

CHAPTER 20:06:18

PRODUCER LICENSING

Section

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Appendix A Midwest Zone Declaration Regarding Continuing Education Course Approval,
Including Midwest Zone Standard Continuing Education Filing Form, Repealed.

Appendix B Application for Course Approval and Instructor Qualification Form, Repealed.

20:06:18:23. Definition of resident. For the purposes of SDCL 58-30-145 and 58-30-148, "resident" means an applicant that has a present physical presence in this state and is domiciled or has its principal place of business in this state. An applicant does not qualify as a resident by having a post office box or using a mail forwarding service located in this state.

Source:

General Authority: SDCL 58-30-195.

Law Implemented: SDCL 58-30-145, 58-30-148.

CHAPTER 20:06:54
PREVENTIVE SERVICES

Section

- 20:06:54:01 Coverage for preventive items and services.
- 20:06:54:02 Coverage for office visits in conjunction with preventive items and services.
- 20:06:54:03 Preventive items and services with out-of-network providers.
- 20:06:54:04 Reasonable medical management allowed.
- 20:06:54:05 Additional services not prohibited.
- 20:06:54:06 Applicability.

Appendix A Grade A and B Recommendations of the United States Preventive Services Task Force, Repealed.

20:06:54:01. Coverage for preventive items and services. A group health plan, or a health insurance issuer offering group or individual health insurance coverage, ~~shall~~ must provide coverage for ~~all of the following items and services~~, and may not impose any ~~cost-sharing requirements such as a copayment, coinsurance, or deductible, or other cost-sharing requirement~~ with respect to the following items or services:

(1) Evidence-based items or services that have in effect a rating of A or B in the ~~recommendations~~ A & B Recommendations of the United States Preventive Services Task Force as of July 1, 2018, ~~and as appearing in Appendix A with respect to the individual involved~~ September 1, 2026;

(2) Immunizations for routine use in children, adolescents, and adults ~~that have in effect a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention with respect to the individual involved. For this purpose, a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention is considered in effect after it has been adopted by the Director of the Centers for Disease Control and Prevention, and a recommendation is considered to be for routine use if it is, which are listed on the Immunization Schedules Recommended Adult Immunization Schedule and Recommended Child and Adolescent Immunization Schedule of the Centers for Disease Control and Prevention~~ as of July 2, 2025;

(3) ~~With respect to infants, children, and adolescents, evidence-informed~~ Evidence-informed preventive care and screenings ~~provided for in comprehensive guidelines~~ infants, children, and adolescents, as provided in the Recommended Uniform Screening Panel as of December 31, 2025, and Bright Futures: Recommendations for Preventive Pediatric Health Care, Fourth Edition, 2017 supported by the Health Resources and Services Administration; and

(4) ~~With respect to women, to the extent not described in subdivision 20:06:54:01(1), evidence-informed~~ Evidence-informed preventive care and screenings provided for in ~~comprehensive guidelines supported by the~~ Women's Preventive Services Guidelines published by the Health Resources and Services Administration as of September 1, 2026.

A health carrier shall, at least annually at the beginning of each new plan year or policy year, whichever is applicable, revise the preventive services covered under ~~its~~ the health carrier's health insurance policies pursuant to this section ~~consistent with the recommendations of the United States Preventive Services Task Force, the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention and the guidelines with respect to infants, children, adolescents, and women, evidenced-based preventive care and screenings by the Health Resources and Services Administration in effect at the time.~~

Source: 37 SDR 63, effective September 23, 2010; 37 SDR 111, effective December 7, 2010; 45 SDR 45, effective October 10, 2018.

General Authority: SDCL 58-17-87, 58-18-79.

Law Implemented: SDCL 58-17-1.1, 58-17-1.2, 58-17-62, 58-17-87, 58-17-98, 58-18-36, 58-18-41, 58-18-79, 58-18-80, 58-18-83.

~~—~~ **Reference:** ~~The Guide to Clinical Preventive Services, 2014. Recommendation of the U.S. Preventive Services Task Force~~ References:

A & B Recommendations, United States Preventive Services Taskforce. Copies ~~can~~ may be obtained by contacting the Agency for Healthcare Research and Quality Publications Clearinghouse, on a single copy basis. Mail AHRQ Publications Clearinghouse, P.O. Box 8547, Silver Spring, MD 20907-8547. Online: <http://www.ahrq.gov/>. Telephone: 800-358-9295, E-mail: ahrqpubs@ahrq.hhs.gov. You may also view online at

<http://www.uspreventiveservicestaskforce.org/Page/Name/recommendations> free of charge from the USPSTF Senior Project Coordinator, 5600 Fischers Lane, Mail Stop 06E53A, Rockville, MD 20857; <https://www.uspreventiveservicestaskforce.org/uspstf/recommendation-topics/uspstf-a-and-b-recommendations>.

Bright Futures: Recommendations for Preventive Pediatric Health Care, Fourth Edition, 2017, American Academy of Pediatrics. Copies may be obtained from the American Academy of Pediatrics, available online: <https://www.aap.org/en/catalog/categories/bright-futures/bright-futures-guidelines-for-health-supervision-of-infants-children-and-adolescents-4th-edition/>. Cost: \$74.95.

Recommended Adult Immunization Schedule, 2025 edition, Centers for Disease Control and Prevention. Copies may be obtained free of charge from the Centers for Disease Control and Prevention, 2136 Ford Parkway Suite 5011, Saint Paul, Minnesota, 55116; <https://www.cdc.gov/vaccines/hcp/imz-schedules/downloads/adult/adult-combined-schedule.pdf>.

Recommended Child and Adolescent Immunization Schedule, 2025 edition, Centers for Disease Control and Prevention. Copies may be obtained free of charge from the Centers for Disease Control and Prevention, 2136 Ford Parkway Suite 5011, Saint Paul, Minnesota, 55116; <https://www.cdc.gov/vaccines/hcp/imz-schedules/downloads/child/0-18yrs-child-combined-schedule.pdf>.

