

By Senator Truenow

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1                   A bill to be entitled  
2       An act relating to securities; amending s. 517.021,  
3       F.S.; providing and revising definitions; amending s.  
4       517.061, F.S.; revising the circumstances under which  
5       securities transactions are exempt from registration  
6       requirements; conforming cross-references; amending s.  
7       517.0612, F.S.; revising the filing requirements for  
8       securities issuers under the Florida Invest Local  
9       Exemption law; amending s. 517.0614, F.S.; revising  
10      circumstances under which securities offers and sales  
11      are not subject to integration with other offerings;  
12      amending s. 517.0616, F.S.; revising the registration  
13      exemptions that are available to specified issuers  
14      under certain circumstances; providing applicability  
15      of certain disqualification provisions under a  
16      specified Securities and Exchange Commission rule;  
17      amending s. 517.075, F.S.; making a technical change;  
18      amending s. 517.081, F.S.; revising the requirements  
19      for securities registration applications; amending s.  
20      517.12, F.S.; revising the list of persons who must  
21      submit fingerprints for live-scan processing for  
22      registration applications; providing fees for  
23      fingerprint processing; providing and revising  
24      definitions; revising the written assurances  
25      requirements that merger and acquisition brokers must  
26      receive from certain control persons under specified  
27      circumstances; revising the circumstances under which  
28      merger and acquisition brokers are not exempt from  
29      specified securities registration; conforming cross-

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30 references; amending s. 517.131, F.S.; defining the  
31 term "restitution order; revising the circumstances  
32 under which a person is eligible for payment from the  
33 Securities Guaranty Fund; revising the requirements  
34 for applications for payment from the fund; conforming  
35 cross-references; amending s. 517.301, F.S.;  
36 specifying a prohibition against certain  
37 misrepresentations in issuing and selling securities;  
38 amending ss. 517.211 and 517.315, F.S.; conforming  
39 cross-references; providing an effective date.  
40

41 Be It Enacted by the Legislature of the State of Florida:  
42

43 Section 1. Present subsections (6) through (9), (10), (11)  
44 through (17), (18) through (25), (26), and (27) of section  
45 517.021, Florida Statutes, are redesignated as subsections (7)  
46 through (10), (12), (14) through (20), (23) through (30), (32),  
47 and (33), respectively, new subsections (6), (11), (13), (21),  
48 (22), and (31) are added to that section, and present  
49 subsections (11) and (15) of that section are amended, to read:

50 517.021 Definitions.—When used in this chapter, unless the  
51 context otherwise indicates, the following terms have the  
52 following respective meanings:

53 (6) "Branch manager" means a natural person who administers  
54 or supervises the affairs or operations of a branch office.

55 (11) "Corporation" has the same meaning as "corporation" or  
56 "domestic corporation" in s. 607.01401 or "foreign corporation"  
57 in s. 607.01401.

58 (13) "Director" means a person appointed or elected to sit

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59 on a board that manages the affairs of a corporation or other  
60 organization by electing or exercising control over its  
61 officers.

62 (14)~~(11)~~ "Federal covered adviser" means a person that is  
63 registered or required to be registered under s. 203 of the  
64 Investment Advisers Act of 1940, as amended. The term does not  
65 include any person that is excluded from the definition of  
66 investment adviser under subparagraphs (19) (b) 1.-7. ~~(16) (b) 1.-7.~~  
67 and 9.

68 (18)~~(15)~~ "Intermediary" means a ~~natural~~ person that  
69 ~~residing in this state or a corporation, trust, partnership,~~  
70 ~~limited liability company, association, or other legal entity~~  
71 ~~registered with the Secretary of State to do business in this~~  
72 ~~state, which~~ facilitates through its website the offer or sale  
73 of securities of an issuer with a principal place of business in  
74 this state.

75 (21) "Limited liability company" has the same meaning as  
76 "limited liability company" or "foreign limited liability  
77 company," as those terms are defined in s. 605.0102.

78 (22) "Limited liability company manager" or "limited  
79 liability managing member" means a person who is responsible  
80 alone or in concert with others for performing the management  
81 functions of a limited liability company.

82 (31) "Trust" has the same meaning as in s. 731.201.

83 Section 2. Subsections (7) and (9), paragraph (f) of  
84 subsection (11), and subsections (18), (19), and (20) of section  
85 517.061, Florida Statutes, are amended to read:

86 517.061 Exempt transactions.—Except as otherwise provided  
87 in subsection (11), the exemptions provided herein from the

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88 registration requirements of s. 517.07 are self-executing and do  
89 not require any filing with the office before being claimed. Any  
90 person who claims entitlement to an exemption under this section  
91 bears the burden of proving such entitlement in any proceeding  
92 brought under this chapter. The registration provisions of s.  
93 517.07 do not apply to any of the following transactions;  
94 however, such transactions are subject to s. 517.301:

95 (7) The offer or sale of securities, solely in connection  
96 with the transfer of ownership of an eligible privately held  
97 company, through a merger and acquisition broker in accordance  
98 with s. 517.12(22) ~~s. 517.12(21)~~.

99 (9) The offer or sale of securities to:

100 (a) A bank, trust company, savings institution, insurance  
101 company, dealer, investment company as defined in the Investment  
102 Company Act of 1940, 15 U.S.C. s. 80a-3, as amended, pension or  
103 profit-sharing trust, or qualified institutional buyer, whether  
104 any of such entities is acting in its individual or fiduciary  
105 capacity.

106 (b) A savings and loan association, building and loan  
107 association, cooperative bank, homestead association, or credit  
108 union, which is supervised and examined by a state or federal  
109 authority having supervision over any such institution.

110 (c) A federal covered adviser, investment adviser  
111 registered pursuant to the laws of a state, exempt reporting  
112 adviser or private fund adviser as those terms are defined in s.  
113 517.12(23)(a)2. and 3., respectively, investment adviser relying  
114 on the exemption from registering with the Securities and  
115 Exchange Commission under s. 203(1) or (m) of the Investment  
116 Advisers Act of 1940, as amended, business development company

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117 as defined in s. 2(a)(48) of the Investment Company Act of 1940,  
118 as amended, or business development company as defined in s.  
119 202(a)(22) of the Investment Advisers Act of 1940, as amended.

120 (d) A small business investment company licensed by the  
121 Small Business Administration under s. 301(c) of the Small  
122 Business Investment Act of 1958, as amended, or rural business  
123 investment company as defined in s. 384A of the Consolidated  
124 Farm and Rural Development Act.

125 (e) A plan established and maintained by a state, a  
126 political subdivision thereof, or any agency or instrumentality  
127 of a state or a political subdivision, for the benefit of its  
128 employees, if such plan has total assets in excess of \$5  
129 million, an employee benefit plan within the meaning of the  
130 Employee Retirement Income Security Act of 1974 if the  
131 investment decision is made by a plan fiduciary, as described in  
132 s. 3(21) of such act, which is a bank, savings and loan  
133 association, insurance company, or federal covered adviser, or  
134 if the employee benefit plan has total assets in excess of \$5  
135 million or, if a self-directed plan, with investment decisions  
136 made solely by persons that are accredited investors.

137 (f) An organization described in s. 501(c)(3) of the  
138 Internal Revenue Code, corporation, Massachusetts trust or  
139 similar business trust, partnership, or limited liability  
140 company, not formed for the specific purpose of acquiring the  
141 securities offered, with total assets in excess of \$5 million.

