ❖ Number of Criminal and Civil Referrals

#### GOAL: PROTECT INVESTORS AND ASSURE ACCESS TO CAPITAL FOR BUSINESS

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Protect Texas investors through efficient and effective regulation that increases investor confidence and encourages capital formation, job formation and free and competitive securities markets in Texas.

## OBJECTIVE: Guarantee Registered Securities Offerings are Fair to Investors

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Perform a comprehensive, timely, and responsive review of the prospectus and related documentation submitted with securities registration applications. Negotiate with the issuer or its representatives to remove unfair elements from offerings, to insert safeguards for the public, and to ensure full disclosure of material considerations to facilitate the registration of offerings. Refer suspected fraudulent offerings to enforcement personnel.

### STRATEGY: Securities Registration

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Review security documentation for conformity.

### OUTCOME MEASURE

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- ❖ Average Time (Days) for Deficiency Letters Issuance on Securities Applications

### OUTPUT MEASURE

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- ❖ Number of Securities Filings and Submissions Processed

### EXPLANATORY MEASURE

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- ❖ Revenues Deposited to the State Treasury from Securities Applications

## GOAL: PROTECT INVESTORS AND ASSURE ACCESS TO CAPITAL FOR BUSINESS

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Protect Texas investors through efficient and effective regulation that increases investor confidence and encourages capital formation, job formation and free and competitive securities markets in Texas.

## OBJECTIVE: Guarantee that Persons Registered or Authorized are Qualified

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Perform an extensive, timely, and responsive review of applications; conduct criminal and disciplinary investigation of applicants by contacting other law enforcement and regulatory organizations; ensure compliance with examination requirements; and oppose registration of unqualified applicants.

### STRATEGY: Dealer Registration

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Perform extensive review of applications and submissions.

## OUTCOME MEASURE

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- ❖ Average Time (Days) for Deficiency Letters on Dealer and Investment Adviser Applications

## OUTPUT MEASURE

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- ❖ Number of Dealers, Agents, Investment Advisers, and Investment Adviser Representatives Applications and Submissions Processed

## EXPLANATORY MEASURES

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- ❖ Number of Dealers, Agents, Investment Advisers and Investment Adviser Representatives Licensed or Authorized
- ❖ Revenues Deposited to State Treasury from Applications and Submissions

## GOAL PROTECT INVESTORS AND ASSURE ACCESS TO CAPITAL FOR BUSINESS

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Protect Texas investors through efficient and effective regulation that increases investor confidence and encourages capital formation, job formation and free and competitive securities markets in Texas.

OBJECTIVE: Inspections

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Perform a comprehensive inspection of records to ensure continuing compliance with statutory and rule requirements.

STRATEGY: Inspect Records

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Inspect Dealer and Investment Adviser records for regulatory compliance.

## OUTCOME MEASURES

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- ❖ Percentage of Texas Dealers and Investment Advisers Inspected
- ❖ Percentage of Inspected Dealers and Investment Advisers Requiring Corrective Action

## OUTPUT MEASURES

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- ❖ Number of Inspections Conducted
- ❖ Number of Referrals for Administrative or Law Enforcement Action
- ❖ Number of Administrative Actions Taken by Inspections and Compliance

## SUPPLEMENTAL SCHEDULE B.

### List of Measure Definitions Target Attainment - FY 2019

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Bring Law Enforcement Actions against Violators	
<b>Outcome Measure</b>	Number of Law Enforcement Actions Taken	
	<i>Definition</i> This reports a count of the number of civil, administrative and criminal charges and the number of judicial orders issued in civil, administrative and criminal cases.	
	<i>Purpose</i> To measure various results (actions) related to enforcement investigations.	
	<i>Data Source</i> Enforcement Actions log backed up by source documents.	
	<i>Method of Calculation</i> A count of all enforcement actions taken during the reporting period.	
	<i>Data Limitations:</i> The performance is partially controlled by the complexity of cases, and the discretion used by prosecutors, Office of the Attorney General, and the court system.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Higher than target



<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Bring Law Enforcement Actions against Violators	
<b>Outcome Measure</b>	Dollar Amount Involved in Law Enforcement Actions	
	<i>Definition</i> Estimates the aggregate amount of funds obtained from the public in schemes associated with administrative, civil and criminal law enforcement actions.	
	<i>Purpose</i> To reflect the impact on the economy of illegal schemes associated with administrative, civil and criminal law enforcement actions.	
	<i>Data Source</i> The data is tracked by staff on a spreadsheet.	
	<i>Method of Calculation</i> An aggregate count of the dollar amount associated with administrative, civil and criminal law enforcement actions.	
	<i>Data Limitations:</i> The performance is partially controlled by the discretion used by prosecutors, Office of the Attorney General, and the court system.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Lower than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Bring Law Enforcement Actions against Violators	
<b>Outcome Measure</b>	Percentage of Law Enforcement Actions Successful	
	<i>Definition</i> This measure reports a percentage derived from the number of administrative, civil, or criminal cases successfully resolved during the reporting period compared with the total number of civil, administrative or criminal cases resolved during the reporting period. Successfully resolved is defined as receiving requested relief.	
	<i>Purpose</i> To measure the quality and effectiveness of the law enforcement work product of the Agency.	
	<i>Data Source</i> All administrative, civil, and criminal judicial orders entered against defendants or respondents and the final determination of such orders are recorded in a spreadsheet.	
	<i>Method of Calculation</i> The number of administrative, civil and criminal cases successfully resolved during the reporting period is divided by the total number of administrative, civil and criminal cases resolved during the reporting period.	
	<i>Data Limitations:</i> Although the Agency prepares the case for trial, in some cases the civil and criminal matters are conducted by other attorneys, such as a local District Attorney or the Office of Attorney General. In such cases the success of the action can be affected by the skill level, caseload and discretion of the assigned attorneys.	<i>Calculation Type:</i> Non-cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> At target – 100%

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Guarantee Registered Securities Offerings are Fair to Investors	
<b>Outcome Measure</b>	Average Time (Days) for Deficiency Letters Issuance on Securities Applications	
	<i>Definition</i> The average number of days between the receipt of a securities registration application and the issuance of a deficiency letter.	
	<i>Purpose</i> To measure the Agency's responsiveness to securities registration applications.	
	<i>Data Source</i> The Agency's automated tracking system.	
	<i>Method of Calculation</i> The automated tracking system maintains a record of the number of days between the receipt of each securities registration application and the issuance of a deficiency letter thereon. For each reporting period, the computer calculates the average elapsed time.	
	<i>Data Limitations:</i> The complexity of an application and workload volume determine the length of the review process. Also, some applicants request an extended period of time.	<i>Calculation Type:</i> Non-cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Lower than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Guarantee that Persons Registered or Authorized are Qualified	
<b>Outcome Measure</b>	Average Time (Days) for Deficiency Letters on Dealer & Investment Adviser Applications	
	<i>Definition</i> Average time (days) for issuance of deficiency letters on new dealer and investment adviser applications.	
	<i>Purpose</i> To measure responsiveness to dealer and investment adviser registration applications.	
	<i>Data Source</i> The Agency's automated tracking system.	
	<i>Method of Calculation</i> The Agency's automated tracking system maintains a record of the number of days between the receipt of each new application and the issuance of a deficiency letter thereon. For each reporting period, the computer calculates the average elapsed time.	
	<i>Data Limitations:</i> None.	<i>Calculation Type:</i> Non-cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Higher than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Inspect Dealers	
<b>Outcome Measure</b>	Percentage of Texas Dealers and Investment Advisers Inspected	
	<i>Definition</i> Percentage of Texas registered dealers and Texas registered investment advisers inspected that are not inspected by any other regulatory entity.	
	<i>Purpose</i> To measure inspection coverage.	
	<i>Data Source</i> The Agency's automated tracking system.	
	<i>Method of Calculation</i> The number of Texas registered dealers and Texas registered investment advisers inspected by the Agency that are not inspected by any other regulatory entity is divided by the total number of Texas registered dealers and Texas registered investment advisers that are not inspected by any other regulatory entity.	
	<i>Data Limitations:</i> The complexity of the inspections affects the percentage of inspections conducted. Changes in federal law could also affect the percentage of inspections.	<i>Calculation Type:</i> Non-cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> At target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Inspect Dealers	
<b>Outcome</b>	Percentage of Dealers/Investment Advisers Requiring Corrective Action	
	<i>Definition</i> This measure reflects the percentage of registered dealers and investment advisers found out of compliance with statutory and rule requirements during an inspection.	
	<i>Purpose</i> To measure compliance.	
	<i>Data Source</i> The Agency's automated tracking system.	
	<i>Method of Calculation</i> The number of registered dealers and registered investment advisers inspected by the Agency and found out of compliance is divided by the total number of inspections of registered dealers and registered investment advisers completed.	
	<i>Data Limitations:</i> None	<i>Calculation Type:</i> Non-cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> At target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Bring Law Enforcement Actions against Violators	
<b>Output Measure</b>	Number of Investigations Opened	
	<i>Definition</i> This reports a count of new law enforcement investigations opened as a result of complaints, referrals from other law enforcement entities, surveillance of the market, and information received from other sources.	
	<i>Purpose</i> To measure the quantity of new law enforcement investigations.	
	<i>Data Source</i> A count of law enforcement investigations opened, as tracked on Agency spreadsheet.	
	<i>Method of Calculation</i> A count of law enforcement investigations opened.	
	<i>Data Limitations:</i> This measure is limited by factors that include the resources of the Agency, information received from other agencies and the general public, volume of the current caseload, complexity of pending investigations, and availability of evidence.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Higher than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Bring Law Enforcement Actions against Violators	
<b>Output Measure</b>	Number of Criminal and Civil Referrals	
	<i>Definition</i> This reports a count of the number of matters referred to county, state, or federal prosecutors for criminal prosecution as a result of investigations and the number of matters referred for civil action as a result of investigations.	
	<i>Purpose</i> To measure intermediate action taken following investigations which may lead to the taking of civil or criminal law enforcement actions.	
	<i>Data Source</i> This measure reports a count of the number of matters referred to county, state, or federal prosecutors or the Office of Attorney General as a result of investigations, as tracked on Agency spreadsheet.	
	<i>Method of Calculation</i> This reports a count of the number of matters referred to county, state, or federal prosecutors or the Office of Attorney General as a result of investigations.	
	<i>Data Limitations:</i> This measure is limited by factors that include information received from other agencies and the general public and the availability of evidence.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Lower than target