Recommended Uniform Screening Panel, 2025 edition, Health Resources and Services Administration. Copies may be obtained free of charge from the Health Resources and Services Administration, 5600 Fischers Lane, Mail Stop 06E53A, Rockville, MD 20857; <https://mchb.hrsa.gov/sites/default/files/mchb/programs-impact/recommended-uniform-screening-panel-table-december-15-2025.pdf>.

Women's Preventive Services Guidelines, Health Resources and Services

Administration. Copies may be obtained free of charge from the Health Resources and Services

Administration, 5600 Fischers Lane, Mail Stop 06E53A, Rockville, MD 20857;

<https://www.hrsa.gov/womens-guidelines>.

DEPARTMENT OF LABOR AND REGULATION

DIVISION OF INSURANCE

GRADE A AND B RECOMMENDATIONS OF THE UNITED STATES PREVENTIVE
SERVICES TASK FORCE
(REPEALED)

Chapter 20:06:54

APPENDIX A

SEE: § 20:06:54:01

Source: 37 SDR 63, effective September 27, 2010; 37 SDR 111, effective December 7, 2010.

Appendix A

Grade A and B Recommendations of the United States Preventive Services Task Force

Topic	Text	Grade	Date in Effect
Screening for abdominal aortic aneurysm	The USPSTF recommends one-time screening for abdominal aortic aneurysm (AAA) by ultrasonography in men aged 65 to 75 who have ever smoked.	B	Feb 28, 2005
Screening and counseling to reduce alcohol misuse	The U.S. Preventive Services Task Force (USPSTF) recommends screening and behavioral counseling interventions to reduce alcohol misuse (go to Clinical Considerations) by adults, including pregnant women, in primary care settings.	B	April 30, 2004
Aspirin to prevent CVD: men	The USPSTF recommends the use of aspirin for men age 45 to 79 years when the potential benefit due to a reduction in myocardial infarctions outweighs the potential harm due to an increase in gastrointestinal hemorrhage.	A	March 30, 2009
Aspirin to prevent CVD: women	The USPSTF recommends the use of aspirin for women age 55 to 79 years when the potential benefit of a reduction in ischemic strokes outweighs the potential harm of an increase in gastrointestinal hemorrhage.	A	March 30, 2009
Screening for bacteriuria	The USPSTF recommends screening for asymptomatic bacteriuria with urine culture for pregnant women at 12 to 16 weeks' gestation or at the first prenatal visit, if later.	A	July 31, 2008
Screening for high blood pressure	The U.S. Preventive Services Task Force (USPSTF) recommends screening for high blood pressure in adults aged 18 and older.	A	Dec 31, 2007

Counseling related to BRCA screening	The USPSTF recommends that women whose family history is associated with an increased risk for deleterious mutations in BRCA1 or BRCA2 genes be referred for genetic counseling and evaluation for BRCA testing.	B	Sept 30, 2005
Screening for breast cancer (mammography)	The USPSTF recommends screening mammography for women with or without clinical breast examination (CBE), every 1-2 years for women aged 40 and older.	B	Sept 30, 2002
Chemoprevention of breast cancer	The USPSTF recommends that clinicians discuss chemoprevention with women at high risk for breast cancer and at low risk for adverse effects of chemoprevention. Clinicians should inform patients of the potential benefits and harms of chemoprevention.	B	July 31, 2002
Interventions to support breast feeding	The USPSTF recommends interventions during pregnancy and after birth to promote and support breastfeeding.	B	Oct 31, 2008
Screening for cervical cancer	The USPSTF strongly recommends screening for cervical cancer in women who have been sexually active and have a cervix.	A	Jan 31, 2003
Screening for chlamydial infection: non-pregnant women	The U.S. Preventive Services Task Force (USPSTF) recommends screening for chlamydial infection for all sexually active non-pregnant young women aged 24 and younger and for older non-pregnant women who are at increased risk.	A	June 30, 2007
Screening for chlamydial infection: pregnant women	The USPSTF recommends screening for chlamydial infection for all pregnant women aged 24 and younger and for older pregnant women who are at increased risk.	B	June 30, 2007

Screening for cholesterol abnormalities: men 35 and older	The U.S. Preventive Services Task Force (USPSTF) strongly recommends screening men aged 35 and older for lipid disorders.	A	June 30, 2008
Screening for cholesterol abnormalities: men younger than 35	The USPSTF recommends screening men aged 20 to 35 for lipid disorders if they are at increased risk for coronary heart disease.	B	June 30, 2008
Screening for cholesterol abnormalities: women 45 and older	The USPSTF strongly recommends screening women aged 45 and older for lipid disorders if they are at increased risk for coronary heart disease.	A	June 30, 2008
Screening for cholesterol abnormalities: women younger than 45	The USPSTF recommends screening women aged 20 to 45 for lipid disorders if they are at increased risk for coronary heart disease.	B	June 30, 2008
Screening for colorectal cancer	The USPSTF recommends screening for colorectal cancer (CRC) using fecal occult blood testing, sigmoidoscopy, or colonoscopy, in adults, beginning at age 50 years and continuing until age 75 years. The risks and benefits of these screening methods vary.	A	Oct 31, 2008
Chemoprevention of dental caries	The USPSTF recommends that primary care clinicians prescribe oral fluoride supplementation at currently recommended doses to preschool children older than 6 months of age whose primary water source is deficient in fluoride.	B	April 30, 2004
Screening for depression: adults	The USPSTF recommends screening adults for depression when staff-assisted depression care supports are in place to assure accurate diagnosis, effective treatment, and follow-up.	B	Dec 31, 2009