142 (g) A trust, with total assets in excess of \$5 million, not  
143 formed for the specific purpose of acquiring the securities  
144 offered, whose purchase is directed by a sophisticated person as  
145 described in Securities and Exchange Commission Rule

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146 506(b)(2)(ii), 17 C.F.R. s. 230.506(b)(2)(ii), as amended.

147 (h) An entity of a type not listed in paragraphs (a)-(g) or  
148 paragraph (j) which owns investments as defined in Securities  
149 and Exchange Commission Rule 2a51-1(b), 17 C.F.R s. 270.2a51-  
150 1(b), as amended, in excess of \$5 million and is not formed for  
151 the specific purpose of acquiring the securities offered.

152 (i) A family office as defined in Securities and Exchange  
153 Commission Rule 202(a)(11)(G)-1 under the Investment Advisers  
154 Act of 1940, 17 C.F.R. s. 275.202(a)(11)(G)-1, as amended,  
155 provided that:

156 1. The family office has assets under management in excess  
157 of \$5 million;

158 2. The family office is not formed for the specific purpose  
159 of acquiring the securities offered; and

160 3. The prospective investment of the family office is  
161 directed by a person who has knowledge and experience in  
162 financial and business matters that the family office is capable  
163 of evaluating the merits and risks of the prospective  
164 investment.

165 (j) An entity in which all of the equity owners are  
166 described in paragraphs (a)-(i).

167 (11) Offers or sales of securities by an issuer in a  
168 transaction that meets all of the following conditions:

169 (f) The issuer files with the office a notice of  
170 transaction on a form prescribed by commission rule, an  
171 irrevocable written,~~a~~ consent to service of civil process  
172 similar to that provided in s. 517.101, and a copy of the  
173 general announcement within 15 days after the first sale is made  
174 in this state. The commission may adopt by rule procedures for

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175 filing documents by electronic means.

176 (18) Any nonissuer transaction by a registered dealer, and  
177 any resale transaction by a sponsor of a unit investment trust  
178 registered under the Investment Company Act of 1940, as amended,  
179 in a security of a class that has been outstanding in the hands  
180 of the public for at least 90 days; provided that, at the time  
181 of the transaction, the following conditions in paragraphs (a),  
182 (b), and (c) and either paragraph (d) or paragraph (e) are met:

183 (a) The issuer of the security is actually engaged in  
184 business and is not in the organizational stage or in bankruptcy  
185 or receivership and is not a blank check, blind pool, or shell  
186 company whose primary plan of business is to engage in a merger  
187 or combination of the business with, or an acquisition of, an  
188 unidentified person.

189 (b) The security is sold at a price reasonably related to  
190 the current market price of the security.

191 (c) The security does not constitute the whole or part of  
192 an unsold allotment to, or a subscription or participation by,  
193 the dealer as an underwriter of the security.

194 (d) The security is listed in a nationally recognized  
195 securities manual designated by rule of the commission or a  
196 document filed with and publicly viewable through the Securities  
197 and Exchange Commission electronic data gathering and retrieval  
198 system and contains:

199 1. A description of the business and operations of the  
200 issuer.†

201 2. The names of the issuer's officers and directors, if  
202 any, or, in the case of an issuer not domiciled in the United  
203 States, the corporate equivalents of such persons in the

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204 issuer's country of domicile.†

205 3. An audited balance sheet of the issuer as of a date  
206 within 18 months before such transaction or, in the case of a  
207 reorganization or merger in which parties to the reorganization  
208 or merger had such audited balance sheet, a pro forma balance  
209 sheet.†~~and~~

210 4. An audited income statement for each of the issuer's  
211 immediately preceding 2 fiscal years, or for the period of  
212 existence of the issuer, if in existence for less than 2 years  
213 or, in the case of a reorganization or merger in which the  
214 parties to the reorganization or merger had such audited income  
215 statement, a pro forma income statement.

216 (e)1. The issuer of the security has a class of equity  
217 securities listed on a national securities exchange registered  
218 under the Securities Exchange Act of 1934, as amended;

219 2. The class of security is quoted, offered, purchased, or  
220 sold through an alternative trading system registered under  
221 Securities and Exchange Commission Regulation ATS, 17 C.F.R. s.  
222 242.301, as amended, and the issuer of the security has made  
223 current information publicly available in accordance with  
224 Securities and Exchange Commission Rule 15c2-11, 17 C.F.R. s.  
225 240.15c2-11, as amended;

226 3. The issuer of the security is a unit investment trust  
227 registered under the Investment Company Act of 1940, as amended;

228 4. The issuer of the security has been engaged in  
229 continuous business, including predecessors, for at least 3  
230 years; or

231 5. The issuer of the security has total assets of at least  
232 \$2 million based on an audited balance sheet as of a date within



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233 18 months before such transaction or, in the case of a  
234 reorganization or merger in which parties to the reorganization  
235 or merger had such audited balance sheet, a pro forma balance  
236 sheet.

237 (19) The offer or sale of any security effected by or  
238 through a person in compliance with s. 517.12(17) ~~s. 517.12(16)~~.

239 (20) (a) A nonissuer transaction in an outstanding security  
240 by or through a dealer registered or exempt from registration  
241 under this chapter, if, at the time of the transaction, all of  
242 the following conditions are met ~~true~~:

243 1.(a) The issuer is a reporting issuer in a foreign  
244 jurisdiction ~~designated by this subsection or by commission~~  
245 ~~rule~~, and the issuer has been subject to continuous reporting  
246 requirements in such foreign jurisdiction for not less than 180  
247 days before the transaction.

248 2.(b) The security is listed on a foreign securities  
249 exchange or foreign securities market ~~the securities exchange~~  
250 ~~designated by this subsection or by commission rule~~, is a  
251 security of the same issuer which is of senior or substantially  
252 equal rank to the listed security, or is a warrant or right to  
253 purchase or subscribe to any such security.

254 (b) The commission shall consider all of the following in  
255 designating a foreign securities exchange or foreign securities  
256 market for purposes of this subsection:

257 1. Organization under foreign law.

258 2. Association with a generally recognized community of  
259 dealers, financial institutions, or other professional  
260 intermediaries with an established operating history.

261 3. Oversight by a governmental or self-regulatory body.

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- 262       4. Oversight standards set by general law.
- 263       5. Reporting of securities transactions on a regular basis
- 264 to a governmental or self-regulatory body.
- 265       6. A system for exchange of price quotations through common
- 266 communications media.
- 267       7. An organized clearance and settlement system.
- 268       8. Listing in Securities and Exchange Commission Regulation
- 269 S Rule 902, 17 C.F.R. s. 230.902, as amended.

270

271 ~~For purposes of this subsection, Canada, together with its~~

272 ~~provinces and territories, is designated as a foreign~~

273 ~~jurisdiction, and Toronto Stock Exchange, Inc., is designated as~~

274 ~~a securities exchange. If, after an administrative hearing in~~

275 ~~compliance with ss. 120.569 and 120.57, the office finds that~~

276 ~~revocation is necessary or appropriate in furtherance of the~~

277 ~~public interest and for the protection of investors, it may~~

278 ~~revoke the designation of a foreign securities exchange or~~

279 ~~foreign securities market under this subsection.~~

280       Section 3. Subsection (10) of section 517.0612, Florida

281 Statutes, is amended to read:

282       517.0612 Florida Invest Local Exemption.—

283       (10) The issuer must file with the office a notice of

284 transaction on a form prescribed by commission rule, an

285 irrevocable written consent to service of civil process similar

286 to that provided in s. 517.101, and a copy of the disclosure

287 statement described in subsection (8) at least ~~the offering with~~

288 ~~the office, in writing or in electronic form, in a format~~

289 ~~prescribed by commission rule, no less than 5 business days~~

290 ~~before the offering commences, along with the disclosure~~

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291 ~~statement described in subsection (8)~~. If there are any material  
292 changes to the information previously submitted, the issuer  
293 must, within 3 business days after such material change, file an  
294 amended notice.

