

By Senator Gruters

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1 A bill to be entitled
2 An act relating to offers and sales of securities;
3 amending s. 517.021, F.S.; revising and providing
4 definitions; amending s. 517.061, F.S.; excluding
5 certain securities offers and sales by specified
6 persons from the exemption from specified registration
7 requirements; updating a cross-reference relating to
8 exemptions from registration under the Securities Act
9 of 1933 for securities offers and sales by specified
10 persons; revising requirements for certain securities
11 offers and sales to be exempt from specified
12 registrations; authorizing the Financial Services
13 Commission to adopt rules to specify factors for
14 certain determinations; making conforming changes;
15 providing that certain communications do not
16 constitute general solicitation or general advertising
17 if certain conditions are met; conforming cross-
18 references; making technical changes; adding certain
19 securities offers and sales by specified persons to
20 the list of transactions exempt from specified
21 registration requirements; amending s. 517.0611, F.S.;
22 defining the term "target offering amount"; revising
23 requirements for securities offers and sales that are
24 exempt transactions under specified laws; revising
25 requirements for and duties of issuers of securities;
26 conforming cross-references; defining the term
27 "financial statement"; authorizing the commission to
28 establish certain procedures by rule; revising the
29 aggregate amount in certain transactions that are

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30 exempt from specified registration requirements;
31 providing that certain securities sales are voidable
32 within specified timeframes; authorizing registered
33 intermediaries and dealers to use means of general
34 solicitation and advertising under certain
35 circumstances; revising duties of intermediaries;
36 authorizing issuers or certain persons to communicate
37 with prospective investors on securities offerings
38 under certain circumstances; providing construction;
39 providing requirements for such communications;
40 deleting provisions relating to disposition of funds
41 received from investors in escrow agreements; amending
42 s. 517.072, F.S.; authorizing the commission to
43 establish certain requirements and standards; amending
44 s. 517.081, F.S.; revising the information and
45 documents that the Office of Financial Regulation may
46 require for securities registration; deleting a
47 provision relating to the authority of the commission
48 to fix certain compensations for or in connection with
49 securities offers and sales; revising fees for
50 securities registration applications; requiring the
51 office to deny registration applications under certain
52 circumstances; authorizing the office to deny a
53 request to withdraw a registration application under a
54 specified circumstance; revising circumstances under
55 which the office is required to record securities
56 registrations; authorizing securities to be sold by
57 registered dealers under a specified circumstance;
58 revising the requirements and standards that the

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59 commission is required to establish by rule;
60 authorizing the commission to establish certain
61 disclosure criteria; requiring the office to consider
62 registration applications to be abandoned under a
63 specified circumstance; authorizing issuers and
64 persons acting on behalf of issuers to communicate
65 with prospective investors under certain
66 circumstances; providing construction for such
67 communications; prohibiting solicitations, money
68 acceptance, considerations, and commitment until the
69 offering's registration; providing requirements for
70 the communications; providing that certain
71 communications are not in violation of specified laws;
72 providing limitations on virtual participation in
73 events on securities offerings; amending s. 517.082,
74 F.S.; revising exceptions to exemptions relating to
75 securities registrations; making technical changes;
76 requiring that registration applications by
77 notification with the office be deemed abandoned under
78 a specified circumstance; amending s. 517.111, F.S.;
79 revising circumstances under which the office may
80 revoke or suspend securities registrations; deleting
81 provisions relating to denial of securities
82 registrations; revising means by which notice of
83 suspension of securities registrations is given;
84 deleting a provision relating to the office's
85 authority to deny requests to withdraw registration
86 applications; amending s. 517.12, F.S.; deleting
87 issuers of securities from the list of persons that

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88 may not offer for sale or sell securities without
89 being registered; deleting exceptions to the
90 nonapplicability of certain registration requirements;
91 conforming a provision to changes made by the act;
92 revising circumstances under which the office is
93 required to register applicants; revising requirements
94 for information for registration applications for
95 intermediaries; revising circumstances under which
96 applicants are subject to certain disqualifications;
97 conforming a cross-reference; prohibiting finders and
98 associated persons from engaging in business unless
99 registered; providing requirements for registration
100 applications; authorizing the commission to establish
101 certain procedures by rule; requiring registration
102 applications to be amended within a specified
103 timeframe under certain circumstances; providing that
104 applicants are not subject to certain
105 disqualifications; requiring the office to register
106 applicants under certain circumstances; providing for
107 expirations, renewals, and reinstatements of
108 registrations; providing duties of finders and
109 associated persons; providing recordkeeping
110 requirements; prohibiting finders and associated
111 persons from engaging in certain acts; amending s.
112 517.121, F.S.; requiring finders to maintain certain
113 books and records; requiring the office to examine
114 affairs, books, and records of finders or to require
115 such records and reports to be submitted; amending s.
116 517.1217, F.S.; authorizing the commission to

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117 establish rules of conduct and prohibited business
118 practices for intermediaries and for finders and their
119 associated persons; amending s. 517.161, F.S.;
120 providing circumstances under which registrations of
121 finders are revoked, denied, or suspended; conforming
122 provisions to changes made by the act; amending s.
123 517.1611, F.S.; conforming a provision to changes made
124 by the act; repealing s. 517.181, F.S., relating to
125 escrow agreements; amending s. 517.191, F.S.;
126 authorizing the office to recover costs and attorney
127 fees related to investigations and enforcement of
128 violations of specified laws and rules; requiring such
129 recovered moneys to be deposited into a specified
130 trust fund; providing liability for control persons
131 found to have violated specified laws and rules;
132 providing an exception; providing for liability of
133 persons who provide substantial assistance to other
134 persons violating specified laws and rules; amending
135 ss. 517.075, 626.9911, and 744.351, F.S.; making
136 technical changes; amending ss. 517.131, 517.211, and
137 517.315, F.S.; conforming cross-references; providing
138 an effective date.

139

140 Be It Enacted by the Legislature of the State of Florida:

141

142 Section 1. Section 517.021, Florida Statutes, is amended to
143 read:

144 517.021 Definitions.—When used in this chapter, unless the
145 context otherwise indicates, the following terms have the

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146 following respective meanings:

147 (1) "Accredited investor" is defined by rule of the
148 commission in accordance with Securities and Exchange Commission
149 Regulation 230.501, 17 C.F.R. s. 230.501.

150 (2) "Affiliate" means a person that directly, or indirectly
151 through one or more intermediaries, controls, is controlled by,
152 or is under common control with an applicant or registrant.

153 (3) "Angel investor group" means a group of accredited
154 investors who hold regular meetings and have defined processes
155 and procedures for making investment decisions, individually or
156 among the membership of the group as a whole, and are neither
157 associated persons nor agents of any dealer or investment
158 adviser.

159 (4) ~~(2)~~ "Associated person" means:

160 (a) 1. With respect to a dealer, a natural person who is ~~or~~
161 investment adviser, any of the following:

162 a. A control person of or a person controlled by the
163 dealer; or

164 b. A person employed, appointed, or authorized by the
165 dealer and who represents the dealer in effecting or attempting
166 to effect purchases or sales of securities.

167 2. The term does not include the following:

168 a. A dealer.

169 b. A partner, officer, or director of a dealer, or a person
170 having a similar status or performing similar functions as a
171 dealer unless such person is a person specified in subparagraph
172 1.

173 c. An employee of a dealer whose function is only clerical
174 or ministerial.

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175 d. A person whose transactions in this state are limited to
176 those transactions described in s. 15(i)(3) of the Securities
177 Exchange Act of 1934, as amended.

178 (b)1. With respect to an investment adviser, a natural
179 person, including, but not limited to, a partner, officer,
180 director, or branch manager, or a person occupying a similar
181 status or performing similar functions, who meets all of the
182 following requirements:

183 a. Is employed by or associated with, or is subject to the
184 supervision and control of, an investment adviser registered or
185 required to be registered under this chapter.

186 b. Does any of the following:

187 (I) Makes any recommendation or otherwise gives investment
188 advice regarding securities.

189 (II) Manages accounts or portfolios of clients.

190 (III) Determines which recommendation or advice regarding
191 securities should be given.

192 (IV) Receives compensation to solicit, offer, or negotiate
193 for the sale of investment advisory services.

194 (V) Supervises employees who perform a function under sub-
195 sub-subparagraph (I), sub-sub-subparagraph (II), sub-sub-
196 subparagraph (III), or sub-sub-subparagraph (IV).

197 2. The term does not include the following:

198 a. An investment adviser.

199 b. An employee whose function is only clerical or
200 ministerial.

201 ~~1. Any partner, officer, director, or branch manager of a~~
202 ~~dealer or investment adviser or any person occupying a similar~~
203 ~~status or performing similar functions;~~

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204 ~~2. Any natural person directly or indirectly controlling or~~
205 ~~controlled by such dealer or investment adviser, other than an~~
206 ~~employee whose function is only clerical or ministerial; or~~

207 ~~3. Any natural person, other than a dealer, employed,~~
208 ~~appointed, or authorized by a dealer, investment adviser, or~~
209 ~~issuer to sell securities in any manner or act as an investment~~
210 ~~adviser as defined in this section.~~

211
212 ~~The partners of a partnership and the executive officers of a~~
213 ~~corporation or other association registered as a dealer, and any~~
214 ~~person whose transactions in this state are limited to those~~
215 ~~transactions described in s. 15(h)(2) of the Securities Exchange~~
216 ~~Act of 1934, are not "associated persons" within the meaning of~~
217 ~~this definition.~~

218 ~~(c)(b)~~ With respect to a federal covered adviser, a any
219 person that who is an investment adviser representative and that
220 who has a place of business in this state, as such terms are
221 defined in Rule 203A-3 of the Securities and Exchange Commission
222 adopted under the Investment Advisers Act of 1940.

223 (d)1. With respect to a finder, a natural person who is:

224 a. A control person of or a person controlled by the
225 finder; or

226 b. A person employed, appointed, or authorized by the
227 finder and who represents the finder in introducing or referring
228 one or more persons that such natural person reasonably believes
229 are accredited investors, to an issuer with a principal place of
230 business in this state, or introducing or referring an issuer
231 with a principal place of business in this state, to one or more
232 persons that such natural person reasonably believes are

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233 accredited investors, solely for the purpose of a potential
234 offer or sale of securities of the issuer in an issuer
235 transaction in this state.

236 2. The term does not include the following:

237 a. A finder.

238 b. An employee whose function is only clerical or
239 ministerial.

240 (5) ~~(3)~~ "Boiler room" means an enterprise in which two or
241 more persons engage in telephone communications with members of
242 the public using two or more telephones at one location, or at
243 more than one location in a common scheme or enterprise.

244 (6) ~~(4)~~ "Branch office" means any location in this state of
245 a dealer or investment adviser at which one or more associated
246 persons regularly conduct the business of rendering investment
247 advice or effecting any transactions in, or inducing or
248 attempting to induce the purchase or sale of, any security or
249 any location that is held out as such. The commission may adopt
250 by rule exceptions to this definition for dealers in order to
251 maintain consistency with the definition of a branch office used
252 by self-regulatory organizations authorized by the Securities
253 and Exchange Commission, including, but not limited to, the
254 Financial Industry Regulatory Authority. The commission may
255 adopt by rule exceptions to this definition for investment
256 advisers.

257 (7) "Business accelerator" means an organization offering a
258 variety of mentoring or coaching resources to businesses that
259 have completed, or are close to completing, a minimum viable
260 product or service in a time-intensive, capital-funding-focused
261 program having durations from several months to a year. A

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262 business accelerator may also offer business incubator services.

263 (8) "Business incubator" means an organization offering a
264 variety of networking, mentoring, or coaching resources to pre-
265 revenue seed or idea-stage businesses with shared workspaces to
266 facilitate such businesses' development into post-revenue, pre-
267 profit, early stage businesses. A business incubator may also
268 offer business accelerator services.

269 (9) "Commission" means the Financial Services Commission.

270 (10)-(5) "Control," including the terms "controlling,"
271 "controlled by," or "under control with" and "under common
272 control with," means the possession, directly or indirectly, of
273 the power to direct, or to cause the direction of, the
274 management or policies of a person, whether through the
275 ownership of voting securities, by contract, or otherwise.

276 (11) "Control person" means a person that possesses the
277 power, directly or indirectly, to direct, or to cause the
278 direction of, the management or policies of an organization
279 whether through ownership of securities, by contract, or
280 otherwise. A person is presumed to be a control person of an
281 organization if, with respect to a particular organization, the
282 person:

283 (a) Is a director, general partner, manager, or managing
284 member, or an officer who exercises executive responsibility or
285 has a similar status or function;

286 (b) Has the power to vote, or to sell or direct the sale
287 of, 20 percent or more of a class of voting securities; or

288 (c) In the case of a partnership or limited liability
289 company, may receive upon dissolution of the partnership or
290 company, or has contributed to the partnership or company, 20

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291 percent or more of the capital.

292 (12)(6)(a) "Dealer" means a ~~includes any of the following:~~

293 ~~1. Any person, other than an associated person registered~~
294 ~~under this chapter, that ~~who~~ engages, ~~either~~ for all or part of~~
295 ~~the person's her or his time, directly or indirectly, as broker~~
296 ~~or principal in the business of offering, buying, selling, or~~
297 ~~otherwise dealing or trading in securities issued by another~~
298 ~~person.~~

299 ~~2. Any issuer who through persons directly compensated or~~
300 ~~controlled by the issuer engages, ~~either for all or part of her~~~~
301 ~~or his time, directly or indirectly, in the business of offering~~
302 ~~or selling securities which are issued or are proposed to be~~
303 ~~issued by the issuer.~~

304 (b) The term "~~dealer~~" does not include the following:

305 1. A ~~Any~~ licensed practicing attorney who renders or
306 performs any of such services in connection with the regular
307 practice of the attorney's ~~her or his~~ profession.†

308 2. A ~~Any~~ bank authorized to do business in this state,
309 except nonbank subsidiaries of a bank.†

310 3. A ~~Any~~ trust company having trust powers which it is
311 authorized to exercise in this state, which renders or performs
312 services in a fiduciary capacity incidental to the exercise of
313 its trust powers.†

314 4. A ~~Any~~ wholesaler selling exclusively to dealers.†

315 5. A ~~Any~~ person buying and selling for the person's ~~her or~~
316 ~~his~~ own account exclusively through a registered dealer or stock
317 exchange.† ~~or~~

318 6. A natural ~~Pursuant to s. 517.061(11), any person~~
319 representing ~~associated with~~ an issuer in the purchase, sale, or

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320 distribution of the issuer's own securities if such person meets
321 all of the following requirements:

322 a. Is an officer, director, limited liability company
323 manager or managing member, or a bona fide employee of the
324 issuer.

325 b. ~~who~~ Has not participated in the distribution or sale of
326 any securities for an issuer for whom such person was an
327 officer, director, limited liability company manager or managing
328 member, or bona fide employee within the preceding 12 months.
329 and ~~who~~

330 c. Primarily performs, or is intended to perform at the end
331 of the distribution, substantial duties for, or on behalf of,
332 the issuer other than in connection with transactions in
333 securities.

334 d. Does not receive a commission, compensation, or other
335 consideration for the completed sale of the issuer's securities
336 apart from the compensation received for regular duties to the
337 issuer.

338 7. A finder registered under this chapter and engaging
339 solely in the activities of a finder.

340 8. An intermediary registered under this chapter and
341 engaging solely in the activities of an intermediary.

342 ~~(7) "Commission" means the Financial Services Commission.~~

343 ~~(8) "Office" means the Office of Financial Regulation of~~
344 ~~the commission.~~

345 (13)(9) "Federal covered adviser" means a person that ~~who~~
346 is registered or required to be registered under s. 203 of the
347 Investment Advisers Act of 1940. The term "~~federal covered~~
348 adviser" does not include any person that ~~who~~ is excluded from

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349 the definition of investment adviser under paragraph (19) (b)
350 subparagraphs ~~(14) (b) 1.-8.~~

351 (14) ~~(10)~~ "Federal covered security" means a any security
352 that is a covered security under s. 18(b) of the Securities Act
353 of 1933 or rules and regulations adopted thereunder.

354 (15) "Finder" means a natural person, corporation, trust,
355 partnership, limited liability company, association, or other
356 legal entity that, for direct or indirect compensation,
357 introduces or refers one or more persons that the finder
358 reasonably believes are accredited investors, to an issuer with
359 a principal place of business in this state, or introduces or
360 refers an issuer with a principal place of business in this
361 state, to one or more persons that the finder reasonably
362 believes are accredited investors, solely for the purpose of a
363 potential offer or sale of securities of the issuer in an issuer
364 transaction in this state.

365 (16) ~~(11)~~ "Guarantor" means a person that who agrees in
366 writing, or that who holds itself out to the public as agreeing,
367 to pay the indebtedness of another when due, including, without
368 limitation, payments of principal and interest on a bond,
369 debenture, note, or other evidence of indebtedness, without
370 resort by the holder to any other obligor, whether or not such
371 writing expressly states that the person signing is signing as a
372 guarantor. The obligation of a guarantor hereunder shall be a
373 continuing, absolute, and unconditional guaranty of payment,
374 without regard to the validity, regularity, or enforceability of
375 the underlying indebtedness.