<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Guarantee Registered Securities Offerings are Fair to Investors	
<b>Output Measure</b>	Number of Securities Filings and Submissions Processed	
	<i>Definition</i> This number reports all securities filings and submissions processed. Securities filings are those applications that require a merit review. Securities submissions are notice filings with the State.	
	<i>Purpose</i> To measure securities filing and submission activity.	
	<i>Data Source</i> The Agency's automated tracking system.	
	<i>Method of Calculation</i> Using the Agency's automated tracking system as the source of data, this number reports all securities filings and submissions processed.	
	<i>Data Limitations:</i> The number of applications received is directly affected by general and Texas specific economic conditions.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Higher than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Guarantee that Persons Registered or Authorized are Qualified	
<b>Output Measure</b>	Number of Dealers, Agents, Investment Adviser, and Investment Adviser Representative Applications and Submissions Processed	
	<i>Definition</i> This measure is a count of the number of dealer, agent, investment adviser, and investment adviser representative applications, amendments, renewals, notice filings, and branch office amendments processed and includes all submissions that are withdrawn, abandoned and denied.	
	<i>Purpose</i> To measure application and submission activity.	
	<i>Data Source</i> The Agency's automated tracking system.	
	<i>Method of Calculation</i> The number of applications and submissions are tracked in the Agency's automated tracking system.	
	<i>Data Limitations:</i> The number of applications and submissions received is directly affected by general and Texas specific economic conditions.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Higher than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Inspect Dealers	
<b>Output Measure</b>	Number of Inspections Conducted	
	<i>Definition</i> This measure is a count of all inspections conducted pursuant to the Texas Securities Act of registered dealers and investment advisers to determine whether the firms are in compliance with the Act and Board rules.	
	<i>Purpose</i> To measure inspection activity.	
	<i>Data Source</i> The Agency's automated tracking system.	
	<i>Method of Calculation</i> Using the Agency's automated tracking system as the source of data, the measure is a count of the inspections of registered dealers and investment advisers initiated during the quarter.	
	<i>Data Limitations:</i> The level of resources for staff and experience of those staff could have a significant impact on this measure. The complexity of inspections affects the number of inspections conducted. Changes in federal law could also affect the number of inspections.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Higher than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Inspect Dealers	
<b>Output Measure</b>	Number of Referrals for Administrative or Law Enforcement Action	
	<i>Definition</i>	
	The measure is a count of referrals for administrative or law enforcement actions as a result of findings of violations.	
	<i>Purpose</i>	
	To measure the violations found which require administrative or law enforcement activity.	
	<i>Data Source</i>	
	The Agency's automated tracking system and data tracked on a spreadsheet.	
	<i>Method of Calculation</i>	
	Using the Agency's automated tracking system and a spreadsheet as the source of data, the measure is a count of the problems referred for administrative or law enforcement action as a result of findings of violations of statutes and/or regulations.	
	<i>Data Limitations:</i>	<i>Calculation Type:</i>
	None	Cumulative
	<i>New Measure:</i>	<i>Target Attainment:</i>
	No	Higher than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Inspect Dealers	
<b>Output Measure</b>	Number of Administrative Actions Taken by Inspections and Compliance	
	<i>Definition</i> The number of administrative actions taken on dealers, agents, investment advisers, and investment adviser representatives as a result of referrals.	
	<i>Purpose</i> To measure the number of administrative actions taken by the Inspections and Compliance Division.	
	<i>Data Source</i> The data is tracked on a spreadsheet.	
	<i>Method of Calculation</i> Information input by staff onto a spreadsheet when an administrative action is filed or when an administrative order is issued.	
	<i>Data Limitations:</i> The number of administrative actions is affected by receipt of referrals.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Lower than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Guarantee Registered Securities Offerings are Fair to Investors	
<b>Explanatory Measure</b>	Revenues Deposited to the State Treasury from Securities Applications	
	<i>Definition</i> This measure reflects the dollar amount of fees received for securities offerings.	
	<i>Purpose</i> To measure fee income from securities applications.	
	<i>Data Source</i> The Agency's automated tracking system is the source of data.	
	<i>Method of Calculation</i> The Agency's automated tracking system tracks the dollar amount received for securities offerings.	
	<i>Data Limitations:</i> The dollar amount received is directly affected by general economic conditions.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Higher than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Guarantee that Persons Registered or Authorized are Qualified	
<b>Explanatory Measure</b>	Number of Dealers, Agents, Investment Advisers and Representatives Licensed or Authorized	
	<i>Definition</i>	
	This reports all dealers, agents, investment advisers, and investment adviser representatives licensed or authorizations issued.	
	<i>Purpose</i>	
	To measure registration activity.	
	<i>Data Source</i>	
	The Agency's automated tracking system is the source of the data.	
	<i>Method of Calculation</i>	
	Using the Agency's automated tracking system as the source of data, the number of new applications that are licensed or authorized is added to the number of licenses or authorizations renewed.	
	<i>Data Limitations:</i>	<i>Calculation Type:</i>
	None	Cumulative
	<i>New Measure:</i>	<i>Target Attainment:</i>
	No	Higher than target

<b>Goal:</b>	Protect Investors	
<b>Objective:</b>	Guarantee that Persons Registered or Authorized are Qualified	
<b>Explanatory Measure</b>	Revenues Deposited to State Treasury from Applications and Submissions	
	<i>Definition</i> This measure reflects the dollar amount of fees received for dealer, agent, investment adviser, and investment adviser representative applications and submissions.	
	<i>Purpose</i> To measure fee revenue from dealer, agent, investment adviser, and investment adviser representative applications and submissions.	
	<i>Data Source</i> The Agency's automated tracking system.	
	<i>Method of Calculation</i> The Agency's automated tracking system tracks the dollar amount received for dealer, agent, investment adviser, and investment adviser representative application and submission fees.	
	<i>Data Limitations:</i> The number of applications and submissions received is directly affected by general economic conditions.	<i>Calculation Type:</i> Cumulative
	<i>New Measure:</i> No	<i>Target Attainment:</i> Lower than target



## **SUPPLEMENTAL SCHEDULE C.**

### **Historically Underutilized Business Plan**

Pursuant to Government Code, Chapter 2056, the State Securities Board has created and implemented a plan for the use of historically underutilized business (HUB) purchasing and contracting. As part of this plan, the State Securities Board complies with HUB requirements as set forth by the Comptroller of Public Accounts and continuously engages in efforts to use HUB vendors for purchases whenever they are available.

The State Securities Board seeks to award at least 30% of the total dollar amount of contracts and subcontracts awarded by the agency to HUBs. Long-standing purchasing policies that call for the meaningful and substantive inclusion of HUBs enables the agency to exceed that objective.

The State Securities Board tracks and reports on the percentage of the total dollar of purchasing and public works contracts and subcontracts awarded to HUBs, the number of HUB contractors and subcontractors contacted for bid proposals, number of HUB contracts and subcontracts awarded, and dollar value of HUB contracts and subcontracts awarded. The most recent filing for this information is set forth on the following pages.