Screening for depression: adolescents	The USPSTF recommends screening of adolescents (12–18 years of age) for major depressive disorder (MDD) when systems are in place to ensure accurate diagnosis, psychotherapy (cognitive behavioral or interpersonal), and follow-up.	B	March 30, 2009
Screening for diabetes	The USPSTF recommends screening for type 2 diabetes in asymptomatic adults with sustained blood pressure (either treated or untreated) greater than 135/80 mm Hg.	B	June 30, 2008
Counseling for a healthy diet	The USPSTF recommends intensive behavioral dietary counseling for adult patients with hyperlipidemia and other known risk factors for cardiovascular and diet-related chronic disease. Intensive counseling can be delivered by primary care clinicians or by referral to other specialists, such as nutritionists or dietitians.	B	Jan 30, 2003
Supplementation with folic acid	The USPSTF recommends that all women planning or capable of pregnancy take a daily supplement containing 0.4 to 0.8 mg (400 to 800 µg) of folic acid.	A	May 31, 2009
Screening for gonorrhea: wp,em	The U.S. Preventive Services Task Force (USPSTF) recommends that clinicians screen all sexually active women, including those who are pregnant, for gonorrhea infection if they are at increased risk for infection (that is, if they are young or have other individual or population risk factors; go to Clinical Considerations for further discussion of risk factors).	B	May 31, 2005
Prophylactic medication for gonorrhea: newborns	The USPSTF strongly recommends prophylactic ocular topical medication for all newborns against gonococcal ophthalmia neonatorum.	A	May 31, 2005

Screening for hearing loss	The USPSTF recommends screening for hearing loss in all newborn infants.	B	July 31, 2008
Screening for hemoglobinopathies	The U.S. Preventive Services Task Force (USPSTF) recommends screening for sickle cell disease in newborns.	A	Sept 30, 2007
Screening for hepatitis B	The U.S. Preventive Services Task Force (USPSTF) strongly recommends screening for hepatitis B virus (HBV) infection in pregnant women at their first prenatal visit.	A	June 30, 2009
Screening for HIV	The U.S. Preventive Services Task Force (USPSTF) strongly recommends that clinicians screen for human immunodeficiency virus (HIV) all adolescents and adults at increased risk for HIV infection (go to Clinical Considerations for discussion of risk factors).	A	July 31, 2005
Screening for congenital hypothyroidism	The USPSTF recommends screening for congenital hypothyroidism (CH) in newborns.	A	March 31, 2008
Screening for iron deficiency anemia	The USPSTF recommends routine screening for iron deficiency anemia in asymptomatic pregnant women.	B	May 31, 2006
Iron supplementation in children	The U.S. Preventive Services Task Force (USPSTF) recommends routine iron supplementation for asymptomatic children aged 6 to 12 months who are at increased risk for iron deficiency anemia (go to Clinical Considerations for a discussion of increased risk).	B	May 30, 2006
Screening and counseling for obesity: adults	The USPSTF recommends that clinicians screen all adult patients for obesity and offer intensive counseling and behavioral interventions to promote sustained weight loss for obese adults.	B	Dec 31, 2003

Screening and counseling for obesity: children	The USPSTF recommends that clinicians screen children aged 6 years and older for obesity and offer them or refer them to comprehensive, intensive behavioral interventions to promote improvement in weight status.	B	Jan 31, 2010
Screening for osteoporosis	The U.S. Preventive Services Task Force (USPSTF) recommends that women aged 65 and older be screened routinely for osteoporosis. The USPSTF recommends that routine screening begin at age 60 for women at increased risk for osteoporotic fractures. (Go to Clinical Considerations for discussion of women at increased risk.)	B	Sept 30, 2002
Screening for PKU	The USPSTF recommends screening for phenylketonuria (PKU) in newborns.	A	March 31, 2008
Screening for Rh incompatibility: first pregnancy visit	The U.S. Preventive Services Task Force (USPSTF) strongly recommends Rh (D) blood typing and antibody testing for all pregnant women during their first visit for pregnancy-related care.	A	Feb 29, 2004
Screening for Rh incompatibility: 24-28 weeks gestation	The USPSTF recommends repeated Rh (D) antibody testing for all unsensitized Rh (D)-negative women at 24-28 weeks' gestation, unless the biological father is known to be Rh (D)-negative.	B	Feb 29, 2004
Counseling for STIs	The USPSTF recommends high-intensity behavioral counseling to prevent sexually transmitted infections (STIs) for all sexually active adolescents and for adults at increased risk for STIs.	B	Oct 31, 2008
Screening for syphilis: non-	The U.S. Preventive Services Task Force (USPSTF) strongly recommends	A	July 31, 2004

pregnant persons	that clinicians screen persons at increased risk for syphilis infection.		
Screening for syphilis: pregnant women	The USPSTF recommends that clinicians screen all pregnant women for syphilis infection.	A	July 31, 2004
Counseling for tobacco use	The USPSTF recommends that clinicians ask all adults about tobacco use and provide tobacco cessation interventions for those who use tobacco products.	A	April 30, 2009
Counseling for tobacco use	The USPSTF recommends that clinicians ask all pregnant women about tobacco use and provide augmented, pregnancy-tailored counseling for those who smoke.	A	April 30, 2009
Screening for visual acuity in children	The USPSTF recommends screening to detect amblyopia, strabismus, and defects in visual acuity in children younger than age 5 years.	B	May 31, 2004

CHAPTER 20:08:03

BROKER-DEALER AND AGENT RULES

Section

- 20:08:03:01 Registration for broker-dealers, broker-dealer agents, and agents of the issuer.
- 20:08:03:02 Record keeping requirements for broker-dealers.
- 20:08:03:03 Broker-dealer minimum financial requirements.
- 20:08:03:04 Net capital requirements of broker-dealers.
- 20:08:03:05 Waiver of certain broker-dealer records and financial requirements.
- 20:08:03:06 Dishonest and unethical practices, ~~broker -- Broker-dealer, broker -- Broker-~~
dealer agents.
- 20:08:03:07 Fraudulent practices of broker-dealers, broker-dealer agents, and agents of the issuer.
- 20:08:03:07.01 Certification and professional designations.
- 20:08:03:08 Written supervisory procedures.
- 20:08:03:09 Copies of complaints to be filed with director.
- 20:08:03:10 Notice of transfer of control or of name change.
- 20:08:03:11 Notice of net capital deficiency.
- 20:08:03:12 Repealed.
- 20:08:03:13 Notice of thefts required.
- 20:08:03:14 Broker-dealer conduct on the premises of financial institutions.
- 20:08:03:15 Cross-border exemptions from registration for broker-dealers and agents.
- 20:08:03:16 Employee of the issuer exemption.
- 20:08:03:17 Finders.

