

## CHAPTER 2023-205

### Committee Substitute for Senate Bill No. 180

An act relating to regulation of securities; reordering and amending s. 517.021, F.S.; requiring the Financial Services Commission to define the term “accredited investor” by rule; revising definitions; amending s. 517.072, F.S.; authorizing the commission to adopt certain rules relating to viatical settlement investments; making technical changes; amending s. 517.081, F.S.; revising requirements for the registration of securities; revising application fees for certain securities registrations; requiring the Office of Financial Regulation to deem an application abandoned under certain circumstances; conforming provisions to changes made by the act; amending s. 517.082, F.S.; making technical changes; requiring the office to deem an application for registration by notification abandoned under certain circumstances; amending s. 517.111, F.S.; revising grounds on which the office may revoke, suspend, or deny the registration of securities; specifying the office’s powers in investigations of issuers; revising the methods by which the office may enter an order suspending an issuer’s right to sell securities; amending s. 517.12, F.S.; revising applicability of registration requirements; revising requirements for applying for registration as a dealer, an associated person of a dealer, or an investment adviser; conforming a cross-reference and provisions to changes made by the act; making technical changes; providing definitions; providing exemptions from registration requirements for private fund advisers under certain conditions; providing exceptions; providing requirements for certain private fund advisers; providing reporting requirements; creating s. 517.1214, F.S.; defining terms; specifying continuing education requirements for associated persons of investment advisers and federal covered advisers; providing that certain education credits satisfy such requirements if certain conditions are met; prohibiting associated persons from carrying forward credits to subsequent reporting periods; specifying a restriction on associated persons who fail to meet such requirements; specifying requirements for certain previously registered associated persons; amending s. 517.1217, F.S.; authorizing the commission to establish rules of conduct and prohibited business practices for intermediaries; amending s. 517.161, F.S.; revising grounds on which the office may deny, revoke, restrict, or suspend registrations of dealers, investment advisers, intermediaries, and associated persons; providing causes for denial of applications or revocation of registrations of certain entities and persons under certain circumstances; repealing s. 517.181, F.S., relating to escrow agreements; amending s. 517.201, F.S.; conforming a provision to changes made by the act; amending s. 921.0022, F.S.; revising applicability of a criminal penalty for certain registration violations; amending s. 517.1215, F.S.; making technical changes; amending ss. 517.061, 517.0611, 517.075, 517.131, 517.211, 517.315, 626.9911, and 744.351, F.S.; conforming cross-references and making

technical changes; amending s. 517.1205, F.S.; revising legislative intent; providing an effective date.

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

Section 1. Section 517.021, Florida Statutes, is reordered and amended to read:

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

(1) “Accredited investor” shall be defined by rule of the commission in accordance with the Securities and Exchange Commission Rule 501, 17 C.F.R. s. 230.501.

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

~~(3)~~(2) “Associated person” means:

(a)1. With respect to a dealer, a natural person who is employed, appointed, or authorized by a dealer and who represents the dealer in effecting or attempting to effect purchases or sales of securities.

2. The term does not include the following:

a. A dealer.

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

c. A dealer’s employee whose function is only clerical or ministerial.

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

(b)1. With respect to an investment adviser, a natural person, including, but not limited to, a partner, an officer, a director, or a branch manager, or a person occupying a similar status or performing similar functions, who:

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

b. Does any of the following:

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

(II) Manages accounts or portfolios of clients.

(III) Determines which recommendations or advice regarding securities should be given.

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

(V) Supervises employees who perform a function under this sub-subparagraph.

2. The term does not include the following:

a. An investment adviser.

b. An employee whose function is only clerical or ministerial or investment adviser, any of the following:

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

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

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

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

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

~~(4)(3)~~ “Boiler room” means an enterprise in which two or more persons engage in telephone communications with members of the public using two or more telephones at one location, or at more than one location in a common scheme or enterprise.

~~(5)(4)~~ “Branch office” means any location in this state of a dealer or investment adviser at which one or more associated persons regularly conduct the business of rendering investment advice or effecting any transactions in, or inducing or attempting to induce the purchase or sale

of, any security or any location that is held out as such. The commission may adopt by rule exceptions to this definition for dealers in order to maintain consistency with the definition of a branch office used by self-regulatory organizations authorized by the Securities and Exchange Commission, including, but not limited to, the Financial Industry Regulatory Authority. The commission may adopt by rule exceptions to this definition for investment advisers.

~~(6)~~(7) “Commission” means the Financial Services Commission.

~~(7)~~(5) “Control,” including the terms “controlling,” “controlled by,” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

~~(8)~~(6)(a) “Dealer” includes, unless otherwise specified, a person, other than an associated person of a dealer, that engages, for all or part of the person’s time, directly or indirectly, as agent or principal in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person any of the following:

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

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

(b) The term “dealer” does not include the following:

(a) A licensed practicing attorney who renders or performs any such services in connection with the regular practice of the attorney’s profession.

(b) A bank authorized to do business in this state, except nonbank subsidiaries of a bank.

(c) A trust company having trust powers that it is authorized to exercise in this state, which renders or performs services in a fiduciary capacity incidental to the exercise of its trust powers.

(d) A wholesaler selling exclusively to dealers.

(e) A person buying and selling for the person’s own account exclusively through a registered dealer or stock exchange.

(f) An issuer.