376 (17) ~~(12)~~ "Guaranty" means a writing in which one party
377 either agrees, or holds itself out to the public as agreeing, to

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378 pay the indebtedness of another when due, including, without
379 limitation, payments of principal and interest on a bond,
380 debenture, note, or other evidence of indebtedness, without
381 resort by the holder to any other obligor, whether or not such
382 writing expressly states that the person signing is signing as a
383 guarantor. An agreement that is not specifically denominated as
384 a guaranty shall nevertheless constitute a guaranty if the
385 holder of the underlying indebtedness or the holder's ~~her or his~~
386 representative or trustee has the right to sue to enforce the
387 guarantor's obligations under the guaranty. Words of guaranty or
388 equivalent words that ~~which~~ otherwise do not specify guaranty of
389 payment create a presumption that payment, rather than
390 collection, is guaranteed by the guarantor. Any guaranty in
391 writing is enforceable notwithstanding any statute of frauds.

392 (18) ~~(13)~~ "Intermediary" means a natural person residing in
393 this ~~the~~ state or a corporation, trust, partnership, limited
394 liability company, association, or other legal entity registered
395 with the Secretary of State to do business in this ~~the~~ state,
396 which facilitates, through its website, the offer or sale of
397 securities of an issuer with a principal place of business in
398 this state ~~under s. 517.0611~~.

399 (19) ~~(14)~~ (a) "Investment adviser" includes a ~~any~~ person that
400 ~~who~~ receives compensation, directly or indirectly, and engages
401 for all or part of the person's ~~her or his~~ time, directly or
402 indirectly, or through publications or writings, in the business
403 of advising others as to the value of securities or as to the
404 advisability of investments in, purchasing of, or selling of
405 securities, ~~except a dealer whose performance of these services~~
406 ~~is solely incidental to the conduct of her or his business as a~~

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407 ~~dealer and who receives no special compensation for such~~
408 ~~services.~~

409 (b) The term ~~"investment adviser"~~ does not include the
410 following:

411 1. A dealer or associated person of a dealer whose
412 performance of services in paragraph (a) is solely incidental to
413 the conduct of the dealer's or associated person's business as a
414 dealer and who does not receive special compensation for those
415 services.

416 2. A ~~Any~~ licensed practicing attorney or certified public
417 accountant whose performance of such services is solely
418 incidental to the practice of the attorney's or accountant's ~~her~~
419 or his profession.~~†~~

420 ~~2. Any licensed certified public accountant whose~~
421 ~~performance of such services is solely incidental to the~~
422 ~~practice of her or his profession;†~~

423 3. A ~~Any~~ bank authorized to do business in this state.~~†~~

424 4. A ~~Any~~ bank holding company as defined in the Bank
425 Holding Company Act of 1956, as amended, authorized to do
426 business in this state.~~†~~

427 5. A ~~Any~~ trust company having trust powers which it is
428 authorized to exercise in this ~~the~~ state, which trust company
429 renders or performs services in a fiduciary capacity incidental
430 to the exercise of its trust powers.~~†~~

431 6. A ~~Any~~ person that ~~who~~ renders investment advice
432 exclusively to insurance or investment companies.~~†~~

433 7. A ~~Any~~ person that ~~who~~ does not hold itself ~~herself or~~
434 himself out to the general public as an investment adviser, has
435 a place of business located in this state, and has fewer ~~no more~~

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436 than six ~~15~~ clients during the preceding ~~within~~ 12 consecutive
437 months. ~~in this state;~~

438 8. A ~~Any~~ person whose transactions in this state are
439 limited to those transactions described in s. 222(d) of the
440 Investment Advisers Act of 1940. Those clients listed in
441 subparagraph 6. may not be included when determining the number
442 of clients of an investment adviser for purposes of s. 222(d) of
443 the Investment Advisers Act of 1940. ~~or~~

444 9. A federal covered adviser.

445 (20) ~~(15)~~ "Issuer" means a ~~any~~ person that ~~who~~ proposes to
446 issue, has issued, or shall hereafter issue any security. A ~~Any~~
447 person that ~~who~~ acts as a promoter for and on behalf of a
448 corporation, trust, or unincorporated association or partnership
449 of any kind to be formed shall be deemed an issuer.

450 (21) "Natural person" means an individual.

451 (22) ~~(16)~~ "Offer to sell," "offer for sale," or "offer"
452 means an ~~any~~ attempt or offer to dispose of, or solicitation of
453 an offer to buy, a security or interest in a security, or an
454 investment or interest in an investment, for value.

455 (23) "Office" means the Office of Financial Regulation of
456 the commission.

457 (24) ~~(17)~~ "Predecessor" means a person the major portion of
458 whose assets have been acquired directly or indirectly by an
459 issuer.

460 (25) ~~(18)~~ "Principal" means an executive officer of a
461 corporation, partner of a partnership, sole proprietor of a sole
462 proprietorship, trustee of a trust, or any other person with
463 similar supervisory functions with respect to any organization,
464 whether incorporated or unincorporated.

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465 ~~(26)(19)~~ "Promoter" includes the following:

466 (a) A ~~Any~~ person that ~~who~~, acting alone or in conjunction
467 with one or more other persons, directly or indirectly takes the
468 initiative in founding and organizing the business or enterprise
469 of an issuer.

470 (b) A ~~Any~~ person that ~~who~~, in connection with the founding
471 or organizing of the business or enterprise of an issuer,
472 directly or indirectly receives in consideration of services or
473 property, or both services and property, 10 percent or more of
474 any class of securities of the issuer or 10 percent or more of
475 the proceeds from the sale of any class of securities. However,
476 a person that ~~who~~ receives such securities or proceeds either
477 solely as underwriting commissions or solely in connection with
478 property shall not be deemed a promoter if such person does not
479 otherwise take part in founding and organizing the enterprise.

480 ~~(27)(20)~~ "Qualified institutional buyer" means a ~~any~~
481 qualified institutional buyer, as defined in United States
482 Securities and Exchange Commission Rule 144A, 17 C.F.R. s.
483 230.144A(a), under the Securities Act of 1933, as amended, or
484 any foreign buyer that satisfies the minimum financial
485 requirements set forth in such rule.

486 ~~(28)(21)~~ "Sale" or "sell" means a ~~any~~ contract of sale or
487 disposition of an ~~any~~ investment, security, or interest in a
488 security, for value. With respect to a security or interest in a
489 security, the term defined in this subsection does not include
490 preliminary negotiations or agreements between an issuer or any
491 person on whose behalf an offering is to be made and any
492 underwriter or among underwriters who are or are to be in
493 privity of contract with an issuer. Any security given or

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494 delivered with, or as a bonus on account of, any purchase of
495 securities or any other thing shall be conclusively presumed to
496 constitute a part of the subject of such purchase and to have
497 been offered and sold for value. Every sale or offer of a
498 warrant or right to purchase or subscribe to another security of
499 the same or another issuer, as well as every sale or offer of a
500 security which gives the holder a present or future right or
501 privilege to convert into another security or another issuer, is
502 considered to include an offer of the other security.

503 (29)~~(22)~~ "Security" includes any of the following:

504 (a) A note.

505 (b) A stock.

506 (c) A treasury stock.

507 (d) A bond.

508 (e) A debenture.

509 (f) An evidence of indebtedness.

510 (g) A certificate of deposit.

511 (h) A certificate of deposit for a security.

512 (i) A certificate of interest or participation.

513 (j) A whiskey warehouse receipt or other commodity
514 warehouse receipt.

515 (k) A certificate of interest in a profit-sharing agreement
516 or the right to participate therein.

517 (l) A certificate of interest in an oil, gas, petroleum,
518 mineral, or mining title or lease or the right to participate
519 therein.

520 (m) A collateral trust certificate.

521 (n) A reorganization certificate.

522 (o) A preorganization subscription.

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- 523 (p) A ~~Any~~ transferable share.
- 524 (q) An investment contract.
- 525 (r) A beneficial interest in title to property, profits, or
526 earnings.
- 527 (s) An interest in or under a profit-sharing or
528 participation agreement or scheme.
- 529 (t) An ~~Any~~ option contract that ~~which~~ entitles the holder
530 to purchase or sell a given amount of the underlying security at
531 a fixed price within a specified ~~period of~~ time.
- 532 (u) Any other instrument commonly known as a security,
533 including an interim or temporary bond, debenture, note, or
534 certificate.
- 535 (v) A ~~Any~~ receipt for a security, or for subscription to a
536 security, or a ~~any~~ right to subscribe to or purchase any
537 security.
- 538 (w) A viatical settlement investment.
- 539 ~~(30)-(23)~~ "Underwriter" means a person that ~~who~~ has
540 purchased from an issuer or an affiliate of an issuer with a
541 view to, or offers or sells for an issuer or an affiliate of an
542 issuer in connection with, the distribution of any security, or
543 participates or has a direct or indirect participation in any
544 such undertaking, or participates or has a participation in the
545 direct or indirect underwriting of any such undertaking; except
546 that a person shall be presumed not to be an underwriter with
547 respect to any security which it ~~she or he~~ has owned
548 beneficially for at least 1 year; and, further, a dealer is
549 ~~shall~~ not be considered an underwriter with respect to any
550 securities that ~~which~~ do not represent part of an unsold
551 allotment to or subscription by the dealer as a participant in

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552 the distribution of such securities by the issuer or an
553 affiliate of the issuer; and, further, in the case of securities
554 acquired on the conversion of another security without payment
555 of additional consideration, the length of time such securities
556 have been beneficially owned by a person includes the period
557 during which the convertible security was beneficially owned and
558 the period during which the security acquired on conversion has
559 been beneficially owned.

560 (31)~~(24)~~ "Viatical settlement investment" means an
561 agreement for the purchase, sale, assignment, transfer, devise,
562 or bequest of all or any portion of a legal or equitable
563 interest in a viaticated policy as defined in chapter 626.

564 Section 2. Section 517.061, Florida Statutes, is amended to
565 read:

566 517.061 Exempt transactions.—Except as otherwise provided
567 in s. 517.0611 for a transaction listed in subsection (21) or
568 subsection (23), the exemption for each transaction listed below
569 is self-executing and does not require any filing with the
570 office before claiming the exemption. Any person who claims
571 entitlement to any of the exemptions bears the burden of proving
572 such entitlement in any proceeding brought under this chapter.
573 The registration provisions of s. 517.07 do not apply to any of
574 the following transactions; however, such transactions are
575 subject to the provisions of ss. 517.301, 517.311, and 517.312:

576 (1) At any judicial, executor's, administrator's,
577 guardian's, or conservator's sale, or at any sale by a receiver
578 or trustee in insolvency or bankruptcy, or any transaction
579 incident to a judicially approved reorganization in which a
580 security is issued in exchange for one or more outstanding

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581 securities, claims, or property interests.

582 (2) By or for the account of a pledgeholder or mortgagee
583 selling or offering for sale or delivery in the ordinary course
584 of business and not for the purposes of avoiding the provisions
585 of this chapter, to liquidate a bona fide debt, a security
586 pledged in good faith as security for such debt.

587 (3) The isolated sale or offer for sale of securities when
588 made by or on behalf of a vendor not the issuer or underwriter
589 of the securities, who, being the bona fide owner of such
590 securities, disposes of the owner's ~~her or his~~ own property for
591 the owner's ~~her or his~~ own account, and such sale is not made
592 directly or indirectly for the benefit of the issuer or an
593 underwriter of such securities or for the direct or indirect
594 promotion of any scheme or enterprise with the intent of
595 violating or evading any provision of this chapter. For purposes
596 of this subsection, isolated offers or sales include, but are
597 not limited to, an isolated offer or sale made by or on behalf
598 of a vendor of securities not the issuer or underwriter of the
599 securities if:

600 (a) The offer or sale of securities is in a transaction
601 satisfying all of the requirements of subparagraphs (11)(a)1.,
602 2., and 3., ~~and 4.~~ and paragraph (11)(b); or

603 (b) The offer or sale of securities is in a transaction
604 exempt under s. 4(a)(1) ~~s. 4(1)~~ of the Securities Act of 1933,
605 as amended.

606
607 For purposes of this subsection, any person, including, without
608 limitation, a promoter or affiliate of an issuer, shall not be
609 deemed an underwriter, an issuer, or a person acting for the

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610 direct or indirect benefit of the issuer or an underwriter with
611 respect to any securities of the issuer which she or he has
612 owned beneficially for at least 1 year.

613 (4) The distribution by a corporation, trust, or
614 partnership, actively engaged in the business authorized by its
615 charter or other organizational articles or agreement, of
616 securities to its stockholders or other equity security holders,
617 partners, or beneficiaries as a stock dividend or other
618 distribution out of earnings or surplus.

619 (5) The issuance of securities to such equity security
620 holders or other creditors of a corporation, trust, or
621 partnership in the process of a reorganization of such
622 corporation or entity, made in good faith and not for the
623 purpose of avoiding the provisions of this chapter, either in
624 exchange for the securities of such equity security holders or
625 claims of such creditors or partly for cash and partly in
626 exchange for the securities or claims of such equity security
627 holders or creditors.

628 (6) Any transaction involving the distribution of the
629 securities of an issuer exclusively among its own security
630 holders, including any person who at the time of the transaction
631 is a holder of any convertible security, any nontransferable
632 warrant, or any transferable warrant which is exercisable within
633 not more than 90 days after ~~of~~ issuance, when no commission or
634 other remuneration is paid or given directly or indirectly in
635 connection with the sale or distribution of such additional
636 securities.

637 (7) The offer or sale of securities to a bank, trust
638 company, savings institution, insurance company, dealer,

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639 investment company as defined by the Investment Company Act of
640 1940, pension or profit-sharing trust, or qualified
641 institutional buyer as defined by rule of the commission in
642 accordance with Securities and Exchange Commission Rule 144A,
643 ~~(17 C.F.R. s. 230.144(A)(a))~~, whether any of such entities is
644 acting in its individual or fiduciary capacity; provided that
645 such offer or sale of securities is not for the direct or
646 indirect promotion of any scheme or enterprise with the intent
647 of violating or evading any provision of this chapter.

648 (8) The sale of securities from one corporation to another
649 corporation if both of the following conditions are met ~~provided~~
650 ~~that~~:

651 (a) The sale price of the securities is \$50,000 or more. ~~+~~
652 ~~and~~

653 (b) The buyer and seller corporations each have assets of
654 \$500,000 or more.

655 (9) The offer or sale of securities from one corporation to
656 another corporation, or to security holders thereof, pursuant to
657 a vote or consent of such security holders as may be provided by
658 the articles of incorporation and the applicable corporate
659 statutes in connection with mergers, share exchanges,
660 consolidations, or sale of corporate assets.

661 (10) The issuance of notes or bonds in connection with the
662 acquisition of real property or renewals thereof, if such notes
663 or bonds are issued to the sellers of, and are secured by all or
664 part of, the real property so acquired.

665 (11)(a) The offer or sale, by or on behalf of an issuer, of
666 its own securities, which offer or sale is part of an offering
667 made in accordance with all of the following conditions:

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668 1. There are no more than 35 purchasers, or the issuer
669 reasonably believes that there are no more than 35 purchasers,
670 of the securities of the issuer in this state during an offering
671 made in reliance upon this subsection or, if such offering
672 continues for a period in excess of 12 months, in any
673 consecutive 12-month period.

674 2. Neither the issuer nor any person acting on behalf of
675 the issuer offers or sells securities pursuant to this
676 subsection by means of any form of general solicitation or
677 general advertising in this state.

678 3. Before the sale, each purchaser or the purchaser's
679 representative, if any, is provided with, or given reasonable
680 access to, full and fair disclosure of all material information.

681 ~~4. No person defined as a "dealer" in this chapter is paid~~
682 ~~a commission or compensation for the sale of the issuer's~~
683 ~~securities unless such person is registered as a dealer under~~
684 ~~this chapter.~~

685 4.5. When sales are made to five or more persons in this
686 state, any sale in this state made pursuant to this subsection
687 is voidable by the purchaser in such sale either within 3 days
688 after the first tender of consideration is made by such
689 purchaser to the issuer, an agent of the issuer, or an escrow
690 agent or within 3 days after the availability of that privilege
691 is communicated to such purchaser, whichever occurs later.

692 (b) The following purchasers are excluded from the
693 calculation of the number of purchasers under subparagraph
694 (a)1.:

695 1. Any relative or spouse, or relative of such spouse, of a
696 purchaser who has the same principal residence as such

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697 purchaser.

698 2. Any trust or estate in which a purchaser, any of the
699 persons related to such purchaser specified in subparagraph 1.,
700 and any organization ~~corporation~~ specified in subparagraph 3.
701 collectively have more than 50 percent of the beneficial
702 interest (excluding contingent interest).