295 Section 4. Paragraph (b) of subsection (2) of section  
296 517.0614, Florida Statutes, is amended to read:

297 517.0614 Integration of offerings.—

298 (2) The integration analysis required by subsection (1) is  
299 not required if any of the following nonexclusive safe harbors  
300 apply:

301 (b) Offers and sales made in compliance with any of the  
302 following provisions are not subject to integration with other  
303 offerings:

304 1. Section 517.051 or s. 517.061, except s. 517.061(10) or  
305 (11) ~~s. 517.061(9), (10), or (11)~~.

306 2. Section 517.0611 or s. 517.0612.

307 Section 5. Section 517.0616, Florida Statutes, is amended  
308 to read:

309 517.0616 Disqualification.—

310 (1) A registration exemption under s. 517.061(11) ~~s.~~  
311 ~~517.061(9), (10), and (11)~~, s. 517.0611, or s. 517.0612 is not  
312 available to an issuer if, at the time the issuer makes an offer  
313 for the sale of a security, the issuer; a predecessor of the  
314 issuer; an affiliated issuer; a director, executive officer, or  
315 other officer of the issuer participating in the offering; a  
316 general partner or managing member of the issuer; a beneficial  
317 owner of 20 percent or more of the issuer's outstanding voting  
318 equity securities, calculated on the basis of voting power; or a  
319 promoter connected with the issuer in any capacity at the time

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320 of such sale ~~that~~ would be disqualified under Securities and  
321 Exchange Commission Rule 506(d), 17 C.F.R. s. 230.506(d), as  
322 amended, ~~at the time the issuer makes an offer for the sale of a~~  
323 ~~security.~~

324 (2) The disqualification under Securities and Exchange  
325 Commission Rule 506(d), 17 C.F.R. s. 230.506(d), as amended,  
326 does not apply to any other person or entity listed in such  
327 rule.

328 Section 6. Subsection (2) of section 517.075, Florida  
329 Statutes, is amended to read:

330 517.075 Cuba, prospectus disclosure of doing business with,  
331 required.—

332 (2) Any disclosure required by subsection (1) must include:

333 (a) The name of such person, affiliate, or government with  
334 which the issuer does business and the nature of that business. ~~;~~

335 (b) A statement that the information is accurate as of the  
336 date the securities were effective with the ~~United States~~  
337 Securities and Exchange Commission or with the office, whichever  
338 date is later. ~~;~~ ~~and~~

339 (c) A statement that current information concerning the  
340 issuer's business dealings with the government of Cuba or with  
341 any person or affiliate located in Cuba may be obtained from the  
342 office, which statement must include the address and phone  
343 number of the office.

344 Section 7. Subsection (5) and paragraph (a) of subsection  
345 (9) of section 517.081, Florida Statutes, are amended to read:

346 517.081 Registration procedure.—

347 (5) ~~All of~~ The following issuers are not eligible to submit  
348 a simplified offering circular:

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349 (a) An issuer that is subject to any of the  
350 disqualifications described in Securities and Exchange  
351 Commission Rule 262, 17 C.F.R. s. 230.262, as amended, or that  
352 has been or is engaged or is about to engage in an activity that  
353 would be grounds for denial, revocation, or suspension under s.  
354 517.111. For purposes of this paragraph, an issuer includes an  
355 issuer's director, officer, general partner, manager or managing  
356 member, trustee, or a person owning at least 10 percent of the  
357 ownership interests of the issuer; a promoter or selling agent  
358 of the securities to be offered; or any officer, director,  
359 partner, or manager or managing member of such selling agent.

360 (b) An issuer that is a development-stage company that  
361 either has no specific business plan or purpose or has indicated  
362 that its business plan is to merge with an unidentified business  
363 entity or entities.

364 (c) An issuer of offerings in which the specific business  
365 or properties cannot be described.

366 (d) An issuer that the office determines is ineligible  
367 because the simplified circular does not provide full and fair  
368 disclosure of material information for the type of offering to  
369 be registered by the issuer.

370 (9) (a) The office shall record the registration of a  
371 security in the register of securities if, upon examination of  
372 an application, it finds that all of the following requirements  
373 are met:

- 374 1. The application is complete.
- 375 2. The fee imposed in subsection (8) has been paid.
- 376 3. The sale of the security would not be fraudulent and  
377 would not work or tend to work a fraud upon the purchaser.

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378 4. The terms of the sale of such securities would be fair,  
379 just, and equitable.

380 ~~5. The enterprise or business of the issuer is not based~~  
381 ~~upon unsound business principles.~~

382 Section 8. Present subsections (7) through (22) of section  
383 517.12, Florida Statutes, are redesignated as subsections (8)  
384 through (23), respectively, a new subsection (7) is added to  
385 that section, and subsection (6), present subsection (10),  
386 paragraph (b) of present subsection (14), and present  
387 subsections (19), (20), and (21) of that section are amended, to  
388 read:

389 517.12 Registration of dealers, associated persons,  
390 intermediaries, and investment advisers.—

391 (6) The application must also contain such information as  
392 the commission or office may require about the applicant; any  
393 member, principal, or director of the applicant or any person  
394 having a similar status or performing similar functions; any  
395 person directly or indirectly controlling the applicant; or any  
396 employee of a dealer or of an investment adviser rendering  
397 investment advisory services. ~~Each applicant and any direct~~  
398 ~~owners, principals, or indirect owners that are required to be~~  
399 ~~reported on Form BD or Form ADV pursuant to subsection (14)~~  
400 ~~shall submit fingerprints for live scan processing in accordance~~  
401 ~~with rules adopted by the commission. The fingerprints may be~~  
402 ~~submitted through a third-party vendor authorized by the~~  
403 ~~Department of Law Enforcement to provide live scan~~  
404 ~~fingerprinting. The costs of fingerprint processing shall be~~  
405 ~~borne by the person subject to the background check. The~~  
406 ~~Department of Law Enforcement shall conduct a state criminal~~

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407 ~~history background check, and a federal criminal history~~  
408 ~~background check must be conducted through the Federal Bureau of~~  
409 ~~Investigation. The office shall review the results of the state~~  
410 ~~and federal criminal history background checks and determine~~  
411 ~~whether the applicant meets licensure requirements. The~~  
412 ~~commission may waive, by rule, the requirement that applicants,~~  
413 ~~including any direct owners, principals, or indirect owners that~~  
414 ~~are required to be reported on Form BD or Form ADV pursuant to~~  
415 ~~subsection (14), submit fingerprints or the requirement that~~  
416 ~~such fingerprints be processed by the Department of Law~~  
417 ~~Enforcement or the Federal Bureau of Investigation. The~~  
418 ~~commission or office may require information about any such~~  
419 ~~applicant or person concerning such matters as:~~

420 (a) The applicant's or person's full name, and any other  
421 names by which the applicant or person may have been known, and  
422 the applicant's or person's age, social security number,  
423 photograph, qualifications, and educational and business  
424 history.