**Quarterly Assessment of HUB Related Activities**

Agency/IHE Name:	Texas State Securities Board		
Agency/IHE Number:	312	Quarter:	Q4
Fiscal Year:	2019		

**NOTE: The following assessment is about HUB related activities during the above referenced period in your Agency/Institution**

**1- Your Agency/IHE HUB Goals:**

Procurement Category	Goal	Performance
Heavy Construction	11.20%	#DIV/0!
Building Construction	21.10%	#DIV/0!
Special Trade Construction	32.70%	#DIV/0!
Professional Services	23.60%	#DIV/0!
Other Services	24.60%	98.60%
Commodities	21%	91.61%

**2- Prime Contract Activities**

**2a-Prime Contract: Total expenditure during this quarter**

Procurement Category	African American	Asian American	Hispanic American	Native American	Non-minority Woman	Disabled Veteran		Non-HUB	HUB Total
						Included in HUB Groups	Not Included in HUB Groups		
Heavy Construction									\$ -
Building Construction									\$ -
Special Trade Construction									\$ -
Professional Services									\$ -
Other Services	\$ -	\$ 4,961.51	\$ -	\$ -	\$ 12,944.20	\$ -	\$ -	\$ 253.60	\$ 17,905.71
Commodities	\$ -	\$ 14,760.76	\$ 870.90	\$ -	\$ 16,056.71	\$ -	\$ -	\$ 2,902.75	\$ 31,688.37
<b>Total</b>	\$ -	\$ 19,722.27	\$ 870.90	\$ -	\$ 29,000.91	\$ -	\$ -	\$ 3,156.35	\$ 49,594.08

**2b-Prime Contract: Number of HUB/non-HUB vendors (ongoing and new) utilized this quarter**

Procurement Category	African American	Asian American	Hispanic American	Native American	Non-minority Woman	Disabled Veteran		Non-HUB	HUB Total
						Included in HUB Groups	Not Included in HUB Groups		
Heavy Construction									0
Building Construction									0
Special Trade Construction									0
Professional Services									0
Other Services	0	1	0	0	3			1	4
Commodities	0	1	2	0	5			9	8
<b>Total</b>	0	2	2	0	8	0	0	10	12

**3- Subcontract Activities**

**3a-Subcontract: Total expenditure during this quarter**

Procurement Category	African American	Asian American	Hispanic American	Native American	Non-minority Woman	Disabled Veteran		Non-HUB	HUB Total
						Included in HUB Groups	Not Included in HUB Groups		
Heavy Construction									\$ -
Building Construction									\$ -
Special Trade Construction									\$ -
Professional Services									\$ -
Other Services									\$ -
Commodities									\$ -
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**3b-Subcontract: Number of HUB/non-HUB vendors (ongoing and new) utilized this quarter**

Procurement Category	African American	Asian American	Hispanic American	Native American	Non-minority Woman	Disabled Veteran		Non-HUB	HUB Total
						Included in HUB Groups	Not Included in HUB Groups		
Heavy Construction									0
Building Construction									0
Special Trade Construction									0
Professional Services									0
Other Services									0
Commodities									0
<b>Total</b>	0	0	0	0	0	0	0	0	0

**1-New Vendors: Number of vendors (prime and sub) utilized in this quarter which were not used during the last 2 Years.**

Procurement Category	African American	Asian American	Hispanic American	Native American	Non-minority Woman	Disabled Veteran		Non-HUB	HUB Total
						Included in HUB Groups	Not Included in HUB Groups		
Heavy Construction									0
Building Construction									0
Special Trade Construction									0
Professional Services									0
Other Services									0
Commodities									0
<b>Total</b>	0	0	0	0	0	0	0	0	0

**2- Sponsored or participated in local and statewide settings to encourage HUB participation in state procurement activities.**

Event/Activity	Number of Events Hosted or Attended	
	Hosted	Attended
Economic Opportunity Forum	0	0
Annual Meeting/Setting	0	0
Advocacy Group Meeting (i.e., TAAACC, TAMACC, etc.)	0	0
Other (Please explain)	0	0

**3-Mentor-Protégé Program:**

Active Mentor-Protégé Program	Ongoing	Added Current Fiscal Year
Number of Programs	0	0

**4- HUB program staffing:**

HUB Staffing	Allocated	Current
Staff size	1	1

**5-Work Related Activities Conducted by HUB Program Staff:**

HUB Program Personnel	% of Weekly Hrs. with HUB	% of Weekly Hrs. with Purchasing	% of Weekly Hrs. with Contract
Staff -1	30%	60%	10%
Staff -2			
Staff -3			
Staff -4			
Staff -5			
Staff -6			
Staff -7			
Staff -8			
Staff -9			
Staff -10			
Staff -11			
Staff -12			

**6- Justification for not reaching the intended goals and other remarks.**

[Empty rectangular box for justification and remarks]

## **SUPPLEMENTAL SCHEDULE D.**

### **Statewide Capital Planning**

The SSB does not have projects falling under the requirements of Article IX, Section 11.03, General Appropriations Act, 2018-19 Biennium, for the 2020-21 biennium.

## **SUPPLEMENTAL SCHEDULE E.**

### **Health and Human Services Strategic Planning**

Strategic Plan, Schedule E, is not applicable to the SSB.

## **SUPPLEMENTAL SCHEDULE F.**

### **Agency Workforce Plan**

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#### **I. Overview**

Pursuant to the requirements of The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-45, the mission of the State Securities Board is to protect investors. The agency's strategic goal is to pursue that mission through efficient and effective regulation that increases investor confidence and encourages capital formation, job formation and free and competitive securities markets in Texas. The objectives to achieve the goal are to bring law enforcement actions against those who violate The Securities Act, guarantee that registered securities offerings are in compliance with the Act, guarantee that persons registered or authorized are qualified to deal with the investing public, and inspect dealers and investment advisers.

Through the State Securities Board's law enforcement strategy, the agency investigates suspected violations of the Act and, when appropriate, pursues administrative enforcement actions or refers matters for civil action or criminal prosecution. The agency also provides investigative, trial, and appellate assistance to prosecutors upon request for the matters referred for criminal action. The securities registration strategy analyzes applications for registration of securities and processes notice filings for offerings in Texas to ensure that they are made in compliance with the Act and Board Rules. The agency also reviews applications for registration of dealers, agents, investment advisers, and investment adviser representatives filed with the agency and processes notice filings of investment advisers and investment adviser representatives doing business in the state to ensure that only qualified firms and individuals are authorized to deal with the investing public in Texas. Through the inspections and compliance strategy, the agency inspects the records of registered dealers and investment advisers to ensure that these registrants are acting in compliance with the Act and Board Rules and, in appropriate circumstances, pursues actions to sanction registrants found to have violated those requirements.

There are no anticipated changes to the mission, strategies, or goals of the agency over the next five years.

79% of the staff of the State Securities Board are attorneys, financial examiners, accountants, information technology specialists, and other professionals. In order to effectively protect Texas investors without restraining capital formation efforts by legitimate issuers and dealers, agency employees must be well-educated, knowledgeable, and adequately trained to make prompt and accurate recommendations and decisions concerning complex fraudulent schemes, illegal sales practices, compliance with regulatory requirements, and plans of business for firms and individuals dealing in securities and rendering investment advice. The agency expends significant resources to ensure that employees receive adequate training and have the necessary support to effectively perform this important work.

As with other financial regulatory agencies, the State Securities Board is competing not only against private industry, but also with other regulators in this region. Securities regulation in the United States is comprised of federal, state, and self-regulatory entities employing legal, analytical, inspection, and investigation professionals. This regulatory structure lends itself to movement of staff between the regulators based on compensation packages.

Although the State Securities Board is authorized under the General Appropriations Act for 97 FTEs, the agency currently employs less than 87 FTEs, primarily as a result of turnover in professional positions and a lack of sufficient appropriations to adequately fund a career ladder for those positions. The appropriations process has failed in recent years to provide adequate funds to permit the State Securities Board to make appropriate use of the existing state salary structure for financial examiners and attorneys based on years of experience, advanced training, and higher levels of competence and responsibility.

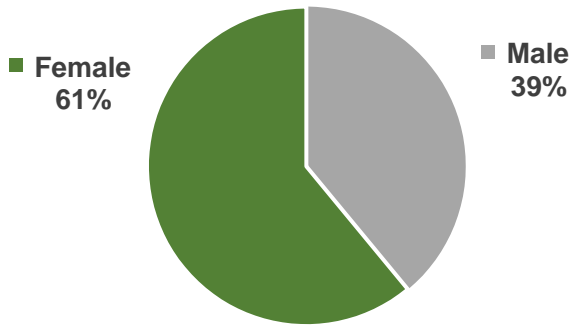
Losing experienced and well-trained professionals represents not only a significant loss of investment in time and money to the agency and the State, but also a loss to taxpayers and to the applicants, registrants and the industry as well -- who would otherwise benefit from the efficiency experienced through well-trained professionals performing an inspection, investigation, or analysis of a complex securities filing. As senior public servants depart the agency through retirement, institutional knowledge is lost. In excess of a century of agency-specific expertise has been lost in recent years.

Although the salaries of the agency cannot be expected to compete favorably with those of the private sector, the significant pay disparities that exist between the salaries paid by the agency and those of other regulators performing the same or similar work needs to be corrected to maintain an effective workforce into the future. As an improved salary structure is implemented, the investing public and regulated industry will realize increased protections and efficiencies.

