

CHAPTER 2025-28

Committee Substitute for Committee Substitute for House Bill No. 379

An act relating to securities; amending s. 517.021, F.S.; providing and revising definitions; amending s. 517.061, F.S.; revising the circumstances under which securities transactions are exempt from registration requirements; amending s. 517.0612, F.S.; revising the filing requirements for securities issuers under the Florida Invest Local Exemption law; amending s. 517.0614, F.S.; revising the circumstances under which securities offers and sales are not subject to integration with other offerings; amending s. 517.0616, F.S.; revising the registration exemptions that are available to specified issuers under certain circumstances; providing applicability of certain disqualification provisions under a specified Securities and Exchange Commission rule; amending s. 517.075, F.S.; making technical changes; amending s. 517.081, F.S.; revising the requirements for securities registration applications; amending s. 517.12, F.S.; revising the list of persons who must submit fingerprints for live-scan processing for registration applications; providing fees for fingerprint processing; providing and revising definitions; requiring the Office of Financial Regulation to review the results of the state and federal criminal history record checks and make specified determinations; authorizing the Financial Services Commission to waive by rule certain requirements and to consider certain rules and regulations in waiving the requirements; revising the written assurances requirements that merger and acquisition brokers must receive from certain control persons under specified circumstances; revising the circumstances under which merger and acquisition brokers are not exempt from specified securities registration; amending s. 517.131, F.S.; defining the term “restitution order”; revising the circumstances under which a person is eligible for payment from the Securities Guaranty Fund; revising the requirements for applications for payment from the fund; amending s. 517.301, F.S.; specifying a prohibition against certain misrepresentations in issuing and selling securities; amending s. 517.34, F.S.; increasing the maximum number of days that dealers and investment advisers may extend the delay on certain disbursements and transactions of funds and securities for the protection of specified adults; amending ss. 517.211 and 517.315, F.S.; conforming cross-references; providing an effective date.

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

Section 1. Present subsections (6) through (9), (10), (11), (12), (13) through (17), (18), (19), (20) through (25), (26), and (27) of section 517.021, Florida Statutes, are redesignated as subsections (7) through (10), (12), (14), (15), (17) through (21), (25), (26), (28) through (33), (35), and (36), respectively, new subsections (6), (11), (13), (16), (22), (23), (24), and (27)

and subsection (34) are added to that section, and present subsections (11) and (15) of that section are amended, to read:

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

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

(11) “Corporation” has the same meaning as the terms “corporation,” “domestic corporation,” or “foreign corporation” in s. 607.01401.

(13) “Director” means a person appointed or elected to sit on a board that manages the affairs of a corporation or other organization by electing or exercising control over its officers.

(14)(11) “Federal covered adviser” means a person that is registered or required to be registered under s. 203 of the Investment Advisers Act of 1940, as amended. The term does not include any person that is excluded from the definition of investment adviser under subparagraphs (20)(b)1.-7. (16)(b)1.-7. and 9.

(16) “General partner” has the same meaning as in s. 620.1102. The term includes a co-owner or manager of a partnership who has unlimited liability for the partnership’s debts.

(19)(15) “Intermediary” means a natural person that residing in this 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 state, which facilitates through its website the offer or sale of securities of an issuer with a principal place of business in this state.

(22) “Limited liability company” has the same meaning as in s. 605.0102. The term includes a foreign limited liability company as defined in s. 605.0102.

(23) “Limited liability company manager” or “limited liability managing member” means a person who is responsible alone, or in concert with others, for performing the management functions of a limited liability company.

(24) “Limited partner” has the same meaning as in s. 620.1102. The term includes a co-owner of a partnership who has limited liability for the partnership’s debts.

(27) “Partnership” means two or more persons who are the co-owners of a business, including those operating as a foreign limited liability limited partnership, a foreign limited partnership, a limited liability limited partnership, or a limited partnership as those terms are defined in s. 620.1102.