425 (b) Any injunction or administrative order by a state or  
426 federal agency, national securities exchange, or national  
427 securities association involving a security or any aspect of a  
428 dealer's or investment adviser's regulated business and any  
429 injunction or administrative order by a state or federal agency  
430 regulating banking, insurance, finance, or small loan companies,  
431 real estate, mortgage brokers, or other related or similar  
432 industries, which injunctions or administrative orders relate to  
433 such person.

434 (c) The applicant's or person's conviction of, or plea of  
435 nolo contendere to, a criminal offense or the applicant's or

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436 person's commission of any acts which would be grounds for  
437 refusal of an application under s. 517.161.

438 (d) The names and addresses of other persons of whom the  
439 office may inquire as to the applicant's or person's character,  
440 reputation, and financial responsibility.

441 (7) (a) 1. The following persons must submit a full set of  
442 fingerprints to the Department of Law Enforcement or to a  
443 vendor, entity, or agency authorized under s. 943.053(13) for  
444 live-scan processing in accordance with rules adopted by the  
445 commission.

446 a. A natural person filing with the office an application  
447 for registration as an associated person.

448 b. A natural person who holds the title of president,  
449 treasurer, chief executive officer, chief financial officer,  
450 chief operations officer, chief legal officer, or chief  
451 compliance officer for a dealer or investment adviser applicant.

452 c. A natural person who is a director of a dealer or  
453 investment adviser applicant.

454 d. A natural person who is a trustee of a trust that owns 5  
455 percent or more of a class of a voting security of a dealer or  
456 investment adviser applicant, or that has the right to receive  
457 upon dissolution, or has contributed, 5 percent or more of the  
458 capital of a dealer or investment adviser applicant.

459 e. A natural person who is a direct owner of a dealer or  
460 investment adviser applicant.

461 f. Each natural person who is a shareholder of a  
462 corporation that is a direct owner of a dealer or investment  
463 adviser applicant who beneficially owns, has the right to vote,  
464 or has the power to sell or direct the sale of, 25 percent or



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465 more of a class of a voting security of such corporation. For  
466 purposes of this sub-subparagraph, a shareholder beneficially  
467 owns any securities:

468 (I) Owned by the shareholder's child, stepchild,  
469 grandchild, parent, stepparent, grandparent, spouse, sibling,  
470 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
471 brother-in-law, or sister-in-law sharing the same residence; or

472 (II) That the shareholder has the right to acquire, within  
473 60 days, through the exercise of any option, warrant, or right  
474 to purchase the securities.

475 g. Each natural person who is a general partner of, and  
476 each natural person who is a limited partner or special partner  
477 of, a partnership that is a direct owner of a dealer or  
478 investment adviser applicant who has the right to receive upon  
479 dissolution, or has contributed, 25 percent or more of such  
480 partnership's capital.

481 h. Each natural person who is a member of a limited  
482 liability company that is a direct owner of a dealer or  
483 investment adviser applicant who has the right to receive upon  
484 dissolution, or has contributed, 25 percent or more of such  
485 limited liability company's capital, and, if such limited  
486 liability company is managed by elected managers, each elected  
487 manager.

488 2. For purposes of this paragraph, the term "direct owner"  
489 means:

490 a. A shareholder who owns 5 percent or more of a class of  
491 voting securities of a dealer or investment adviser applicant,  
492 and includes any person who owns, beneficially owns, has the  
493 right to vote, or has the power to sell or direct the sale of, 5

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494 percent or more of a class of a voting security of the dealer or  
495 investment adviser applicant. For purposes of this sub-  
496 subparagraph, a person beneficially owns any securities:

497 (I) Owned by the shareholder's child, stepchild,  
498 grandchild, parent, stepparent, grandparent, spouse, sibling,  
499 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
500 brother-in-law, or sister-in-law sharing the same residence; or

501 (II) That the shareholder has the right to acquire, within  
502 60 days, through the exercise of any option, warrant, or right  
503 to purchase the securities.

504 b. Each general partner and each limited partner or special  
505 partner of a dealer or investment adviser applicant who has the  
506 right to receive upon dissolution, or has contributed, 5 percent  
507 or more of the capital of a dealer or investment adviser  
508 applicant.

509 c. A member who has the right to receive upon dissolution,  
510 or has contributed, 5 percent or more of the capital of a dealer  
511 or investment adviser applicant, and all elected managers of a  
512 dealer or investment adviser applicant.

513 (b) A vendor, entity, or agency authorized under s.  
514 943.053(13) to submit fingerprints electronically to the  
515 Department of Law Enforcement shall submit the fingerprints to  
516 the department for state processing, and the department shall  
517 forward the fingerprints to the Federal Bureau of Investigation  
518 for national processing.

519 (c) Fees for state and federal fingerprint processing shall  
520 be borne by the person subject to the criminal history record  
521 check. The state cost for fingerprint processing shall be as  
522 provided in s. 943.053(3)(e).

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523       (d) The office shall review the results of the state and  
524 federal criminal history record checks and determine whether the  
525 applicant is disqualified from registration. The commission may  
526 waive by rule the requirement that the persons listed in this  
527 subsection submit fingerprints or the requirement that such  
528 fingerprints be processed by the Department of Law Enforcement  
529 or the Federal Bureau of Investigation.

530       (11) (a) ~~(10) (a)~~ If the office finds that the applicant has  
531 complied with the applicable registration provisions of this  
532 chapter and the rules made pursuant hereto, it shall register  
533 the applicant unless the applicant is otherwise disqualified for  
534 registration pursuant to law. The registration of each dealer,  
535 investment adviser, and associated person expires on December 31  
536 of the year the registration became effective unless the  
537 registrant has renewed its registration on or before that date.  
538 Registration may be renewed by furnishing such information as  
539 the commission may require, together with payment of the fee  
540 required in paragraph (10) (a) ~~(9) (a)~~ for dealers, investment  
541 advisers, or associated persons and the payment of any amount  
542 lawfully due and owing to the office pursuant to any order of  
543 the office or pursuant to any agreement with the office. Any  
544 dealer, investment adviser, or associated person who has not  
545 renewed a registration by the time the current registration  
546 expires may request reinstatement of such registration by filing  
547 with the office, on or before January 31 of the year following  
548 the year of expiration, such information as may be required by  
549 the commission, together with payment of the fee required in  
550 paragraph (10) (a) ~~(9) (a)~~ for dealers, investment advisers, or  
551 associated persons and a late fee equal to the amount of such

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552 fee. Any reinstatement of registration granted by the office  
 553 during the month of January shall be deemed effective  
 554 retroactive to January 1 of that year.

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

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

560 2. Is or was a member of the United States Armed Forces and  
 561 served on active duty within the 2 years preceding the  
 562 expiration date of the registration pursuant to paragraph (a).  
 563 To qualify for the fee waiver, a registrant who is a former  
 564 member of the United States Armed Forces who served on active  
 565 duty within the 2 years preceding the expiration date of the  
 566 registration must have received an honorable discharge upon  
 567 separation or discharge from the United States Armed Forces; or

568 3. Is the surviving spouse of a member of the United States  
 569 Armed Forces if the member was serving on active duty at the  
 570 time of death and died within the 2 years preceding the  
 571 surviving spouse's registration expiration date pursuant to  
 572 paragraph (a).