703 3. Any corporation or other organization of which a
704 purchaser, any of the persons related to such purchaser
705 specified in subparagraph 1., and any trust or estate specified
706 in subparagraph 2. collectively are beneficial owners of more
707 than 50 percent of the equity securities or equity interest.

708 4. Any purchaser who makes a bona fide investment of
709 \$100,000 or more, provided such purchaser or the purchaser's
710 representative receives, or has access to, the information
711 required to be disclosed by subparagraph (a)3.

712 5. Any accredited investor, ~~as defined by rule of the~~
713 ~~commission in accordance with Securities and Exchange Commission~~
714 ~~Regulation 230.501 (17 C.F.R. s. 230.501).~~

715 (c) The commission may by rule specify factors to be
716 considered in determining whether offers and sales of securities
717 constitute part of the same offering under this section in
718 accordance with Securities and Exchange Commission Regulation
719 230.152, 17 C.F.R. s. 230.152. Rules adopted under this
720 paragraph should harmonize Securities and Exchange Commission
721 Regulation 230.152, 17 C.F.R. s. 230.152 with this chapter.

722 ~~(e)1. For purposes of determining which offers and sales of~~
723 ~~securities constitute part of the same offering under this~~
724 ~~subsection and are therefore deemed to be integrated with one~~
725 ~~another:~~

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726 ~~a. Offers or sales of securities occurring more than 6~~
727 ~~months before an offer or sale of securities made pursuant to~~
728 ~~this subsection shall not be considered part of the same~~
729 ~~offering, provided there are no offers or sales by or for the~~
730 ~~issuer of the same or a similar class of securities during such~~
731 ~~6-month period.~~

732 ~~b. Offers or sales of securities occurring at any time~~
733 ~~after 6 months from an offer or sale made pursuant to this~~
734 ~~subsection shall not be considered part of the same offering,~~
735 ~~provided there are no offers or sales by or for the issuer of~~
736 ~~the same or a similar class of securities during such 6-month~~
737 ~~period.~~

738 ~~2. Offers or sales which do not satisfy the conditions of~~
739 ~~any of the provisions of subparagraph 1. may or may not be part~~
740 ~~of the same offering, depending on the particular facts and~~
741 ~~circumstances in each case. The commission may adopt a rule or~~
742 ~~rules indicating what factors should be considered in~~
743 ~~determining whether offers and sales not qualifying for the~~
744 ~~provisions of subparagraph 1. are part of the same offering for~~
745 ~~purposes of this subsection.~~

746 (d) Offers or sales of securities made pursuant to, and in
747 compliance with, any other subsection of this section or any
748 subsection of s. 517.051 are ~~shall~~ not be considered part of an
749 offering pursuant to this subsection, regardless of when such
750 offers and sales are made.

751 (e) A communication is not deemed to constitute general
752 solicitation or general advertising if made in connection with a
753 seminar or meeting in which more than one issuer participates
754 and if the seminar or meeting is sponsored by a college,

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755 university, or other institution of higher education; a state or
756 local government or an instrumentality thereof; a nonprofit
757 organization; or an angel investor group, business incubator, or
758 business accelerator, provided that all of the following
759 requirements are met:

760 1. No advertising for the seminar or meeting references a
761 specific offering of securities by the issuer.

762 2. The sponsor of the seminar or meeting does not do any of
763 the following:

764 a. Make investment recommendations or provide investment
765 advice to event attendees.

766 b. Engage in any investment negotiations between the issuer
767 and investors attending the event.

768 c. Charge event attendees any fees, other than reasonable
769 administrative fees.

770 d. Receive any compensation for making introductions
771 between event attendees and issuers or for investment
772 negotiations between such parties.

773 e. Receive any compensation with respect to the event which
774 would require registration of the sponsor as a dealer,
775 intermediary, finder, or investment adviser under s. 517.12.

776 3. The type of information regarding an offering of
777 securities by the issuer that is communicated or distributed by
778 or on behalf of the issuer in connection with the event is
779 limited to a notification that the issuer is in the process of
780 offering or planning to offer securities, the type and amount of
781 securities being offered, the intended use of proceeds of the
782 offering, and the unsubscribed amount in the offering.

783 4. If the event allows attendees to participate virtually

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784 rather than in person, online participation in the event is
785 limited to:

786 a. Natural persons who are members of, or otherwise
787 associated with, the sponsor organization.

788 b. Natural persons who the sponsor reasonably believes are
789 accredited investors.

790 c. Natural persons who have been invited by the sponsor
791 based on industry or investment-related experience, reasonably
792 selected in good faith, and disclosed in the public
793 communications about the event.

794 (12) The sale of securities by a bank or trust company
795 organized or incorporated under the laws of the United States or
796 this state at a profit to such bank or trust company of not more
797 than 2 percent of the total sale price of such securities;
798 provided that there is no solicitation of this business by such
799 bank or trust company where such bank or trust company acts as
800 agent in the purchase or sale of such securities.

801 (13) An unsolicited purchase or sale of securities on order
802 of, and as the agent for, another by a dealer registered
803 pursuant to the provisions of s. 517.12; provided that this
804 exemption applies solely and exclusively to such registered
805 dealers and does not authorize or permit the purchase or sale of
806 securities on order of, and as agent for, another by any person
807 other than a dealer so registered; and provided, further, that
808 such purchase or sale is not directly or indirectly for the
809 benefit of the issuer or an underwriter of such securities or
810 for the direct or indirect promotion of any scheme or enterprise
811 with the intent of violation or evading any provision of this
812 chapter.

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813 (14) The offer or sale of shares of a corporation which
814 represent ownership, or entitle the holders of the shares to
815 possession and occupancy, of specific apartment units in
816 property owned by such corporation and organized and operated on
817 a cooperative basis, solely for residential purposes.

818 (15) The offer or sale of securities under a bona fide
819 employer-sponsored stock option, stock purchase, pension,
820 profit-sharing, savings, or other benefit plan when offered only
821 to employees of the sponsoring organization or to employees of
822 its controlled subsidiaries.

823 (16) The sale by or through a registered dealer of any
824 securities option if at the time of the sale of the option:

825 (a) 1. The performance of the terms of the option is
826 guaranteed by any dealer registered under the federal Securities
827 Exchange Act of 1934, as amended, which guaranty and dealer are
828 in compliance with such requirements or rules as may be approved
829 or adopted by the commission; or

830 2. ~~(b)~~ Such options transactions are cleared by the Options
831 Clearing Corporation or any other clearinghouse recognized by
832 the office; ~~and~~

833 (b) ~~(e)~~ The option is not sold by or for the benefit of the
834 issuer of the underlying security; ~~and~~

835 (c) ~~(d)~~ The underlying security may be purchased or sold on
836 a recognized securities exchange or is quoted on the National
837 Association of Securities Dealers Automated Quotation System;
838 and

839 (d) ~~(e)~~ Such sale is not directly or indirectly for the
840 purpose of providing or furthering any scheme to violate or
841 evade any provisions of this chapter.

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842 (17) (a) The offer or sale of securities, as agent or
843 principal, by a dealer registered pursuant to s. 517.12, when
844 such securities are offered or sold at a price reasonably
845 related to the current market price of such securities, provided
846 such securities are:

847 1. Securities of an issuer for which reports are required
848 to be filed by s. 13 or s. 15(d) of the Securities Exchange Act
849 of 1934, as amended;

850 2. Securities of a company registered under the Investment
851 Company Act of 1940, as amended;

852 3. Securities of an insurance company, as that term is
853 defined in s. 2(a)(17) of the Investment Company Act of 1940, as
854 amended; or

855 4. Securities, other than any security that is a federal
856 covered security pursuant to s. 18(b)(1) of the Securities Act
857 of 1933 and is not subject to any registration or filing
858 requirements under this act, which appear in any list of
859 securities dealt in on any stock exchange registered pursuant to
860 the Securities Exchange Act of 1934, as amended, and which
861 securities have been listed or approved for listing upon notice
862 of issuance by such exchange, and also all securities senior to
863 any securities so listed or approved for listing upon notice of
864 issuance, or represented by subscription rights which have been
865 so listed or approved for listing upon notice of issuance, or
866 evidences of indebtedness guaranteed by companies any stock of
867 which is so listed or approved for listing upon notice of
868 issuance, such securities to be exempt only so long as such
869 listings or approvals remain in effect. The exemption provided
870 for herein does not apply when the securities are suspended from

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871 listing approval for listing or trading.

872 (b) The exemption provided in this subsection does not
873 apply if the sale is made for the direct or indirect benefit of
874 an issuer or control person ~~controlling persons~~ of such issuer
875 or if such securities constitute the whole or part of an unsold
876 allotment to, or subscription or participation by, a dealer as
877 an underwriter of such securities.

878 (c) This exemption is ~~shall~~ not ~~be~~ available for any
879 securities that ~~which~~ have been denied registration pursuant to
880 s. 517.111. Additionally, the office may deny this exemption
881 with reference to any particular security, other than a federal
882 covered security, by order published in such manner as the
883 office finds proper.

884 (18) The offer or sale of any security effected by or
885 through a person in compliance with s. 517.12(16) ~~s. 517.12(17)~~.

886 (19) Other transactions defined by rules as transactions
887 exempted from the registration provisions of s. 517.07, which
888 rules the commission may adopt from time to time, but only after
889 a finding by the office that the application of the provisions
890 of s. 517.07 to a particular transaction is not necessary in the
891 public interest and for the protection of investors because of
892 the small dollar amount of securities involved or the limited
893 character of the offering. In conjunction with its adoption of
894 such rules, the commission may also provide in such rules that
895 persons selling or offering for sale the exempted securities are
896 exempt from the registration requirements of s. 517.12. No rule
897 so adopted may have the effect of narrowing or limiting any
898 exemption provided for by statute in the other subsections of
899 this section.

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900 (20) Any nonissuer transaction by a registered associated
901 person of a registered dealer, and any resale transaction by a
902 sponsor of a unit investment trust registered under the
903 Investment Company Act of 1940, in a security of a class that
904 has been outstanding in the hands of the public for at least 90
905 days; provided, at the time of the transaction, that all of the
906 following requirements are met:

907 (a) The issuer of the security is actually engaged in
908 business and is not in the organization stage or in bankruptcy
909 or receivership and is not a blank check, blind pool, or shell
910 company whose primary plan of business is to engage in a merger
911 or combination of the business with, or an acquisition of, any
912 unidentified person.†

913 (b) The security is sold at a price reasonably related to
914 the current market price of the security.†

915 (c) The security does not constitute the whole or part of
916 an unsold allotment to, or a subscription or participation by,
917 the broker-dealer as an underwriter of the security.†

918 (d) A nationally recognized securities manual designated by
919 rule of the commission or order of the office or a document
920 filed with the Securities and Exchange Commission that is
921 publicly available through the commission's electronic data
922 gathering and retrieval system contains all of the following:

923 1. A description of the business and operations of the
924 issuer.†

925 2. The names of the issuer's officers and directors, if
926 any, or, in the case of an issuer not domiciled in the United
927 States, the corporate equivalents of such persons in the
928 issuer's country of domicile.†

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929 3. An audited balance sheet of the issuer as of a date
930 within 18 months before such transaction or, in the case of a
931 reorganization or merger in which parties to the reorganization
932 or merger had such audited balance sheet, a pro forma balance
933 sheet.;~~and~~

934 4. An audited income statement for each of the issuer's
935 immediately preceding 2 fiscal years, or for the period of
936 existence of the issuer, if in existence for less than 2 years
937 or, in the case of a reorganization or merger in which the
938 parties to the reorganization or merger had such audited income
939 statement, a pro forma income statement.;~~and~~

940 (e) The issuer of the security has a class of equity
941 securities listed on a national securities exchange registered
942 under the Securities Exchange Act of 1934 or designated for
943 trading on the National Association of Securities Dealers
944 Automated Quotation System, unless:

945 1. The issuer of the security is a unit investment trust
946 registered under the Investment Company Act of 1940;

947 2. The issuer of the security has been engaged in
948 continuous business, including predecessors, for at least 3
949 years; or

950 3. The issuer of the security has total assets of at least
951 \$2 million based on an audited balance sheet as of a date within
952 18 months before such transaction or, in the case of a
953 reorganization or merger in which parties to the reorganization
954 or merger had such audited balance sheet, a pro forma balance
955 sheet.

956 (21) The offer or sale of a security by an issuer conducted
957 in accordance with s. 517.0611.

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958 (22) The offer or sale of securities, solely in connection
959 with the transfer of ownership of an eligible privately held
960 company, through a merger and acquisition broker in accordance
961 with s. 517.12(21) ~~s. 517.12(22)~~.

962 (23) The offer or sale, by or on behalf of an issuer, of
963 the issuer's own securities, which offer or sale is part of an
964 offering made in accordance with all of the following
965 conditions:

966 (a) Sales of securities are made only to persons who are or
967 who the issuer reasonably believes are accredited investors.

968 (b) An issuer that is in the development stage must have a
969 specific business plan or purpose, and such purpose or business
970 plan may not be to engage in a merger or acquisition with an
971 unidentified company, or other entity or person.

972 (c) The issuer reasonably believes that all purchasers are
973 purchasing for investment and not with a view to resell in
974 connection with a distribution of a security. Any resale of a
975 security sold in reliance on this exemption within 12 months
976 after a sale shall be presumed to be with a view to distribution
977 and not for investment, except a resale under a registration
978 effective under this chapter or the Securities Act of 1933 or
979 under an exemption available under this chapter, the Securities
980 Act of 1933, or the rules and regulations adopted thereunder.

981 (d) Neither the issuer, nor any beneficial owner of 10
982 percent or more of any class of the security's equity
983 securities; any affiliated issuer; any of the issuer's
984 predecessors, directors, officers, or general partners; any of
985 the issuer's promoters presently connected with the issuer in
986 any capacity; or any underwriter of the securities to be offered

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987 or any partner, director, or officer of such underwriter:

988 1. Has, within the last 5 years, filed a registration
989 statement that is the subject of a currently effective
990 registration stop-order entered by a state securities
991 administrator or the Securities and Exchange Commission;

992 2. Has, within the last 5 years, been convicted of a
993 criminal offense in connection with the offer, purchase, or sale
994 of a security or involving fraud or deceit;

995 3. Is currently subject to a state or federal
996 administrative enforcement order or judgment entered within the
997 last 5 years finding fraud or deceit in connection with the
998 purchase or sale of a security; or

999 4. Is currently subject to an order, judgment, or decree of
1000 a court of competent jurisdiction entered within the last 5
1001 years temporarily, preliminarily, or permanently restraining or
1002 enjoining such party from engaging in or continuing to engage in
1003 a conduct or practice involving fraud or deceit in connection
1004 with the purchase or sale of a security.

1005 (e) A general announcement of the proposed offering may be
1006 made by any means and must include all of the following
1007 information:

1008 1. The name, address, and telephone number of the issuer of
1009 the securities.

1010 2. The name, a brief description, and the price, if known,
1011 of any security to be issued.

1012 3. A brief description of the business of the issuer in 25
1013 words or fewer.

1014 4. The type, number, and aggregate amount of securities
1015 offered.

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1016 5. The name, address, and telephone number of the person to
1017 contact for additional information.

1018 6. A statement that:

1019 a. Sales will be made only to accredited investors.

1020 b. No money or other consideration is being solicited or
1021 will be accepted by way of this general announcement.

1022 c. The securities have not been registered with or approved
1023 by any state securities agency or the Securities and Exchange
1024 Commission and are being offered and sold under an exemption
1025 from registration.

1026 (f) The issuer, in connection with an offer, may provide
1027 information in addition to the general announcement under
1028 paragraph (e) if such information is delivered:

1029 1. Electronically to persons who have been prequalified as
1030 accredited investors; or

1031 2. After the issuer reasonably believes that the
1032 prospective investor is an accredited investor.

1033 (g) Telephone solicitation is not authorized unless, before
1034 placing the call, the issuer reasonably believes that the
1035 prospective investor to be solicited is an accredited investor.

1036 (h) Dissemination of the general announcement of the
1037 proposed offering to persons who are not accredited investors
1038 does not disqualify the issuer from claiming the exemption under
1039 this subsection.

1040 (i) The issuer shall file with the office, within 15 days
1041 after the first sale in this state, a notice of transaction on a
1042 form prescribed by commission rule, a consent to service of
1043 process similar to that provided in s. 517.101, and a copy of
1044 the general announcement. The commission may establish by rule

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1045 procedures for filing documents by electronic means.

1046 Section 3. Section 517.0611, Florida Statutes, is amended
1047 to read:

1048 517.0611 Intrastate crowdfunding.—

1049 (1) This section may be cited as the “Florida Intrastate
1050 Crowdfunding Exemption.”

1051 (2) As used in this section, the term “target offering
1052 amount” means the minimum amount of funds required to accomplish
1053 the stated purpose for the use of proceeds as specified in the
1054 disclosure statement.