(34) “Trust” has the same meaning as in s. 731.201.

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

517.061 Exempt transactions.—Except as otherwise provided in subsection (11), the exemptions provided herein from the registration requirements of s. 517.07 are self-executing and do not require any filing with the office before being claimed. Any person who claims entitlement to an exemption under this section 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 s. 517.301:

(7) 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(22) ~~s. 517.12(21)~~.

(9) The offer or sale of securities to:

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

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

(c) A federal covered adviser, investment adviser registered pursuant to the laws of a state, exempt reporting adviser or private fund adviser as those terms are defined in s. 517.12(23)(a)2. and 3., respectively, investment adviser relying on the exemption from registering with the Securities and Exchange Commission under s. 203(l) or (m) of the Investment Advisers Act of 1940, as amended, business development company as defined in s. 2(a)(48) of the Investment Company Act of 1940, as amended, or business development company as defined in s. 202(a)(22) of the Investment Advisers Act of 1940, as amended.

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

(e) A plan established and maintained by a state, a political subdivision thereof, or any agency or instrumentality of a state or a political subdivision, for the benefit of its employees, if such plan has total assets in excess of \$5 million, an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made

by a plan fiduciary, as described in s. 3(21) of such act, which is a bank, savings and loan association, insurance company, or federal covered adviser, or if the employee benefit plan has total assets in excess of \$5 million or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

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

(g) A trust, with total assets in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Securities and Exchange Commission Rule 506(b)(2)(ii), 17 C.F.R. s. 230.506(b)(2)(ii), as amended.

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

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

1. The family office has assets under management in excess of \$5 million;
2. The family office is not formed for the specific purpose of acquiring the securities offered; and
3. The prospective investment of the family office is directed by a person who has knowledge and experience in financial and business matters that the family office is capable of evaluating the merits and risks of the prospective investment.

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

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

(f) The issuer files with the office a notice of transaction on a form prescribed by commission rule, an irrevocable written, a consent to service of civil process in accordance with s. 517.101, and a copy of the general announcement within 15 days after the first sale is made in this state. The commission may adopt by rule procedures for filing documents by electronic means.

(18) Any nonissuer transaction by a registered dealer, and any resale transaction by a sponsor of a unit investment trust registered under the

Investment Company Act of 1940, as amended, in a security of a class that has been outstanding in the hands of the public for at least 90 days; provided that, at the time of the transaction, the following conditions in paragraphs (a), (b), and (c) and either paragraph (d) or paragraph (e) are met:

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

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

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

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

1. A description of the business and operations of the issuer.;
2. The names of the issuer's officers and directors, if any, or, in the case of an issuer not domiciled in the United States, the corporate equivalents of such persons in the issuer's country of domicile.;
3. An audited balance sheet of the issuer as of a date within 18 months before such transaction or, in the case of a reorganization or merger in which parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet.;
- and
4. An audited income statement for each of the issuer's immediately preceding 2 fiscal years, or for the period of existence of the issuer, if in existence for less than 2 years or, in the case of a reorganization or merger in which the parties to the reorganization or merger had such audited income statement, a pro forma income statement.

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

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

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

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

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

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

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

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

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

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

1. Organization under foreign law.

2. Association with a community of dealers, financial institutions, or other professional intermediaries with an established operating history.

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

4. Oversight standards set by general law.

5. Reporting of securities transactions on a regular basis to a governmental or self-regulatory body.

6. A system for exchange of price quotations through common communications media.

7. An organized clearance and settlement system.

8. Listing in Securities and Exchange Commission Regulation S Rule 902, 17 C.F.R. s. 230.902, as amended.

~~For purposes of this subsection, Canada, together with its provinces and territories, is designated as a foreign jurisdiction, and Toronto Stock Exchange, Inc., is designated as a securities exchange. If, after an administrative hearing in compliance with ss. 120.569 and 120.57, the office finds that revocation is necessary or appropriate in furtherance of the public interest and for the protection of investors, it may revoke the designation of a foreign securities exchange or foreign securities market under this subsection.~~

