ORDER RELATING TO THE USE OF ARTIFICIAL INTELLIGENCE ("AI") AND MACHINE CREATED CONTENT BY BROKER DEALERS, AGENTS, INVESTMENT ADVISERS, AND INVESTMENT ADVISER REPRESENTATIVES, ORDER NO. SEC-2026-01

WHEREAS, the North Dakota Insurance Commissioner ("Commissioner") is charged with the administration of the North Dakota Securities Act of 1951, as amended, (hereinafter the "Act", codified at Chapter 10-04 of the North Dakota Century Code) and the North Dakota Administrative Code regarding securities, including those found in Title 73 of the North Dakota Administrative Code; and

WHEREAS, Subsection 10-04-03(2) of the Act provides in part that the Commissioner may "[a]dopt, amend, and rescind such rules, forms, and orders as are necessary under this chapter . . ."; and

WHEREAS, Subsections 10-04-08.2(2) and (3) of the Act provide in part that the Commissioner "may by rule or order and subject to such terms and conditions as may be prescribed therein exempt any advertising matter from the filing requirement imposed under subsection 1 [of this section] if the commissioner finds that the imposition of the filing requirement is not necessary or appropriate in the public interest or for the protection of investors[]" and "has the power to disapprove any advertising matter filed pursuant to subsection 1 [of this section] which the commissioner deems in conflict with the purposes of this chapter[]"; and

WHEREAS, Subsections 10-04-08.3(1) and (2) of the Act provide in part that "[n]either the fact that an application for approval under section 10-04-05 or 10-04-06 or registration under section 10-04-07.1, 10-04-07.2, 10-04-08, or 10-04-10 or a notice filing under section 10-04-08.4 has been filed nor the fact that a security or person is effectively approved or registered constitutes a finding by the commissioner that any document filed under this chapter is true, complete, and not misleading []" and that "[i]t is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with subsection 1[]"; and

WHEREAS, Section 73-02-09-02 of the North Dakota Administrative Code, in identifying "practices in the securities business which are dishonest or unethical" by any person other than a sales agent provides in part that "[e]ffecting 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" and "[u]sing any advertising or sales presentation in such a fashion as to be deceptive or misleading" are "dishonest or unethical practices"; and

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Jon Godfread, Commissioner

WHEREAS, Section 73-02-09-03 of the North Dakota Administrative Code provides in part that those provisions of section 73-02-09-02 of the North Dakota Administrative Code enumerated in this Order are among the acts that must be deemed "dishonest or unethical practices" when performed by a person considered an agent pursuant to section 10-04-11 of the Act; and

WHEREAS, the Commissioner recognizes the value of technology in the growth and prosperity of North Dakota broadly and in business of securities specifically, and that the use of technology does not displace or otherwise mitigate the existing responsibilities of those in the securities business or otherwise may alter what practices are dishonest or unethical;

THEREFORE, IT IS HEREBY ORDERED, pursuant to subsections 10-04-03(2), 10-04-08.2, and 10-04-08.3(2) of the Act and sections 73-02-09-02 and 73-02-09-03 of the North Dakota Administrative Code, the use of AI in the business of securities for purpose of advertising matter and in any other matter in the business of securities for which the use of AI and resulting in machine created content is true, complete, and not misleading is permissible unless otherwise determined by the Commissioner and is to be regulated as appropriate under the Act, sections 73-02-09-02 and 73-02-09-03 of the North Dakota Administrative Code, and other relevant provisions of the North Dakota Administrative Code.

This Order shall remain in effect until amended or rescinded by the Commissioner.

Dated this 25 day of November, 2026.

Jon Godfread, Commissioner
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