1055 (3)~~(2)~~ Notwithstanding any other provision of this chapter,
1056 an offer or sale of a security by an issuer is an exempt
1057 transaction under s. 517.061 if the offer or sale is conducted
1058 in accordance with this section. The exemption provided in this
1059 section may not be used in conjunction with any other exemption
1060 under s. 517.051 or s. 517.061.

1061 (4)~~(3)~~ The offer or sale of securities under this section
1062 must be conducted in accordance with the requirements of the
1063 federal exemption for intrastate offerings in:

1064 (a) Section 3(a)(11) s. 3(a)(11) of the Securities Act of
1065 1933, 15 U.S.C. s. 77c(a)(11), and United States Securities and
1066 Exchange Commission Rule 147, 17 C.F.R. s. 230.147, adopted
1067 pursuant to the Securities Act of 1933; or

1068 (b) United States Securities and Exchange Commission Rule
1069 147A, 17 C.F.R. s. 230.147A.

1070 (5)~~(4)~~ An issuer must:

1071 (a) Be a for-profit business entity formed and ~~under the~~
1072 ~~laws of the state, be registered with the Secretary of State,~~
1073 maintain its principal place of business in the state, ~~and~~

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1074 ~~derive its revenues primarily from operations in the state.~~

1075 (b) Conduct transactions for the offering through a dealer
1076 registered with the office or an intermediary registered under
1077 s. 517.12(19) ~~s. 517.12(20)~~.

1078 (c) Not be, either before or as a result of the offering,
1079 an investment company as defined in s. 3 of the Investment
1080 Company Act of 1940, 15 U.S.C. s. 80a-3, or subject to the
1081 reporting requirements of s. 13 or s. 15(d) of the Securities
1082 Exchange Act of 1934, 15 U.S.C. s. 78m or s. 78o(d).

1083 (d) Not be a company with an undefined business operation,
1084 a company that lacks a business plan, a company that lacks a
1085 stated investment goal for the funds being raised, or a company
1086 that plans to engage in a merger or acquisition with an
1087 unspecified business entity.

1088 (e) Not be subject to a disqualification established by the
1089 commission or office or a disqualification described in s.
1090 517.1611 or United States Securities and Exchange Commission
1091 Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the
1092 Securities Act of 1933. Each director, officer, person occupying
1093 a similar status or performing a similar function, or person
1094 holding more than 20 percent of the shares of the issuer, is
1095 subject to this requirement.

1096 (f) Through an escrow agreement or trust account
1097 arrangement entered into with an independent third party, cause
1098 all funds received from investors to be deposited in a federally
1099 insured account for benefit of the investors, and maintain all
1100 of such funds in the account until such time as either the
1101 target offering amount has been reached, the offering has been
1102 terminated, or the offering has expired. All funds shall be used

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1103 in accordance with the uses of proceeds represented to
1104 prospective investors.

1105 (g) Provide written notice, before any sale made under this
1106 section, that any such sale is voidable as described in
1107 subsection (11).

1108 (h) Before the use of investor funds, determine whether the
1109 target offering amount has been reached. If the target offering
1110 amount was not reached by the offering deadline, cancel all
1111 commitments to invest and issue refunds within 30 days to all
1112 investors in this offering.

1113 ~~(f) Execute an escrow agreement with a federally insured~~
1114 ~~financial institution authorized to do business in the state for~~
1115 ~~the deposit of investor funds, and ensure that all offering~~
1116 ~~proceeds are provided to the issuer only when the aggregate~~
1117 ~~capital raised from all investors is equal to or greater than~~
1118 ~~the target offering amount.~~

1119 ~~(g) Allow investors to cancel a commitment to invest within~~
1120 ~~3 business days before the offering deadline, as stated in the~~
1121 ~~disclosure statement, and issue refunds to all investors if the~~
1122 ~~target offering amount is not reached by the offering deadline.~~

1123 (6)~~(5)~~ The issuer must file a notice of the offering with
1124 the office, in writing or in electronic form, in a format
1125 prescribed by commission rule, together with a nonrefundable
1126 filing fee of \$200. The filing fee shall be deposited into the
1127 Regulatory Trust Fund of the office. The commission may adopt
1128 rules establishing procedures for the deposit of fees and the
1129 filing of documents by electronic means if the procedures
1130 provide the office with the information and data required by
1131 this section. A notice is effective upon receipt, by the office,

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1132 of the completed form, filing fee, and an irrevocable written
1133 consent to service of civil process, similar to that provided
1134 for in s. 517.101. The notice may be terminated by filing with
1135 the office a notice of termination. The notice and offering
1136 expire 12 months after filing the notice with the office and are
1137 not eligible for renewal. The notice must:

1138 (a) Be filed with the office at least 10 days before the
1139 issuer commences an offering of securities or the offering is
1140 displayed on a website of an intermediary in reliance upon the
1141 exemption provided by this section.

1142 (b) Indicate that the issuer is conducting an offering in
1143 reliance upon the exemption provided by this section.

1144 (c) Contain the name and contact information of the issuer.

1145 (d) Identify any predecessors, owners, officers, directors,
1146 and control persons or any person occupying a similar status or
1147 performing a similar function of the issuer, including that
1148 person's:

1149 1. Title., ~~his or her~~

1150 2. Status as a partner, trustee, or sole proprietor, or in
1151 a similar role., ~~and his or her~~

1152 3. Ownership percentage.

1153 ~~(e) Identify the federally insured financial institution,~~
1154 ~~authorized to do business in the state, in which investor funds~~
1155 ~~will be deposited, in accordance with the escrow agreement.~~

1156 (e) ~~(f)~~ Require an attestation under oath that the issuer,
1157 its predecessors, affiliated issuers, directors, officers, and
1158 control persons, or any other person occupying a similar status
1159 or performing a similar function, are not currently and have not
1160 been within the past 10 years the subject of regulatory or

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1161 criminal actions involving fraud or deceit.

1162 (f)~~(g)~~ Include documentation verifying that the issuer is
1163 ~~organized under the laws of the state and~~ authorized to do
1164 business in the state.

1165 (g)~~(h)~~ Include the intermediary's website address where the
1166 issuer's securities will be offered.

1167 (h)~~(i)~~ Include the target offering amount.

1168 (7)~~(6)~~ The issuer must amend the notice form within 30 days
1169 after any information contained in the notice becomes inaccurate
1170 for any reason. The commission may require, by rule, an issuer
1171 who has filed a notice under this section to file amendments
1172 with the office.

1173 (8)~~(7)~~ The issuer must provide to prospective investors and
1174 the dealer or intermediary, along with a copy to the office at
1175 the time that the notice is filed, and make available to
1176 prospective ~~potential~~ investors through the dealer or
1177 intermediary, a disclosure statement containing material
1178 information about the issuer and the offering, including:

1179 (a) The name, legal status, physical address, and website
1180 address of the issuer.

1181 (b) The names of the directors, officers, and any person
1182 occupying a similar status or performing a similar function, and
1183 the name of each person holding more than 20 percent of the
1184 shares or interests of the issuer.

1185 (c) A description of the business of the issuer and the
1186 anticipated business plan of the issuer.

1187 (d) A description of the stated purpose and intended use of
1188 the proceeds of the offering.

1189 (e) The target offering amount, the deadline to reach the

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1190 target offering amount, the frequency with which ~~and regular~~
1191 updates regarding the progress of the issuer in meeting the
1192 target offering amount are to be provided to investors and
1193 prospective investors, and the manner in which such updates are
1194 to be provided.

1195 (f) The price to the public of the securities or the method
1196 for determining the price. However, before the sale, each
1197 investor must receive in writing the final price and all
1198 required disclosures ~~and have an opportunity to rescind the~~
1199 ~~commitment to purchase the securities.~~

1200 (g) A description of the ownership and capital structure of
1201 the issuer, including:

1202 1. Terms of the securities being offered and each class of
1203 security of the issuer, including how those terms may be
1204 modified, and a summary of the differences between such
1205 securities, including how the rights of the securities being
1206 offered may be materially limited, diluted, or qualified by
1207 rights of any other class of security of the issuer.

1208 2. A description of how the exercise of the rights held by
1209 the control persons ~~principal shareholders~~ of the issuer could
1210 negatively impact the purchasers of the securities being
1211 offered.

1212 3. The name and ownership level of each existing
1213 shareholder or member who owns more than 20 percent of any class
1214 of the securities of the issuer.

1215 4. How the securities being offered are being valued, and
1216 examples of methods of how such securities may be valued by the
1217 issuer in the future, including during subsequent corporate
1218 actions.

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1219 5. The risks to purchasers of the securities relating to
1220 minority ownership in the issuer, the risks associated with
1221 corporate action, including additional issuances of securities
1222 ~~shares~~, a sale of the issuer or of assets of the issuer, or
1223 transactions with related parties.

1224 (h) A description of the financial condition of the issuer.

1225 1. For offerings that, in combination with all other
1226 offerings of the issuer within the preceding 12-month period,
1227 have combined total target offering amounts of less than
1228 \$50,000, the description must state the amount of revenue
1229 received to date.

1230 ~~2.1.~~ For offerings that, in combination with all other
1231 offerings of the issuer within the preceding 12-month period,
1232 have combined total target offering amounts between \$50,000 and
1233 \$500,000 ~~of \$100,000 or less~~, the description must include the
1234 most recent income tax return filed by the issuer, if any, and a
1235 financial statement that must be certified by the principal
1236 executive officer of the issuer as true and complete in all
1237 material respects.

1238 ~~3.2.~~ For offerings that, in combination with all other
1239 offerings of the issuer within the preceding 12-month period,
1240 have combined total target offering amounts of more than
1241 \$500,000 ~~\$100,000~~, but not more than \$1 million ~~\$500,000~~, the
1242 description must include financial statements prepared in
1243 accordance with generally accepted accounting principles and
1244 reviewed by a certified public accountant, as defined in s.
1245 473.302, who is independent of the issuer, using professional
1246 standards and procedures for such review or standards and
1247 procedures established by the office, by rule, for such purpose.

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1248 ~~4.3.~~ For offerings that, in combination with all other
1249 offerings of the issuer within the preceding 12-month period,
1250 have combined total target offering amounts of more than \$1
1251 million ~~\$500,000~~, the description must include audited financial
1252 statements prepared in accordance with generally accepted
1253 accounting principles by a certified public accountant, as
1254 defined in s. 473.302, who is independent of the issuer, and
1255 other requirements as the commission may establish by rule.

1256

1257 As used in this paragraph, the term "financial statement"
1258 includes, but is not limited to, balance sheets, income
1259 statements, and cash-flow statements dated no earlier than 90
1260 days before the offering.

1261 (i) The following statement in boldface, conspicuous type
1262 on the front page of the disclosure statement:

1263

1264 These securities are offered under, and will be sold
1265 in reliance upon, an exemption from the registration
1266 requirements of federal and Florida securities laws.
1267 Consequently, neither the Federal Government nor the
1268 State of Florida has reviewed the accuracy or
1269 completeness of any offering materials. In making an
1270 investment decision, investors must rely on their own
1271 examination of the issuer and the terms of the
1272 offering, including the merits and risks involved.
1273 These securities are subject to restrictions on
1274 transferability and resale and may not be transferred
1275 or resold except as specifically authorized by
1276 applicable federal and state securities laws.

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1277 Investing in these securities involves a speculative
1278 risk, and investors should be able to bear the loss of
1279 their entire investment.

1280
1281 (9) Upon completion of the offering or expiration of the
1282 notice required by subsection (6), the issuer must provide the
1283 office with a report of sale and use of proceeds on a form
1284 prescribed by commission rule. The commission may establish, by
1285 rule, procedures for filing documents by electronic means. The
1286 report of sale and use of proceeds must include, at a minimum,
1287 the name of any underwriter, if any, the date the offering
1288 commenced, the date the offering was completed, the total amount
1289 of securities sold, the total amount received from the public
1290 from the commencement of the offering to date, and the total
1291 number of investors that participated in the offering.

1292 ~~(8) The issuer shall provide to the office a copy of the~~
1293 ~~escrow agreement with a financial institution authorized to~~
1294 ~~conduct business in this state. All investor funds must be~~
1295 ~~deposited in the escrow account. The escrow agreement must~~
1296 ~~require that all offering proceeds be released to the issuer~~
1297 ~~only when the aggregate capital raised from all investors is~~
1298 ~~equal to or greater than the minimum target offering amount~~
1299 ~~specified in the disclosure statement as necessary to implement~~
1300 ~~the business plan, and that all investors will receive a full~~
1301 ~~return of their investment commitment if that target offering~~
1302 ~~amount is not raised by the date stated in the disclosure~~
1303 ~~statement.~~

1304 (10)~~(9)~~ The sum of all cash and other consideration
1305 received for sales of a security under this section may not

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1306 exceed \$5 ~~\$1~~ million, less the aggregate amount received for all
1307 sales of securities by the issuer within the 12 months preceding
1308 the first offer or sale made in reliance upon this exemption.
1309 Offers or sales to a person owning 20 percent or more of the
1310 outstanding equity ownership ~~shares~~ of any class or classes of
1311 securities or to an officer, director, partner, limited
1312 liability company manager or managing member, or trustee, or a
1313 person occupying a similar status, do not count toward this
1314 limitation.

1315 (11) Any sale made under this section is voidable by the
1316 purchaser within 3 business days after the first tender of
1317 consideration is made by such purchaser to the issuer, an agent
1318 of the issuer, or an escrow agent, or within 3 business days
1319 after the availability of this privilege is provided in writing
1320 to such purchaser, whichever occurs later.

1321 (12) ~~(10)~~ Unless the investor is an accredited investor ~~as~~
1322 ~~defined by Rule 501 of Regulation D, adopted pursuant to the~~
1323 ~~Securities Act of 1933~~, the aggregate amount sold by an issuer
1324 to an investor in transactions exempt from registration
1325 requirements under this subsection in a 12-month period may not
1326 exceed:

1327 (a) The greater of \$2,000 or 5 percent of the annual income
1328 or net worth of such investor, if the annual income or the net
1329 worth of the investor is less than \$100,000.

1330 (b) Ten percent of the annual income or net worth of such
1331 investor, not to exceed a maximum aggregate amount sold of
1332 \$100,000, if either the annual income or net worth of the
1333 investor is equal to or exceeds \$100,000.

1334 (13) ~~(11)~~ The issuer shall file with the office and provide

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1335 to investors free of charge an annual report of the results of
1336 operations and financial statements of the issuer within 45 days
1337 after the end of its fiscal year, until no securities under this
1338 offering are outstanding. The annual reports must meet the
1339 following requirements:

1340 (a) Include an analysis by management of the issuer of the
1341 business operations and the financial condition of the issuer,
1342 and disclose the compensation received by each director,
1343 executive officer, and person having an ownership interest of 20
1344 percent or more of the issuer, including cash compensation
1345 earned since the previous report and on an annual basis, and any
1346 bonuses, stock options, other rights to receive securities of
1347 the issuer, or any affiliate of the issuer, or other
1348 compensation received.

1349 (b) Disclose any material change to information contained
1350 in the disclosure statements which was not disclosed in a
1351 previous report.

1352 (14)~~(12)~~ (a) A notice-filing under this section shall be
1353 summarily suspended by the office if the payment for the filing
1354 is dishonored by the financial institution upon which the funds
1355 are drawn. For purposes of s. 120.60(6), failure to pay the
1356 required notice filing fee constitutes an immediate and serious
1357 danger to the public health, safety, and welfare. The office
1358 shall enter a final order revoking a notice-filing in which the
1359 payment for the filing is dishonored by the financial
1360 institution upon which the funds are drawn.

1361 (b) A notice-filing under this section shall be summarily
1362 suspended by the office if the issuer made a material false
1363 statement in the issuer's notice-filing. The summary suspension

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1364 shall remain in effect until a final order is entered by the
1365 office. For purposes of s. 120.60(6), a material false statement
1366 made in the issuer's notice-filing constitutes an immediate and
1367 serious danger to the public health, safety, and welfare. If an
1368 issuer made a material false statement in the issuer's notice-
1369 filing, the office shall enter a final order revoking the
1370 notice-filing, issue a fine as prescribed by s. 517.221(3), and
1371 issue permanent bars under s. 517.221(4) to the issuer and all
1372 owners, officers, directors, and control persons, or any person
1373 occupying a similar status or performing a similar function of
1374 the issuer, including title; status as a partner, trustee, sole
1375 proprietor, or similar role; and ownership percentage.

1376 (15) In conducting an offering under this section, a
1377 registered intermediary or dealer may use means of general
1378 solicitation or advertising if all communications limit the
1379 target audience of prospective investors to residents of this
1380 state.

1381 ~~(16)~~~~(13)~~ An intermediary must:

1382 (a) Take measures, as established by commission rule, to
1383 reduce the risk of fraud with respect to transactions, including
1384 ~~verifying that the issuer is in compliance with the requirements~~
1385 ~~of this section and~~, if necessary, denying an issuer access to
1386 its platform if the intermediary believes it is unable to
1387 adequately assess the risk of fraud of the issuer or its
1388 potential offering.