Section 3. Subsection (10) of section 517.0612, Florida Statutes, is amended to read:

517.0612 Florida Invest Local Exemption.—

(10) The issuer must file with the office a notice of transaction on a form prescribed by commission rule, an irrevocable written consent to service of civil process in accordance with s. 517.101, and a copy of the disclosure statement described in subsection (8) at least the offering with the office, in writing or in electronic form, in a format prescribed by commission rule, no less than 5 business days before the offering commences, along with the disclosure statement described in subsection (8). If there are any material changes to the information previously submitted, the issuer must, within 3 business days after such material change, file an amended notice.

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

517.0614 Integration of offerings.—

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

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

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

2. Section 517.0611 or s. 517.0612.

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

517.0616 Disqualification.—

(1) A registration exemption under s. 517.061(11) s. 517.061(9), (10), and (11), s. 517.0611, or s. 517.0612 is not available to an issuer if, at the time the issuer makes an offer for the sale of a security, the issuer; a predecessor of the issuer; an affiliated issuer; a director, executive officer, or other officer of

the issuer participating in the offering; a general partner or managing member of the issuer; a beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power; or a promoter connected with the issuer in any capacity at the time of such sale that would be disqualified under Securities and Exchange Commission Rule 506(d), 17 C.F.R. s. 230.506(d), as amended,~~at the time the issuer makes an offer for the sale of a security.~~

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

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

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

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

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

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

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

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

517.081 Registration procedure.—

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

(a) An issuer that is subject to any of the disqualifications described in Securities and Exchange Commission Rule 262, 17 C.F.R. s. 230.262, as amended, or that 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 paragraph, an issuer includes an issuer's director, officer, general partner, manager or managing member, trustee, or a person owning at least 10 percent of the ownership interests of the issuer; a promoter or selling agent of the securities to be offered; or any officer, director, partner, or manager or managing member of such selling agent.

(b) An issuer that 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 business entity or entities.

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

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

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

1. The application is complete.
2. The fee imposed in subsection (8) has been paid.
3. The sale of the security would not be fraudulent and would not work or tend to work a fraud upon the purchaser.
4. The terms of the sale of such securities would be fair, just, and equitable.
5. ~~The enterprise or business of the issuer is not based upon unsound business principles.~~

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

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

(6) 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) 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), 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 full name, and any other names by which the applicant or person may have been known, and the applicant's or person's 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 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 conviction of, or plea of nolo contendere to, a criminal offense or the applicant's or person's 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 character, reputation, and financial responsibility.

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

a. A natural person who files an application with the office for registration as an associated person.

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

c. A natural person who owns at least 5 percent of a dealer or investment adviser applicant.

d. With respect to each owner who owns at least 5 percent of a dealer or investment adviser applicant that is a corporation, partnership, trust, or limited liability company, each natural person who is a 25 percent or more

owner or trustee of such entity, and each natural person who is a 25 percent or more owner or trustee at each level of the chain of ownership up to, but not including, an entity subject to s. 12 or s. 15(d) of the Securities Exchange Act of 1934, as amended.

2. For purposes of this subsection, the term “owner” means:

a. A shareholder who owns a percentage of a class of voting securities of a dealer or investment adviser applicant, and includes any person who owns, beneficially owns, has the right to vote on, or has the power to sell or direct the sale of, the percentage of a class of a voting security of the dealer or investment adviser applicant specified in sub-subparagraph 1.c. or sub-subparagraph 1.d. For purposes of this sub-subparagraph, a person beneficially owns any securities:

(I) That are owned by the shareholder’s child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law sharing the same residence; or

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

b. A general partner of a partnership, and a limited partner of a partnership who has the right to receive upon dissolution, or has contributed, a percentage of the capital of a dealer or investment adviser applicant.

c. A trustee of a trust that owns a percentage of a class of a voting security of a dealer or investment adviser applicant, or that has the right to receive upon dissolution, or has contributed, a percentage of the capital of a dealer or investment adviser applicant.

d. A member of a limited liability company who has the right to receive upon dissolution, or has contributed, a percentage of the capital of a dealer or investment adviser applicant, and all limited liability company managers of a dealer or investment adviser applicant.