(g) A natural person representing an issuer in the purchase, sale, or distribution of the issuer's own securities if such person:

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

2. Has not participated in the distribution or sale of securities for any issuer for which such person was, within the preceding 12 months, an officer, a director, a limited liability company manager or managing member, or a bona fide employee;

3. Primarily performs, or is intended to perform at the end of the distribution, substantial duties for, or on behalf of, the issuer other than in connection with transactions in securities; and

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

~~1. Any licensed practicing attorney who renders or performs any of such services in connection with the regular practice of her or his profession;~~

~~2. Any bank authorized to do business in this state, except nonbank subsidiaries of a bank;~~

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

~~4. Any wholesaler selling exclusively to dealers;~~

~~5. Any person buying and selling for her or his own account exclusively through a registered dealer or stock exchange; or~~

~~6. Pursuant to s. 517.061(11), any person associated with an issuer of securities if such person is a bona fide employee of the issuer who has not participated in the distribution or sale of any securities within the preceding 12 months and who primarily performs, or is intended to perform at the end of the distribution, substantial duties for, or on behalf of, the issuer other than in connection with transactions in securities.~~

(9) "Federal covered adviser" means a person that ~~who~~ is registered or required to be registered under s. 203 of the Investment Advisers Act of 1940, as amended. The term "federal covered adviser" does not include any person that ~~who~~ is excluded from the definition of investment adviser under subparagraphs (14)(b)1.-8.

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

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

(12) “Guaranty” means an agreement in a writing in which one party either agrees, or holds itself out to the public as agreeing, to pay the indebtedness of another when due, including, without limitation, payments of principal and interest on a bond, debenture, note, or other evidence of indebtedness, without resort by the holder to any other obligor, whether or not such writing expressly states that the person signing is signing as a guarantor. An agreement that is not specifically denominated as a guaranty shall nevertheless constitute a guaranty if the holder of the underlying indebtedness or the holder’s her or his representative or trustee has the right to sue to enforce the guarantor’s obligations under the guaranty. Words of guaranty or equivalent words that which otherwise do not specify guaranty of payment create a presumption that payment, rather than collection, is guaranteed by the guarantor. Any guaranty in writing is enforceable notwithstanding any statute of frauds.

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

(14)(a) “Investment adviser” means a includes any person, other than an associated person of an investment adviser or a federal covered adviser, that ~~who~~ receives compensation, directly or indirectly, and engages for all or part of the person’s her or his time, directly or indirectly, or through publications or writings, in the business of advising others as to the value of securities or as to the advisability of investments in, purchasing of, or selling of securities, except a dealer whose performance of these services is solely incidental to the conduct of her or his business as a dealer and who receives no special compensation for such services.

(b) The term “~~investment adviser~~” does not include the following:

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

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

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

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

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

5. A ~~Any~~ trust company having trust powers, as defined in s. 658.12, which it is authorized to exercise in this the state, which trust company renders or performs investment advisory services in a fiduciary capacity incidental to the exercise of its trust powers;

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

7. A ~~Any~~ person that who does not hold itself herself or himself out to the general public as an investment adviser and has no more than 15 clients within 12 consecutive months in this state;

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

9. A federal covered adviser.

(15) “Issuer” means a any person that who proposes to issue, has issued, or shall hereafter issue any security. A Any person that who acts as a promoter for and on behalf of a corporation, trust, ~~or unincorporated association or partnership, limited liability company, association, or other legal entity~~ of any kind to be formed shall be deemed an issuer.

(16) “Offer to sell,” “offer for sale,” or “offer” means an any attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, or an investment or interest in an investment, for value.

~~(17)~~(8) “Office” means the Office of Financial Regulation of the commission.

~~(18)~~(17) “Predecessor” means a person whose the major portion of whose assets has ~~have~~ been acquired directly or indirectly by an issuer.

~~(19)~~(18) “Principal” means an executive officer of a corporation, partner of a partnership, sole proprietor of a sole proprietorship, trustee of a trust, or

any other person with similar supervisory functions with respect to any organization, whether incorporated or unincorporated.

~~(20)~~(19) “Promoter” includes the following:

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

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

~~(21)~~(20) “Qualified institutional buyer” means a ~~any~~ qualified institutional buyer, as defined in ~~United States~~ Securities and Exchange Commission Rule 144A, 17 C.F.R. s. 230.144A(a), under the Securities Act of 1933, as amended, or any foreign buyer that satisfies the minimum financial requirements set forth in such rule.

~~(22)~~(21) “Sale” or “sell” means a ~~any~~ contract of sale or disposition of an ~~any~~ investment, security, or interest in a security, for value. With respect to a security or interest in a security, the term ~~defined in this subsection~~ does not include preliminary negotiations or agreements between an issuer or any person on whose behalf an offering is to be made and any underwriter or among underwriters who are or are to be in privity of contract with an issuer. Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing shall be conclusively presumed to constitute a part of the subject of such purchase and to have been offered and sold for value. Every sale or offer of a warrant or right to purchase or subscribe to another security of the same or another issuer, as well as every sale or offer of a security which gives the holder a present or future right or privilege to convert into another security or another issuer, is considered to include an offer of the other security.

~~(23)~~(22) “Security” includes any of the following:

- (a) A note.
- (b) A stock.
- (c) A treasury stock.
- (d) A bond.
- (e) A debenture.



- (f) An evidence of indebtedness.
- (g) A certificate of deposit.
- (h) A certificate of deposit for a security.
- (i) A certificate of interest or participation.
- (j) A whiskey warehouse receipt or other commodity warehouse receipt.
- (k) A certificate of interest in a profit-sharing agreement or the right to participate therein.
- (l) A certificate of interest in an oil, gas, petroleum, mineral, or mining title or lease or the right to participate therein.
- (m) A collateral trust certificate.
- (n) A reorganization certificate.
- (o) A preorganization subscription.
- (p) A ~~Any~~ transferable share.
- (q) An investment contract.
- (r) A beneficial interest in title to property, profits, or earnings.
- (s) An interest in or under a profit-sharing or participation agreement or scheme.
- (t) An ~~Any~~ option contract ~~that~~ ~~which~~ entitles the holder to purchase or sell a given amount of the underlying security at a fixed price within a specified period of time.
- (u) Any other instrument commonly known as a security, including an interim or temporary bond, debenture, note, or certificate.
- (v) A ~~Any~~ receipt for a security, or for subscription to a security, or a ~~any~~ right to subscribe to or purchase any security.
- (w) A viatical settlement investment.