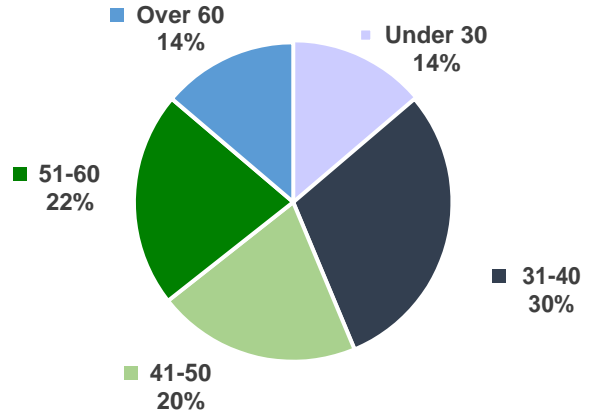
## II. Current Workforce Profile

Information relating to the proportional composition of the staff of the State Securities Board as of June, 2020 is set forth in the following charts:

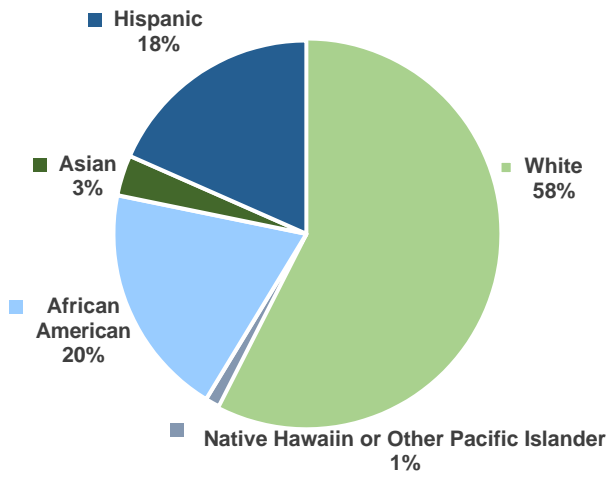
### Gender



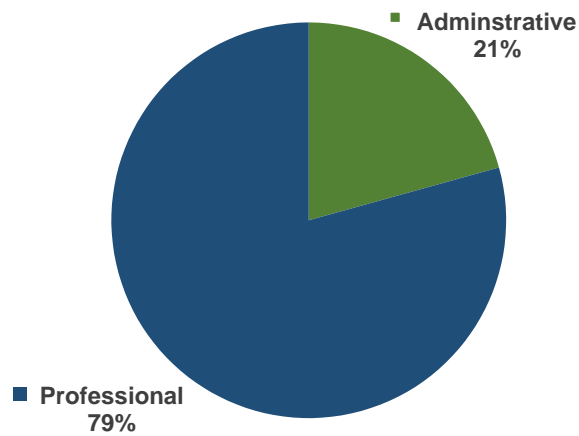
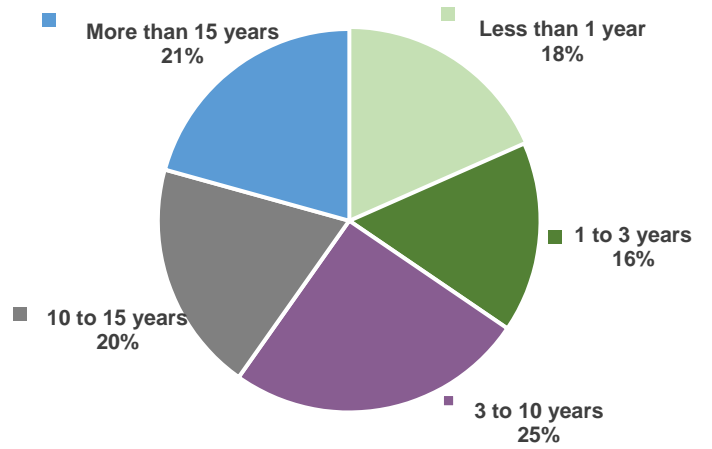
### Age



### Ethnicity



### Length of Service





The agency will be challenged in the next five years as approximately 18% of its workforce becomes eligible for retirement. The agency's succession planning focuses on cross-training of employees to ensure an appropriate redundancy of experience and skills however turnover impedes this focus.

The State Securities Board had an overall turnover rate of approximately 14.5% in fiscal year 2019 although the turnover rate among certain professional positions was substantially higher. The State Auditor's Office previously reported agency turnover of 19.6% for fiscal 2018 and 20.8% for fiscal 2016. Based on a five-year average, the employee turnover rate in the next five years is estimated to be at least 15% annually. This includes employees who are eligible to retire during the period. The expected turnover rate could be greater than expected if the agency cannot maintain sufficient funding to address salary issues as noted above.

### III. Future Workforce Profile

The professional workforce skills that are critical to the mission and goals of the agency in Enforcement include: education in law or accounting; extensive knowledge of securities laws and regulations; demonstrated legal and financial analytical abilities; excellent written and oral communication skills; experience in administrative, civil, or criminal litigation and proceedings; and experience in complex financial investigations and audits. The professional skills necessary in Inspections and Compliance include: excellent written and oral communication skills; experience in financial auditing; extensive knowledge of securities laws and regulations; litigation experience in an administrative forum and ability to travel extensively throughout the state. The professional skills necessary in the dual functions of Registration include: education in law, accounting, or finance; extensive knowledge of securities laws and regulations; excellent oral and written communication skills; experience in analysis of registration applications, complex disclosure documents, balance sheets, income statements and sources and uses of capital; and expertise in negotiating with issuers, underwriters, and legal counsel to create disclosure language in materials distributed to prospective investors. The workforce for each of the agency's strategies must also be proficient in using current technologies including computer hardware and software.

Continued increases in population, registration filings, matters requiring law enforcement action, and other components of the workload of the agency may require an increase in the number of employees needed to do the work. As referenced herein, the agency workload has increased during 2018 with the implementation of Section 45 vulnerable victim legislation and the emergence of cryptocurrency-related markets. Similarly, the agency expects increased workloads as recovery occurs as a result of the current pandemic and the simultaneous economic downturn.

The critical functions that must be performed to achieve the strategic plan are law enforcement, registration of securities, registration of securities dealers, investment advisers, and their agents, and inspections of dealers and investment advisers.

### IV. Gap Analysis

The Agency relies heavily on attorneys and financial professionals. These positions have historically been difficult to recruit and that is expected to continue unless the Agency can implement a plan to improve salary parity with like organizations.

## V. Strategy Development

The agency's goal is to retain its professional workforce and to meet the special needs described above. Despite compensation inequities, the agency has benefited from its culture, dedicated staff, and their buy-in to the agency's mission of investor protection.

Future changes in the organizational structure may be necessary to respond to changing workloads, and new initiatives to ensure that the mission of the agency is accomplished efficiently. The agency has been proactive in evaluating its organizational structure – responsibilities have recently been consolidated; positions, including senior staff positions, have been eliminated; and a single purpose field office closed in an effort to mitigate the compensation constraints described above and provide the Texas taxpayer with maximum value. The agency will continue to utilize a wide range of recruiting sources to secure the maximum number of qualified applicants, including minorities and women, for positions within all classifications.

The securities industry is technologically advanced and dynamic. Substantial training is required to maintain the necessary knowledge related to this industry. Training for employees on current technological enhancements is a critical component in enabling the agency to remain current on ways to counter new, innovative methods of committing securities fraud.

The agency will also continue to sponsor formal and informal on-the-job training and in-house programs for employees and, when possible, provide funding for workshops, seminars, and other programs offered by universities, other agencies, and private entities to develop leadership and career development. While the agency takes great pride in the quality of its in-house training programs – focusing on regulatory training and continuing legal education, the SSB will continue to leverage its resources by maximizing zero-to-low cost training opportunities resulting from its membership and active leadership role in the North American Securities Administrators Association.

Succession planning will remain an ongoing process of recruitment, retention, methodical development of required skills through training and experience, cross-training, and careful evaluation of individual job performance. This will maintain the depth of skilled personnel at key positions on the agency's career ladder to ensure continuation of the efficiency and effectiveness of the agency.

The State Securities Board's aspirational goal is to be the best state securities regulator in the country through meaningful investor protection efforts benefitting our Texas investors, as well as our neighbors, and their legitimate Texas business and industry counterparts.

## **SUPPLEMENTAL SCHEDULE G.**

Workforce Development System Strategic Planning is not applicable to the State Securities Board.

## **SUPPLEMENTAL SCHEDULE H.**

### **Report on Customer Service**



### **Texas State Securities Board**

### **Report on Customer Service May 2020**

In 2020, the Texas State Securities Board (SSB or agency) conducted its tenth biennial survey of external customers, pursuant to Section 2114.002 of the Texas Government Code.

Customers for each of the agency's four budget strategies listed in the General Appropriations Act were surveyed. Customers surveyed were those who had contact with the agency in the two-year period following the previous customer service survey.

#### **Law Enforcement Strategy**

Customers: State and federal prosecutors, other state and federal law enforcement officials, receivers, members of the public, and defense attorneys representing respondents in actions brought by the agency.

Services: SSB investigates suspected violations of the Texas Securities Act and works with state and federal prosecutors and other law enforcement officials to ensure that appropriate enforcement actions are taken, ranging from administrative action to criminal prosecution of persons who violate the Act.

#### **Securities Registration Strategy**

Customers: Securities investors, securities issuers, entrepreneurs, and small businesses who register or notice-file with the agency.

Services: SSB provides registration records to the public upon request, conducts extensive

reviews of securities registration applications, processes notice filings, refers suspected fraudulent offerings to enforcement personnel, and provides assistance to entrepreneurs, small businesses, and others who contact the agency for assistance regarding capital formation, registration, or exemptions from registration.