1389 (b) Provide basic information on its website regarding the
1390 high risk of investment in and limitation on the resale of
1391 exempt securities and the potential for loss of an entire
1392 investment. The basic information must include:

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1393 1. A description of the trust arrangement or escrow
1394 agreement that the issuer has executed and the conditions for
1395 release of such funds to the issuer in accordance with the
1396 agreement and subsection (5) ~~(4)~~.

1397 2. A description of whether financial information provided
1398 by the issuer has been audited by an independent certified
1399 public accountant, as defined in s. 473.302.

1400 (c) Obtain a zip code or residence address from each
1401 prospective ~~potential~~ investor who seeks to view information
1402 regarding specific investment opportunities, in order to confirm
1403 that the prospective ~~potential~~ investor is a resident of the
1404 state.

1405 (d) Obtain and verify a valid Florida driver license number
1406 or Florida identification card number from each investor before
1407 purchase of a security to confirm that the investor is a
1408 resident of the state. The commission may adopt rules
1409 authorizing additional forms of identification and prescribing
1410 the process for verifying any identification presented by the
1411 investor.

1412 (e) Obtain an affidavit from each investor stating that the
1413 investment being made by the investor is consistent with the
1414 income requirements of subsection (12) ~~(10)~~.

1415 ~~(f) Direct the release of investor funds in escrow in
1416 accordance with subsection (4).~~

1417 ~~(g) Direct investors to transmit funds directly to the
1418 financial institution designated in the escrow agreement to hold
1419 the funds for the benefit of the investor.~~

1420 ~~(f)(h)~~ Provide at least a quarterly ~~monthly~~ update to each
1421 investor and prospective investor for each offering, ~~after the~~

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1422 ~~first full month after the date of the offering.~~ The update must
1423 be accessible on the intermediary's website and must include
1424 ~~display~~ the date and amount of each sale of securities, and each
1425 cancellation of commitment to invest, in the previous quarter
1426 ~~calendar month.~~

1427 (g) ~~(i)~~ Require each investor to certify in writing,
1428 including as part of such certification each investor's ~~his or~~
1429 ~~her~~ signature and ~~his or her~~ initials next to each paragraph of
1430 the certification, as follows:

1431
1432 I understand and acknowledge that:

1433
1434 I am investing in a high-risk, speculative business
1435 venture. I may lose all of my investment, and I can
1436 afford the loss of my investment.

1437
1438 This offering has not been reviewed or approved by any
1439 state or federal securities commission or other
1440 regulatory authority and no regulatory authority has
1441 confirmed the accuracy or determined the adequacy of
1442 any disclosure made to me relating to this offering.

1443
1444 The securities I am acquiring in this offering are
1445 illiquid and are subject to possible dilution. There
1446 is no ready market for the sale of the securities. It
1447 may be difficult or impossible for me to sell or
1448 otherwise dispose of the securities, and I may be
1449 required to hold the securities indefinitely.

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1451 I may be subject to tax on my share of the taxable
1452 income and losses of the issuer, whether or not I have
1453 sold or otherwise disposed of my investment or
1454 received any dividends or other distributions from the
1455 issuer.

1456
1457 By entering into this transaction with the issuer, I
1458 am affirmatively representing myself as being a
1459 Florida resident at the time this contract is formed,
1460 ~~and if this representation is subsequently shown to be~~
1461 ~~false, the contract is void.~~

1462
1463 ~~If I must not~~ resell any of the securities I am
1464 acquiring in this offering to a person that is not a
1465 Florida resident within 6 ~~9~~ months after the date
1466 ~~closing of the offering, my contract with the issuer~~
1467 ~~for the purchase of the these securities is void.~~

1468
1469 (h) ~~(j)~~ Require each investor to answer questions
1470 demonstrating an understanding of the level of risk generally
1471 applicable to investments in startups, emerging businesses, and
1472 small issuers, and an understanding of the risk of illiquidity.

1473 (i) ~~(k)~~ Take reasonable steps to protect personal
1474 information collected from investors, as required by s. 501.171.

1475 ~~(l) Prohibit its directors and officers from having any~~
1476 ~~financial interest in the issuer using its services.~~

1477 (j) ~~(m)~~ Implement written policies and procedures that are
1478 reasonably designed to achieve compliance with federal and state
1479 securities laws; comply with the anti-money laundering

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1480 requirements of 31 C.F.R. chapter X applicable to registered
1481 brokers; and comply with the privacy requirements of 17 C.F.R.
1482 part 248 relating to brokers.

1483 (17)~~(14)~~ An intermediary not registered as a dealer under
1484 s. 517.12(5) ~~s. 517.12(6)~~ may not:

1485 (a) Offer investment advice or recommendations. A refusal
1486 by an intermediary to post an offering that it deems not
1487 credible or that represents a potential for fraud may not be
1488 construed as an offer of investment advice or recommendation.

1489 (b) Solicit purchases, sales, or offers to buy securities
1490 offered or displayed on its website.

1491 (c) Compensate employees, agents, or other persons for the
1492 solicitation of, or based on the sale of, securities offered or
1493 displayed on its website.

1494 (d) Hold, manage, possess, or otherwise handle investor
1495 funds or securities.

1496 (e) Compensate promoters, finders, or lead generators for
1497 providing the intermediary with the personal identifying
1498 information of any prospective ~~potential~~ investor.

1499 (f) Engage in any other activities set forth by commission
1500 rule.

1501 (18) At any time before the offering of a security in
1502 accordance with this section, an issuer or a person authorized
1503 to act on behalf of an issuer may communicate orally or in
1504 writing with prospective investors to determine whether there is
1505 any interest in a contemplated securities offering. Such
1506 communications are deemed to be an offer of a security for sale
1507 for purposes of ss. 517.301, 517.311, and 517.312. No
1508 solicitation or acceptance of money or other consideration, nor

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1509 of any commitment, binding or otherwise, from any person is
1510 permitted until the offering is notice-filed in accordance with
1511 this section.

1512 (a) The communications must state that:

1513 1. No money or other consideration is being solicited and,
1514 if sent in response, will not be accepted.

1515 2. No offer to buy the securities can be accepted and no
1516 part of the purchase price can be received until the offering is
1517 notice-filed in accordance with this section, and any such offer
1518 may be withdrawn or revoked, without obligation or commitment of
1519 any kind, at any time before notice of its acceptance given
1520 after the notice-filed date.

1521 3. A person's indication of interest involves no obligation
1522 or commitment of any kind.

1523 (b) Any written communication under this section may
1524 include a means by which a person may indicate to the issuer
1525 that the person is interested in a potential offering. The
1526 issuer may require the name, address, telephone number, or e-
1527 mail address in any response form included under this paragraph.

1528 ~~(15) All funds received from investors must be directed to~~
1529 ~~the financial institution designated in the escrow agreement to~~
1530 ~~hold the funds and must be used in accordance with~~
1531 ~~representations made to investors by the intermediary. If an~~
1532 ~~investor cancels a commitment to invest, the intermediary must~~
1533 ~~direct the financial institution designated to hold the funds to~~
1534 ~~promptly refund the funds of the investor.~~

1535 Section 4. Paragraph (d) of subsection (3) of section
1536 517.072, Florida Statutes, is amended, and subsection (4) is
1537 added to that section, to read:

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1538 517.072 Viatical settlement investments.—

1539 (3) The registration provisions of ss. 517.07 and 517.12 do
1540 not apply to any of the following transactions in viatical
1541 settlement investments; however, such transactions in viatical
1542 settlement investments are subject to the provisions of ss.
1543 517.301, 517.311, and 517.312:

1544 (d) The transfer or assignment of a viaticated policy to a
1545 bank, trust company, savings institution, insurance company,
1546 dealer, investment company as defined in the Investment Company
1547 Act of 1940, pension or profit-sharing trust, or qualified
1548 institutional buyer as defined in United States Securities and
1549 Exchange Commission Rule 144A, 17 C.F.R. s. 230.144A(a), or to
1550 an accredited investor ~~as defined by Rule 501 of Regulation D of~~
1551 ~~the Securities Act Rules~~, provided such transfer or assignment
1552 is not for the direct or indirect promotion of any scheme or
1553 enterprise with the intent of violating or evading any provision
1554 of this chapter.

1555 (4) The commission may by rule establish requirements and
1556 standards for:

1557 (a) Disclosures to purchasers of viatical settlement
1558 investments.

1559 (b) Recordkeeping requirements for sellers of viatical
1560 settlement investments.

1561 Section 5. Section 517.081, Florida Statutes, is amended to
1562 read:

1563 517.081 Registration procedure.—

1564 (1) All securities required by this chapter to be
1565 registered before being sold in this state and not entitled to
1566 registration by notification shall be registered in the manner

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1567 provided by this section.

1568 (2) The office shall receive and act upon applications to
1569 have securities registered, and the commission may prescribe
1570 forms on which it may require such applications to be submitted.
1571 Applications shall be duly signed by the applicant, sworn to by
1572 any person having knowledge of the facts, and filed with the
1573 office. The commission may establish, by rule, procedures for
1574 depositing fees and filing documents by electronic means
1575 provided such procedures provide the office with the information
1576 and data required by this section. An application may be made
1577 either by the issuer of the securities for which registration is
1578 applied or by any registered dealer desiring to sell the same
1579 within the state.

1580 (3) The office may require the applicant to submit to the
1581 office the following information concerning the issuer and such
1582 other relevant information as the office may in its judgment
1583 deem necessary to enable it to ascertain whether such securities
1584 shall be registered pursuant to the provisions of this section:

1585 (a) The names and addresses of:

1586 1. The directors, trustees, and officers, if the issuer is
1587 ~~be~~ a corporation, association, or trust. ~~of~~

1588 2. All the managers or managing members if the issuer is a
1589 limited liability company.

1590 3. All the partners, if the issuer is ~~be~~ a partnership. ~~or~~
1591 ~~of~~

1592 4. The issuer, if the issuer is a sole proprietorship or
1593 natural person ~~be an individual.~~

1594 (b) The location of the issuer's principal business office
1595 and of its principal office in this state, if any.

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1596 (c) The general character of the business actually to be
1597 transacted by the issuer and the purposes of the proposed issue.

1598 (d) A statement of the capitalization of the issuer.

1599 (e) A balance sheet showing the amount and general
1600 character of its assets and liabilities on a day not more than
1601 90 days prior to the date of filing such balance sheet or such
1602 longer period of time, not exceeding 6 months, as the office may
1603 permit at the written request of the issuer on a showing of good
1604 cause therefor.

1605 (f) A detailed statement of the plan upon which the issuer
1606 proposes to transact business.

1607 (g)1. A specimen copy of the securities certificate, if
1608 applicable, ~~security~~ and a copy of any circular, prospectus,
1609 advertisement, or other description of such securities.

1610 2. The commission shall adopt a form for a simplified
1611 offering circular ~~to be used solely by corporations~~ to register,
1612 under this section, securities ~~of the corporation~~ that are sold
1613 in offerings in which the aggregate offering price in any
1614 consecutive 12-month period does not exceed the amount provided
1615 in s. 3(b) of the Securities Act of 1933. The following issuers
1616 shall not be eligible to submit a simplified offering circular
1617 adopted pursuant to this subparagraph:

1618 a. An issuer seeking to register securities for resale by
1619 persons other than the issuer.

1620 b. An issuer that ~~who~~ is subject to any of the
1621 disqualifications described in 17 C.F.R. s. 230.262, adopted
1622 pursuant to the Securities Act of 1933, or that ~~who~~ has been or
1623 is engaged or is about to engage in an activity that would be
1624 grounds for denial, revocation, or suspension under s. 517.111.

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1625 For purposes of this subparagraph, an issuer includes an
1626 issuer's director, officer, manager or managing member, equity
1627 owner ~~shareholder~~ who owns at least 10 percent of the ownership
1628 interests ~~shares~~ of the issuer, promoter, or selling agent of
1629 the securities to be offered or any officer, director, or
1630 partner of such selling agent.

1631 c. An issuer that ~~who~~ is a development-stage company that
1632 either has no specific business plan or purpose or has indicated
1633 that its business plan is to merge with an unidentified company
1634 or companies.

1635 d. An issuer of offerings in which the specific business or
1636 properties cannot be described.

1637 e. Any issuer the office determines is ineligible because
1638 ~~if~~ the form does ~~would~~ not provide full and fair disclosure of
1639 material information for the type of offering to be registered
1640 by the issuer.

1641 f. Any issuer that ~~corporation which~~ has failed to provide
1642 the office the reports required for a previous offering
1643 registered pursuant to this subparagraph.

1644

1645 As a condition precedent to qualifying for use of the simplified
1646 offering circular, an issuer ~~a corporation~~ shall agree to
1647 provide the office with an annual financial report containing a
1648 balance sheet as of the end of the issuer's fiscal year and a
1649 statement of income for such year, prepared in accordance with
1650 United States generally accepted accounting principles and
1651 accompanied by an independent accountant's report. If the issuer
1652 has more than 100 security holders at the end of a fiscal year,
1653 the financial statements must be audited. Annual financial

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1654 reports must be filed with the office within 90 days after the
1655 close of the issuer's fiscal year for each of the first 5 years
1656 following the effective date of the registration.

1657 (h) A statement of the amount of the issuer's income,
1658 expenses, and fixed charges during the last fiscal year or, if
1659 in actual business less than 1 year, then for such time as the
1660 issuer has been in actual business.

1661 (i) A statement of the issuer's cash sources and
1662 application during the last fiscal year or, if in actual
1663 business less than 1 year, then for such time as the issuer has
1664 been in actual business.

1665 (j) A statement showing the maximum price at which such
1666 security is proposed to be sold, together with the maximum
1667 amount of commission, including expenses, or other form of
1668 remuneration to be paid in cash or otherwise, directly or
1669 indirectly, for or in connection with the sale or offering for
1670 sale of such securities.

1671 (k) A copy of the opinion or opinions of counsel concerning
1672 the legality of the issue or other matters which the office may
1673 determine to be relevant to the issue.

1674 (l) A detailed statement showing the items of cash,
1675 property, services, patents, good will, and any other
1676 consideration in payment for which such securities have been or
1677 are to be issued.

1678 (m) The amount of securities to be set aside and disposed
1679 of and a statement of all securities issued from time to time
1680 for promotional purposes.

1681 (n) If the issuer is a corporation, there shall be filed
1682 with the application a copy of its articles of incorporation

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1683 with all amendments and of its existing bylaws, if not already
1684 on file in the office. If the issuer is a limited liability
1685 company, there shall be filed with the application a copy of the
1686 articles of organization with all the amendments, and a copy of
1687 the company's operating agreement, if not already on file with
1688 the office. If the issuer is a trustee, there shall be filed
1689 with the application a copy of all instruments by which the
1690 trust is created or declared and in which it is accepted and
1691 acknowledged. If the issuer is a partnership, unincorporated
1692 association, joint-stock company, or any other form of
1693 organization whatsoever, there shall be filed with the
1694 application a copy of its articles of partnership or association
1695 and all other papers pertaining to its organization, if not
1696 already on file in the office.

1697 (4) All of the statements, exhibits, and documents of every
1698 kind required under this section, except properly certified
1699 public documents, shall be verified by the oath of the applicant
1700 or of the issuer in such manner and form as may be required by
1701 the commission.

1702 ~~(5) The commission may by rule fix the maximum discounts,~~
1703 ~~commissions, expenses, remuneration, and other compensation to~~
1704 ~~be paid in cash or otherwise, not to exceed 20 percent, directly~~
1705 ~~or indirectly, for or in connection with the sale or offering~~
1706 ~~for sale of such securities in this state.~~

1707 (5)(6) An issuer filing an application under this section
1708 shall, at the time of filing, pay the office a nonreturnable fee
1709 of \$1,000 per application for each offering that exceeds the
1710 amount provided in s. 3(b) of the Securities Act of 1933 or \$200
1711 per application for each offering that does not exceed the

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1712 amount provided in s. 3(b) of the Securities Act of 1933.

1713 (6) The office must deny any application to register
1714 securities if the office determines that:

1715 (a) The issuer or an officer, director, manager or managing
1716 member, or control person of the issuer, or a person having a
1717 similar status or performing similar functions, has made any
1718 fraudulent representations or failed to disclose any material
1719 information in any prospectus or in any circular or other
1720 literature that has been distributed concerning the issuer or
1721 its securities;

1722 (b) The issuer or an officer, director, manager or managing
1723 member, or control person of the issuer, or a person having a
1724 similar status or performing similar functions, has violated or
1725 is violating any provision of s. 517.161(1); or

1726 (c) The security sought to be registered is the subject of
1727 an injunction entered by a court of competent jurisdiction or is
1728 the subject of an administrative stop-order or similar order
1729 prohibiting the sale of the security.

1730 (7) The office may deny a request to withdraw an
1731 application for registration if the office believes that an act
1732 that would be grounds for denial under this chapter has been
1733 committed.

1734 (8) If, upon examination of an application, the office
1735 finds that the application is complete, the fee required under
1736 subsection (5) has been paid, and the sale of the security would
1737 not work or tend to work a fraud upon the purchaser, the office
1738 shall record the registration of such security in the register
1739 of securities, and thereupon such security so registered may be
1740 sold by any registered dealer.