(24)(23) “Underwriter” means a person that ~~who~~ has purchased from an issuer or an affiliate of an issuer with a view to, or offers or sells for an issuer or an affiliate of an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking; except that a person is ~~shall be~~ presumed not to be an underwriter with respect to any security which it ~~she~~ ~~or he~~ has owned beneficially for at least 1 year; and, further, a dealer is ~~shall~~ not be considered an underwriter with respect to any securities which do not

represent part of an unsold allotment to or subscription by the dealer as a participant in the distribution of such securities by the issuer or an affiliate of the issuer; and, further, in the case of securities acquired on the conversion of another security without payment of additional consideration, the length of time such securities have been beneficially owned by a person includes the period during which the convertible security was beneficially owned and the period during which the security acquired on conversion has been beneficially owned.

(25)(24) “Viatical settlement investment” means an agreement for the purchase, sale, assignment, transfer, devise, or bequest of all or any portion of a legal or equitable interest in a viaticated policy as defined in chapter 626.

Section 2. Paragraph (d) of subsection (3) of section 517.072, Florida Statutes, is amended, and subsection (4) is added to that section, to read:

517.072 Viatical settlement investments.—

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

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

(4) The commission may establish by rule requirements and standards for disclosures to purchasers of viatical settlement investments and recordkeeping requirements for sellers of viatical settlement investments.

Section 3. Paragraphs (a), (g), and (n) of subsection (3) and subsections (6) and (8) of section 517.081, Florida Statutes, are amended to read:

517.081 Registration procedure.—

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

(a) The names and addresses of:

1. All the directors, trustees, and officers, if the issuer is be a corporation, association, or trust.

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

3. ~~;~~ of All the partners, if the issuer is be a partnership.

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

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

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

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

b. An issuer that who is subject to any of the disqualifications described in 17 C.F.R. s. 230.262, adopted pursuant to the Securities Act of 1933, as amended, or that who has been or is engaged or is about to engage in an activity that would be grounds for denial, revocation, or suspension under s. 517.111. For purposes of this subparagraph, an issuer includes an issuer's director, officer, general partner, manager or managing member, trustee, or equity owner shareholder who owns at least 10 percent of the ownership interests shares of the issuer, promoter, or selling agent of the securities to be offered or any officer, director, ~~or~~ partner, or manager or managing member of such selling agent.

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

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

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

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

As a condition precedent to qualifying for use of the simplified offering circular, an issuer a corporation shall agree to provide the office with an annual financial report containing a balance sheet as of the end of the issuer's fiscal year and a statement of income for such year, prepared in accordance with United States generally accepted accounting principles and accompanied by an independent accountant's report. If the issuer has more than 100 security holders at the end of a fiscal year, the financial statements must be audited. Annual financial reports must be filed with the office within 90 days after the close of the issuer's fiscal year for each of the first 5 years following the effective date of the registration.

(n) If the issuer is a corporation, there shall be filed with the application a copy of its articles of incorporation with all amendments and of its existing bylaws, if not already on file in the office. If the issuer is a limited liability company, there shall be filed with the application a copy of the articles of organization with all the amendments and a copy of the company's operating agreement as may be amended, if not already on file with the office. If the issuer is a trustee, there shall be filed with the application a copy of all instruments by which the trust is created or declared and in which it is accepted and acknowledged. If the issuer is a partnership, unincorporated association, joint-stock company, or any other form of organization whatsoever, there shall be filed with the application a copy of its articles of partnership or association and all other papers pertaining to its organization, if not already on file in the office.

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

(8) The office shall deem an application to register securities filed with the office abandoned if the issuer or any person acting on behalf of the issuer has failed to timely complete an application specified by commission rule ~~The commission may by rule establish requirements and standards for:~~

- ~~(a) Disclosures to purchasers of viatical settlement investments.~~
- ~~(b) Recordkeeping requirements for sellers of viatical settlement investments.~~

Section 4. Section 517.082, Florida Statutes, is amended to read:

517.082 ~~Notification~~ Registration by notification; federal registration statements.—

(1) ~~Except as provided in subsection (3), Securities offered or sold pursuant to a registration statement filed under the Securities Act of 1933, as amended, are~~ shall be entitled to registration by notification in the

manner provided in subsection (2), provided that before ~~prior to~~ the offer or sale the registration statement has become effective.

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

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

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

(c) An irrevocable written consent to service as required by s. 517.101.;

~~and~~

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

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

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

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

(5) If the Securities and Exchange Commission has not declared effective the applicant's federal registration statement within 180 days after the applicant's filing with the office of an application for registration by notification, the office must deem the application abandoned.

Section 5. Section 517.111, Florida Statutes, is amended to read:

517.111 Revocation or denial of registration of securities.—

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

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

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

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

(d) The issuer or any officer, director, manager or managing member, or control person of the issuer has been found guilty of a fraudulent act in connection with any sale of securities, has engaged, is engaged, or is about to engage, in making a fictitious sale or purchase of any security, or in any practice or sale of any security which is fraudulent or a violation of any law;

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

(f) The issuer or any officer, director, manager or managing member, or control person of the issuer has engaged in any action that would be grounds for revocation, denial, or suspension under s. 517.161(1) demonstrated any evidence of unworthiness;

(g) The issuer or any officer, director, manager or managing member, or control person of the issuer ~~is in any other way dishonest or~~ has made any fraudulent representations or failed to disclose any material information in any prospectus or in any circular or other literature that has been distributed concerning the issuer or its securities;

(h) The security registered or sought to be registered is the subject of an injunction entered by a court of competent jurisdiction or is the subject of an

administrative stop-order or similar order prohibiting the offer or sale of the security; or

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

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

(2) In making such examination or investigation, the office shall have access to and may compel the production of all the books and papers of such issuer and may administer oaths to and examine the officers of such issuer or any other person connected therewith as to its business and affairs and may also require a balance sheet exhibiting the assets and liabilities of any such issuer or its income statement, or both, to be certified to by a public accountant either of this state or of any other state where the issuer's business is located. Whenever the office deems it necessary, it may also require such balance sheet or income statement, or both, to be made more specific in such particulars as the office may require.