573

574 A registrant seeking such fee waiver must submit proof, in a  
 575 form prescribed by commission rule, that the registrant meets  
 576 one of the qualifications in this paragraph.

577 (15) ~~(14)~~

578 (b) In lieu of filing with the office the applications  
 579 specified in subsection (5), the fees required by subsection  
 580 (10) ~~(9)~~, the renewals required by subsection (11) ~~(10)~~, and the

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581 termination notices required by subsection (12) ~~(11)~~, the  
582 commission may by rule establish procedures for the deposit of  
583 such fees and documents with the Central Registration Depository  
584 or the Investment Adviser Registration Depository of the  
585 Financial Industry Regulatory Authority, as developed under  
586 contract with the North American Securities Administrators  
587 Association, Inc.

588 (20) ~~(19)~~ An intermediary may not engage in business in this  
589 state unless the intermediary is registered as a dealer or as an  
590 intermediary with the office pursuant to this section to  
591 facilitate the offer or sale of securities in accordance with s.  
592 517.0611. An intermediary, in order to obtain registration, must  
593 file with the office a written application on a form prescribed  
594 by commission rule and pay a registration fee of \$200. The fees  
595 under this subsection shall be deposited into the Regulatory  
596 Trust Fund of the office. The commission may establish by rule  
597 procedures for depositing fees and filing documents by  
598 electronic means if such procedures provide the office with the  
599 information and data required by this section. Each intermediary  
600 must also file an irrevocable written consent to service of  
601 civil process, as provided in s. 517.101.

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

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

606 2. The applicant's form and place of organization; and, if  
607 the applicant is:

608 a. A corporation, a copy of its articles of incorporation  
609 and amendments to the articles of incorporation;

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610           b. A limited liability company, a copy of its articles of  
611 organization and amendments to the articles and a copy of the  
612 company's operating agreement as may be amended; or

613           c. A partnership, a copy of the partnership agreement.

614           3. The website address where securities of the issuer will  
615 be offered.

616           4. Contact information.

617           (b) The application must also contain such information as  
618 the commission may require by rule about the applicant; any  
619 member, principal, or director of the applicant or any person  
620 having a similar status or performing similar functions; or any  
621 persons directly or indirectly controlling the applicant. ~~Each~~  
622 ~~applicant and any direct owners, principals, or indirect owners~~  
623 ~~that are required to be reported on a form adopted by commission~~  
624 ~~rule shall submit fingerprints for live scan processing in~~  
625 ~~accordance with rules adopted by the commission. The~~  
626 ~~fingerprints may be submitted through a third party vendor~~  
627 ~~authorized by the Department of Law Enforcement to provide live-~~  
628 ~~scan fingerprinting. The costs of fingerprint processing shall~~  
629 ~~be borne by the person subject to the background check. The~~  
630 ~~Department of Law Enforcement shall conduct a state criminal~~  
631 ~~history background check, and a federal criminal history~~  
632 ~~background check must be conducted through the Federal Bureau of~~  
633 ~~Investigation. The office shall review the results of the state~~  
634 ~~and federal criminal history background checks and determine~~  
635 ~~whether the applicant meets registration requirements. The~~  
636 ~~commission may waive, by rule, the requirement that applicants,~~  
637 ~~including any direct owners, principals, or indirect owners,~~  
638 ~~which are required to be reported on a form adopted by~~

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639 ~~commission rule, submit fingerprints or the requirement that~~  
640 ~~such fingerprints be processed by the Department of Law~~  
641 ~~Enforcement or the Federal Bureau of Investigation.~~ The  
642 commission, by rule, or the office may require information about  
643 any applicant or person, including:

644 1. The applicant's or person's full name and any other  
645 names by which the applicant or person may have been known and  
646 the applicant's or person's age, social security number,  
647 photograph, qualifications, and educational and business  
648 history.

649 2. Any injunction or administrative order by a state or  
650 federal agency, national securities exchange, or national  
651 securities association involving a security or any aspect of an  
652 intermediary's regulated business and any injunction or  
653 administrative order by a state or federal agency regulating  
654 banking, insurance, finance, real estate, mortgage brokers, or  
655 other related or similar industries, which relate to such  
656 person.

657 3. The applicant's or person's conviction of, or plea of  
658 nolo contendere to, a criminal offense or the applicant's or  
659 person's commission of any acts that would be grounds for  
660 refusal of an application under s. 517.161.

661 (c)1. The following natural persons must submit a full set  
662 of fingerprints to the Department of Law Enforcement or to a  
663 vendor, entity, or agency authorized under s. 943.053(13) for  
664 live-scan processing in accordance with rules adopted by the  
665 commission:

666 a. A person filing with the office an application for  
667 registration as an intermediary.

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668 b. A person who holds the title of president, treasurer,  
669 chief executive officer, chief financial officer, chief  
670 operations officer, chief legal officer, or chief compliance  
671 officer for an intermediary applicant.

672 c. A person who is a member of the intermediary applicant's  
673 board of directors.

674 d. A person who is a trustee of a trust that owns 5 percent  
675 or more of a class of a voting security of the intermediary  
676 applicant, or that has the right to receive upon dissolution, or  
677 has contributed, 5 percent or more of the intermediary  
678 applicant's capital.

679 e. A person who is a direct owner of an intermediary  
680 applicant.

681 f. Each person who is a shareholder of a corporation that  
682 is a direct owner of an intermediary applicant who beneficially  
683 owns, has the right to vote, or has the power to sell or direct  
684 the sale of, 25 percent or more of a class of a voting security  
685 of such corporation. For purposes of this sub-subparagraph, a  
686 shareholder beneficially owns any securities:

687 (I) Owned by the shareholder's child, stepchild,  
688 grandchild, parent, stepparent, grandparent, spouse, sibling,  
689 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
690 brother-in-law, or sister-in-law sharing the same residence; or

691 (II) That the shareholder has the right to acquire, within  
692 60 days, through the exercise of any option, warrant, or right  
693 to purchase the securities.

694 g. Each person who is a general partner and each natural  
695 person who is a limited partner or special partner of a  
696 partnership that is a direct owner of an intermediary applicant



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697 who has the right to receive upon dissolution, or have  
698 contributed, 25 percent or more of such partnership's capital.

699 h. Each person who is a member of a limited liability  
700 company that is a direct owner of an intermediary applicant who  
701 has the right to receive upon dissolution, or has contributed,  
702 25 percent or more of such limited liability company's capital,  
703 and, if such limited liability company is managed by elected  
704 managers, each elected manager.

705 2. For purposes of this paragraph, the term "direct owner"  
706 means:

707 a. A shareholder who owns 5 percent or more of a class of  
708 voting securities of an intermediary applicant, and includes any  
709 person who owns, beneficially owns, has the right to vote, or  
710 has the power to sell or direct the sale of, 5 percent or more  
711 of a class of a voting security of the intermediary applicant.  
712 For purposes of this sub-subparagraph, a person beneficially  
713 owns any securities:

714 (I) Owned by the shareholder's child, stepchild,  
715 grandchild, parent, stepparent, grandparent, spouse, sibling,  
716 mother-in-law, father-in-law, son-in-law, daughter-in-law,  
717 brother-in-law, or sister-in-law sharing the same residence; or

718 (II) That the shareholder has the right to acquire, within  
719 60 days, through the exercise of any option, warrant, or right  
720 to purchase the securities.