20:08:03:18 Business brokers.

20:08:03:06. Dishonest and unethical practices, ~~broker~~ -- Broker-dealer, broker -- Broker-dealer agents. ~~Any broker-dealer or agent who engages in one or more of the following practices shall be deemed to have engaged in dishonest or unethical practices as used in SDCL 47-31B-412(d)(13) and such conduct may constitute grounds for denial, suspension, or revocation of registration or such other action authorized by statute~~ Each broker-dealer and agent shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. The following acts and practices are contrary to the standards and are grounds for denial, suspension, or revocation of registration or any other action authorized by statute:

(1) ~~Broker-Dealers~~ A broker-dealer may not:

(a) ~~Engaging~~ Engage in a pattern of unreasonable and unjustifiable delays either in the delivery of securities purchased by any of its customers or in the payment upon request of free credit balances reflecting completed transactions of any of its customers, or both;

(b) ~~Inducing~~ Induce trading in a customer's account ~~which~~ that is excessive in size or frequency in view of the financial resources and character of the account;

(c) ~~Recommending~~ Recommend to a customer the purchase, sale, or exchange of any security without reasonable grounds to believe that ~~such~~ the transaction or recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation and needs, and any other relevant information known by the broker-dealer;

—— ~~The rule in this subsection (c) may be referred hereinafter to~~ as the suitability rule;

(d) When making a recommendation to a retail customer:

(i) Placing financial or other interest of the broker-dealer or agent ahead of the interest of the retail customer;

(ii) Recommending an investment strategy or the sale or purchase of any security without a reasonable basis to believe the recommendation is in the best interest of the retail customer based on the customer's investment profile and the potential risks, rewards, and costs associated with the recommendation; or

(iii) Failing to otherwise comply with Regulation Best Interest, as set forth in 17 C.F.R. § 240.151-1 or the related obligations set forth in 17 C.F.R. § 240.17a-14 (July 1, 2026);

~~(e)~~ Executing a transaction on behalf of a customer without authorization ~~to do so~~;

~~(e)~~(f) Exercising any discretionary power in effecting a transaction for a customer's account without first obtaining written discretionary authority from the customer, unless the discretionary power relates solely to either the time and/or or price, or both, for the executing of orders;

~~(f)~~(g) Executing any transaction in a margin account without securing from the customer a properly executed written margin agreement promptly after the initial transaction in the account;

~~(g)~~(h) Failing to segregate ~~customers'~~ a customer's free securities or securities held in safekeeping;

~~(h)~~(i) Hypothecating a customer's securities without having a lien ~~thereon~~, unless the broker-dealer secures from the customer a properly executed written consent promptly after the initial transaction, except as permitted by Rules of the Securities and Exchange Commission under 17 C.F.R. Part 200 (July 1, 2026);

~~(i)~~(j) Entering into a transaction with or for a customer at a price not reasonably related to the current market price of the security or receiving an unreasonable commission or profit;

~~(j)~~(k) Failing to furnish to a customer purchasing securities in an offering, no later than the due date of confirmation of the transaction, either a final prospectus or a preliminary prospectus and an additional document, which together include all information ~~set forth~~ in the final prospectus;

~~(k)~~(l) Charging unreasonable and inequitable fees for ~~services performed, including miscellaneous services such as~~ the collection of monies due for principal; for dividends or interest; for exchange or transfer of securities, appraisals, safekeeping, or custody of securities; and for other services ~~related to its securities business~~ performed in relation to the broker-dealer's securities business;

~~(l)~~(m) Offering to buy from or sell to any person any security at a stated price, unless ~~such~~ the broker-dealer is prepared to purchase or sell, ~~as the case may be, at such~~ the price and under ~~such~~ the conditions ~~as are~~ stated at the time of ~~such~~ the offer to buy or sell;

~~(m)~~(n) Representing that a security is ~~being~~ offered to a customer "at the market" or a price relevant to the market price, unless ~~such~~ the broker-dealer knows or has reasonable grounds to believe that a market for ~~such~~ the security exists other than that made, created, or controlled by ~~such~~ the broker-dealer, ~~or by any such~~ person for whom the broker-dealer is acting or with whom the broker-dealer is associated in ~~such~~ the distribution, or by any person controlled by, controlling, or under common control with ~~such~~ the broker-dealer;

~~(n)~~(o) Effecting any transaction in, or inducing the purchase or sale of, any security by means of any manipulative, deceptive, or fraudulent device, practice, plan, program, design, or contrivance, ~~which may include~~ including:

~~(o)~~(i) Effecting any transaction in a security ~~which~~ that involves no change in the security's beneficial ~~ownerships thereof~~ ownership;

~~(2)~~(ii) Entering an order ~~or orders~~ for the purchase or sale of any security with the knowledge that an order ~~or orders~~ of substantially the same size, at substantially the same time, and for substantially the same price, for the sale of ~~any such~~ the security, has been or will be entered by or for the same or ~~different parties~~ or any other party for the purpose of creating a false or misleading appearance of active trading in the security or ~~a false or misleading appearance~~ with respect to the market for the security. ~~However, provided that~~ nothing in this subsection prohibits a broker-dealer from entering bona fide agency cross-transactions for customers;