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

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

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

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

Section 6. Subsections (3) through (22) of section 517.12, Florida Statutes, are renumbered as subsections (2) through (21), respectively, subsection (1), present subsections (2) and (3), paragraph (b) of present subsection (6), present subsections (7) and (11), paragraph (b) of present subsection (15), and present subsections (20) and (21) of that section are amended, and a new subsection (22) is added to that section, to read:

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

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

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

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

~~(5)(6)~~ A dealer, associated person, or investment adviser, in order to obtain registration, must file with the office a written application, on a form which the commission may by rule prescribe. The commission may establish, by rule, procedures for depositing fees and filing documents by electronic means provided such procedures provide the office with the information and data required by this section. Each dealer or investment adviser must also file an irrevocable written consent to service of civil process similar to that provided for in s. 517.101. The application shall contain such information as the commission or office may require concerning such matters as:

(b) The applicant's form and place of organization; and, if the applicant is:

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

2. A limited liability company, a copy of its articles of organization with amendments to its articles; or

3., if A partnership, a copy of the partnership agreement.

~~(6)(7)~~ The application must also contain such information as the commission or office may require about the applicant; any member, principal, or director of the applicant or any person having a similar status or performing similar functions; any person directly or indirectly controlling the applicant; or any employee of a dealer or of an investment adviser rendering investment advisory services. Each applicant and any direct owners, principals, or indirect owners that are required to be reported on Form BD or Form ADV pursuant to subsection ~~(14)~~ (15) shall submit fingerprints for live-scan processing in accordance with rules adopted by the commission. The fingerprints may be submitted through a third-party vendor authorized by the Department of Law Enforcement to provide live-scan fingerprinting. The costs of fingerprint processing shall be borne by the



person subject to the background check. The Department of Law Enforcement shall conduct a state criminal history background check, and a federal criminal history background check must be conducted through the Federal Bureau of Investigation. The office shall review the results of the state and federal criminal history background checks and determine whether the applicant meets licensure requirements. The commission may waive, by rule, the requirement that applicants, including any direct owners, principals, or indirect owners that are required to be reported on Form BD or Form ADV pursuant to subsection (14) (15), submit fingerprints or the requirement that such fingerprints be processed by the Department of Law Enforcement or the Federal Bureau of Investigation. The commission or office may require information about any such applicant or person concerning such matters as:

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

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

(c) The applicant's or person's ~~His or her~~ conviction of, or plea of nolo contendere to, a criminal offense or the applicant's or person's ~~his or her~~ commission of any acts which would be grounds for refusal of an application under s. 517.161.

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

~~(10)(a)(11)(a)~~ If the office finds that the applicant ~~is of good repute and character and~~ has complied with the applicable registration provisions of this chapter and the rules made pursuant hereto, it shall register the applicant ~~unless the applicant is otherwise disqualified for registration pursuant to law~~. The registration of each dealer, investment adviser, and associated person expires on December 31 of the year the registration became effective unless the registrant has renewed its ~~his or her~~ registration on or before that date. Registration may be renewed by furnishing such information as the commission may require, together with payment of the fee required in paragraph ~~(9)(a)~~ (9)(a) for dealers, investment advisers, or associated persons and the payment of any amount lawfully due and owing to the office pursuant to any order of the office or pursuant to any agreement with the office. Any dealer, investment adviser, or associated person who has not renewed a registration by the time the current registration expires may

request reinstatement of such registration by filing with the office, on or before January 31 of the year following the year of expiration, such information as may be required by the commission, together with payment of the fee required in paragraph (9)(a) ~~(10)(a)~~ for dealers, investment advisers, or associated persons and a late fee equal to the amount of such fee. Any reinstatement of registration granted by the office during the month of January shall be deemed effective retroactive to January 1 of that year.

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

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

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

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

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

~~(14)(15)~~

(b) In lieu of filing with the office the applications specified in subsection (5) ~~(6)~~, the fees required by subsection (9) ~~(10)~~, the renewals required by subsection (10) ~~(11)~~, and the termination notices required by subsection (11) ~~(12)~~, the commission may by rule establish procedures for the deposit of such fees and documents with the Central Registration Depository or the Investment Adviser Registration Depository of the Financial Industry Regulatory Authority, as developed under contract with the North American Securities Administrators Association, Inc.

(19)(20) ~~(19)~~ An intermediary may not engage in business in this state unless the intermediary is registered as a dealer or as an intermediary with the office pursuant to this section to facilitate the offer or sale of securities in accordance with s. 517.0611. An intermediary, in order to obtain registration, must file with the office a written application on a form prescribed by commission rule and pay a registration fee of \$200. The fees under this subsection shall be deposited into the Regulatory Trust Fund of the office.

The commission may establish by rule procedures for depositing fees and filing documents by electronic means if such procedures provide the office with the information and data required by this section. Each intermediary must also file an irrevocable written consent to service of civil process, as provided in s. 517.101.

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

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

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

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

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

c.<sup>7</sup> if A partnership, a copy of the partnership agreement.

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

4. Contact information.

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

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

2. Any injunction or administrative order by a state or federal agency, national securities exchange, or national securities association involving a security or any aspect of an intermediary's regulated the securities business and any injunction or administrative order by a state or federal agency regulating banking, insurance, finance, ~~or small loan companies~~, real estate, mortgage brokers, or other related or similar industries, which relate to such person.