### **Dealer Registration Strategy**

Customers: Securities dealers and agents, investment advisers, investment adviser representatives who apply to register or notice-file with the agency.

Services: SSB provides registration records to the public upon request, conducts extensive reviews of registration applications, carries out background checks on applicants, ensures compliance with examination requirements, and opposes or conditions the registration of certain applicants.

### **Inspections Strategy**

Customers: Securities investors, registered securities dealers, registered investment advisers, and persons making complaints to the agency concerning registered persons.

Services: The agency conducts comprehensive on-site inspections of the records of registered securities dealers and investment advisers to ensure their compliance with statutory and regulatory requirements, evaluates complaints concerning registered dealers and investment advisers, and reviews administrative and law enforcement actions taken against registered persons.

### **Other customers**

Customers of the Dealer Registration and Securities Registration strategies who requested public information were surveyed. Since both strategies are housed in the agency's Registration Division, it was not possible to allocate these non-registration customers to either the sample for either the Dealer or the Securities Registration strategies.

Customers of the General Counsel Division, and the Investor Education program, and subscribers of the agency's email update subscription service were also surveyed. External customers of the General Counsel Division include persons who request public information, the Legislature, other governmental agencies, and attorneys and other securities professionals who seek information and interpretive guidance on the law and regulations governing the agency's activities. Investor Education program customers include those who have received investor education information disseminated by the agency. The staff of the agency makes presentations, distributes printed materials, maintains Web-based resources, and works with educators to assist Texans in becoming informed investors.

### **Survey Form**

The survey appeared online and the persons making up the sample were either sent a

postcard directing them to the website so they could take the online survey or were sent an email with that information. The postcard and email text also provided an option to the recipient to request a print copy of the form be mailed to them for completion.

The agency's strategies have interrelated functions so it is probable that persons, especially those in the securities industry, have dealt with several different divisions. For example, a registered dealer may have dealt with both the Registration and the Inspection divisions. Although their name may have been included as part of the Inspection sample, their response to the survey may have been answered by someone at the firm who dealt with the Registration Division during the same period. It is impossible to know and allocate with 100% certainty an individual response to the appropriate division.

To minimize the incidence of misallocation of responses by relying upon the strategy that provided the contact information for the participant to identify the strategy being surveyed, the survey included a description of the various strategies and divisions along with a question that asked the customer to identify a single division they had contact with during the survey period and answer the rest of the survey in regards to that contact. There was also a category of "Other" for customers who were unable to identify the division that they contacted and a category of "Website" for subscribers to the agency's email update service. The "Other" and "Website" responses are included in the overall totals for the agency but no attempt was made to try to second-guess the customer by allocating their response to a particular strategy.

The survey form included specific questions relevant to all of the seven customer service quality elements specified by statute: staff, communications, service timeliness, complaint handling processes, print publications, facilities, and Internet site. Questions were also asked to gain information as to how often, and in what ways, customers had contact with the agency. The 2020 survey included questions that did not appear in the 2018 survey regarding the agency's website and email update subscription service.

The survey asked customers to indicate their level of agreement with statements about specific service components as Strongly Agree, Agree, Neutral, Disagree, or Strongly Disagree. For statistical rating purposes, Strongly Agree was assigned the highest value of 5, progressing downward with the Strongly Disagree responses assigned a value of 1. As in previous surveys, a "Not Applicable" option was provided for each item. Additionally, two open-ended questions were included to allow customers to express their thoughts about the agency's services more fully and to make suggestions to improve services. In prior years, written comments have provided some of the most useful survey information.

Added to the survey this year were eight questions required by the *Instructions for Preparing and Submitting Agency Strategic Plans for fiscal years 2021 to 2025* issued February 5, 2020. These questions address overall impressions in the seven statutory categories and satisfaction with the agency. These eight survey questions asked customers to indicate their level of satisfaction in each category as Very Satisfied, Satisfied, Neutral, Unsatisfied, or Very Unsatisfied. For statistical rating purposes, Very Satisfied was assigned the highest value of 5, progressing downward with the Very Unsatisfied assigned a value of 1. A "Not Applicable" option was provided for each of these items.

A copy of the survey form is included as an attachment to this report.

### **Sample Selection**

Three objectives were established for the selection of agency customers who would receive the survey form: (1) a large sample, representative of SSB customers; (2) a focus on customers who had recent contact with the agency; and (3) elimination of duplicate recipients.

### Law Enforcement Strategy

For the Enforcement strategy, an initial sample size of 455 was drawn. After adjusting for duplicates, invalid or undeliverable addresses, and opt-outs, the Enforcement strategy had an effective sample size of 408. (Email addresses identified as opting out are those contacts from the agency's sample that have notified the online survey site that they do not wish to receive any of its surveys.) Recipients included state and federal prosecutors and other law enforcement officials that Enforcement staff have worked with to combat securities violations, members of the public, and receivers and defense attorneys for respondents in recent Enforcement investigations.

### Registration

As in the past, the largest number of survey forms were targeted to the agency's two largest customer groups, those in the Registration strategies.

### Securities Registration Strategy

The securities database was used to select the sample for Securities Registration. First, records of securities applications received in 2018 and 2019 were identified and the associated correspondents for these applications were identified. (Correspondents are attorneys or other professionals who handle the process of registering or notice-filing securities for securities issuers.)

Almost all of the Form D exemption filings were made through the centralized national site, the Electronic Filing Depository (EFD), rather than directly with the agency. Due to their lack of direct contact with the agency, only a small percentage (10%) of the EFD filers are included in the sample.

An unduplicated count of correspondents for the registered and covered securities offerings made directly with the agency, and a 10% sample of the correspondents filing through the EFD website (Form D and Form UIT notice filings), resulted in a sample size of 395 (151 direct filings and 244 EFD filings) for Securities Registration. After invalid addresses and returns were removed, this left an effective sample size for Securities Registration of 383.

### Dealer Registration Strategy

The sample for the Dealer Registration strategy was drawn from the active file, containing records on both securities dealers and investment advisers. Because firms are responsible for registering their agents and investment adviser representatives, the file is maintained by firm name.

On the Dealer side, all of the dealers that are registered only in Texas (121) were selected for inclusion in the sample. The remaining dealers (2,207) registered in Texas are ones also registered with FINRA and/or other states. Of this group, 10% (213) were selected for the sample. For the FINRA and multistate dealers, the surveys were directed to the CRD Contact person or, if none, to the Default Contact.

Also included in the Dealer Registration strategy are investment advisers. On the investment adviser side, all of the investment advisers that are registered in Texas (2,325) were selected for inclusion in the sample. Added to the sample were an additional 802, comprised of 10% of the investment advisers (8,456) making a notice filing in Texas. The surveys for the investment advisers were directed to the Supervision and Compliance Contact (SCC) or, if no SCC was listed, to the firm's Main Contact.

After the returned postcards and duplicate, invalid and opt-out email addresses were subtracted, this left an effective sample size of 3,288 for this strategy.

### Inspect Records Strategy

In the Inspections strategy, the survey sample was selected from the 625 registered dealers and investment advisers whose offices had been inspected by the agency and the 291 persons making complaints about registered persons in 2018 and 2019. After adjusting for duplicates, invalid addresses, and removal of anonymous complainants, the sample selected for the survey totaled 806. When the returned postcards and duplicate, invalid and opt-out email addresses were subtracted, the effective sample size was 766.

### Other Customers

An additional group (Other) selected for the sample came from three other areas not specific to one of the other surveyed strategies. One was the customers of the General Counsel Division. These customers consisted of persons receiving interpretative or no action letters and public information request responses (usually involving requests for confidential information) from the General Counsel. The General Counsel Division is also responsible for providing notice to persons who have requested notification of all rules proposed or adopted by the agency, of the Board's meeting agendas, and of updates to the agency's rulebook. These notices are provided through the email update subscription service to persons who subscribe to the notices through the agency's website. It is likely that these subscribers identified "Website" as their primary point of contact with the agency.

The second group were customers of the agency's Investor Education program and were comprised of persons who have requested speakers for community groups they represent, educators who have used Investor Education resources in their classrooms, and persons affiliated with organizations representing target populations served by Investor Education, such as AARP and senior community centers.

The third group of contacts were provided by the Registration Division and represent customers who had requested information from the Division under the Public Information Act. Since these contacts were not divided between the Securities and Dealer strategies for the Registration Division, they were not counted in the totals for either strategy.



The three groups provided an additional 2,230 contacts to the Other category. After duplicate invalid and opt-out email addresses were removed, the effective sample size was 2,160.

## Survey Process

On March 4, 2020, a total of 6,043 customers were contacted via email. On March 5, 2020, 902 postcards were mailed to agency customers for which there was no readily ascertainable email addresses, for a total of 6,945 potential responses. Recipients were asked to complete the online survey by April 1, 2020. On March 31, 2020, a reminder email was sent to the customers on the email list who had either not responded or had only partially responded to the online survey to notify them that the time to respond had been extended to April 17, 2020. All responses and forms received through April 20, 2020, were included in the data analysis.