~~(3)~~(iii) Effecting, alone or with ~~one or more other persons~~ another person, a series of transactions in any security creating actual or apparent active trading in ~~such~~ the security, or raising or depressing the price of ~~such~~ the security, for the purpose of inducing the purchase or sale of ~~such~~ the security by others;

~~(e)~~(p) Guaranteeing a customer against loss in any securities account of ~~such~~ the customer carried by the broker-dealer or in any securities transaction effected by the broker-dealer ~~or in any securities transaction effected by the broker-dealer~~ with or for ~~such~~ the customer;

~~(p)~~(q) Publishing or circulating, or causing to be published or circulated, any notice, circular, advertisement, newspaper article, investment service, or communication of any kind, which purports to report any transaction as a purchase or sale of any security, unless ~~such~~ the broker-dealer believes ~~that such~~ the transaction was a bona fide purchase or sale of ~~such~~ the security; or which purports to quote the bid price or asked price for any security, unless ~~such~~ the broker-dealer believes ~~that such~~ the quotation represents a bona fide bid for, or offer of, ~~such~~ the security;

~~(q)(r)~~ Using any advertising or sales presentation in such a fashion as to be deceptive or misleading. An example of such practice would be a distribution of Distributing any nonfactual data, material, or presentation based on conjecture; unfounded or unrealistic claims; or assertions in any brochure, flyer, or display by words, pictures, graphs, or any other advertising or sales presentation that is deceptive, misleading, or otherwise designed to supplement, detract from, supersede, or defeat the purpose or effect of any prospectus or disclosure; ~~or~~

~~(r)(s)~~ Failing to disclose to a customer that the broker-dealer is controlled by, controlling, affiliated with, or under common control with the issuer of any security before entering into any contract with or for a customer for the purchase or sale of ~~such the~~ security, ~~the existence of such control to such customer~~, and if ~~such the~~ disclosure is not made in writing, it ~~shall~~ must be supplemented by the giving or sending of written disclosure at or before the completion of the transaction;

~~(s)(t)~~ Failing to make a bona fide public offering of all ~~of~~ the securities allotted to a broker-dealer for distribution, whether acquired as an underwriter, a selling group member, or from a member participating in the distribution as an underwriter or selling group member; ~~or~~

~~(t) Failure or refusal~~ (u) Failing or refusing to furnish a customer, upon reasonable request, information to which the customer is entitled, or to respond to a formal written request or complaint;

(v) Failing to pay and fully satisfy any final judgment or arbitration award, resulting from an investment-related, customer-initiated arbitration or court proceeding, unless an alternative payment arrangement is agreed to between the customer and the broker-dealer or broker-dealer agent, in writing, and the broker-dealer or broker-dealer agent complies with the terms of the alternative payment arrangement;

(w) Attempting to avoid payment of any final judgment or arbitration award resulting from an investment-related, customer-initiated arbitration or court proceeding, unless an alternative payment arrangement is agreed to between the customer and the broker-dealer or broker-dealer agent, in writing, and the broker-dealer or broker-dealer agent complies with the terms of the alternative payment arrangements; or

(x) Failing to pay and fully satisfy any fine, civil penalty, order of restitution, order of disgorgement, or similar monetary payment obligation imposed upon the broker-dealer or broker-dealer agent by the Securities and Exchange Commission, the securities or other financial services regulator of any state or province, or any self-regulatory organization;

~~(2) Agents~~ An agent may not:

(a) ~~Engaging~~ Engage in the practice of lending or borrowing money ~~or securities~~ from a customer, except as provided in FINRA Rule 3240, lending or borrowing securities from a customer, or acting as a custodian for money, securities, or an executed stock power of a customer;

(b) ~~Effecting~~ Effect a securities transactions transaction that is not recorded on the regular books or records of the broker-dealer ~~which that~~ the agent represents, unless the ~~transactions are~~ transaction is authorized in writing by the broker-dealer prior to execution of the transaction;

(c) ~~Establishing or maintaining~~ Establish or maintain an account containing fictitious information ~~in order to execute transactions which would otherwise be~~ an otherwise prohibited transaction;

(d) ~~Sharing~~ Share directly or indirectly in profits or losses in the account of any customer without the written authorization of the customer and the broker-dealer ~~which that~~ the agent represents;

~~(e) Dividing or otherwise splitting~~ Divide or split the agent's commissions, profits, or other compensation from the purchase or sale of securities with any person that is not ~~also~~ registered as an agent for the same broker-dealer, or for a broker-dealer under direct or indirect common control:

~~———— (A) Notwithstanding the provisions of § subsection 20:08:03:06(2)(e) of this rule, a broker-dealer or agent:~~

~~———— (i) May, provided that the agent or a broker-dealer may:~~

~~———— (i) Share a commission, discount, or other remuneration from the purchase or sale of a security with:~~

~~———— (a) A depository institution as defined in SDCL 47-31B-102(5).~~

~~———— (b) A bank holding company approved by the board of governors of the federal reserve bank pursuant to the Bank Holding Company Act of 1956, 70 Stat. 133, 12 U.S.C. 1841, as amended; or~~

~~———— (c) A financial holding company approved by the board of governors of the federal reserve bank pursuant to the Bank Holding Company Act of 1956, 70 Stat. 133, 12 U.S.C. 1841, as amended;~~

~~———— (B) May provide to an employee of a depository institution compensation for the referral of a customer if the compensation is a nominal one-time cash fee of a fixed dollar amount and the payment of the fee is not contingent on whether the referral results in a purchase or sale of a security.~~ share a commission, discount, or other remuneration from the purchase or sale of a security with a depository institution, as defined in SDCL 47-31B-102(5); a bank holding company or financial holding company approved by the board of governors of the federal reserve bank pursuant to the Bank Holding Company Act of 1956, 12 U.S.C. §§ 1841 to