3. For purposes of this subsection, the term “shareholder” means a person who owns at least one share of a corporation and whose ownership is reflected in the records of the corporation.

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

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

(d) The office shall review the results of the state and federal criminal history record checks and determine whether the applicant is disqualified from registration.

1. The commission may waive by rule the requirement that the persons listed in sub-subparagraphs (a)1.a.-d. submit fingerprints or the requirement that such fingerprints be processed by the Department of Law Enforcement or the Federal Bureau of Investigation.

2. In waiving a requirement under subparagraph 1., the commission may consider the rules and regulations of the Securities and Exchange Commission, the model rules and acts of the North American Securities Administrators Association, Inc., and the rules and regulations of the Financial Industry Regulatory Authority.

~~(11)(a)(10)(a)~~ If the office finds that the applicant 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 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 (10)(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 (10)(a) ~~(9)(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 (10)(a) ~~(9)(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.

~~(15)~~(14)

(b) In lieu of filing with the office the applications specified in subsection (5), the fees required by subsection ~~(10)~~ (9), the renewals required by subsection ~~(11)~~ (10), and the termination notices required by subsection ~~(12)~~ (11), 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.

~~(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. 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 full name and any other names by which the applicant or person may have been known and the applicant's or person's 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 business and any injunction or administrative order by a state or federal agency regulating banking, insurance, finance, real estate, mortgage brokers, or other related or similar industries, which relate to such person.

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

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

a. A natural person who files an application with the office for registration as an intermediary.

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

c. A natural person who owns at least 5 percent of an intermediary applicant.

d. With respect to each owner who owns at least 5 percent of an intermediary applicant that is a corporation, partnership, trust, or limited liability company, each natural person who is a 25 percent or more owner or trustee of such entity, and each natural person who is a 25 percent or more owner or trustee at each level of the chain of ownership up to, but not including, an entity subject to s. 12 or s. 15(d) of the Securities Exchange Act of 1934, as amended.

2. For purposes of this subsection, the term “owner” means:

a. A shareholder who owns a percentage of a class of voting securities of an intermediary applicant, and includes any person who owns, beneficially owns, has the right to vote on, or has the power to sell or direct the sale of, the percentage of a class of a voting security of the intermediary applicant specified in sub-subparagraph 1.c. or sub-subparagraph 1.d. For purposes of this sub-subparagraph, a person beneficially owns any securities:

(I) That are owned by the shareholder’s child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law sharing the same residence; or

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

b. A general partner of a partnership, and a limited partner of a partnership who has the right to receive upon dissolution, or has contributed, a percentage of the capital of an intermediary applicant.

c. A trustee of a trust that owns a percentage of a class of a voting security of an intermediary applicant, or that has the right to receive upon dissolution, or has contributed, a percentage of the capital of an intermediary applicant.

d. A member of a limited liability company who has the right to receive upon dissolution, or has contributed, a percentage of the capital of an intermediary applicant, and, all limited liability company managers of an intermediary applicant.

3. For purposes of this subsection, the term “shareholder” means a person who owns at least one share of a corporation and whose ownership is reflected in the records of the corporation.

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

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

(f) The office shall review the results of the state and federal criminal history record checks and determine whether the applicant is disqualified from registration.

1. The commission may waive by rule the requirement that applicants, including any persons listed in sub-subparagraphs (c)1.a.-d., submit fingerprints or the requirement that such fingerprints be processed by the Department of Law Enforcement or the Federal Bureau of Investigation.