A total of 443 responses were received out of 6,945, of which only 378 were fully completed, for an overall fully completed response rate of 5.4% – 5.1% lower than the equivalent response rate of 10.5% obtained in 2018, when 556 fully completed surveys were returned out of 5,277 potential responses. The response rate was 5.6% for those contacted by email and 4.4% for those contacted by mail.

Response rates by customer group were as follows:

Enforcement	10.5%
Securities Registration	6.0%
Dealer/Investment Adviser Registration	4.0%
Inspections and Compliance	18.1%
Other (includes Investor Education, General Counsel, Website, and Registration PIAs)	2.0%

Response rates for each customer group were calculated by dividing the number of fully completed surveys identifying a strategy by the effective sample size for that group.

Survey responses were anonymous, except in a few instances in which customers chose to include their names. The initial survey question directed the customer to identify the agency Division that they had been in contact with during the survey period, and included descriptions of the activities performed by each division.

In an effort to correlate the responses with the function that generated the response, the customer is asked to identify the nature of the contact as part of the survey itself. For responders using the click through function on the emails generated through the online survey service, it was possible to identify the originating sample list providing their email address for the survey. Of the 338 responses in this category, roughly 49.1% (166) identified the same division they interacted with as the one that generated their email address for the sample.

Responses for each survey question were tallied by strategy, or customer group, and entered into spreadsheets to facilitate analysis. Spreadsheets were also prepared totaling all survey responses by strategy and by customer service quality element. Responses from customers who selected “Other” instead of a particular division/strategy when responding to the survey were included in the overall agency figures, but no attempt was made to “second guess” the customer and allocate the response to a particular strategy.

## **Findings and Analysis**

Table 1 documents the responses to the Agency’s detailed survey questions. (The table does not include written comments suggesting how to improve services or those providing additional information.)

Table 2 contains information on the responses to the eight overall impression questions required by the *Instructions for Agency Strategic Plans*, which includes a question for overall satisfaction with the Agency.

**Table 1. Responses to Survey Questions***(Excludes Written Comments)*

	Rating	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	N/A
<b>1. Staff of the Texas State Securities Board</b>							
A. Staff members were accessible.	<b>4.51</b>	207 55.2%	106 28.3%	17 4.5%	2 0.5%	5 1.3%	38 10.1%
B. Staff members were courteous, professional, and respectful.	<b>4.62</b>	241 64.4%	77 20.6%	13 3.5%	0 0.0%	6 1.6%	37 9.9%
C. Staff members demonstrated a willingness to assist.	<b>4.48</b>	225 60.0%	84 22.4%	13 3.5%	6 1.6%	12 3.2%	35 9.3%
D. Staff members were knowledgeable, competent and able to answer my questions.	<b>4.47</b>	221 58.9%	84 22.4%	14 3.7%	8 2.1%	11 2.9%	37 9.9%
E. Staff members identified themselves by name.	<b>4.68</b>	247 66.4%	73 19.6%	11 3.0%	1 0.3%	2 0.5%	38 10.2%
<b>2. Communications</b>							
A. When I called, I was connected in a timely manner to a person who could assist me.	<b>4.38</b>	144 38.6%	98 26.3%	16 4.3%	6 1.6%	5 1.3%	104 27.9%
B. When I left a telephone message, a staff member responded in a reasonable time.	<b>4.41</b>	132 35.7%	76 20.5%	14 3.8%	3 0.8%	6 1.6%	139 37.6%
C. When I sent an email message, I received a timely response.	<b>4.45</b>	182 48.9%	80 21.5%	18 4.8%	7 1.9%	6 1.6%	79 21.2%
D. I received information I requested in a timely manner.	<b>4.39</b>	182 49.2%	101 27.3%	16 4.3%	7 1.9%	10 2.7%	54 14.6%
E. I was given clear explanations about agency rules and procedures.	<b>4.32</b>	180 48.5%	90 24.3%	28 7.6%	13 3.5%	8 2.2%	52 14.0%
<b>3. Timeliness</b>							
A. FOR REGISTRANTS: I was informed in a timely manner of deficiencies in my application for registration.	<b>4.30</b>	69 22.6%	53 17.3%	12 3.9%	3 1.0%	3 1.0%	166 54.3%

	Rating	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	N/A
B. FOR REGISTRANTS: I was given a clear explanation as to how to correct any deficiencies.	4.23	67 21.8%	53 17.3%	15 4.9%	2 0.7%	5 1.6%	165 53.8%
C. FOR REGISTRANTS: I was informed in a timely manner of the decision regarding my application (grant, deny, or allow withdrawal).	4.41	78 25.6%	49 16.1%	10 3.3%	2 0.7%	2 0.7%	164 53.8%
D. FOR REGISTRANTS: My registration renewal was processed in a timely manner.	4.55	88 29.0%	46 15.1%	7 2.3%	0 0.0%	1 0.3%	162 53.3%
E. FOR REGISTRANTS: When I reported an amendment to my registration information, it was processed in a timely manner.	4.51	74 24.2%	39 12.8%	7 2.3%	1 0.3%	1 0.3%	184 60.1%
F. FOR INSPECTED FIRMS: I received written follow-up to an on- site inspection of my office in a timely manner.	4.24	84 24.1%	57 16.6%	13 3.8%	5 1.5%	7 2.0%	179 52.0%
G. FOR COMPLAINANTS: My complaint relating to a person or company subject to regulation by the Texas State Securities Board was processed in a timely manner.	3.73	21 6.8%	14 4.5%	5 1.6%	6 1.9%	6 1.9%	257 83.2%
H. I received a timely response to my request for public information.	4.26	43 14.1%	22 7.2%	8 2.6%	0 0.0%	5 1.6%	228 74.5%
<b>4. Complaints About the Agency</b>							
A. I know how to file a complaint regarding services provided by the Texas State Securities Board.	3.54	62 16.9%	87 23.8%	63 17.2%	39 10.7%	14 3.8%	101 27.6%
B. If I complained regarding services of the agency, I believe it would be addressed in a reasonable manner.	4.02	97 26.6%	102 28.0%	46 12.6%	8 2.2%	10 2.7%	102 28.0%
<b>5. Website (www.ssb.texas.gov)</b>							
A. I was able to access the information I needed using the website.	4.11	103 28.2%	115 31.5%	39 10.7%	11 3.0%	4 1.1%	93 25.5%
B. The website contained clear and accurate information on the Texas Securities Act and regulations/rules.	4.08	96 26.5%	108 29.8%	46 12.7%	12 3.3%	2 0.6%	99 27.2%
C. The website contained clear and accurate information on registration and notice filing requirements and procedures.	4.08	87 24.0%	100 27.6%	39 10.8%	9 2.5%	4 1.1%	123 34.0%

	Rating	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	N/A
D. The website contained clear and accurate information on filing a complaint with the agency.	<b>4.02</b>	70 19.3%	73 20.1%	40 11.1%	10 2.8%	2 0.6%	167 46.1%
E. The website contained clear and accurate information of interest to consumers in evaluating investments and avoiding fraud.	<b>4.09</b>	76 20.9%	80 22.0%	38 10.5%	5 1.4%	3 0.8%	161 44.4%
F. The information on the website was relevant and useful.	<b>4.16</b>	100 27.5%	121 33.2%	38 10.4%	7 1.9%	2 0.6%	96 26.4%
G. The links to other websites were relevant and useful.	<b>4.09</b>	69 19.1%	93 25.7%	30 8.3%	7 1.9%	2 0.6%	161 44.5%
H. IF ACCESSED THROUGH A MOBILE DEVICE, it was easy to view and navigate through the website.	<b>3.85</b>	18 5.1%	25 7.0%	19 5.3%	3 0.8%	1 0.3%	290 81.5%
I. FOR SUBSCRIBERS TO UPDATES (news releases; investor alerts; criminal & civil case alerts; meeting agendas; rulemaking & rulebook updates), I find the information I receive helpful and/or useful.	<b>4.21</b>	64 18.0%	60 16.9%	22 6.2%	2 0.6%	2 0.6%	206 57.9%
<b>6. Printed investor education material</b>							
A. The printed information was clear and understandable.	<b>4.18</b>	52 14.4%	57 15.8%	21 5.8%	2 0.6%	1 0.3%	229 63.2%
B. The printed material provided was thorough and accurate.	<b>4.21</b>	53 14.8%	57 15.9%	20 5.6%	1 0.3%	1 0.3%	227 63.2%
<b>7. Facilities</b>							
A. The location of services was convenient (parking, public transportation, distance, etc.)	<b>3.52</b>	9 2.5%	12 3.3%	21 5.8%	2 0.6%	2 0.6%	316 87.3%
B. The facilities where I received services was clean, orderly, and I could easily find my way around in it.	<b>3.89</b>	13 3.6%	17 4.7%	14 3.9%	2 0.6%	0 0.0%	314 87.2%
C. The facility is open during reasonable hours.	<b>4.10</b>	20 5.6%	24 6.7%	14 3.9%	0 0.0%	0 0.0%	300 83.8%

