**OVERVIEW OF PROPOSED AMENDMENTS TO CHAPTER 517, F.S.**

1. Sparking a Small Company Capital Funding Ecosystem
   1. Reforming (or rescinding) the Crowdfunding Statute
   2. Change from Merit Review to Disclosure Review of Registered Offerings
   3. Licensing Capital Funding Intermediaries (online portals and finders)
   4. Rescinding the statute requiring escrow of intellectual property
2. Joining Florida to North American Securities Administrators Association’s Regional Registered Offering Review System
3. Attorney’s Fees in Enforcement Actions
4. Technical Amendments
   1. Revising definition of “Associated Person” to conform to Uniform Securities Act
   2. Conforming the number of investment adviser clients to National Securities Markets Improvement Act.
   3. Restating the two-statute regulation of viatical settlements into one statute
   4. Gender, pronoun, and grammar corrections

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[This act shall take effect October 1, 2022. 76](#_Toc70587375)

A bill to be entitled

An act relating to requirements for offers and sales of securities; amending s. 517.021, F.S.; revising definitions; amending s. 517.061, F.S.; updating a cross-reference relating to exemptions from registration under the Securities Act of 1933 for securities transactions by specified persons; amending s. 517.0611, F.S.; revising requirements for offers and sales of securities under certain circumstances; authorizing, rather than requiring, issuers of securities to conduct certain transactions through specified dealers and intermediaries; providing requirements for disposition of funds that issuers receive from investors; revising requirements for, and duties of, issuers; deleting a provision requiring issuers to provide the Office of Financial Regulation with certain disclosure statements; revising requirements for information contained in disclosure statements that issuers provide to investors, dealers, and intermediaries; deleting provisions relating to escrow agreements and investor funds; revising the aggregate amount in certain transactions exempt from specified registration requirements; deleting provisions relating to an annual report filed with the office and provided to investors by issuers; authorizing issuers to use means of general solicitation and advertising under certain circumstances; requiring issuers to retain and to provide to the office specified records under certain circumstances; deleting provisions relating to certain intermediaries and disposition of funds received from investors; amending s. 517.081, F.S.; authorizing intermediaries to apply to have securities registered under certain circumstances; revising information that registration applicants may be required to submit to the office; authorizing certain issuers to use specified forms in preparing prospectus under certain circumstances; requiring the office to approve applications for securities registration under certain circumstances; deleting certain information that the office may require applicants to submit for a specified purpose; revising registration application fees; deleting provisions relating to the office's registration determination; creating s. 517.083, F.S.; authorizing the Financial Services Commission to require the filing of certain documents as notice filing; providing rulemaking authority; amending s. 517.111, F.S.; revising circumstances under which registration of securities is revoked or denied; amending s. 517.12, F.S.; revising applicability of registration requirements; revising registration determination; revising circumstances under which intermediaries may engage in business in this state; providing duties for intermediaries in securities transactions; prohibiting certain intermediaries from engaging in specified activities; defining the term "finder"; requiring finders to be registered to engage in business in this state; providing requirements for registration applications; providing rulemaking authority; providing requirements for information contained in registration applications; providing construction; requiring the office to register applicants under certain circumstances; providing requirements for registration renewals; providing requirements for agreements between finders, issuers, and specified persons; requiring finders to maintain and preserve copies of agreements and other records for a specified period; providing requirements for natural persons to be engaged in the business of effecting transactions; authorizing pursuit of remedies under certain circumstances; amending s. 517.121, F.S.; requiring finders to maintain certain books and records; requiring the office to examine affairs and books and records of finders or to require such records and reports to be submitted; amending s. 517.161, F.S.; providing circumstances under which registrations of finders are revoked, denied, or suspended; repealing s. 517.181, F.S., relating to escrow agreement; providing an effective date.

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

Section 1. Subsections (2), (6), (9), (13), and (14) of section 517.021, Florida Statutes, 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:

(1) “Accredited investor” means a person as defined by commission rule in accordance with Securities and Exchange Commission Regulation 230.501 (17 C.F.R. S. 230.501).

(3) ~~(2)~~ "Associated person" means:

(a) With respect to a dealer ~~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.~~ A ~~any~~ natural person who directly or indirectly controls ~~controlling~~ or is controlled by ~~a~~ such dealer; or a natural person employed, appointed, or authorized by a dealer, and who represents such dealer in effecting or attempting to effect purchases or sales of securities. The term does not include the following:

1. A dealer;

2. A partner, officer, or director of a dealer, or a person having a similar status or performing similar functionsof a dealer, unless such person otherwise comes within (3)(a) of this section;

3. An employee of a dealer whose function is only clerical or ministerial; or

4. 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. ~~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.~~

(b)1. With respect to an investment adviser, a natural person, including, but not limited to, a partner, officer, director, or branch manager, or a person occupying a similar status or performing similar functions, who is employed by or associated with, or who is subject to the supervision and control of, an investment adviser who is registered or required to be registered under this chapter; and does any of the following:

a. Makes any recommendation or otherwise gives investment advice regarding securities.

b. Manages accounts or portfolios of clients.

c. Determines which recommendation or advice regarding securities should be given.