1852, inclusive (July 1, 2026); or an employee of a depository institution, for the referral of a customer, if the payment is a nominal one-time cash fee of a fixed dollar amount and the payment of the fee is not contingent on whether the referral results in a purchase or sale of a security;

(f) Engaging in conduct specified in ~~subsection (1)(b),(c),(d),(e),(f),(i),(j),(n),(o),(p), or (q)~~ subsections (1)(b), (c), (d), (e), (f), (g), (h), (k), (l), (p), (q), (r), (s), (w), (x), or (y); or

~~The conduct set forth above is not inclusive.~~(g) Engaging in ~~other conduct such as~~ forgery; ~~embezzlement; nondisclosure, incomplete disclosure, or misstatement of material facts; or any other manipulative or deceptive practices shall also be grounds for denial, suspension, or revocation of registration.~~ practice;

(3) ~~Broker-dealers and agents~~ A broker-dealer or agent may not:

(a) ~~Any~~ Engage in any acts or practices enumerated in subsection (1) above;

(b) ~~In connection with the solicitation of a sale or purchase of an OTC unlisted non-NASDAQ security, failing fail~~ to promptly provide the most current prospectus or the most ~~recently filed recent~~ periodic report filed under ~~Section 13 of the Securities Exchange Act 15~~ U.S.C. § 78m (July 1, 2026) when requested to do so by a customer; in connection with the solicitation of a sale or purchase of an over-the-counter unlisted non-National Association of Securities Dealers Automated Quotations security;

(c) ~~Marking~~ Make any order ~~tickets~~ ticket or ~~confirmations~~ confirmation as unsolicited when in fact the transaction was solicited;

(d) For any month in which activity has occurred in a customer's account, but in no event less frequently than every three months, ~~failing fail~~ to provide each customer with a statement of account ~~which~~ with respect to all ~~OTC non-NASDAQ over-the-counter non-National~~

Association of Securities Dealers Automated Quotation equity securities in the account, ~~contains~~
~~containing~~ a value for each ~~such~~ security based on the closing market bid on a date certain.
~~However, provided that~~ this subsection applies only if the firm has been a market maker in ~~such~~
~~the~~ security at any time during the month in which the monthly or quarterly statement is issued;
or

(e) ~~Failing~~ Fail to comply with any applicable provision of the Conduct Rules and any
other Rules of Fair Practice of FINRA or any applicable fair practice, ethical standard, or
fiduciary standard promulgated by the Securities and Exchange Commission or by a self-
regulatory organization approved by the Securities and Exchange Commission;

~~(4) Sale of investment company shares by broker-dealers or agents. Any broker-dealer or agent
who engages in one or more of the following practices shall be deemed to have engaged in
dishonest or unethical practices as used in SDCL 47-31B-412(d)(13) and such conduct may
constitute grounds for denial, suspension, or revocation of registration or such other action
authorized by statute.~~

~~—— (a) Sales load communications: A broker-dealer or agent in connection with the offer or
sale of an investment company share may not have any sales load communications that:~~

~~—— (1) In connection with the offer or sale of an investment company share, failing~~ (a) Fail
to adequately disclose to a customer ~~all sales charges, including asset-based and contingent
deferred sale charges~~ any asset-based, contingent, or other sales charge, which may be imposed
with respect to the purchase, retention, or redemption of ~~such shares.~~ the share;

~~—— (2) In connection with the solicitation of investment company shares, stating or
implying~~ (b) State or imply to a customer, either orally or in writing, that the ~~shares are~~ share
is sold without a commission, ~~are~~ is "no load," or ~~have~~ has "no sales charge," if there is

associated with the purchase of the ~~shares~~ share: ~~(i)~~ a front-end load; ~~(ii)~~ a contingent deferred sales load; ~~(iii)~~ an a fee pursuant to SEC Rule 12b-1, 17 C.F.R. § 270.12b-1 (July 1, 2026) fee or a service fee ~~which exceeds .25~~ exceeding one-quarter percent of average net fund assets per year; or ~~(iv)~~ in the case of closed-end investment company ~~shares~~ share, underwriting fees, commissions, or other offering expenses.

~~_____ (3) In connection with the solicitation of investment company shares, failing;~~

_____ (c) Fail to disclose to a customer any relevant: ~~(i)~~ sales charge discount on the purchase of ~~shares~~ a share, in dollar amounts at or above a breakpoint; ~~or (ii),~~ or letter of intent feature, if available, which will reduce the sales ~~charges~~.

~~_____ (4) In connection with the solicitation of investment company shares, recommending charge; or~~

_____ (d) Recommend to a customer the purchase of a specific class of an investment company ~~shares~~ share in connection with a multi-class sales charge or fee arrangement without reasonable grounds to believe ~~that~~ the sales charge or fee arrangement associated with ~~such~~ the class of ~~shares~~ is suitable and appropriate based on the customer's investment objectives, financial situation and other securities holdings, and ~~the~~ any associated transaction charge or other ~~fees~~. fee;

~~_____ (b) Recommendations. _____ (5) A broker-dealer or agent in connection with the offer or sale of an investment company shares share may not recommend to a customer:~~

~~_____ (1) In connection with the solicitation of investment company shares, recommending to a customer the _____~~ (a) The purchase of an investment company ~~shares~~ share which results in the customer simultaneously holding shares in different investment company portfolios having similar investment objectives and policies without reasonable grounds to believe ~~that such~~ the

recommendation is suitable and appropriate based on the customer's investment objectives;
financial situation and other securities holdings;
and any associated transaction charges charge
or other fees. fee; or

~~_____ (2) In connection with the solicitation of investment company shares, recommending~~
~~to a customer the _____~~ (b) The liquidation or redemption of an investment company share for
the purpose of purchasing shares in a different investment company portfolio having similar
investment objectives and policies without reasonable grounds to believe ~~that such the~~
recommendation is suitable and appropriate based on the customer's investment objectives;
financial situation and other securities holdings;
and any associated transaction charges or other
fees. fee;