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

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

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

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

~~(20)(21)~~ The registration requirements of this section do not apply to any general lines insurance agent or life insurance agent licensed under chapter 626, for the sale of a security as defined in s. 517.021(23)(g) ~~s. 517.021(22)(g)~~,

if the individual is directly authorized by the issuer to offer or sell the security on behalf of the issuer and the issuer is a federally chartered savings bank subject to regulation by the Federal Deposit Insurance Corporation. Actions under this subsection shall constitute activity under the insurance agent's license for purposes of ss. 626.611 and 626.621.

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

1. "Advisory affiliate" has the same meaning as in the Glossary of Terms to Form ADV, the uniform application for investment adviser registration, 17 C.F.R. s. 279.1.

2. "Exempt reporting adviser" has the same meaning as in the Glossary of Terms to Form ADV, the uniform application for investment adviser registration, 17 C.F.R. s. 279.1.

3. "Private fund adviser" means an investment adviser who provides advice to solely one or more qualifying private funds.

4. "Qualifying private fund" means:

a. A private fund that meets the definition of the term "qualifying private fund" in the Securities and Exchange Commission Rule 203(m)-1, 17 C.F.R. s. 275.203(m)-1;

b. A private fund that meets the definition of the term "venture capital fund" in the Securities and Exchange Commission Rule 203(l)-1, 17 C.F.R. s. 275.203(l)-1; or

c. A "venture capital operating company" as defined in 29 C.F.R. s. 2510.3-101(d) adopted by the United States Department of Labor under the Employee Retirement Income Security Act of 1974.

5. "3(c)(1) fund" means a qualifying private fund that is eligible for the exclusion from the definition of the term "investment company" under s. 3(c)(1) of the Investment Company Act of 1940, 15 U.S.C. s. 80a-3(c)(1), as amended.

(b) Subject to the additional requirements of paragraph (c), a private fund adviser is exempt from the registration requirements of this section if the private fund adviser satisfies the following conditions:

1. Neither the private fund adviser nor any of its advisory affiliates are subject to an event that would disqualify an issuer under Securities and Exchange Commission Rule 506(d)(1) of Regulation D, 17 C.F.R. s. 230.506(d)(1); and

2. The private fund adviser files with the office each report and amendment thereto that an exempt reporting adviser is required to file with the Securities and Exchange Commission pursuant to the Securities and Exchange Commission Rule 204-4, 17 C.F.R. s. 275.204-4.

(c) In order to qualify for the exemption from the registration requirements of this section, a private fund adviser who advises at least one (3)(c)(1) fund that is not a venture capital fund shall, in addition to satisfying the conditions specified in subparagraphs (b)1. and 2., comply with the following requirements:

1. The private fund adviser shall advise only those 3(c)(1) funds, other than venture capital funds, whose outstanding securities, other than short-term paper, are beneficially owned entirely by accredited investors; and

2. At the time of purchase, the private fund adviser shall disclose the following in writing to each beneficial owner of a 3(c)(1) fund that is not a venture capital fund:

a. All services, if any, to be provided to individual beneficial owners;

b. All duties, if any, the investment adviser owes to the beneficial owners; and

c. Any other material information affecting the rights or responsibilities of the beneficial owners.

(d) If a private fund adviser is registered with the Securities and Exchange Commission, the adviser is not eligible for the exemption from the registration requirements of this section and shall comply with the notice filing requirements applicable to federal covered advisers in s. 517.1201.

(e) A person is exempt from the registration requirements of this section if the person is employed by or associated with an investment adviser that is exempt from registration and does not otherwise act as an associated person of an investment adviser or federal covered adviser.

(f) The report filings and the amendments thereto described in subparagraph (b)2. shall be made electronically through the Investment Adviser Registration Depository of the Financial Industry Regulatory Authority. A report is deemed filed with the office when the report has been filed and accepted by the depository on the office's behalf.

Section 7. Section 517.1214, Florida Statutes, is created to read:

517.1214 Continuing education requirements for associated persons of investment advisers and federal covered advisers.—

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

(a) "Approved continuing education content" means the materials, written, oral, or otherwise, which have been approved by NASAA or its designee and which make up the educational program provided to an associated person under this section.

(b) “Credit” means a unit designated by NASAA or its designee as at least 50 minutes of educational instruction.

(c) “Home state” means the state in which an associated person of an investment adviser or a federal covered adviser has his or her principal office and place of business.

(d) “NASAA” means the North American Securities Administrators Association, Inc.

(e) “Reporting period” means one 12-month period beginning January 1 and ending December 31. An associated person’s initial reporting period with this state commences the first day of the first full reporting period after the individual is registered or required to be registered with this state.

(2) By December 31, 2024, and each December 31 thereafter, each associated person of an investment adviser or a federal covered adviser shall complete the following continuing education content requirements offered by a person that NASAA or its designee has authorized to provide the continuing education content required by this section:

(a) Six credits of approved continuing education content that addresses an associated person’s ethical and regulatory obligations, with at least 3 hours covering the topic of ethics; and

(b) Six credits of approved continuing education content that addresses an associated person’s skills and knowledge regarding financial products, investment features, and practices in the investment advisory industry.

(3) An associated person of an investment adviser or federal covered adviser who is also registered as an associated person of a Financial Industry Regulatory Authority (FINRA) member dealer and who complies with FINRA’s continuing education requirements is considered to be in compliance with this section’s products and practice requirement for each applicable reporting period, provided that the FINRA continuing education content is approved continuing education content.