**Table 2. Responses to Required Questions**

	Rating	Very Satisfied (5)	Satisfied (4)	Neutral (3)	Unsatisfied (2)	Very Unsatisfied (1)	N/A
<b>Overall impressions.</b>							
How satisfied are you with the Agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?	<b>3.41</b>	84 26.2%	64 19.9%	121 39.7%	4 1.3%	48 15.0%	
How satisfied are you with Agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?	<b>4.25</b>	199 56.7%	80 22.8%	51 14.5%	4 1.1%	17 4.8%	
How satisfied are you with Agency communications, including toll-free telephone access, the average time you spent on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?	<b>4.14</b>	166 46.9%	111 31.4%	55 15.5%	6 1.7%	16 4.5%	
How satisfied are you with the Agency's Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the Agency, and information accessible through the site such as a listing of services and programs and whom to contact for further information or to complain?	<b>3.89</b>	123 35.9%	109 31.8%	80 23.3%	12 3.5%	19 5.5%	
How satisfied are you with the Agency's complaint handling process, including whether it is easy to file a complaint and whether responses are timely?	<b>3.10</b>	73 22.9%	48 15.1%	115 36.1%	5 1.6%	78 24.5%	
How satisfied are you with the Agency's ability to timely serve you, including the amount of time you wait for service in person?	<b>3.83</b>	136 40.6%	85 25.4%	72 21.5%	4 1.2%	38 11.3%	
How satisfied are you with any Agency brochures or other printed information, including the accuracy of that information?	<b>3.42</b>	99 29.7%	70 21.0%	98 29.4%	3 0.9%	63 18.9%	
Please rate your overall satisfaction with the Agency.	<b>4.24</b>	180 51.6%	110 31.5%	38 10.9%	4 1.2%	17 4.9%	

When the Table 2 response to the overall satisfaction question is analyzed by Strategies (Table 3), positive responses (i.e., Rating of 4 or 5) ranged from 88.6% for the Inspections strategy to 74.4% for the Enforcement strategy, when the N/A responses were removed.

**Table 3. Responses that Services are Satisfactory by Strategies**

	<b>Strongly Agree (5)</b>	<b>Agree (4)</b>	<b>Neutral (3)</b>	<b>Disagree (2)</b>	<b>Strongly Disagree (1)</b>
<b>Enforcement</b> <i>(39 responses)</i>	64.1%	10.3%	10.3%	5.1%	10.2%
<b>Securities Registration</b> <i>(22 responses)</i>	54.6%	31.9%	4.6%	0.0%	9.1%
<b>Dealer/Investment Adviser Registration</b> <i>(117 responses)</i>	53.0%	28.2%	14.5%	0.0%	4.3%
<b>Inspections &amp; Compliance</b> <i>(131 responses)</i>	51.2%	37.4%	6.9%	1.5%	3.1%
<b>Other</b> (no strategy specified, General Counsel, Website, and Investor Education) <i>(40 responses)</i>	35.0%	42.5%	17.5%	0.0%	5.0%

When the Table 1 responses were tallied by Service Elements (Table 4), with the N/A responses removed, the percentage of positive responses (Rating 4 or 5) ranged from 92.8% for the agency staff to 63.3% for facilities.

**Table 4. Responses that Services are Satisfactory by Service Elements**

	<b>Strongly Agree (5)</b>	<b>Agree (4)</b>	<b>Neutral (3)</b>	<b>Disagree (2)</b>	<b>Strongly Disagree (1)</b>
<b>Staff</b>	67.7%	25.1%	4.0%	1.0%	2.1%
<b>Communications</b>	57.4%	31.2%	6.4%	2.5%	2.5%
<b>Timeliness</b>	53.3%	33.9%	7.8%	1.9%	3.1%
<b>Complaints about the agency</b>	30.1%	35.8%	20.6%	8.9%	4.5%
<b>Website</b>	36.6%	42.0%	16.5%	3.7%	1.2%
<b>Printed material</b>	39.6%	43.0%	15.5%	1.1%	0.8%
<b>Facilities</b>	28.0%	35.3%	32.7%	2.7%	1.3%

The Staff service element, which addresses customer assessments of staff members' courtesy, knowledge, and helpfulness, has consistently received positive ratings in previous surveys. In the 2020 survey, 92.8% responding rated staff above average.

As in the past, various customers chose to write compliments regarding SSB staff or individual staff members.

The Communications and Timeliness service components are of particular importance in assessing the agency's customer services, as the questions in these two areas directly address standards documented in the agency's Compact with Texans. Survey questions concerning communications queried customers on such matters as contacting agency staff via phone or email, accessibility of staff, and whether needed information was received in a timely manner. Questions addressing timeliness focused on key steps in the agency's registration and renewal processes, inspections, complaints, interpretative requests, and public information requests.

In 2018, 84.5% of the responses regarding Communications were positive and 81.1% were positive regarding Timeliness. In the current survey, those ratings were 88.6% and 87.2%, respectively.

Review of the responses to the individual questions in these sections of the survey can provide additional insight into customers' assessments of the agency's performance in these two important areas. As in the past, members of the agency's senior staff will have the survey results at this level of detail for their areas of responsibility.

That the highest percentage of unfavorable responses were associated with the agency's Complaint procedures seems to reflect the fact that only a very small portion of the agency's customers have filed complaints about the agency or know how to file such a complaint. Despite this, the responses in this service area are not being discounted. Responses at the low end of the rating scale (1 and 2) were the highest among all service categories, totaling 13.4% for all responders. It appears that these low ratings are primarily from persons who had either filed complaints and were disappointed in the agency's response or were otherwise dissatisfied with the staff's handling of an inspection or registration matter.

The agency, through its investor education initiative and other public outreach, disseminates information on filing complaints that is accessible to the investing public. It is further committed to ensuring that complaints filed are thoroughly evaluated. Nevertheless, after investigation, complaints are often found not to be valid. Even when action is taken against the perpetrators, complainants may not be satisfied with the outcome, as they seldom recover funds lost to investment scams. Several responders commented on the inability to obtain information from the agency after a complaint was filed. However, information obtained and produced in connection with an investigation is made confidential by statute and cannot be shared with members of the public. This sometimes creates an impression that nothing is being done during the investigatory stage, which depending on the complexity of the matter, may take more than a year before a publicly available action, such as an indictment, is available for public release.

Additionally, between the period of activity covered by the survey and the date the survey sample was first contacted, the agency proposed adding a new chapter to its rules and regulations concerning the agency's complaint process. The proposal was published in the



November 15, 2019, issue of the *Texas Register*. The rules were adopted by the agency's Board and became effective February 27, 2020. The new chapter can be found at 7 Texas Administrative Code §§102.1-102.6. The new rules and associated website content have been designed to make complaint processing more transparent to the public.

Survey questions regarding the agency's website asked customers to rate the site with respect to ease-of-use and whether the posted information was helpful. Many of those responding to questions about the agency's website answered "not applicable" or skipped the questions. This indicates that many of the agency's customers have little or no experience with the website. Of those who rated the website, 78.7% of the responses were positive.

Many of the customers wrote comments in response to one or both of the open-ended questions at the end of the survey form. Customer comments were most numerous in the Inspections and Enforcement strategies. Many of these offered suggestions for improving agency services. A complete compilation of comments for each strategy will be available for consideration by the agency's senior staff.

The low response rate (5.4%) for this year's survey suggests that the survey results may not be reliable in assessing customer satisfaction. Further, the overall sample may not be considered statistically valid because of necessary differences in the ways samples were drawn for each of the strategies. The lack of responses to the survey may also be attributed to the COVID-19 pandemic. On March 13, 2020, the President declared a national emergency and Governor Abbott issued a disaster proclamation in response to the pandemic. Of the 378 complete responses, 241 were received on or prior to March 13, with the remaining 137 received after that date.

Other limitations on the data include the difficulty of surveying some customers. When members of the agency staff give presentations in the Investor Education program, they request evaluations from participants. However the agency has not yet found a satisfactory way to obtain customer evaluations for this survey from the participants since the contact information maintained by the Investor Education program is for the event organizer or sponsor, rather than of the individuals attending the program.

Perhaps the greatest limitation on the data is the unknown accuracy of customers' recall of their contacts with the agency. This could be an issue for customers who have infrequent contacts with the agency or who deal with securities regulators in multiple states. Finally, though care was taken in developing the 2020 survey form to word questions as clearly as possible, different customers will interpret questions differently. This could be seen in something as simple as a customer who, when commenting on their interaction with one division, praised personnel they interacted with in another division or commented on activities within the exclusive purview of a different division.

Despite these limitations, the survey affords the agency a good means of periodically assessing satisfaction with the agency's services and receiving suggestions for improving services, as reported by its primary customers.

In contemplating further improvement in the survey process in future years, alternate approaches to surveying some customer groups should be considered. To more accurately obtain information from customers who interact with the agency infrequently, a method to measure satisfaction at the time of service may be appropriate. Thought will also be given to alternative means of assessing customer service, such as providing an evaluation form to customers at the time of service or a permanent online comment option on the agency's website.