721 b. Each general partner and each limited partner or special  
722 partner of an intermediary applicant who has the right to  
723 receive upon dissolution, or has contributed, 5 percent or more  
724 of the intermediary applicant's capital.

725 c. A member who has the right to receive upon dissolution,

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726 or has contributed, 5 percent or more of the intermediary  
727 applicant's capital, and, if managed by elected managers, each  
728 elected manager.

729 (d) The vendor, entity, or agency authorized under s.  
730 943.053(13) to submit fingerprints electronically to the  
731 Department of Law Enforcement shall submit the fingerprints to  
732 the department for state processing, and the department shall  
733 forward the fingerprints to the Federal Bureau of Investigation  
734 for national processing.

735 (e) Fees for state and federal fingerprint processing shall  
736 be borne by the person subject to the criminal history record  
737 check. The state cost for fingerprint processing shall be as  
738 provided in s. 943.053(3)(e).

739 (f) The office shall review the results of the state and  
740 federal criminal history record checks and determine whether the  
741 applicant is disqualified from registration. The commission may  
742 waive by rule the requirement that applicants, including any  
743 persons listed in sub-subparagraphs (c)1.b.-g., submit  
744 fingerprints or the requirement that such fingerprints be  
745 processed by the Department of Law Enforcement or the Federal  
746 Bureau of Investigation.

747 (g)~~(e)~~ The application must be amended within 30 days if  
748 any information contained in the form becomes inaccurate for any  
749 reason.

750 (h)~~(d)~~ An intermediary or persons affiliated with the  
751 intermediary are not subject to any disqualification described  
752 in s. 517.1611 or Securities and Exchange Commission Rule  
753 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the Securities  
754 Act of 1933, as amended. Each director, officer, manager or

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755 managing member, control person of the issuer, any person  
756 occupying a similar status or performing a similar function, and  
757 each person holding more than 20 percent of the ownership  
758 interests of the intermediary is subject to this requirement.

759 (i)~~(e)~~ If the office finds that the applicant has complied  
760 with the applicable registration provisions of this chapter and  
761 the rules adopted thereunder, it shall register the applicant.  
762 The registration of each intermediary expires on December 31 of  
763 the year the registration became effective unless the registrant  
764 renews his or her registration on or before that date.

765 Registration may be renewed by furnishing such information as  
766 the commission may require by rule, together with payment of a  
767 \$200 fee and the payment of any amount due to the office  
768 pursuant to any order of the office or pursuant to any agreement  
769 with the office. An intermediary who has not renewed a  
770 registration by the time that the current registration expires  
771 may request reinstatement of such registration by filing with  
772 the office, on or before January 31 of the year following the  
773 year of expiration, such information as required by the  
774 commission, together with payment of the \$200 fee and a late fee  
775 of \$200. Any reinstatement of registration granted by the office  
776 during the month of January is deemed effective retroactive to  
777 January 1 of that year.

778 (21)~~(20)~~ The registration requirements of this section do  
779 not apply to any general lines insurance agent or life insurance  
780 agent licensed under chapter 626, with regard to the sale of a  
781 security as defined in s. 517.021(30)(g) ~~s. 517.021(25)(g)~~, if  
782 the individual is directly authorized by the issuer to offer or  
783 sell the security on behalf of the issuer and the issuer is a

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784 federally chartered savings bank subject to regulation by the  
785 Federal Deposit Insurance Corporation. Actions under this  
786 subsection constitute activity under the insurance agent's  
787 license for purposes of ss. 626.611 and 626.621.

788 (22) (a) ~~(21) (a)~~ As used in this subsection, the term:

789 1. "Broker" has the same meaning as "dealer" as defined in  
790 s. 517.021.

791 2. "Business combination related shell company" means a  
792 shell company that is formed by an entity that is not a shell  
793 company solely for the purpose of:

794 a. Changing the corporate domicile of the entity solely  
795 within the United States; or

796 b. Completing a business combination transaction, as  
797 defined in 17 C.F.R. s. 230.165(f), among one or more entities  
798 other than the company itself, none of which is a shell company.

799 3.2. "Control person" means a person ~~an individual or~~  
800 entity that possesses the power, directly or indirectly, to  
801 direct the management or policies of a company through ownership  
802 of securities, by contract, or otherwise. A person is presumed  
803 to be a control person of a company if, upon completion of a  
804 transaction, the buyer or group of buyers ~~with respect to a~~  
805 particular company, the person:

806 a. ~~Is a director, a general partner, a member, or a manager~~  
807 of a limited liability company, or is an officer who exercises  
808 executive responsibility or has a similar status or function;

809 a.b. Has the power to vote 25 ~~20~~ percent or more of a class  
810 of voting securities or has the power to sell or direct the sale  
811 of 25 ~~20~~ percent or more of a class of voting securities; or

812 b.e. In the case of a partnership or limited liability

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813 company, may receive upon dissolution, or has contributed, 25 ~~20~~  
814 percent or more of the capital.

815 ~~4.3.~~ "Eligible privately held company" means a privately  
816 held company that meets all of the following conditions:

817 a. The company does not have any class of securities which  
818 is registered, or which is required to be registered, with the  
819 ~~United States~~ Securities and Exchange Commission under the  
820 Securities Exchange Act of 1934, 15 U.S.C. ss. 78a et seq., as  
821 amended, or with the office under s. 517.07, or for which the  
822 company files, or is required to file, summary and periodic  
823 information, documents, and reports under s. 15(d) of the  
824 Securities Exchange Act of 1934, 15 U.S.C. s. 78o(d), as  
825 amended.

826 b. In the fiscal year immediately preceding the fiscal year  
827 during which the merger and acquisition broker begins to provide  
828 services for the securities transaction, the company, in  
829 accordance with its historical financial accounting records, has  
830 earnings before interest, taxes, depreciation, and amortization  
831 of less than \$25 million or has gross revenues of less than \$250  
832 million. On July 1, 2021, and every 5 years thereafter, each  
833 dollar amount in this sub-subparagraph shall be adjusted by  
834 dividing the annual value of the Employment Cost Index for wages  
835 and salaries for private industry workers, or any successor  
836 index, as published by the Bureau of Labor Statistics, for the  
837 calendar year preceding the calendar year in which the  
838 adjustment is being made, by the annual value of such index or  
839 successor index for the calendar year ending December 31, 2020  
840 ~~2012~~, and multiplying such dollar amount by the quotient  
841 obtained. Each dollar amount determined under this sub-

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842 subparagraph shall be rounded to the nearest multiple of  
843 \$100,000. The commission may by rule modify the dollar figures  
844 if the commission determines that such a modification is  
845 necessary or appropriate in the public interest or for the  
846 protection of investors.

847 5.4. "Merger and acquisition broker" means a ~~any~~ broker and  
848 any person associated with a broker engaged in the business of  
849 effecting securities transactions solely in connection with the  
850 transfer of ownership of an eligible privately held company,  
851 regardless of whether the ~~that~~ broker acts on behalf of a seller  
852 or buyer, through the purchase, sale, exchange, issuance,  
853 repurchase, or redemption of, or a business combination  
854 involving, securities or assets of the eligible privately held  
855 company.