(4) Credits of continuing education completed by an associated person who was awarded and currently holds a credential that qualifies for examination waiver by passing any tests as prescribed in s. 15(b)(7) of the Securities Exchange Act of 1934, as amended, comply with paragraphs (2)(a) and (b), provided all of the following conditions are met:

(a) The associated person completes the credits of continuing education as a condition of maintaining the credential for the relevant reporting period.

(b) The credits of continuing education completed during the relevant reporting period by the associated person are mandatory to maintain the credential.

(c) The continuing education content provided by the credentialing organization during the relevant reporting period is approved continuing education content.

(5) Each associated person is responsible for ensuring that the authorized provider reports the associated person's completion of the applicable continuing education requirements.

(6) An associated person who completes credits of continuing education in excess of the credits required for the reporting period may not carry forward excess credits to a subsequent reporting period.

(7) An associated person who fails to comply with this section by the end of a reporting period shall renew as "CE inactive" at the close of the calendar year in this state until the associated person completes and reports all required continuing education credits for all reporting periods as required by this section. An associated person who is "CE inactive" at the close of the next calendar year is not eligible for associated person registration or renewal of associated person registration.

(8) An associated person registered or required to be registered in this state who is registered as an associated person of an investment adviser or federal covered adviser in the individual's home state is considered to be in compliance with this section if:

(a) The associated person's home state has a continuing education requirement of at least 12 hours annually; and

(b) The associated person is in compliance with the home state's associated person of an investment adviser or federal covered adviser continuing education requirements.

(9) An associated person who was previously registered under s. 517.12 and became unregistered must complete continuing education for all reporting periods that occurred between the time that the associated person became unregistered and when the person became registered again under s. 517.12, unless the associated person takes and passes the required examinations or the examination requirements are waived in connection with the subsequent application for registration.

Section 8. Section 517.1217, Florida Statutes, is amended to read:

517.1217 Rules of conduct and prohibited business practices for dealers and their associated persons and for intermediaries.—The commission by rule may establish rules of conduct and prohibited business practices for dealers and their associated persons and for intermediaries. In adopting the rules, the commission shall consider general industry standards as expressed in the rules and regulations of the various federal and self-regulatory agencies and regulatory associations, including, but not limited to, the United States Securities and Exchange Commission, the Financial



Industry Regulatory Authority, and the North American Securities Administrators Association, Inc.

Section 9. Subsections (1), (4), and (5) of section 517.161, Florida Statutes, are amended to read:

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

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

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

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

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

(d) Has made a misrepresentation or false statement to, or concealed any essential or material fact from, any person in the rendering of investment advice or the sale of a security to such person;

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

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

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

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

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

or investment adviser, unable to pay its debts as they become due in the usual course of business insolvent;

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

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

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

(k)(m) Has been the subject of any decision, finding, injunction, suspension, prohibition, revocation, denial, judgment, or administrative order by any court of competent jurisdiction, administrative law judge, or by any state or federal agency, national securities, commodities, or option exchange, or national securities, commodities, or option association, involving a violation of any federal or state securities or commodities law or any rule or regulation promulgated thereunder, or any rule or regulation of any national securities, commodities, or options exchange or national securities, commodities, or options association, or has been the subject of any injunction or adverse administrative order by a state or federal agency regulating banking, insurance, finance or ~~small loan companies~~, real estate, mortgage brokers or lenders, money transmitters, or other related or similar industries. For purposes of this subsection, the office may not deny registration to any applicant who has been continuously registered with the office for 5 years after the date of entry of such decision, finding, injunction, suspension, prohibition, revocation, denial, judgment, or administrative order provided such decision, finding, injunction, suspension, prohibition, revocation, denial, judgment, or administrative order has been timely reported to the office pursuant to the commission's rules; or

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

(m) Failed to pay and fully satisfy any final judgment or arbitration award resulting from an investment-related, client- or customer-initiated arbitration or court proceeding, unless alternative payment arrangements are agreed to in writing between the client or customer and the investment adviser, dealer, or associated person and the investment adviser, dealer, or associated person complies with the terms of the alternative payment arrangement;

(n) Attempted to avoid payment of any final judgment or arbitration award resulting from an investment-related, client- or customer-initiated

arbitration or court proceeding, unless alternative payment arrangements are agreed to in writing between the client or customer and the investment adviser, dealer, or associated person and the investment adviser, dealer, or associated person complies with the terms of the alternative payment arrangements; or

(o) Failed to pay and fully satisfy any fine, civil penalty, order of restitution, order of disgorgement, or similar monetary payment obligation imposed upon the investment adviser, dealer, or associated person by the Securities and Exchange Commission, the securities regulator or other financial services regulator of any state or province, or any securities industry self-regulatory organization.

(4) It shall be sufficient cause for denial of an application or revocation of registration, in the case of a partnership, corporation, limited liability company, or unincorporated association, if any member of the partnership, any manager or managing member of the limited liability company, or any officer, director, or ultimate equitable owner of the corporation or association has committed any act or omission which would be cause for denying, revoking, restricting, or suspending the registration of an individual dealer, investment adviser, intermediary, or associated person. As used in this subsection, the term “ultimate equitable owner” means a natural person who directly or indirectly owns or controls an ownership interest in the corporation, partnership, association, or other legal entity however organized, regardless of whether such natural person owns or controls such ownership interest through one or more proxies, powers of attorney, nominees, corporations, associations, partnerships, trusts, joint stock companies, or other entities or devices, or any combination thereof.

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

Section 10. Section 517.181, Florida Statutes, is repealed.

