

## Committee on Banking and Insurance

### **CS/CS/HB 379 — Securities**

by Commerce Committee; Insurance & Banking Subcommittee; and Rep. Barnaby (CS/CS/SB 988 by Fiscal Policy Committee; Banking and Insurance Committee; and Senator Truenow)

The bill revises provisions of ch. 517, F.S., the “Florida Securities and Investor Protection Act” (Act), which is subject to oversight by the Office of Financial Regulation (OFR). In 2024, the Florida Legislature enacted legislation that substantially revised ch. 517, F.S., which was based on recommendations contained in the report issued by the Chapter 517 Task Force of the Business Law Section of The Florida Bar in coordination with the OFR. The impetus for the task force is to increase the ability of small and developing Florida businesses to raise capital, while at the same time assuring and improving investor protections and enforcement measures to guard against abuse. Many of the provisions in the bill revise, clarify or provide technical changes to provisions enacted in 2024.

### **Exempt Securities Transactions and Exempt Securities**

The bill:

- Removes the applicability of certain issuer disqualification provisions under the Securities and Exchange Commission (SEC) Rule 506(d) on certain exempt private placement transactions by institutional securities sellers with institutional investors in Florida, which is consistent with federal rules. Rule 506(d) applies to issuers as well as a significant number of other covered persons.
- Expands the list of institutional investors exempt from securities transaction registration requirements, consistent with the Uniform Securities Act and federal rules. The list of institutional investors is expanded to include additional types of financial institutions, insurers, dealers, investment companies, pension or profit-sharing trusts, and qualified institutional buyers.
- Requires an issuer making an offering under the Florida Invest Local Exemption to file a notice of the offering and a copy of the disclosure statement with OFR.
- Provides that offers and sales made in compliance with s. 517.061(9), F.S., relating to exempt securities transactions of institutional issuers with institutional investors, are not subject to integration with other offerings. These transactions involve sophisticated investors.
- Requires the Financial Services Commission to consider certain factors when designating a foreign securities exchange or foreign securities market by rule in connection with certain exempt transactions.

### **Investor Protections**

The bill:

- Revises the minimum information that an applicant must provide to OFR to seek payment from the Securities Guaranty Fund (fund) to include restitution orders and

clarifies the requirements that a person must meet to be eligible for payment from the fund.

- Extends the number of additional days a dealer or investment adviser may delay a disbursement or transaction from 10 to 30 business days to conduct a review if the dealer or investment adviser believes that financial exploitation of a specified adult has occurred after the expiration of the initial 15 business day delay of the transaction or disbursement. This change would make the provisions relating to securities dealers and investment advisers consistent with the provisions applicable to financial institutions.

### **Registration Requirements of Dealers, Associated Persons, Intermediaries, and Investment Advisers**

The bill:

- Updates provisions, relating to the North American Securities Administrators Association Mergers and Acquisitions model rule, to conform with the 2024 revisions that were made because of 2022 federal law changes, and provides rulemaking authority for the Financial Services Commission to adjust earnings and revenue eligibility requirements for privately held companies every five years, if necessary.
- Creates and revises definitions and provisions relating to the application process to clarify the population of persons who must submit fingerprints as part of the registration process for dealers, associated persons, investment advisors, and intermediaries.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect upon becoming law.

*Vote: Senate 37-0; House 114-0*