2. In waiving a requirement under subparagraph 1., the commission may consider the rules and regulations of the Securities and Exchange Commission, the model rules and acts of the North American Securities Administrators Association, Inc., and the rules and regulations of the Financial Industry Regulatory Authority.

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

(h)(d) An intermediary or persons affiliated with the intermediary are not subject to any disqualification described in s. 517.1611 or 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 of the intermediary is subject to this requirement.

(i)(e) If the office finds that the applicant 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.

(21)(20) The registration requirements of this section do not apply to any general lines insurance agent or life insurance agent licensed under chapter 626, with regard to the sale of a security as defined in s. 517.021(33)(g) s. 517.021(25)(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 constitute activity under the insurance agent's license for purposes of ss. 626.611 and 626.621.

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

1. "Broker" has the same meaning as "dealer" as defined in s. 517.021.
2. "Business combination related shell company" means a shell company that is formed by an entity that is not a shell company solely for the purpose of:
 - a. Changing the corporate domicile of the entity solely within the United States; or
 - b. Completing a business combination transaction, as defined in 17 C.F.R. s. 230.165(f), among one or more entities other than the company itself, none of which is a shell company.

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

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

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

b.e. In the case of a partnership or limited liability company, may receive upon dissolution, or has contributed, 25 20 percent or more of the capital.

4.3. “Eligible privately held company” means a privately held company that meets all of the following conditions:

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

b. In the fiscal year immediately preceding the fiscal year during which the merger and acquisition broker begins to provide services for the securities transaction, the company, in accordance with its historical financial accounting records, has earnings before interest, taxes, depreciation, and amortization of less than \$25 million or has gross revenues of less than \$250 million. On July 1, 2021, and every 5 years thereafter, each dollar amount in this sub-subparagraph shall be adjusted by dividing the annual value of the Employment Cost Index for wages and salaries for private industry workers, or any successor index, as published by the Bureau of Labor Statistics, for the calendar year preceding the calendar year in which the adjustment is being made, by the annual value of such index or successor index for the calendar year ending December 31, 2020 ~~2012,~~ and multiplying such dollar amount by the quotient obtained. Each dollar amount determined under this sub-subparagraph must ~~shall~~ be rounded to the nearest multiple of \$100,000 and adopted by commission rule.

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

6.5. “Public Shell company” means a company that at the time of a transaction with an eligible privately held company:

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

a.b. Has nominal or no operations, ~~and~~

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

(b) Prior to the completion of any securities transaction described in s. 517.061(7), a merger and acquisition broker must receive written assurances from the control person with the largest percentage of ownership for both the buyer and seller engaged in the transaction that:

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

2. After the transaction is completed, any person who acquires securities or assets of the eligible privately held company, acting alone or in concert, will be deemed to be active in the management of the eligible privately held company or the business conducted with the assets of the eligible privately held company, and active in the management of the assets of the eligible privately held company, if he or she engages in any of the following acts or activities:

a. Electing executive officers.

b. Approving the annual budget.

c. Serving as an executive or other executive manager.

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

3.2. If any person is offered securities in exchange for securities or assets of the eligible privately held company, such person will, before becoming legally bound to complete the transaction, receive or be given reasonable access to the most recent year-end financial statements of the issuer of the securities offered in exchange. The most recent year-end financial statements shall be customarily prepared by the issuer's management in the normal course of operations. If the financial statements of the issuer are audited, reviewed, or compiled, the most recent year-end financial statements must include any related statement by the independent certified public accountant; a balance sheet dated not more than 120 days before the date of the exchange offer; and information pertaining to the management, business, results of operations for the period covered by the foregoing financial statements, and material loss contingencies of the issuer.