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1741 (9) The commission must by rule establish requirements and
1742 standards for the filing, content, and circulation of a
1743 preliminary, final, or amended prospectus and other sales
1744 literature and may by rule establish disclosure criteria
1745 relating to the issuance of equity securities, debt securities,
1746 insurance company securities, real estate investment trusts, and
1747 other traditional and nontraditional investments, including, but
1748 not limited to, oil and gas investments. The criteria may
1749 include such elements as the promoter's equity investment ratio,
1750 the financial condition of the issuer, the voting rights of
1751 shareholders, the grant of options or warrants to underwriters
1752 and others, loans and other affiliated transactions, the use or
1753 refund of proceeds of the offering, and such other relevant
1754 criteria as the commission in its judgment may deem necessary.

1755 (10) The office must deem any application to register
1756 securities filed with the office abandoned if the issuer or a
1757 person acting on behalf of the issuer has failed to timely
1758 complete an application as specified by commission rule.

1759 (11) At any time before the offering of a security in
1760 accordance with this section, an issuer or a person authorized
1761 to act on behalf of an issuer may communicate orally or in
1762 writing with prospective investors to determine whether there is
1763 any interest in a contemplated security offering. Such
1764 communications are deemed to be an offer of a security for sale
1765 for purposes of ss. 517.301, 517.311, and 517.312. No
1766 solicitation or acceptance of money or other consideration, nor
1767 of any commitment, binding or otherwise, from any person is
1768 permitted until the offering is registered.

1769 (a) The communications must state that:

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1770 1. No money or other consideration is being solicited and,
1771 if sent in response, will not be accepted.

1772 2. No offer to buy the securities can be accepted and no
1773 part of the purchase price can be received until the offering is
1774 registered, and any such offer may be withdrawn or revoked,
1775 without obligation or commitment of any kind, at any time before
1776 notice of its acceptance given after the registration date.

1777 3. A person's indication of interest involves no obligation
1778 or commitment of any kind.

1779 (b) Any written communication under this section may
1780 include a means by which a person may indicate to the issuer
1781 that the person is interested in a potential offering. The
1782 issuer may require the name, address, telephone number, or e-
1783 mail address in any response form included under this paragraph.

1784 (12) A communication before registration under this section
1785 is not deemed to be in violation of s. 517.07 if made in
1786 connection with a seminar or meeting in which more than one
1787 issuer participates and if the seminar or meeting is sponsored
1788 by a college, university, or other institution of higher
1789 education; a state or local government or an instrumentality
1790 thereof; a nonprofit organization; an angel investor group,
1791 business incubator, or business accelerator, provided that all
1792 of the following requirements are met:

1793 (a) No advertising for the seminar or meeting references a
1794 specific offering of securities by the issuer.

1795 (b) The sponsor of the seminar or meeting does not do any
1796 of the following:

1797 1. Make investment recommendations or provide investment
1798 advice to event attendees.

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1799 2. Engage in investment negotiations between the issuer and
1800 investors attending the event.

1801 3. Charge event attendees of the event any fees, other than
1802 reasonable administrative fees.

1803 4. Receive any compensation for making introductions
1804 between event attendees and issuers or for investment
1805 negotiations between such parties.

1806 5. Receive any compensation with respect to the event that
1807 would require registration of the sponsor as a dealer,
1808 intermediary, finder, or investment adviser under s. 517.12.

1809 (c) The type of information regarding an offering of
1810 securities by the issuer that is communicated or distributed by
1811 or on behalf of the issuer in connection with the event is
1812 limited to a notification that the issuer is in the process of
1813 offering or planning to offer securities, the type and amount of
1814 securities being offered, the intended use of proceeds of the
1815 offering, and the unsubscribed amount in the offering.

1816 (d) If the event allows attendees to participate virtually
1817 rather than in person, online participation in the event is
1818 limited to:

1819 1. Natural persons who are members of, or otherwise
1820 associated with the sponsor organization.

1821 2. Natural persons who the sponsor reasonably believes are
1822 accredited investors.

1823 3. Natural persons who have been invited to the event by
1824 the sponsor based on industry or investment-related experience,
1825 reasonably selected in good faith, and disclosed in the public
1826 communications about the event.

1827 ~~(7) If upon examination of any application the office shall~~

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1828 ~~find that the sale of the security referred to therein would not~~
1829 ~~be fraudulent and would not work or tend to work a fraud upon~~
1830 ~~the purchaser, that the terms of the sale of such securities~~
1831 ~~would be fair, just, and equitable, and that the enterprise or~~
1832 ~~business of the issuer is not based upon unsound business~~
1833 ~~principles, it shall record the registration of such security in~~
1834 ~~the register of securities; and thereupon such security so~~
1835 ~~registered may be sold by any registered dealer, subject,~~
1836 ~~however, to the further order of the office. In order to~~
1837 ~~determine if an offering is fair, just, and equitable, the~~
1838 ~~commission may by rule establish requirements and standards for~~
1839 ~~the filing, content, and circulation of any preliminary, final,~~
1840 ~~or amended prospectus and other sales literature and may by rule~~
1841 ~~establish merit qualification criteria relating to the issuance~~
1842 ~~of equity securities, debt securities, insurance company~~
1843 ~~securities, real estate investment trusts, and other traditional~~
1844 ~~and nontraditional investments, including, but not limited to,~~
1845 ~~oil and gas investments. The criteria may include such elements~~
1846 ~~as the promoter's equity investment ratio, the financial~~
1847 ~~condition of the issuer, the voting rights of shareholders, the~~
1848 ~~grant of options or warrants to underwriters and others, loans~~
1849 ~~and other affiliated transaction, the use or refund of proceeds~~
1850 ~~of the offering, and such other relevant criteria as the office~~
1851 ~~in its judgment may deem necessary to such determination.~~

1852 ~~(8) The commission may by rule establish requirements and~~
1853 ~~standards for:~~

1854 ~~(a) Disclosures to purchasers of viatical settlement~~
1855 ~~investments.~~

1856 ~~(b) Recordkeeping requirements for sellers of viatical~~

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1857 ~~settlement investments.~~

1858 Section 6. Section 517.082, Florida Statutes, is amended to
1859 read:

1860 517.082 Registration by notification; federal registration
1861 statements ~~Notification registration.~~

1862 (1) Except as provided in subsection (3), securities
1863 offered or sold pursuant to a registration statement filed under
1864 the Securities Act of 1933 shall be entitled to registration by
1865 notification in the manner provided in subsection (2), provided
1866 that before ~~prior to~~ the offer or sale the registration
1867 statement has become effective.

1868 (2) An application for registration by notification shall
1869 be filed with the office, shall contain the following
1870 information, and shall be accompanied by all of the following:

1871 (a) An application to sell executed by the issuer, any
1872 person on whose behalf the offering is made, a dealer registered
1873 under this chapter, or any duly authorized agent of any such
1874 person, setting forth the name and address of the applicant, the
1875 name and address of the issuer, and the title of the securities
1876 to be offered and sold.†

1877 (b) Copies of such documents filed with the Securities and
1878 Exchange Commission as the Financial Services Commission may by
1879 rule require.†

1880 (c) An irrevocable written consent to service as required
1881 by s. 517.101.† ~~and~~

1882 (d) A nonreturnable fee of \$1,000 per application.

1883

1884 A registration under this section becomes effective when the
1885 federal registration statement becomes effective or as of the

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1886 date the application is filed with the office, whichever is
1887 later, provided that, in addition to the items listed in
1888 paragraphs (a)-(d), the office has received written notification
1889 of effective registration under the Securities Act of 1933 or
1890 the Investment Company Act of 1940 within 10 business days after
1891 ~~from~~ the date federal registration is granted. Failure to
1892 provide all the information required by this subsection to the
1893 office within 60 days after ~~of~~ the date the registration
1894 statement becomes effective with the Securities and Exchange
1895 Commission shall be a violation of this chapter.

1896 (3) Except for ~~units of limited partnership interests or~~
1897 ~~such other~~ securities ~~as~~ the Financial Services Commission
1898 describes by rule as exempt from this subsection due to high
1899 investment quality, the provisions of this section may not be
1900 used to register securities if the offering price at the time of
1901 effectiveness with the Securities and Exchange Commission is \$5
1902 or less per share, unless such securities are listed or
1903 designated, or approved for listing or designation upon notice
1904 of issuance, on a stock exchange registered pursuant to the
1905 Securities Exchange Act of 1934 ~~or on the National Association~~
1906 ~~of Securities Dealers Automated Quotation (NASDAQ) System~~, or
1907 unless such securities are of the same issuer and of senior or
1908 substantially equal rank to securities so listed or designated.

1909 (4) In lieu of filing with the office the application,
1910 fees, and documents for registration required by subsection (2),
1911 the commission may establish, by rule, procedures for depositing
1912 fees and filing documents by electronic means, provided such
1913 procedures provide the office with the information and data
1914 required by this section.

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1915 (5) An application for registration by notification with
1916 the office shall be deemed abandoned if the applicant's federal
1917 registration statement is not declared effective by the
1918 Securities and Exchange Commission within 180 days after the
1919 filing of the application for registration by notification with
1920 the office.

1921 Section 7. Section 517.111, Florida Statutes, is amended to
1922 read:

1923 517.111 Revocation or denial of registration of
1924 securities.-

1925 (1) The office may revoke or suspend the registration of
1926 any security, ~~or may deny any application to register~~
1927 ~~securities,~~ if, upon examination or investigation into the
1928 affairs of the issuer of such security, it appears ~~shall appear~~
1929 that:

1930 (a) The issuer cannot pay its debts as they become due in
1931 the usual course of business ~~is insolvent;~~

1932 (b) The issuer or any officer, director, or control person
1933 of the issuer has violated any provision of this chapter or any
1934 rule made hereunder or any order of the office of which such
1935 issuer has notice;

1936 (c) The issuer or any officer, director, or control person
1937 of the issuer has been or is engaged or is about to engage in
1938 fraudulent transactions;

1939 (d) The issuer or any officer, director, or control person
1940 of the issuer has been found guilty of a fraudulent act in
1941 connection with any sale of securities, has engaged, is engaged,
1942 or is about to engage, in making a fictitious sale or purchase
1943 of any security, or in any practice or sale of any security

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1944 which is fraudulent or a violation of any law;

1945 (e) The issuer or any officer, director, or control person
1946 of the issuer has had a final judgment entered against such
1947 issuer or person in a civil action on the grounds of fraud,
1948 embezzlement, misrepresentation, or deceit;

1949 ~~(f) The issuer or any officer, director, or control person~~
1950 ~~of the issuer has demonstrated any evidence of unworthiness;~~

1951 (f) ~~(g)~~ The issuer or any officer, director, or control
1952 person of the issuer ~~is in any other way dishonest or~~ has made
1953 any fraudulent representations or failed to disclose any
1954 material information in any prospectus or in any circular or
1955 other literature that has been distributed concerning the issuer
1956 or its securities; or

1957 (g) ~~(h)~~ The security ~~registered or sought to be registered~~
1958 is the subject of an injunction entered by a court of competent
1959 jurisdiction or is the subject of an administrative stop-order
1960 or similar order prohibiting the offer or sale of the security. +

1961 ~~(i) For any security for which registration has been~~
1962 ~~applied pursuant to s. 517.081, the terms of the offer or sale~~
1963 ~~of such securities would not be fair, just, or equitable; or~~

1964 ~~(j) The issuer or any person acting on behalf of the issuer~~
1965 ~~has failed to timely complete any application for registration~~
1966 ~~filed with the office pursuant to the provisions of s. 517.081~~
1967 ~~or s. 517.082 or any rule adopted under such sections.~~

1968
1969 In making such examination or investigation, the office shall
1970 have access to and may compel the production of all the books
1971 and papers of such issuer and may administer oaths to and
1972 examine the officers of such issuer or any other person

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1973 connected therewith as to its business and affairs and may also
1974 require a balance sheet exhibiting the assets and liabilities of
1975 any such issuer or its income statement, or both, to be
1976 certified to by a public accountant either of this state or of
1977 any other state where the issuer's business is located. Whenever
1978 the office deems it necessary, it may also require such balance
1979 sheet or income statement, or both, to be made more specific in
1980 such particulars as the office may require.

1981 (2) If any issuer shall refuse to permit an examination or
1982 investigation to be made by the office, it shall be proper
1983 ground for revocation of registration.

1984 (3) If the office deems it necessary, it may enter an order
1985 suspending the right to sell securities pending any examination
1986 or investigation, provided that the order shall state the
1987 office's grounds for taking such action.

1988 (4) Notice of the entry of such order shall be given
1989 personally or by mail, ~~personally, by telephone confirmed in~~
1990 ~~writing, or by telegraph to the issuer~~. Before such order is
1991 made final, the issuer ~~applying for registration~~ shall, on
1992 application, be entitled to a hearing.

1993 (5) The office may deny any request to terminate any
1994 registration ~~or to withdraw any application for registration~~ if
1995 the office believes that an act which would be grounds for
1996 denial, suspension, or revocation under this chapter has been
1997 committed.

1998 Section 8. Subsections (3) through (22) of section 517.12,
1999 Florida Statutes, are renumbered as subsections (2) through
2000 (21), respectively, subsection (1), present subsections (2),
2001 (3), (7), and (11), paragraph (b) of present subsection (15),

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2002 and present subsections (20) and (21) are amended, and a new
2003 subsection (22) is added to that section, to read:

2004 517.12 Registration of dealers, associated persons,
2005 intermediaries, ~~and investment advisers,~~ and finders.—

2006 (1) No dealer or, ~~associated person, or issuer of~~
2007 ~~securities~~ shall sell or offer for sale any securities in or
2008 from offices in this state, or sell securities to persons in
2009 this state from offices outside this state, by mail or
2010 otherwise, unless the person has been registered with the office
2011 pursuant to the provisions of this section. The office shall not
2012 register any person as an associated person of a dealer unless
2013 the dealer with which the applicant seeks registration is
2014 lawfully registered with the office pursuant to this chapter.

2015 ~~(2) The registration requirements of this section do not~~
2016 ~~apply to the issuers of securities exempted by s. 517.051(1)-(8)~~
2017 ~~and (10).~~

2018 ~~(2)(3) Except as otherwise provided in s. 517.061(11)(a)4.,~~
2019 ~~(13), (16), (17), or (19),~~ The registration requirements of this
2020 section do not apply in a transaction exempted by s. 517.061(1)-
2021 (10), (12) ~~s. 517.061(1)-(12),~~ (14), and (15).

2022 ~~(6)(7)~~ The application must also contain such information
2023 as the commission or office may require about the applicant; any
2024 member, principal, or director of the applicant or any person
2025 having a similar status or performing similar functions; any
2026 control person of ~~directly or indirectly controlling the~~
2027 applicant; or any employee of a dealer or of an investment
2028 adviser rendering investment advisory services. Each applicant
2029 and any direct owners, principals, or indirect owners that are
2030 required to be reported on Form BD or Form ADV pursuant to

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2031 subsection (14) ~~(15)~~ shall submit fingerprints for live-scan
2032 processing in accordance with rules adopted by the commission.
2033 The fingerprints may be submitted through a third-party vendor
2034 authorized by the Department of Law Enforcement to provide live-
2035 scan fingerprinting. The costs of fingerprint processing shall
2036 be borne by the person subject to the background check. The
2037 Department of Law Enforcement shall conduct a state criminal
2038 history background check, and a federal criminal history
2039 background check must be conducted through the Federal Bureau of
2040 Investigation. The office shall review the results of the state
2041 and federal criminal history background checks and determine
2042 whether the applicant meets licensure requirements. The
2043 commission may waive, by rule, the requirement that applicants,
2044 including any direct owners, principals, or indirect owners that
2045 are required to be reported on Form BD or Form ADV pursuant to
2046 subsection (14) ~~(15)~~, submit fingerprints or the requirement
2047 that such fingerprints be processed by the Department of Law
2048 Enforcement or the Federal Bureau of Investigation. The
2049 commission or office may require information about any such
2050 applicant or person concerning such matters as:

2051 (a) His or her full name, and any other names by which he
2052 or she may have been known, and his or her age, social security
2053 number, photograph, qualifications, and educational and business
2054 history.

2055 (b) Any injunction or administrative order by a state or
2056 federal agency, national securities exchange, or national
2057 securities association involving a security or any aspect of the
2058 securities business and any injunction or administrative order
2059 by a state or federal agency regulating banking, insurance,

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2060 finance, or small loan companies, real estate, mortgage brokers,
2061 or other related or similar industries, which injunctions or
2062 administrative orders relate to such person.

2063 (c) His or her conviction of, or plea of nolo contendere
2064 to, a criminal offense or his or her commission of any acts
2065 which would be grounds for refusal of an application under s.
2066 517.161.

2067 (d) The names and addresses of other persons of whom the
2068 office may inquire as to his or her character, reputation, and
2069 financial responsibility.