**Customer-Related Performance Measures**

Outcome Measures

- Percentage of Surveyed Customers Expressing Overall Satisfaction with Services Rendered 83.1%
- Percentage of Surveyed Customers Identifying Ways to Improve Service Delivery 11.9%

Output Measures

- Number of Customers Surveyed 6,945 survey forms sent; 378 fully completed (5.4% response rate)
- Number of Customers Served Total customer count includes registrants, Texas investors, and businesses which rely on a free and competitive securities market to raise capital

Efficiency Measures

- Cost Per Customer Surveyed \$2.18 per survey sent out  
\$40.04 per fully-completed survey
- Costs include:
  - Postage (for survey mailout) - \$255.69 (\$0.27 x 947)
  - FINRA ad hoc report of Texas dealer firms - \$240
  - FINRA ad hoc report of Texas investment adviser filings - \$360
  - Online survey site subscription fee - \$300
  - Staff time (survey preparation and mailout, data compilation and analysis, report writing) - \$13,979.43

**Thank you for taking this brief survey about the Texas State Securities Board. It contains 13 questions and should take less than 10 minutes to complete. Your responses will help us serve you better.**

**Please identify the Division within the Agency that you contacted between September 2017 and August 2019. You may choose only one for this survey so if you have had contact with multiple Divisions please choose the one you have dealt with the most often.**

**Not all questions will be applicable to all persons. Please skip or answer "N/A" if a question does not apply to your interaction with the Texas Securities Board.**

**If you provide a response of "Disagree" or "Strongly Disagree," please consider providing written feedback in the Comments section explaining why. Your comments are critical to helping us improve service.**

\* 1. My responses are based on my contact with: (Please choose only one.)

- SECURITIES REGISTRATION - reviews applications for registration of securities and notice filings for securities offerings; assists persons regarding financing alternatives and exemptions from registration; provides information on securities filings.
- DEALER/AGENT REGISTRATION - reviews applications for dealers and agents; assists with the registration process; provides information on registered firms and agents.
- INVESTMENT ADVISER/REPRESENTATIVE REGISTRATION - reviews applications and notice filings for investment advisers and their representatives; assists with the filing process; provides information on registered and notice-filed advisory firms and adviser representatives.
- INSPECTIONS AND COMPLIANCE - conducts inspections of records of REGISTERED securities dealers and investment advisers; investigates complaints against REGISTERED dealers and advisers; brings administrative proceedings against REGISTERED dealers and their agents or investment advisers and their representatives.
- ENFORCEMENT - works with local, state and federal prosecutors and other regulatory offices and law enforcement agencies; investigates suspected UNREGISTERED activities and fraudulent sales of UNREGISTERED securities and pursues appropriate administrative, civil or criminal actions.
- INVESTOR EDUCATION - informs and educates Texans about the basics of investing in securities, with a special emphasis placed on the prevention and detection of securities fraud; provides free publications on the basics of investing in securities and avoiding investment fraud and provides speakers to Texas groups and events.
- GENERAL COUNSEL - answers legal questions about the Texas Securities Act and Board Rules; publishes the Texas Securities Act and Board Regulations; responds to Public Information Act inquiries involving confidential information.
- WEBSITE - subscription service for news releases, rulemaking, board meetings, and other Agency actions; inquiries submitted through the "Contact us" link; information for the regulated industry and investors or about the Agency and the programs it administers; electronic versions of the Texas Securities Act and Board rules.

OTHER (please specify)

\* 2. I am a:

- Member of the public.
- Investor seeking information or making a complaint.
- Member of the regulated industry (dealer, agent, investment adviser, investment adviser representative) or a person acting on behalf of a industry member.
- Business seeking to raise capital.
- Prosecutor, law enforcement, or other regulator.  Legal counsel
- Consultant
- Other (please specify)

\* 3. How many times have you had contact with the Texas State Securities Board during the period September 2017 through August 2019?

- None  Once
- 2-5
- 6-20
- more than 20

\* 4. What type of contact did you have? (Mark all that apply.)

In person  Telephone  Mail

Email  Internet

### 5. Staff of the Texas State Securities Board

Strongly

Strongly

Agree Agree Neutral Disagree Disagree N/A

- A. Staff members were accessible.
- B. Staff members were courteous, professional, and respectful.
- C. Staff members demonstrated a willingness to assist.
- D. Staff members were knowledgeable, competent and able to answer my questions.
- E. Staff members identified themselves by name.

If you want to provide additional information about your experience with our staff or suggest improvements, please do so here. If you responded "Disagree" or "Strongly Disagree," please consider providing written feedback to explain why. Your comments are critical to helping us improve service.

### 6. Communications

Strongly

Strongly

Agree Agree Neutral Disagree Disagree N/A

- A. When I called, I was connected in a timely manner to a person who could assist me.
- B. When I left a telephone message, a staff member responded in a reasonable time.
- C. When I sent an email message, I received a timely response.
- D. I received information I requested in a timely manner.
- E. I was given clear explanations about agency rules and procedures.

If you want to provide additional information about your experience with our staff or suggest improvements, please do so here. If you responded "Disagree" or "Strongly Disagree," please consider providing written feedback to explain why. Your comments are critical to helping us improve service.

## 7. Timeliness

Strongly

Strongly

Agree Agree Neutral Disagree Disagree N/A

A. FOR REGISTRANTS: I was informed in a timely manner of deficiencies in my application for registration.

B. FOR REGISTRANTS: I was given a clear explanation as to how to correct any deficiencies.

C. FOR REGISTRANTS: I was informed in a timely manner of the decision regarding my application (grant, deny, or allow withdrawal).

D. FOR REGISTRANTS: My registration renewal was processed in a timely manner.

F. FOR INSPECTED FIRMS: I received a written follow-up to an on-site inspection of my

E. FOR REGISTRANTS: When I reported an amendment to my registration information, it was processed in a timely manner.

office in a timely manner.

G. FOR COMPLAINANTS: My complaint relating to a person or company subject to regulation by the Texas State Securities Board was processed in a timely manner.

H. I received a timely response to my request for public information.

If you want to provide additional information about your experience with our staff or suggest improvements, please do so here. If you responded "Disagree" or "Strongly Disagree," please consider providing written feedback to explain why. Your comments are critical to helping us improve service.

## 8. Complaints about the Agency

Strongly

Strongly

Agree Agree Neutral Disagree Disagree N/A

A. I know how to file a complaint regarding services provided by the Texas State Securities Board.

B. If I complained regarding services of the agency, I believe it would be addressed in a reasonable manner.

If you want to provide additional information about your experience with our staff or suggest improvements, please do so here. If you responded "Disagree" or "Strongly Disagree," please consider providing written feedback to explain why. Your comments are critical to helping us improve service.

9. Website (www.ssb.texas.gov)

Strongly

Strongly

Agree Agree Neutral Disagree Disagree N/A

A. I was able to access the information I needed using the website.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. The website contained clear and accurate information on the Texas Securities Act and regulations/rules.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. The website contained clear and accurate information on registration and notice filing requirements and procedures.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. The website contained clear and accurate information on filing a complaint with the Agency.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. The website contained clear and accurate information of interest to consumers in evaluating investments and avoiding fraud.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. The information on the website was relevant and useful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. The links to other websites were relevant and useful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. IF ACCESSED THROUGH A MOBILE DEVICE, it was easy to view and navigate through the website.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. FOR SUBSCRIBERS TO UPDATES (news releases; investor alerts; criminal and civil case alerts; meeting agendas; rulemaking & rulebook updates), I find the information I receive helpful and/or useful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you want to provide additional information about your experience with our staff or suggest improvements, please do so here. If you responded "Disagree" or "Strongly Disagree," please consider providing written feedback to explain why. Your comments are critical to helping us improve service.

10. Printed investor education material

Strongly

Strongly

Agree Agree Neutral Disagree Disagree N/A

A. The printed information was clear and understandable.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. The printed material provided was thorough and accurate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you want to provide additional information about your experience with our staff or suggest improvements, please do so here. If you responded "Disagree" or "Strongly Disagree," please consider providing written feedback to explain why. Your comments are critical to helping us improve service.

## 11. Facilities

Strongly

Strongly

Agree Agree Neutral Disagree Disagree N/A

A. The location of services was convenient (parking, public transportation, distance, etc.).

B. The facilities where I received services was clean, orderly, and I could easily find my way around in it.

C. The facility is open during reasonable hours.

If you want to provide additional information about your experience with our staff or suggest improvements, please do so here. If you responded "Disagree" or "Strongly Disagree," please consider providing written feedback to explain why. Your comments are critical to helping us improve service.

## 12. Overall impressions.

Very

Very

Satisfied Satisfied Neutral Unsatisfied Unsatisfied

How satisfied are you with the Agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?

How satisfied are you with Agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?

How satisfied are you with Agency communications, including toll-free telephone access, the average time you spent on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?

How satisfied are you with the Agency's Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the Agency, and information accessible through the site such as a listing of services and programs and whom to contact for further information or to complain?

How satisfied are you with the Agency's complaint handling process, including whether it is easy to file a complaint and whether responses are timely?

How satisfied are you with the Agency's ability to timely serve you, including the amount of time you wait for service in person?

How satisfied are you with any Agency brochures or other printed information, including the accuracy of that information?

Please rate your overall satisfaction with the Agency.



13. If you have other suggestions that would help to improve your experience with the Texas State Securities Board, please explain.