856 6.5. "Public Shell company" means a company that at the  
857 time of a transaction with an eligible privately held company:

858 ~~a. Has any class of securities which is registered, or~~  
859 ~~which is required to be registered, with the United States~~  
860 ~~Securities and Exchange Commission under the Securities Exchange~~  
861 ~~Act of 1934, 15 U.S.C. ss. 78a et seq., or with the office under~~  
862 ~~s. 517.07, or for which the company files, or is required to~~  
863 ~~file, summary and periodic information, documents, and reports~~  
864 ~~under s. 15(d) of the Securities Exchange Act of 1934, 15 U.S.C.~~  
865 ~~s. 78o(d);~~

866 ~~a.b.~~ Has nominal or no operations.; and

867 ~~b.e.~~ Has nominal assets or no assets, assets consisting  
868 solely of cash and cash equivalents, or assets consisting of any  
869 amount of cash and cash equivalents and nominal other assets.

870 (b) Prior to the completion of any securities transaction

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871 described in s. 517.061(7), a merger and acquisition broker must  
872 receive written assurances from the control person with the  
873 largest percentage of ownership for both the buyer and seller  
874 engaged in the transaction that:

875 1. After the transaction is completed, any person who  
876 acquires securities or assets of the eligible privately held  
877 company, acting alone or in concert, will be a control person of  
878 the eligible privately held company or will be a control person  
879 for the business conducted with the assets of the eligible  
880 privately held company.~~;~~ ~~and~~

881 2. After the transaction is completed, any person who  
882 acquires securities or assets of the eligible privately held  
883 company, acting alone or in concert, will be active in the  
884 management of the eligible privately held company or the  
885 business conducted with the assets of the eligible privately  
886 held company, and active in the management of the assets of the  
887 eligible privately held company, by engaging in acts and  
888 activities that include, but are not limited to, the following:

889 a. Electing executive officers.

890 b. Approving the annual budget.

891 c. Serving as an executive or other executive manager.

892 d. Carrying out such other activities as the commission may  
893 by rule determine to be in the public interest.

894 3.2. If any person is offered securities in exchange for  
895 securities or assets of the eligible privately held company,  
896 such person will, before becoming legally bound to complete the  
897 transaction, receive or be given reasonable access to the most  
898 recent year-end financial statements of the issuer of the  
899 securities offered in exchange. The most recent year-end

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900 financial statements shall be customarily prepared by the  
901 issuer's management in the normal course of operations. If the  
902 financial statements of the issuer are audited, reviewed, or  
903 compiled, the most recent year-end financial statements must  
904 include any related statement by the independent certified  
905 public accountant; a balance sheet dated not more than 120 days  
906 before the date of the exchange offer; and information  
907 pertaining to the management, business, results of operations  
908 for the period covered by the foregoing financial statements,  
909 and material loss contingencies of the issuer.

910 (c) A merger and acquisition broker engaged in a  
911 transaction exempt under s. 517.061(7) is exempt from  
912 registration under this section unless the merger and  
913 acquisition broker:

914 1. Directly or indirectly, in connection with the transfer  
915 of ownership of an eligible privately held company, receives,  
916 holds, transmits, or has custody of the funds or securities to  
917 be exchanged by the parties to the transaction;

918 2. Engages on behalf of an issuer in a public offering of  
919 any class of securities which is registered, or which is  
920 required to be registered, with the ~~United States~~ Securities and  
921 Exchange Commission under the Securities Exchange Act of 1934,  
922 15 U.S.C. ss. 78a et seq., as amended, or with the office under  
923 s. 517.07; or for which the issuer files, or is required to  
924 file, periodic information, documents, and reports under s.  
925 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. s.  
926 78o(d), as amended;

927 3. Engages on behalf of any party in a transaction  
928 involving a ~~public~~ shell company, other than a business



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- 929 combination related shell company;
- 930 4. Directly, or indirectly through any of its affiliates,  
931 provides financing related to the transfer of ownership of an  
932 eligible privately held company;
- 933 5. Assists any party to obtain financing from an  
934 unaffiliated third party without:
- 935 a. Complying with all other applicable laws in connection  
936 with such assistance, including, if applicable, Regulation T  
937 under 12 C.F.R. ss. 220 et seq., as amended; and
- 938 b. Disclosing any compensation in writing to the party;
- 939 6. Represents both the buyer and the seller in the same  
940 transaction without providing clear written disclosure as to the  
941 parties the broker represents and obtaining written consent from  
942 both parties to the joint representation;
- 943 7. Facilitates a transaction with a group of buyers formed  
944 with the assistance of the merger and acquisition broker to  
945 acquire the eligible privately held company;
- 946 8. Engages in a transaction involving the transfer of  
947 ownership of an eligible privately held company to a passive  
948 buyer or group of passive buyers;
- 949 9. Binds a party to a transfer of ownership of an eligible  
950 privately held company; or
- 951 10. Is subject to, or an officer, director, member,  
952 manager, partner, or employee of the broker is subject to, the  
953 following disciplinary actions:
- 954 a. Has been barred from association with a broker or dealer  
955 by the Securities and Exchange Commission, any state, or any  
956 self-regulatory organization; or
- 957 b. Is suspended from association with a broker or dealer.

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958 ~~4. Is subject to a suspension or revocation of registration~~  
959 ~~under s. 15(b)(4) of the Securities Exchange Act of 1934, 15~~  
960 ~~U.S.C. s. 78o(b)(4);~~

961 ~~5. Is subject to a statutory disqualification described in~~  
962 ~~s. 3(a)(39) of the Securities Exchange Act of 1934, 15 U.S.C. s.~~  
963 ~~78c(a)(39);~~

964 ~~6. Is subject to a disqualification under the United States~~  
965 ~~Securities and Exchange Commission Rule 506(d), 17 C.F.R. s.~~  
966 ~~230.506(d); or~~

967 ~~7. Is subject to a final order described in s. 15(b)(4)(H)~~  
968 ~~of the Securities Exchange Act of 1934, 15 U.S.C. s.~~  
969 ~~78o(b)(4)(H).~~

970 Section 9. Subsection (1), paragraph (a) of subsection (2),  
971 and subsections (3) and (5) of section 517.131, Florida  
972 Statutes, are amended to read:

973 517.131 Securities Guaranty Fund.—

974 (1) As used in this section, the term:

975 (a) "Final judgment" includes an arbitration award  
976 confirmed by a court of competent jurisdiction.

977 (b) "Restitution order" means a court order awarding a  
978 specified monetary amount to a named aggrieved person for a  
979 violation of s. 517.07 or s. 517.301 to be paid by a named  
980 violator.

981 (2)(a) The Chief Financial Officer shall establish a  
982 Securities Guaranty Fund to provide monetary relief to victims  
983 of securities violations under this chapter who are entitled to  
984 monetary damages or restitution and cannot recover the full  
985 amount of such monetary damages or restitution from the  
986 wrongdoer. An amount not exceeding 20 percent of all revenues

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987 received as assessment fees pursuant to s. 517.12(10) and (11)  
988 ~~s. 517.12(9) and (10)~~ for dealers and investment advisers or s.  
989 517.1201 for federal covered advisers and an amount not  
990 exceeding 10 percent of all revenues received as assessment fees  
991 pursuant to s. 517.12(10) and (11) ~~s. 517.12(9) and (10)~~ for  
992 associated persons must be part of the regular registration  
993 license fee and must be transferred to or deposited in the  
994 Securities Guaranty Fund.