~~_____ (e) Disclosure Statements. _____~~ (6) A broker-dealer or agent in connection with the offer or
sale of an investment company shares share may not state or imply to a customer:

~~_____ (1) In connection with the solicitation of investment company shares, stating~~
~~or implying to a customer the _____~~ (a) The fund's current yield or income without disclosing the
fund's most recent average annual total return, calculated in a manner prescribed in ~~SEC~~
Securities Exchange Commission Form N-1A, 17 C.F.R. § 239.15A (July 1, 2026), for one-,
five-, and ~~ten year~~ ten-year periods and fully explaining the difference between current yield and
total return. ~~However, provided that~~ if the fund's registration statement under the Securities Act
of 1933, 15 U.S.C. § 77a to 77aa, inclusive (July 1, 2026), has been in effect for less than one,
five, or ten years, the time during which the registration statement was in effect ~~shall be~~
~~substituted for~~ must be substituted for the periods otherwise prescribed.;

~~_____ (2) In connection with the solicitation of investment company shares, stating~~

~~or implying to a customer that the~~ (b) The investment performance of an investment company portfolio is comparable to ~~that of~~ a savings account, certificate of deposit, or other bank deposit account without disclosing to the customer that the ~~shares are~~ share is not insured or otherwise guaranteed by the ~~FDIC, Federal Deposit Insurance Corporation,~~ or any other government agency and the relevant differences regarding risk,; guarantees,; fluctuation of either principal ~~and/or~~ or return, or both; and any other factors ~~which that~~ are necessary to ensure ~~that~~ such the comparisons are fair, complete, and not misleading,;

~~_____ (3) In connection with the solicitation of investment company shares, stating or implying to a customer the~~ (c) The existence of insurance, credit quality, guarantees, or similar features regarding securities held, or proposed to be held, in the investment company's portfolio without disclosing to the customer ~~other kinds of relevant investment risks, including interest rate,; market, political, liquidity, or currency exchange~~ risks associated with interest rates, markets, political conditions, liquidity, or currency exchange, or any other relevant investment risk, which may adversely affect investment performance and result in either loss ~~and/or~~ or fluctuation, or both, of principal, notwithstanding the creditworthiness of ~~such the~~ portfolio securities.

~~_____ (4) In connection with the offer or sale of investment company shares, stating or implying to a customer: (i) that the~~ (d) The purchase of ~~such shares~~ the share shortly before an ex-dividend date is advantageous to ~~such the~~ customer, unless there are specific, clearly described tax or other advantages to the customer; ~~or (ii) that, or that~~ a distribution of long-term capital gains by an investment company is part of the income yield from an investment in ~~such shares, the share; or~~

~~———— (5) In connection with the offer or sale of investment company shares, making: (i)~~
~~———— (e) the making of projections of future performance; (ii), statements not warranted under~~
~~existing circumstances; or (iii), or statements based upon nonpublic information.~~

~~———— (d) Prospectus.~~

In connection with the solicitation of an investment company ~~shares~~ share, the delivery of a prospectus is not dispositive that the broker-dealer or agent ~~has~~ fulfilled the duties set forth in ~~the subsections of this rule~~ this section.

(e) Definitions. For purposes of this subsection (4), the following terms mean:

~~———— (1) "Recommendation": any affirmative act or statement that endorses, solicits, requests,~~
~~or commends a securities transaction to a customer or any affirmative act or statement that~~
~~solicits, requests, commands, importunes, or intentionally aids such a person to engage in such~~
~~the conduct.~~

~~———— (2) "Solicitation": any oral, written, or other communication used to offer or sell~~
~~investment company shares excluding any proxy statement, report to shareholders, or other~~
~~disclosure document relating to a security covered under Section 18(b)(2) of the Securities Act of~~
~~1933, that is required to be and is filed with the Securities and Exchange Commission or any~~
~~national securities organization registered under Section 15A of the Securities Exchange Act of~~
~~1934.~~

The conduct set forth above in this section is not inclusive. Engaging in other conduct such as forgery, embezzlement, nondisclosure, incomplete disclosure or misstatement of material facts, or manipulative or deceptive practices shall also be grounds for denial, suspension or revocation of registration.

~~(5) Variable contracts: The term, variable contract, includes variable annuities. Because owners of Variable Contracts assume certain investment risks, the contracts are also considered securities and are~~ (7) Variable contracts, including variable annuities, are securities that are subject to SDCL chapter 47-31B. As securities, the sales and The sale or distribution of a variable contract is subject to sales practice rules. ~~The suitability rule, as set forth in § Subsection 20:08:03:06(1)(c);~~ applies when a variable contract is recommended and sold to a customer. Questions of suitability ~~will~~ arise when the ~~investor~~ customer ~~(i)~~ states that his or her life insurance needs are adequately met; ~~(ii) the investor~~ customer expresses preference for an investment other than an insurance product; ~~(iii) the investor~~ customer ~~has the inability is~~ unable to fully appreciate how much of the purchase payment or premium is allocated to cover insurance or other costs, and the ~~investor's~~ customer ~~lacks the~~ ability to understand the general complexity of ~~Variable Contracts generally a~~ variable contract; ~~(iv) the investor's~~ customer expresses willingness to invest a set amount on a yearly basis; ~~(v) the investor's~~ customer ~~has a~~ need for liquidity and short-term investment; ~~(vi) the investor's~~ customer ~~expresses a need for~~ immediate ~~need~~ for retirement income; and ~~(vii) the investor's~~ customer investment sophistication and whether he or she is able to monitor the investment experience of the separate account.