Section 11. Paragraph (a) of subsection (4) of section 517.201, Florida Statutes, is amended to read:

517.201 Investigations; examinations; subpoenas; hearings; witnesses.

(4)(a) In the event of substantial noncompliance with a subpoena or subpoena duces tecum issued or caused to be issued by the office pursuant to this section, the office may petition the circuit court of the county in which the person subpoenaed resides or has its principal place of business for an order requiring the subpoenaed person to appear and testify and to produce such books, records, and documents as are specified in such subpoena duces tecum. The court may grant injunctive relief restraining the issuance, sale or offer for sale, purchase or offer to purchase, promotion, negotiation, advertisement, or distribution ~~in or from offices in this state of securities~~

or investments in or from this state by the noncompliant a person or its agent, employee, broker, partner, officer, director, manager, managing member, equity holder, or any person directly or indirectly controlling the noncompliant person ~~stockholder thereof~~, and may grant such other relief, including, but not limited to, the restraint, by injunction or appointment of a receiver, of any transfer, pledge, assignment, or other disposition of such person's assets or any concealment, alteration, destruction, or other disposition of subpoenaed books, records, or documents, as the court deems appropriate, until such person has fully complied with such subpoena or subpoena duces tecum and the office has completed its investigation or examination. The office is entitled to the summary procedure provided in s. 51.011, and the court shall advance the cause on its calendar. Costs incurred by the office to obtain an order granting, in whole or in part, such petition for enforcement of a subpoena or subpoena duces tecum shall be taxed against the subpoenaed person, and failure to comply with such order shall be a contempt of court.

Section 12. Paragraph (d) of subsection (3) of section 921.0022, Florida Statutes, is amended to read:

921.0022 Criminal Punishment Code; offense severity ranking chart.—

(3) OFFENSE SEVERITY RANKING CHART

(d) LEVEL 4

Florida Statute	Felony Degree	Description
316.1935(3)(a)	2nd	Driving at high speed or with wanton disregard for safety while fleeing or attempting to elude law enforcement officer who is in a patrol vehicle with siren and lights activated.
499.0051(1)	3rd	Failure to maintain or deliver transaction history, transaction information, or transaction statements.
499.0051(5)	2nd	Knowing sale or delivery, or possession with intent to sell, contraband prescription drugs.
517.07(1)	3rd	Failure to register securities.
517.12(1)	3rd	Failure of dealer <u>or</u> , associated person <u>of a dealer</u> , <del>or issuer</del> of securities to register.
784.07(2)(b)	3rd	Battery of law enforcement officer, firefighter, etc.
784.074(1)(c)	3rd	Battery of sexually violent predators facility staff.

Florida Statute	Felony Degree	Description
784.075	3rd	Battery on detention or commitment facility staff.
784.078	3rd	Battery of facility employee by throwing, tossing, or expelling certain fluids or materials.
784.08(2)(c)	3rd	Battery on a person 65 years of age or older.
784.081(3)	3rd	Battery on specified official or employee.
784.082(3)	3rd	Battery by detained person on visitor or other detainee.
784.083(3)	3rd	Battery on code inspector.
784.085	3rd	Battery of child by throwing, tossing, projecting, or expelling certain fluids or materials.
787.03(1)	3rd	Interference with custody; wrongly takes minor from appointed guardian.
787.04(2)	3rd	Take, entice, or remove child beyond state limits with criminal intent pending custody proceedings.
787.04(3)	3rd	Carrying child beyond state lines with criminal intent to avoid producing child at custody hearing or delivering to designated person.
787.07	3rd	Human smuggling.
790.115(1)	3rd	Exhibiting firearm or weapon within 1,000 feet of a school.
790.115(2)(b)	3rd	Possessing electric weapon or device, destructive device, or other weapon on school property.
790.115(2)(c)	3rd	Possessing firearm on school property.
794.051(1)	3rd	Indecent, lewd, or lascivious touching of certain minors.
800.04(7)(c)	3rd	Lewd or lascivious exhibition; offender less than 18 years.
806.135	2nd	Destroying or demolishing a memorial or historic property.

Florida Statute	Felony Degree	Description
810.02(4)(a)	3rd	Burglary, or attempted burglary, of an unoccupied structure; unarmed; no assault or battery.
810.02(4)(b)	3rd	Burglary, or attempted burglary, of an unoccupied conveyance; unarmed; no assault or battery.
810.06	3rd	Burglary; possession of tools.
810.08(2)(c)	3rd	Trespass on property, armed with firearm or dangerous weapon.
812.014(2)(c)3.	3rd	Grand theft, 3rd degree \$10,000 or more but less than \$20,000.
812.014 (2)(c)4.-10.	3rd	Grand theft, 3rd degree; specified items.
812.0195(2)	3rd	Dealing in stolen property by use of the Internet; property stolen \$300 or more.
817.505(4)(a)	3rd	Patient brokering.
817.563(1)	3rd	Sell or deliver substance other than controlled substance agreed upon, excluding s. 893.03(5) drugs.
817.568(2)(a)	3rd	Fraudulent use of personal identification information.
817.625(2)(a)	3rd	Fraudulent use of scanning device, skimming device, or reencoder.
817.625(2)(c)	3rd	Possess, sell, or deliver skimming device.
828.125(1)	2nd	Kill, maim, or cause great bodily harm or permanent breeding disability to any registered horse or cattle.
836.14(2)	3rd	Person who commits theft of a sexually explicit image with intent to promote it.
836.14(3)	3rd	Person who willfully possesses a sexually explicit image with certain knowledge, intent, and purpose.
837.02(1)	3rd	Perjury in official proceedings.
837.021(1)	3rd	Make contradictory statements in official proceedings.