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

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

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

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

4. ~~Directly, or indirectly through any of its affiliates, provides financing related to the transfer of ownership of an eligible privately held company~~;

5. ~~Assists any party to obtain financing from an unaffiliated third party without~~;

a. ~~Complying with all other applicable laws in connection with such assistance, including, if applicable, Regulation T under 12 C.F.R. ss. 220 et seq., as amended; and~~

b. ~~Disclosing any compensation in writing to the party~~;

6. ~~Represents both the buyer and the seller in the same transaction without providing clear written disclosure as to the parties the broker represents and obtaining written consent from both parties to the joint representation~~;

7. ~~Facilitates a transaction with a group of buyers formed with the assistance of the merger and acquisition broker to acquire the eligible privately held company~~;

8. ~~Engages in a transaction involving the transfer of ownership of an eligible privately held company to a passive buyer or group of passive buyers~~;

9. ~~Binds a party to a transfer of ownership of an eligible privately held company; or~~

10. ~~Is subject to, or an officer, director, member, manager, partner, or employee of the broker is subject to, the following disciplinary actions~~:

a. ~~Has been barred from association with a broker or dealer by the Securities and Exchange Commission, any state, or any self-regulatory organization; or~~

b. ~~Is suspended from association with a broker or dealer~~.

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

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

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

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

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

517.131 Securities Guaranty Fund.—

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

(a) “Final judgment” includes an arbitration award confirmed by a court of competent jurisdiction.

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

(2)(a) The Chief Financial Officer shall establish a Securities Guaranty Fund to provide monetary relief to victims of securities violations under this chapter who are entitled to monetary damages or restitution and cannot recover the full amount of such monetary damages or restitution from the wrongdoer. An amount not exceeding 20 percent of all revenues received as assessment fees pursuant to s. 517.12(10) and (11) ~~s. 517.12(9) and (10)~~ 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(10) and (11) ~~s. 517.12(9) and (10)~~ for associated persons must be part of the regular registration license fee and must be transferred to or deposited in the Securities Guaranty Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 10. Subsection (3) of section 517.301, Florida Statutes, is amended to read:

517.301 Fraudulent transactions; falsification or concealment of facts.

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

Section 11. Subsection (4) of section 517.34, Florida Statutes, is amended to read:

517.34 Protection of specified adults.—

(4) A delay on a disbursement or transaction under subsection (3) expires 15 business days after the date on which the delay was first placed. However, the dealer or investment adviser may extend the delay for up to 30 ~~10~~ additional business days if the dealer's or investment adviser's review of the available facts and circumstances continues to support such dealer's or investment adviser's reasonable belief that financial exploitation of the specified adult has occurred, is occurring, has been attempted, or will be attempted. A dealer or investment adviser that extends a delay must notify the office on a form prescribed by commission rule not later than 3 business days after the date on which the extension was applied. The notice must identify the dealer or investment adviser that extended the delay and the date on which the delay was originally made. The length of the delay may be

shortened or extended at any time by a court of competent jurisdiction. This subsection does not prevent a dealer or investment adviser from terminating a delay after communication with the parties authorized to transact business on the account and any trusted contact on the account.

Section 12. Subsection (1) of section 517.211, Florida Statutes, is amended to read:

517.211 Private 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), (9), (11), (13), (16), or (18) ~~s. 517.12(1), (3), (4), (8), (10), (12), (15), or (17)~~ may be rescinded at the election of the purchaser; however, a sale made in violation of the provisions of s. 517.1202(3) relating to a renewal of a branch office notification or in violation of the provisions of s. 517.12(13) ~~s. 517.12(12)~~ relating to filing a change of address amendment is not 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 after 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 13. Subsection (2) of 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:

(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(10) and (11) ~~s. 517.12(9) and (10)~~ and 30.44 percent of the \$100 assessment fee paid by dealers and investment advisers for each office in the state under s. 517.12(10) and (11) ~~s. 517.12(9) and (10)~~ to the Regulatory Trust Fund.

Section 14. This act shall take effect upon becoming a law.

Approved by the Governor May 16, 2025.

Filed in Office Secretary of State May 16, 2025.