2070 ~~(10)-(11)~~ (a) If the office finds that the applicant ~~is of~~
2071 ~~good repute and character and~~ has complied with the applicable
2072 registration provisions of this chapter and the rules made
2073 pursuant hereto, it shall register the applicant. The
2074 registration of each dealer, investment adviser, and associated
2075 person expires on December 31 of the year the registration
2076 became effective unless the registrant has renewed its ~~his or~~
2077 ~~her~~ registration on or before that date. Registration may be
2078 renewed by furnishing such information as the commission may
2079 require, together with payment of the fee required in paragraph
2080 (9) (a) ~~(10) (a)~~ for dealers, investment advisers, or associated
2081 persons and the payment of any amount lawfully due and owing to
2082 the office pursuant to any order of the office or pursuant to
2083 any agreement with the office. Any dealer, investment adviser,
2084 or associated person who has not renewed a registration by the
2085 time the current registration expires may request reinstatement
2086 of such registration by filing with the office, on or before
2087 January 31 of the year following the year of expiration, such
2088 information as may be required by the commission, together with

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2089 payment of the fee required in paragraph (9) (a) ~~(10)(a)~~ for
2090 dealers, investment advisers, or associated persons and a late
2091 fee equal to the amount of such fee. Any reinstatement of
2092 registration granted by the office during the month of January
2093 shall be deemed effective retroactive to January 1 of that year.

2094 (b) The office shall waive the \$50 assessment fee for an
2095 associated person required by paragraph (9) (a) ~~(10)(a)~~ for a
2096 registrant renewing his or her registration who:

2097 1. Is an active duty member of the United States Armed
2098 Forces or the spouse of such member;

2099 2. Is or was a member of the United States Armed Forces and
2100 served on active duty within the 2 years preceding the
2101 expiration date of the registration pursuant to paragraph (a).
2102 To qualify for the fee waiver, a registrant who is a former
2103 member of the United States Armed Forces who served on active
2104 duty within the 2 years preceding the expiration date of the
2105 registration must have received an honorable discharge upon
2106 separation or discharge from the United States Armed Forces; or

2107 3. Is the surviving spouse of a member of the United States
2108 Armed Forces if the member was serving on active duty at the
2109 time of death and died within the 2 years preceding the
2110 surviving spouse's registration expiration date pursuant to
2111 paragraph (a).

2112
2113 A registrant seeking such fee waiver must submit proof, in a
2114 form prescribed by commission rule, that the registrant meets
2115 one of the qualifications in this paragraph.

2116 (14) ~~(15)~~

2117 (b) In lieu of filing with the office the applications

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2118 specified in subsection (5) ~~(6)~~, the fees required by subsection
2119 (9) ~~(10)~~, the renewals required by subsection (10) ~~(11)~~, and the
2120 termination notices required by subsection (11) ~~(12)~~, the
2121 commission may by rule establish procedures for the deposit of
2122 such fees and documents with the Central Registration Depository
2123 or the Investment Adviser Registration Depository of the
2124 Financial Industry Regulatory Authority, as developed under
2125 contract with the North American Securities Administrators
2126 Association, Inc.

2127 (19) ~~(20)~~ An intermediary may not engage in business in this
2128 state unless the intermediary is registered as a dealer or as an
2129 intermediary with the office pursuant to this section to
2130 facilitate the offer or sale of securities in accordance with s.
2131 517.0611. An intermediary, in order to obtain registration, must
2132 file with the office a written application on a form prescribed
2133 by commission rule and pay a registration fee of \$200. The fees
2134 under this subsection shall be deposited into the Regulatory
2135 Trust Fund of the office. The commission may establish by rule
2136 procedures for depositing fees and filing documents by
2137 electronic means if such procedures provide the office with the
2138 information and data required by this section. Each intermediary
2139 must also file an irrevocable written consent to service of
2140 civil process, as provided in s. 517.101.

2141 (a) The application must contain such information as the
2142 commission or office may require concerning:

2143 1. The name of the applicant and address of its principal
2144 office and each office in this state.

2145 2.a. The applicant's form and place of organization; and~~7~~

2146 b. If the applicant is:

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2147 (I) A corporation, a copy of its articles of incorporation
2148 and amendments to the articles of incorporation; ~~or,~~

2149 (II) A limited liability company, a copy of its articles of
2150 organization and amendments to the articles, and a copy of the
2151 company's operating agreement; or

2152 (III) ~~if~~ A partnership, a copy of the partnership
2153 agreement.

2154 3. The website address where securities of the issuer will
2155 be offered.

2156 4. Contact information.

2157 (b) The application must also contain such information as
2158 the commission may require by rule about the applicant; any
2159 member, principal, or director of the applicant or any person
2160 having a similar status or performing similar functions; or any
2161 control person of ~~persons directly or indirectly controlling~~ the
2162 applicant. Each applicant and any direct owners, principals, or
2163 indirect owners that are required to be reported on a form
2164 adopted by commission rule shall submit fingerprints for live-
2165 scan processing in accordance with rules adopted by the
2166 commission. The fingerprints may be submitted through a third-
2167 party vendor authorized by the Department of Law Enforcement to
2168 provide live-scan fingerprinting. The costs of fingerprint
2169 processing shall be borne by the person subject to the
2170 background check. The Department of Law Enforcement shall
2171 conduct a state criminal history background check, and a federal
2172 criminal history background check must be conducted through the
2173 Federal Bureau of Investigation. The office shall review the
2174 results of the state and federal criminal history background
2175 checks and determine whether the applicant meets registration

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2176 requirements. The commission may waive, by rule, the requirement
2177 that applicants, including any direct owners, principals, or
2178 indirect owners, which are required to be reported on a form
2179 adopted by commission rule, submit fingerprints or the
2180 requirement that such fingerprints be processed by the
2181 Department of Law Enforcement or the Federal Bureau of
2182 Investigation. The commission, by rule, or the office may
2183 require information about any applicant or person, including:

2184 1. The applicant's or person's ~~His or her~~ full name and any
2185 other names by which the applicant or person ~~he or she~~ may have
2186 been known and the applicant's or person's ~~his or her~~ age,
2187 social security number, photograph, qualifications, and
2188 educational and business history.

2189 2. Any injunction or administrative order by a state or
2190 federal agency, national securities exchange, or national
2191 securities association involving a security or any aspect of the
2192 securities business and any injunction or administrative order
2193 by a state or federal agency regulating banking, insurance,
2194 finance, ~~or small loan companies,~~ real estate, mortgage brokers,
2195 or other related or similar industries, which relate to such
2196 person.

2197 3. The applicant's or person's ~~His or her~~ conviction of, or
2198 plea of nolo contendere to, a criminal offense or the
2199 applicant's or person's ~~his or her~~ commission of any acts that
2200 would be grounds for refusal of an application under s. 517.161.

2201 (c) The application must be amended within 30 days if any
2202 information contained in the form becomes inaccurate for any
2203 reason.

2204 (d) An intermediary or persons affiliated with the

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2205 intermediary are not subject to any disqualification described
2206 in s. 517.1611 or United States Securities and Exchange
2207 Commission Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant
2208 to the Securities Act of 1933. Each director, officer, manager
2209 or managing member, control person of the issuer, any person
2210 occupying a similar status or performing a similar function, and
2211 each person holding more than 20 percent of the ownership
2212 interests ~~shares~~ of the intermediary is subject to this
2213 requirement.

2214 (e) If the office finds that the applicant ~~is of good~~
2215 ~~repute and character and~~ has complied with the applicable
2216 registration provisions of this chapter and the rules adopted
2217 thereunder, it shall register the applicant. The registration of
2218 each intermediary expires on December 31 of the year the
2219 registration became effective unless the registrant renews its
2220 ~~his or her~~ registration on or before that date. Registration may
2221 be renewed by furnishing such information as the commission may
2222 require by rule, together with payment of a \$200 fee and the
2223 payment of any amount due to the office pursuant to any order of
2224 the office or pursuant to any agreement with the office. An
2225 intermediary who has not renewed a registration by the time that
2226 the current registration expires may request reinstatement of
2227 such registration by filing with the office, on or before
2228 January 31 of the year following the year of expiration, such
2229 information as required by the commission, together with payment
2230 of the \$200 fee and a late fee of \$200. Any reinstatement of
2231 registration granted by the office during the month of January
2232 is deemed effective retroactive to January 1 of that year.

2233 (20) ~~(21)~~ The registration requirements of this section do

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2234 not apply to any general lines insurance agent or life insurance
2235 agent licensed under chapter 626, for the sale of a security as
2236 defined in s. 517.021(29)(g) ~~s. 517.021(22)(g)~~, if the
2237 individual is directly authorized by the issuer to offer or sell
2238 the security on behalf of the issuer and the issuer is a
2239 federally chartered savings bank subject to regulation by the
2240 Federal Deposit Insurance Corporation. Actions under this
2241 subsection shall constitute activity under the insurance agent's
2242 license for purposes of ss. 626.611 and 626.621.

2243 (22) (a) A finder or an associated person of a finder may
2244 not engage in business in this state unless the finder or the
2245 finder and associated person of the finder have been registered
2246 with the office pursuant to this section.

2247 (b) In order to register, a finder or associated person
2248 must file with the office a written application on a form that
2249 the commission may prescribe by rule. The commission may
2250 establish, by rule, procedures for filing documents by
2251 electronic means if such procedures provide the office with the
2252 information and data required by this section. Each finder must
2253 also file an irrevocable written consent to service of civil
2254 process similar to that provided in s. 517.101. The application
2255 must contain information as the commission or office may require
2256 concerning matters such as:

2257 1. The name of the applicant, the address of its principal
2258 office and each office in this state, and its contact
2259 information.

2260 2.a. The applicant's form and place of organization.

2261 b. If the applicant is:

2262 (I) A corporation, a copy of its articles of incorporation

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2263 and amendments of its articles;

2264 (II) A limited liability company, a copy of its articles of
2265 organization with amendments of its articles, and a copy of the
2266 company's operating agreement; or

2267 (III) A partnership, a copy of the partnership agreement.

2268 3. The names and addresses of all associated persons of the
2269 applicant to be employed in this state and the offices to which
2270 the persons will be assigned.

2271 (c) The application must also contain such information as
2272 the commission or office may require about the applicant; any
2273 member, principal, or director of the applicant or any person
2274 having a similar status or performing similar functions; or any
2275 control person of the applicant. Each applicant, and any control
2276 person if the applicant is an entity, shall submit fingerprints
2277 for live-scan processing in accordance with s. 517.12(6). The
2278 commission, by rule, or the office may require information about
2279 any such applicant or person, including, but not limited to:

2280 1. The applicant's or person's date of birth, social
2281 security number, and education and business history.

2282 2. Any injunction or administrative order by a state or
2283 federal agency, national securities exchange, or national
2284 securities association involving a security or any aspect of the
2285 securities business and any injunction or administrative order
2286 by a state or federal agency regulating banking, insurance,
2287 finance, real estate, mortgage brokers, or other related or
2288 similar industries, which relate to such applicant or person.

2289 3. The applicant's or person's conviction of, or plea of
2290 nolo contendere to, a criminal offense or the applicant's or
2291 person's commission of any act that would be grounds for refusal

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2292 of an application under s. 517.161.

2293 (d) The application must be amended within 30 days if any
2294 information contained in the form becomes inaccurate for any
2295 reason.

2296 (e) The applicant must not be subject to any
2297 disqualification described in s. 517.1611 or United States
2298 Securities and Exchange Commission Rule 506(d), 17 C.F.R.
2299 230.506(d), adopted under the Securities Act of 1933.

2300 (f) If the office finds that an applicant has complied with
2301 the applicable registration provisions of this chapter and the
2302 rules adopted thereunder, the office shall register the
2303 applicant. The registration of each finder and associated person
2304 expires on December 31 of the year in which the registration
2305 became effective unless the finder or associated person renews
2306 the registration on or before that date. Registration may be
2307 renewed by furnishing such information as the commission may
2308 require by rule. A finder or associated person who has not
2309 renewed a registration by the time the current registration
2310 expires may request reinstatement of such registration by filing
2311 with the office, on or before January 31 of the year following
2312 the year of expiration, such information as required by the
2313 commission. A reinstatement of registration granted by the
2314 office during the month of January is deemed effective
2315 retroactive to January 1 of that year.

2316 (g) A finder must:

2317 1. Concurrently with each introduction, obtain the
2318 informed, written consent of each person introduced or referred
2319 by the finder to an issuer, in a written agreement signed by the
2320 finder, the issuer, and the person introduced or referred, and

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2321 initialed by the person introduced or referred next to each
2322 paragraph, disclosing the following:

2323 a. The type and amount of compensation that has been or
2324 will be paid to the finder in connection with the introduction
2325 or referral and the conditions for payment of that compensation.

2326 b. That neither the finder nor its associated persons are
2327 providing advice to the issuer or a person introduced or
2328 referred by the finder to an issuer as to the value of the
2329 securities being offered or sold or as to the advisability of
2330 investing in, purchasing, or selling the securities being
2331 offered or sold.

2332 c. Whether the finder or any of its associated persons are
2333 also owners, directly or indirectly, of the securities being
2334 offered or sold.

2335 d. Any actual and potential conflict of interest in
2336 connection with the finder's or associated person's activities
2337 related to the issuer transaction.

2338 e. That the parties to the agreement have the right to
2339 pursue any available remedies at law or otherwise for any breach
2340 of the agreement.

2341
2342 To satisfy the requirements of this subparagraph, the agreement
2343 must also include a representation by the person introduced or
2344 referred by the finder to the issuer that the person is an
2345 accredited investor and that the person knowingly consents to
2346 the payment of the compensation described in the agreement.

2347 2. Maintain and preserve for 5 years after the date of the
2348 last renewal of registration under paragraph (f) a copy of the
2349 written agreement required under this paragraph and all other

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2350 records relating to any offer or sale of securities in
2351 connection with which the finder receives compensation as the
2352 commission may require by rule, including, but not limited to,
2353 communications with prospective investors, compensation records,
2354 and written disclosures provided to prospective investors. Upon
2355 written request by the office, the finder shall furnish to the
2356 office any records required to be maintained and preserved under
2357 this paragraph.

2358 (h) A finder or associated person may not:

2359 1. Participate in negotiating any of the terms of the offer
2360 or sale of the securities being offered or sold.

2361 2. Advise any party to the transaction regarding the value
2362 of the securities being offered or sold or the advisability of
2363 investing in, purchasing, or selling the securities being
2364 offered or sold.

2365 3. Conduct any due diligence on the part of any party to
2366 the transaction.

2367 4. Sell or offer for sale, in connection with the issuer
2368 transaction, any securities of the issuer that are owned,
2369 directly or indirectly, by the finder or associated person.

2370 5. Receive, directly or indirectly, possession or custody
2371 of any funds in connection with the issuer transaction.

2372 6. Knowingly receive compensation in connection with any
2373 offer or sale of securities unless the security is exempt under
2374 s. 517.051, is sold in a transaction exempt under s. 517.061, is
2375 a federal covered security, or is registered under this chapter.

2376 7. Make any disclosure to a prospective investor other than
2377 the following:

2378 a. The name and address of, and the contact information

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2379 for, the issuer or a dealer representing the issuer.

2380 b. The name, type, price, and aggregate amount of any
2381 securities being offered in the issuer transaction.

2382 c. The issuer's industry, location, and number of years in
2383 business.

2384 d. Written disclosure documents obtained from the issuer.

2385 8. Engage in any other activities prohibited by commission
2386 rule.

2387 Section 9. Subsections (1) and (2) of section 517.121,
2388 Florida Statutes, are amended to read:

2389 517.121 Books and records requirements; examinations.—

2390 (1) A dealer, investment adviser, branch office, associated
2391 person, ~~or~~ intermediary, or finder shall maintain such books and
2392 records as the commission may prescribe by rule.

2393 (2) The office shall, at intermittent periods, examine the
2394 affairs and books and records of each registered dealer,
2395 investment adviser, associated person, intermediary, finder, or
2396 branch office notice-filed with the office, or require such
2397 records and reports to be submitted to it as required by rule of
2398 the commission, to determine compliance with this act.

2399 Section 10. Section 517.1217, Florida Statutes, is amended
2400 to read:

2401 517.1217 Rules of conduct and prohibited business practices
2402 for intermediaries and for dealers, finders, and their
2403 associated persons.—The commission by rule may establish rules
2404 of conduct and prohibited business practices for intermediaries
2405 and for dealers, finders, and their associated persons. In
2406 adopting the rules, the commission shall consider general
2407 industry standards as expressed in the rules and regulations of

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2408 the various federal and self-regulatory agencies and regulatory
2409 associations, including, but not limited to, the United States
2410 Securities and Exchange Commission, the Financial Industry
2411 Regulatory Authority, and the North American Securities
2412 Administrators Association.