~~It shall be deemed to be~~ is a dishonest or unethical practice, ~~as used~~ described in SDCL 47-31B-412(d)(13), for a broker-dealer or agent of a broker-dealer to violate FINRA Rules 2320 and 2330 or to ~~exclude any of the following procedures below in this subsection (5), in order to determine suitability when recommending to a customer~~ Variable Contracts fail to comply with any requirements in this section concerning a variable contract.

~~(a)~~ The registered agent or registered principal ~~should~~ shall make reasonable efforts to obtain the customer's occupation, marital status, age, number of dependents, investment objectives, risk tolerance, tax status, previous investment experience, liquid net worth, other investments and savings, and annual income;

~~_____ (b).~~

~~_____~~ The registered agent or registered principal ~~should~~ shall discuss ~~all relevant facts~~ with the customer, ~~including liquidity issues, such as potential surrender charges and the Internal Revenue Service (IRS) penalty fees, including mortality and expense charges~~ and other penalty fees, administrative charges, ~~and investment advisory fees, and other liquidity issues~~; any applicable state and local government premium taxes, inheritance taxes and market risk;

~~_____ (e)~~ and all other relevant facts.

~~_____~~ The registered agent or registered principal ~~should~~ shall seek to ensure that the variable contract application and any other information provided by the customer is complete and accurate and promptly forwarded to a registered principal of the broker for review;

~~_____ (d).~~

~~_____~~ The registered agent or registered principal ~~should~~ shall review the customer's investment objectives, risk tolerance, and other information to determine ~~that~~ whether the variable contract as a whole and the underlying sub-accounts recommended to the customer are suitable prior to approving the transaction;

~~_____ (e).~~

~~_____~~ The registered agent or registered principal ~~should~~ shall have a thorough knowledge of the ~~specifications of each variable contract that is recommended, including the death benefit, fees~~

and expenses, sub-account choices, special features, withdrawal privileges, ~~and~~ tax treatment, and other specifications of any recommended variable contract.

~~(f) A current prospectus should be given~~ The registered agent or registered principal shall discuss with the customer and provide a current prospectus to the customer when a variable contract is recommended ~~and should be discussed with the customer;~~

~~——(g)–~~

~~——~~ The registered agent or registered principal ~~should~~ shall inquire about whether the customer has a long-term investment objective and ~~typically should~~ may recommend a variable contract only if the answer to that question, with consideration of other product attributes, is affirmative. The registered agent ~~should make sure~~ shall ensure that the customer understands the effect of surrender charges on redemptions and ~~that a withdrawal prior to the age of 59½~~ fifty-nine and one-half could may result in a tax penalty. ~~Customers 59½~~ A customer who is fifty-nine and one-half years-old ~~should~~ must be informed when surrender charges apply to withdrawals;

~~——(h)–~~

~~——~~ The broker ~~should~~ shall develop procedures to screen for any customer whose age may make a long-term investment inappropriate;

~~——(i) Brokers should.~~

~~——~~ The broker shall establish procedures to require a registered principal's careful review of a variable contract ~~investments~~ investment ~~that exceed~~ exceeding a stated percentage ~~to~~ of the customer's net worth, and any contract in which a customer is investing more than a stated dollar amount;

~~——(j) When.~~

_____ If a registered agent recommends the purchase of a variable contract for ~~any tax-qualified retirement account (e.g., a 401(k) plan, IRA), or other tax-qualified retirement account,~~ the registered agent ~~should~~ must disclose to the customer that the tax deferred accrual feature is provided by the tax-qualified retirement plan and ~~that~~ the tax deferred accrual feature of the variable contract is unnecessary;

_____ ~~(k)~~ A.

_____ The registered agent ~~or registered principal should~~ shall conduct ~~an especially a~~ comprehensive suitability analysis prior to approving the sale of a variable contract with surrender charges to a customer in a tax-qualified account subject to plan minimum distribution requirements;

_____ ~~(l)~~ .

_____ The broker ~~should~~ shall have an exchange or replacement analysis document or utilize an existing form authorized by a state insurance commission or other regulatory agency;

_____ ~~If such a document is used, it should,~~ which must be completed for all variable contract replacements and ~~should~~ include an explanation of the benefits of replacing one contract for another variable contract, considering ~~such matters as~~ product enhancements and improvements, lower cost structures, and surrender charges. The document ~~also should~~ must be signed by the customer, the registered agent, and the registered principal; ~~and~~

_____ ~~(m)~~ .

_____ The broker ~~should~~ shall have a compliance procedure that ~~will "red flag"~~ identifies any registered agents ~~who have~~ agent with a high rate of variable contract replacements or rollovers so ~~that~~ the firm ~~can~~ may determine whether the replacements are suitable.

~~The conduct set forth above is not inclusive. Engaging in other conduct such as forgery, embezzlement, nondisclosure, incomplete disclosure or misstatement of material facts,² or manipulative or deceptive practices shall also be grounds for denial, suspension, or revocation or registration.~~

For purposes of this section, "recommend," or "recommendation," means any affirmative act or statement to endorse, solicit, request, or commend a securities transaction to a customer or any affirmative act or statement that solicits, requests, commands, importunes, or intentionally aids a person to engage in the conduct.

For purposes of this section, "solicitation," means any oral, written, or other communication used to offer or sell an investment company share, excluding any proxy statement, report to shareholders, or other disclosure document relating to a security covered under the Securities Act of 1933, 15 U.S.C. § 77r(b)(2) (July 1, 2026), which is required to be and is filed with the Securities and Exchange Commission or any national securities organization registered under the Securities Exchange Act of 1934, 15 U.S.C. § 78o(a) (July 1, 2026).

Source: 27 SDR 5, effective July 31, 2000; 28 SDR 48, effective October 10, 2001; 30 SDR 211, effective July 1, 2004; 37 SDR 112, effective December 9, 2010.

General Authority: SDCL 47-31B-605(a)(1)~~and~~(2).

Law Implemented: SDCL ~~47-31B-103~~, 47-31B-412(d), 47-31B-605(a)(2)(b).