Florida Statute	Felony Degree	Description
838.022	3rd	Official misconduct.
839.13(2)(a)	3rd	Falsifying records of an individual in the care and custody of a state agency.
839.13(2)(c)	3rd	Falsifying records of the Department of Children and Families.
843.021	3rd	Possession of a concealed handcuff key by a person in custody.
843.025	3rd	Deprive law enforcement, correctional, or correctional probation officer of means of protection or communication.
843.15(1)(a)	3rd	Failure to appear while on bail for felony (bond estreatment or bond jumping).
847.0135(5)(c)	3rd	Lewd or lascivious exhibition using computer; offender less than 18 years.
870.01(3)	2nd	Aggravated rioting.
870.01(5)	2nd	Aggravated inciting a riot.
874.05(1)(a)	3rd	Encouraging or recruiting another to join a criminal gang.
893.13(2)(a)1.	2nd	Purchase of cocaine (or other s. 893.03(1)(a), (b), or (d), (2)(a), (2)(b), or (2)(c)5. drugs).
914.14(2)	3rd	Witnesses accepting bribes.
914.22(1)	3rd	Force, threaten, etc., witness, victim, or informant.
914.23(2)	3rd	Retaliation against a witness, victim, or informant, no bodily injury.
916.1085 (2)(c)1.	3rd	Introduction of specified contraband into certain DCF facilities.
918.12	3rd	Tampering with jurors.
934.215	3rd	Use of two-way communications device to facilitate commission of a crime.
944.47(1)(a)6.	3rd	Introduction of contraband (cellular telephone or other portable communication device) into correctional institution.

Florida Statute	Felony Degree	Description
951.22(1)(h), (j) & (k)	3rd	Intoxicating drug, instrumentality or other device to aid escape, or cellular telephone or other portable communication device introduced into county detention facility.

Section 13. Section 517.1215, Florida Statutes, is amended to read:

517.1215 Requirements, rules of conduct, and prohibited business practices for investment advisers ~~advisors~~ and their associated persons.—

(1) The commission shall specify by rule requirements for investment advisers ~~advisors~~ deemed to have custody of client funds which concern the following:

(a) Notification of custody of, maintenance of, and safeguards for client funds.

(b) Communications with clients and independent representatives.

(c) Requirements for investment advisers who have custody of pooled investments.

(d) Exceptions to the custody requirements.

In adopting the rules, the commission shall consider the rules and regulations of the federal regulatory authority and the North American Securities Administrators Association, Inc.

(2) The commission shall by rule establish rules of conduct and prohibited business practices for investment advisers and their associated persons. In adopting the rules, the commission shall consider general industry standards as expressed in the rules and regulations of the various federal and self-regulatory agencies and regulatory associations, including, but not limited to, the ~~United States~~ Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the North American Securities Administrators Association, Inc.

Section 14. Subsections (18) and (22) of section 517.061, Florida Statutes, are amended to read:

517.061 Exempt transactions.—Except as otherwise provided in s. 517.0611 for a transaction listed in subsection (21), the exemption for each transaction listed below is self-executing and does not require any filing with the office before claiming the exemption. Any person who claims entitlement to any of the exemptions bears the burden of proving such entitlement in any proceeding brought under this chapter. The registration provisions of s. 517.07 do not apply to any of the following transactions;



however, such transactions are subject to the provisions of ss. 517.301, 517.311, and 517.312:

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

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

Section 15. Paragraph (b) of subsection (4) and subsection (14) of section 517.0611, Florida Statutes, are amended to read:

517.0611 Intrastate crowdfunding.—

(4) An issuer must:

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

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

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

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

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

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

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

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

Section 16. Subsection (1) of section 517.075, Florida Statutes, is amended to read:

517.075 Cuba, prospectus disclosure of doing business with, required.

(1) Any issuer of securities that will be sold in this state pursuant to a prospectus must disclose in the prospectus if the issuer or any affiliate thereof, ~~as defined in s. 517.021(1)~~, does business with the government of

Cuba or with any person or affiliate located in Cuba. The prospectus disclosure required by this subsection does not apply with respect to prospectuses prepared before April 10, 1992.

Section 17. Paragraph (a) of subsection (1) of section 517.131, Florida Statutes, is amended to read:

517.131 Securities Guaranty Fund.—

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

Section 18. Subsection (1) of section 517.211, Florida Statutes, is amended to read:

517.211 Remedies available in cases of unlawful sale.—

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

Section 19. Section 517.315, Florida Statutes, is amended to read:

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

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

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

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

Section 20. Subsection (5) of section 626.9911, Florida Statutes, is amended to read:

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

(5) “Life expectancy provider” means a person who determines, or holds himself or herself out as determining, life expectancies or mortality ratings used to determine life expectancies:

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

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

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

Section 21. Subsection (6) of section 744.351, Florida Statutes, is amended to read:

744.351 Bond of guardian.—

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

Section 22. Section 517.1205, Florida Statutes, is amended to read:

517.1205 Registration of associated persons specific as to securities dealer, investment adviser, or federal covered adviser identified at time of

registration approval.—Inasmuch as this chapter is intended to protect investors in securities offerings and other investment transactions regulated by that chapter, its provisions are to be construed to require full and fair disclosure of all, but only, those matters material to the investor’s evaluation of the offering or other transaction. It should, furthermore, be construed to impose the standards provided by law on all those seeking to participate in the state’s securities industry through registration as a securities dealer, investment adviser, or associated person. To this end, it is declared to be the intent of the Legislature that the registration of associated persons required by law is specific to the securities dealer, investment adviser, or federal covered adviser identified at the time such registration is approved. Notwithstanding any interpretation of law to the contrary, the historical practice of the Department of Banking and Finance, reflected in its rules, that requires a new application for registration from a previously registered associated person when that person seeks to be associated with a new securities dealer or investment adviser is hereby ratified and approved as consistent with legislative intent. It is, finally, declared to be the intent of the Legislature that while approval of an application for registration of a securities dealer, investment adviser, or associated person requires a finding of compliance with the applicable registration provisions of this chapter and applicable rules ~~the applicant’s good repute and character~~, such finding is precluded by a determination that the applicant may be denied registration on grounds provided by law.

Section 23. This act shall take effect October 1, 2023.

Approved by the Governor June 9, 2023.

Filed in Office Secretary of State June 9, 2023.