2413 Section 11. Section 517.161, Florida Statutes, is amended
2414 to read:

2415 517.161 Revocation, denial, or suspension of registration
2416 of dealer, investment adviser, intermediary, finder, or
2417 associated person.—

2418 (1) Registration under s. 517.12 may be denied or any
2419 registration granted may be revoked, restricted, or suspended by
2420 the office if the office determines that such applicant or
2421 registrant; any member, principal, or director of the applicant
2422 or registrant or any person having a similar status or
2423 performing similar functions; or any control person of ~~directly~~
2424 ~~or indirectly controlling~~ the applicant or registrant:

2425 (a) Has violated any provision of this chapter or any rule
2426 or order made under this chapter;

2427 (b) Has made a material false statement in the application
2428 for registration;

2429 (c) Has been guilty of a fraudulent act in connection with
2430 rendering investment advice or in connection with any sale of
2431 securities, has been or is engaged or is about to engage in
2432 making fictitious or pretended sales or purchases of any such
2433 securities or in any practice involving the rendering of
2434 investment advice or the sale of securities which is fraudulent
2435 or in violation of the law;

2436 (d) Has made a misrepresentation or false statement to, or

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2437 concealed any essential or material fact from, any person in the
2438 rendering of investment advice or the sale of a security to such
2439 person;

2440 (e) Has failed to account to persons interested for all
2441 money and property received;

2442 (f) Has not delivered, after a reasonable time, to persons
2443 entitled thereto securities held or agreed to be delivered by
2444 the dealer, ~~broker,~~ or investment adviser, as and when paid for,
2445 and due to be delivered;

2446 (g) Is rendering investment advice or selling or offering
2447 for sale securities through any associated person not registered
2448 in compliance with ~~the provisions of~~ this chapter;

2449 (h) Has demonstrated unworthiness to transact the business
2450 of dealer, investment adviser, intermediary, finder, or
2451 associated person;

2452 (i) Has exercised management or policy control over or
2453 owned 10 percent or more of the securities of any dealer,
2454 intermediary, or investment adviser that has been declared
2455 bankrupt, or had a trustee appointed under the Securities
2456 Investor Protection Act; or is, in the case of a dealer,
2457 intermediary, or investment adviser, insolvent;

2458 (j) Has been convicted of, or has entered a plea of guilty
2459 or nolo contendere to, regardless of whether adjudication was
2460 withheld, a crime against the laws of this state or any other
2461 state or of the United States or of any other country or
2462 government which relates to registration as a dealer, investment
2463 adviser, issuer of securities, intermediary, finder, or
2464 associated person; which relates to the application for such
2465 registration; or which involves moral turpitude or fraudulent or

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2466 dishonest dealing;

2467 (k) Has had a final judgment entered against her or him in
2468 a civil action upon grounds of fraud, embezzlement,
2469 misrepresentation, or deceit;

2470 ~~(l) Is of bad business repute;~~

2471 (l) ~~(m)~~ Has been the subject of any decision, finding,
2472 injunction, suspension, prohibition, revocation, denial,
2473 judgment, or administrative order by any court of competent
2474 jurisdiction, administrative law judge, or by any state or
2475 federal agency, national securities, commodities, or option
2476 exchange, or national securities, commodities, or option
2477 association, involving a violation of any federal or state
2478 securities or commodities law or any rule or regulation
2479 promulgated thereunder, or any rule or regulation of any
2480 national securities, commodities, or options exchange or
2481 national securities, commodities, or options association, or has
2482 been the subject of any injunction or adverse administrative
2483 order by a state or federal agency regulating banking,
2484 insurance, finance ~~or small loan companies~~, real estate,
2485 mortgage brokers or lenders, money transmitters, or other
2486 related or similar industries. For purposes of this subsection,
2487 the office may not deny registration to any applicant who has
2488 been continuously registered with the office for 5 years after
2489 the date of entry of such decision, finding, injunction,
2490 suspension, prohibition, revocation, denial, judgment, or
2491 administrative order provided such decision, finding,
2492 injunction, suspension, prohibition, revocation, denial,
2493 judgment, or administrative order has been timely reported to
2494 the office pursuant to the commission's rules; or

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2495 (m) ~~(n)~~ Made payment to the office for a registration with a
2496 check or electronic transmission of funds that is dishonored by
2497 the applicant's or registrant's financial institution.

2498 (2) The payment or anticipated payment of any amount from
2499 the Securities Guaranty Fund in settlement of a claim or in
2500 satisfaction of a judgment against an applicant or registrant
2501 constitutes prima facie grounds for the denial of the
2502 applicant's application for registration or the revocation of
2503 the registrant's registration.

2504 (3) In the event the office determines to deny an
2505 application or revoke a registration, it shall enter a final
2506 order with its findings on the register of dealers and
2507 associated persons; and denial, suspension, or revocation of the
2508 registration of a dealer, intermediary, or investment adviser
2509 shall also deny, suspend, or revoke the registration of all her
2510 or his associated persons.

2511 (4) It shall be sufficient cause for denial of an
2512 application or revocation of registration, in the case of a
2513 partnership, corporation, limited liability company, or
2514 unincorporated association, if any member of the partnership,
2515 any manager or managing member of the limited liability company,
2516 or any officer, director, or ultimate equitable owner of the
2517 corporation or association has committed any act or omission
2518 which would be cause for denying, revoking, restricting, or
2519 suspending the registration of an individual dealer, investment
2520 adviser, intermediary, finder, or associated person. As used in
2521 this subsection, the term "ultimate equitable owner" means a
2522 natural person who directly or indirectly owns or controls an
2523 ownership interest in the corporation, partnership, association,

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2524 or other legal entity however organized, regardless of whether
2525 such natural person owns or controls such ownership interest
2526 through one or more proxies, powers of attorney, nominees,
2527 corporations, associations, partnerships, trusts, joint stock
2528 companies, or other entities or devices, or any combination
2529 thereof.

2530 (5) The office may deny any request to terminate or
2531 withdraw any application or registration if the office believes
2532 that an act that ~~which~~ would be a ground for denial, suspension,
2533 restriction, or revocation under this chapter has been
2534 committed.

2535 (6) Registration under s. 517.12 may be denied or any
2536 registration granted may be suspended or restricted if an
2537 applicant or registrant is charged, in a pending enforcement
2538 action or pending criminal prosecution, with any conduct that
2539 would authorize denial or revocation under subsection (1).
2540 Registration under s. 517.12 may be suspended or restricted if a
2541 registrant is arrested for any conduct that would authorize
2542 revocation under subsection (1).

2543 (a) Any denial of registration ordered under this
2544 subsection shall be without prejudice to the applicant's ability
2545 to reapply for registration.

2546 (b) Any order of suspension or restriction under this
2547 subsection shall:

2548 1. Take effect only after a hearing, unless no hearing is
2549 requested by the registrant or unless the suspension or
2550 restriction is made in accordance with s. 120.60(6).

2551 2. Contain a finding that evidence of a prima facie case
2552 supports the charge made in the enforcement action or criminal

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2553 prosecution.

2554 3. Operate for no longer than 10 days beyond receipt of
2555 notice by the office of termination with respect to the
2556 registrant of the enforcement action or criminal prosecution.

2557 (c) For purposes of this subsection:

2558 1. The term "enforcement action" means any judicial
2559 proceeding or any administrative proceeding where such judicial
2560 or administrative proceeding is brought by an agency of the
2561 United States or of any state to enforce or restrain violation
2562 of any state or federal law, or any disciplinary proceeding
2563 maintained by the Financial Industry Regulatory Authority, the
2564 National Futures Association, or any other similar self-
2565 regulatory organization.

2566 2. An enforcement action is pending at any time after
2567 notice to the applicant or registrant of such action and is
2568 terminated at any time after entry of final judgment or decree
2569 in the case of judicial proceedings, final agency action in the
2570 case of administrative proceedings, and final disposition by a
2571 self-regulatory organization in the case of disciplinary
2572 proceedings.

2573 3. A criminal prosecution is pending at any time after
2574 criminal charges are filed and is terminated at any time after
2575 conviction, acquittal, or dismissal.

2576 Section 12. Subsection (2) of section 517.1611, Florida
2577 Statutes, is amended to read:

2578 517.1611 Guidelines.—

2579 (2) The commission shall adopt by rule disqualifying
2580 periods pursuant to which an applicant will be disqualified from
2581 eligibility for registration based upon criminal convictions,

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2582 pleas of nolo contendere, or pleas of guilt, regardless of
2583 whether adjudication was withheld, by the applicant; any
2584 partner, member, officer, or director of the applicant or any
2585 person having a similar status or performing similar functions;
2586 or any control person of ~~directly or indirectly controlling~~ the
2587 applicant.

2588 (a) The disqualifying periods shall be 15 years for a
2589 felony and 5 years for a misdemeanor.

2590 (b) The disqualifying periods shall be related to crimes
2591 involving registration as a dealer, investment adviser, issuer
2592 of securities, or associated person or the application for such
2593 registration or involving moral turpitude or fraudulent or
2594 dishonest dealing.

2595 (c) The rules may also address mitigating factors, an
2596 additional waiting period based upon dates of imprisonment or
2597 community supervision, an additional waiting period based upon
2598 commitment of multiple crimes, and other factors reasonably
2599 related to the consideration of an applicant's criminal history.

2600 (d) An applicant is not eligible for registration until the
2601 expiration of the disqualifying period set by rule. Section
2602 112.011 does not apply to the registration provisions under this
2603 chapter. Nothing in this section changes or amends the grounds
2604 for denial under s. 517.161.

2605 Section 13. Section 517.181, Florida Statutes, is repealed.

2606 Section 14. Subsection (4) of section 517.191, Florida
2607 Statutes, is amended to read:

2608 517.191 Injunction to restrain violations; civil penalties;
2609 enforcement by Attorney General.—

2610 (4) (a) In addition to any other remedies provided by this

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2611 chapter, the office may apply to the court hearing the matter
2612 for, and the court shall have jurisdiction to impose, a civil
2613 penalty against any person found to have violated any provision
2614 of this chapter, any rule or order adopted by the commission or
2615 office, or any written agreement entered into with the office in
2616 an amount not to exceed \$10,000 for a natural person or \$25,000
2617 for any other person, or the gross amount of any pecuniary gain
2618 to such defendant for each such violation other than a violation
2619 of s. 517.301 plus \$50,000 for a natural person or \$250,000 for
2620 any other person, or the gross amount of any pecuniary gain to
2621 such defendant for each violation of s. 517.301. All civil
2622 penalties collected pursuant to this subsection shall be
2623 deposited into the Anti-Fraud Trust Fund. The office may recover
2624 any costs and attorney fees related to the office's
2625 investigation or enforcement of this section. Notwithstanding
2626 any other provision of law, moneys recovered by the office for
2627 costs and attorney fees collected pursuant to this subsection
2628 shall be deposited into the Anti-Fraud Trust Fund.

2629 (b) A control person found to have violated any provision
2630 of this chapter or any rule adopted under any provision of this
2631 chapter is liable jointly and severally with and to the same
2632 extent as such controlled person in any action brought by the
2633 office under this section, unless the control person can
2634 establish by a preponderance of the evidence that he or she
2635 acted in good faith and did not directly or indirectly induce
2636 the act that constitutes the violation or cause of action. For
2637 purposes of any action brought by the office under this section,
2638 a person who knowingly or recklessly provides substantial
2639 assistance to another person in violation of a provision of this

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2640 chapter, or of any rule adopted under any provision of this
2641 chapter, is deemed to violate the provision or the rule to the
2642 same extent as the person to whom such assistance is provided.

2643 Section 15. Subsection (1) of section 517.075, Florida
2644 Statutes, is amended to read:

2645 517.075 Cuba, prospectus disclosure of doing business with,
2646 required.—

2647 (1) Any issuer of securities that will be sold in this
2648 state pursuant to a prospectus must disclose in the prospectus
2649 if the issuer or any affiliate thereof, ~~as defined in s.~~
2650 ~~517.021(1),~~ does business with the government of Cuba or with
2651 any person or affiliate located in Cuba. The prospectus
2652 disclosure required by this subsection does not apply with
2653 respect to prospectuses prepared before April 10, 1992.

2654 Section 16. Subsection (5) of section 626.9911, Florida
2655 Statutes, is amended to read:

2656 626.9911 Definitions.—As used in this act, the term:

2657 (5) "Life expectancy provider" means a person who
2658 determines, or holds himself or herself out as determining, life
2659 expectancies or mortality ratings used to determine life
2660 expectancies:

2661 (a) On behalf of a viatical settlement provider, viatical
2662 settlement broker, life agent, or person engaged in the business
2663 of viatical settlements;

2664 (b) In connection with a viatical settlement investment,
2665 ~~pursuant to s. 517.021(24); or~~

2666 (c) On residents of this state in connection with a
2667 viatical settlement contract or viatical settlement investment.

2668 Section 17. Subsection (6) of section 744.351, Florida

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2669 Statutes, is amended to read:

2670 744.351 Bond of guardian.—

2671 (6) When it is expedient in the judgment of any court
2672 having jurisdiction of any guardianship property, because the
2673 size of the bond required of the guardian is burdensome, or for
2674 other cause, the court may order, in lieu of a bond or in
2675 addition to a lesser bond, that the guardian place all or part
2676 of the property of the ward in a designated financial
2677 institution under the same conditions and limitations as are
2678 contained in s. 69.031. A designated financial institution shall
2679 also include a dealer, ~~as defined in s. 517.021(6)~~, if the
2680 dealer is a member of the Security Investment Protection
2681 Corporation and is doing business in the state.

2682 Section 18. Paragraph (a) of subsection (1) of section
2683 517.131, Florida Statutes, is amended to read:

2684 517.131 Securities Guaranty Fund.—

2685 (1) (a) The Chief Financial Officer shall establish a
2686 Securities Guaranty Fund. An amount not exceeding 20 percent of
2687 all revenues received as assessment fees pursuant to s.
2688 517.12(9) and (10) ~~s. 517.12(10) and (11)~~ for dealers and
2689 investment advisers or s. 517.1201 for federal covered advisers
2690 and an amount not exceeding 10 percent of all revenues received
2691 as assessment fees pursuant to s. 517.12(9) and (10) ~~s.~~
2692 ~~517.12(10) and (11)~~ for associated persons shall be part of the
2693 regular license fee and shall be transferred to or deposited in
2694 the Securities Guaranty Fund.

2695 Section 19. Subsection (1) of section 517.211, Florida
2696 Statutes, is amended to read:

2697 517.211 Remedies available in cases of unlawful sale.—

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2698 (1) Every sale made in violation of either s. 517.07 or s.
2699 517.12(1), (3), (4), (8), (10), (12), (15), or (17) ~~(4), (5),~~
2700 ~~(9), (11), (13), (16), or (18)~~ may be rescinded at the election
2701 of the purchaser, except a sale made in violation of the
2702 provisions of s. 517.1202(3) relating to a renewal of a branch
2703 office notification shall not be subject to this section, and a
2704 sale made in violation of the provisions of s. 517.12(12) ~~s.~~
2705 ~~517.12(13)~~ relating to filing a change of address amendment
2706 shall not be subject to this section. Each person making the
2707 sale and every director, officer, partner, or agent of or for
2708 the seller, if the director, officer, partner, or agent has
2709 personally participated or aided in making the sale, is jointly
2710 and severally liable to the purchaser in an action for
2711 rescission, if the purchaser still owns the security, or for
2712 damages, if the purchaser has sold the security. No purchaser
2713 otherwise entitled will have the benefit of this subsection who
2714 has refused or failed, within 30 days of receipt, to accept an
2715 offer made in writing by the seller, if the purchaser has not
2716 sold the security, to take back the security in question and to
2717 refund the full amount paid by the purchaser or, if the
2718 purchaser has sold the security, to pay the purchaser an amount
2719 equal to the difference between the amount paid for the security
2720 and the amount received by the purchaser on the sale of the
2721 security, together, in either case, with interest on the full
2722 amount paid for the security by the purchaser at the legal rate,
2723 pursuant to s. 55.03, for the period from the date of payment by
2724 the purchaser to the date of repayment, less the amount of any
2725 income received by the purchaser on the security.

2726 Section 20. Subsection (2) of section 517.315, Florida

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2727 Statutes, is amended to read:

2728 517.315 Fees.—All fees of any nature collected by the
2729 office pursuant to this chapter shall be disbursed as follows:

2730 (1) The office shall transfer the amount of fees required
2731 to be deposited into the Securities Guaranty Fund pursuant to s.
2732 517.131;

2733 (2) After the transfer required in subsection (1), the
2734 office shall transfer the \$50 assessment fee collected from each
2735 associated person under s. 517.12(9) and (10) ~~s. 517.12(10) and~~
2736 ~~(11)~~ and 30.44 percent of the \$100 assessment fee paid by
2737 dealers and investment advisors for each office in the state
2738 under s. 517.12(9) and (10) ~~s. 517.12(10) and (11)~~ to the
2739 Regulatory Trust Fund; and

2740 (3) All remaining fees shall be deposited into the General
2741 Revenue Fund.

2742 Section 21. This act shall take effect July 1, 2022.