995 (3) A person is eligible for payment from the Securities  
996 Guaranty Fund if the person:

997 (a)1. Is a judgment creditor in ~~Holds~~ an unsatisfied final  
998 judgment or a named beneficiary or victim in an unsatisfied  
999 restitution order entered on or after October 1, 2024, in which  
1000 a wrongdoer was found to have violated s. 517.07 or s. 517.301;

1001 2. Has applied any amount recovered from the judgment  
1002 debtor, a person ordered to pay restitution, or any other source  
1003 to the damages awarded in a final judgment or restitution order  
1004 ~~by the court or arbitrator~~; and

1005 3. Is a natural person who was a resident of this state, or  
1006 is a business entity that was domiciled in this state, at the  
1007 time of the violation of s. 517.07 or s. 517.301; or

1008 (b) Is a receiver appointed pursuant to s. 517.191(2) by a  
1009 court of competent jurisdiction for a wrongdoer ordered to pay  
1010 restitution under s. 517.191(3) as a result of a violation of s.  
1011 517.07 or s. 517.301 which has requested payment from the  
1012 Securities Guaranty Fund on behalf of a person eligible for  
1013 payment under paragraph (a).

1014  
1015 If a person holds an unsatisfied final judgment or restitution

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1016 order entered before October 1, 2024, in which a wrongdoer was  
1017 found to have violated s. 517.07 or s. 517.301, such person's  
1018 claim for payment from the Securities Guaranty Fund shall be  
1019 governed by the terms of this section and s. 517.141 which were  
1020 effective on the date of such final judgment or restitution  
1021 order.

1022 (5) An eligible person, or a receiver on behalf of the  
1023 eligible person, seeking payment from the Securities Guaranty  
1024 Fund must file with the office a written application on a form  
1025 that the commission may prescribe by rule. The commission may  
1026 adopt by rule procedures for filing documents by electronic  
1027 means, provided that such procedures provide the office with the  
1028 information and data required by this section. The application  
1029 must be filed with the office within 1 year after the date of  
1030 the final judgment, the date on which a restitution order has  
1031 been ripe for execution, or the date of any appellate decision  
1032 thereon, and, at minimum, must contain all of the following  
1033 information:

1034 (a) The eligible person's and, if applicable, the  
1035 receiver's full names, addresses, and contact information.

1036 (b) The name of the judgment debtor or person ordered to  
1037 pay restitution.

1038 (c) If the eligible person is a business entity, the  
1039 eligible person's type and place of organization and, as  
1040 applicable, a copy, as amended, of its articles of  
1041 incorporation, articles of organization, trust agreement, or  
1042 partnership agreement.

1043 (d) A copy of any final judgment or ~~and a copy thereof.~~

1044 ~~(e) Any restitution order pursuant to s. 517.191(3), and a~~

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1045 ~~copy thereof.~~

1046 (e)~~(f)~~ An affidavit from the eligible person stating either  
1047 one of the following:

1048 1. That the eligible person has made all reasonable  
1049 searches and inquiries to ascertain whether the judgment debtor  
1050 or person ordered to pay restitution possesses real or personal  
1051 property or other assets subject to being sold or applied in  
1052 satisfaction of the final judgment or restitution order and, by  
1053 the eligible person's search, that the eligible person has not  
1054 discovered any property or assets.

1055 2. That the eligible person has taken necessary action on  
1056 the property and assets of the wrongdoers but the final judgment  
1057 or restitution order remains unsatisfied.

1058 (f)~~(g)~~ If the application is filed by the receiver, an  
1059 affidavit from the receiver stating the amount of restitution  
1060 owed to the eligible person on whose behalf the claim is filed;  
1061 the amount of any money, property, or assets paid to the  
1062 eligible person on whose behalf the claim is filed by the person  
1063 over whom the receiver is appointed; and the amount of any  
1064 unsatisfied portion of any eligible person's restitution order  
1065 ~~of restitution.~~

1066 (g)~~(h)~~ The eligible person's residence or domicile at the  
1067 time of the violation of s. 517.07 or s. 517.301 which resulted  
1068 in the eligible person's monetary damages.

1069 (h)~~(i)~~ The amount of any unsatisfied portion of the  
1070 eligible person's final judgment or restitution order.

1071 (i)~~(j)~~ Whether an appeal ~~or motion to vacate an arbitration~~  
1072 ~~award~~ has been filed.

1073 Section 10. Subsection (3) of section 517.301, Florida

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1074 Statutes, is amended to read:

1075       517.301 Fraudulent transactions; falsification or  
1076 concealment of facts.—

1077       (3) It is unlawful for a person in issuing or selling a  
1078 security within this state, including a security exempted under  
1079 s. 517.051 and including a transaction exempted under s.  
1080 517.061, s. 517.0611, or s. 517.0612, to misrepresent that such  
1081 security or person ~~business entity~~ has been guaranteed,  
1082 sponsored, recommended, or approved by the state or an agency or  
1083 officer of the state or by the United States or an agency or  
1084 officer of the United States.

1085       Section 11. Subsection (1) of section 517.211, Florida  
1086 Statutes, is amended to read:

1087       517.211 Private remedies available in cases of unlawful  
1088 sale.—

1089       (1) Every sale made in violation of either s. 517.07 or s.  
1090 517.12(1), (3), (4), (9), (11), (13), (16), or (18) ~~s.~~  
1091 ~~517.12(1), (3), (4), (8), (10), (12), (15), or (17)~~ may be  
1092 rescinded at the election of the purchaser; however, a sale made  
1093 in violation of the provisions of s. 517.1202(3) relating to a  
1094 renewal of a branch office notification or in violation of the  
1095 provisions of s. 517.12(13) ~~s. 517.12(12)~~ relating to filing a  
1096 change of address amendment is not subject to this section. Each  
1097 person making the sale and every director, officer, partner, or  
1098 agent of or for the seller, if the director, officer, partner,  
1099 or agent has personally participated or aided in making the  
1100 sale, is jointly and severally liable to the purchaser in an  
1101 action for rescission, if the purchaser still owns the security,  
1102 or for damages, if the purchaser has sold the security. No

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1103 purchaser otherwise entitled will have the benefit of this  
1104 subsection who has refused or failed, within 30 days after  
1105 receipt, to accept an offer made in writing by the seller, if  
1106 the purchaser has not sold the security, to take back the  
1107 security in question and to refund the full amount paid by the  
1108 purchaser or, if the purchaser has sold the security, to pay the  
1109 purchaser an amount equal to the difference between the amount  
1110 paid for the security and the amount received by the purchaser  
1111 on the sale of the security, together, in either case, with  
1112 interest on the full amount paid for the security by the  
1113 purchaser at the legal rate, pursuant to s. 55.03, for the  
1114 period from the date of payment by the purchaser to the date of  
1115 repayment, less the amount of any income received by the  
1116 purchaser on the security.

1117 Section 12. Subsection (2) of section 517.315, Florida  
1118 Statutes, is amended to read:

1119 517.315 Fees.—All fees of any nature collected by the  
1120 office pursuant to this chapter shall be disbursed as follows:

1121 (2) After the transfer required in subsection (1), the  
1122 office shall transfer the \$50 assessment fee collected from each  
1123 associated person under s. 517.12(10) and (11) ~~s. 517.12(9) and~~  
1124 ~~(10)~~ and 30.44 percent of the \$100 assessment fee paid by  
1125 dealers and investment advisers for each office in the state  
1126 under s. 517.12(10) and (11) ~~s. 517.12(9) and (10)~~ to the  
1127 Regulatory Trust Fund.

1128 Section 13. This act shall take effect upon becoming a law.