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

e. Supervises employees who perform any of the functions under sub-subparagraphs a.-d.

2. The term does not include the following:

a. An investment adviser; or

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

(c)~~(b)~~ With respect to a federal covered adviser, a ~~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.

(d) With respect to a finder, a natural person who directly or indirectly controls or is controlled by such finder; or a natural person employed, appointed, or authorized by a finder, and who represents a finder in introducing or referring one or more persons that such natural person reasonably believes are accredited investors, to an issuer with a principal place of business in this state, or introducing or referring an issuer with a principal place of business in this state, to one or more persons that such natural person reasonably believes are accredited investors, solely for the purpose of a potential offer or sale of securities of the issuer in an issuer transaction in this state. The term does not include the following:

1. A finder; or

2. An employee whose function is only clerical or ministerial.

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

(8) “Control person” means an individual or entity that possesses the power, directly or indirectly, to direct or cause the direction of the management or policies of an organization through ownership of securities, by contract, or otherwise. A person is presumed to be a control person of an organization if, with respect to a particular organization, the person:

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

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

(c) In the case of a partnership or limited liability company, may receive upon dissolution, or has contributed, 20 percent or more of the capital.

(9) ~~(6)~~(a) "Dealer" includes any of the following:

1. A ~~Any~~ person, other than an associated person registered under this chapter, that ~~who~~ engages, either for all or part of the person's ~~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:

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

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

3. A ~~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. A ~~Any~~ wholesaler selling exclusively to dealers;

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

6. ~~Pursuant to s. 517.061(11),~~ A natural ~~any~~ person representing ~~associated with~~ an issuer in the purchase, sale, or distribution of the issuer’s own securities if:

a. Such ~~such~~ person is an officer, a director, limited liability company manager or managing member, or a bona fide employee of the issuer;

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

c. Such person ~~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; and

d. Such person does not receive a commission, compensation, or other consideration for the completed sale of the issuer’s securities apart from the compensation received for such person’s regular duties to the issuer.

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

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

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

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

(10) ~~(9)~~ "Federal covered adviser" means a person ~~who is~~ registered or required to be registered under s. 203 of the Investment Advisers Act of 1940. The term "federal covered adviser" does not include any person ~~who is~~ excluded from the definition of investment adviser under subparagraphs (16)(b)1.-9. ~~(14)(b)1.-8.~~

(12) “Finder” means a natural person or a corporation, trust, partnership, limited liability company, association, or other legal entity that, for direct or indirect compensation, introduces or refers one or more persons who the finder reasonably believes are accredited investors, to an issuer with a principal place of business in this state, or introduces or refers an issuer, with a principal place of business in this state, to one or more persons who the finder reasonably believes are accredited investors, solely for the purpose of a potential offer or sale of securities of the issuer in an issuer transaction in this state.

(15) ~~(13)~~ "Intermediary" means a natural person residing in 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 the state that facilitates the offer or sale of securities of an issuer with a principal place of business in this state, through its website, and does not receive compensation for the solicitation based on the completed sale of securities offered or displayed on its website. ~~under s. 517.0611.~~

(16) ~~(14)~~ (a) "Investment adviser" includes a ~~any~~ person that ~~who~~ receives compensation, directly or indirectly, and engages for all or part of such 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 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.~~1.~~ 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;~~

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

5.~~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;

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

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

8.~~7.~~ A ~~Any~~ person that ~~who~~ does not hold itself ~~herself or himself~~ out to the general public as an investment adviser, has a place of business located in this state, and has fewer ~~no more~~ than 6 ~~15~~ clients during the preceding ~~within~~ 12 ~~consecutive~~ months ~~in this state~~;

9.~~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. Those clients listed in subparagraph 7. ~~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; or

10.~~9.~~ A federal covered adviser.

(18) “Natural person” means an individual.

(20) “Office” means the Office of Financial Regulation of the commission.

(21) “Person” means a natural person, corporation, limited liability company, association, trust, general partnership, limited partnership, joint venture, firm, proprietorship, or any other entity.

Section 2. Paragraph (b) of subsection (3) of section 517.061, Florida Statutes, is amended to read:

517.061 Exempt transactions.—Except as otherwise provided in s. 517.0611 for a transaction listed in subsection (21)~~,~~or for a transaction listed in subsection (23), 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:

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

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

For purposes of this subsection, any person, including, without limitation, a promoter or affiliate of an issuer, shall not be deemed an underwriter, an issuer, or a person acting for the direct or indirect benefit of the issuer or an underwriter with respect to any securities of the issuer which she or he has owned beneficially for at least 1 year.

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

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

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

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

~~4. No person defined as a “dealer” in this chapter is paid a commission or compensation for the sale of the issuer’s securities unless such person is registered as a dealer under this chapter.~~

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

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

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

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

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

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

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

(c)~~1.~~  The commission may by rule specify factors to be considered in determining whether offers and sales of securities constitute part of the same offering under this section in accordance with Securities and Exchange Commission Regulation 230.152 (17 C.F.R. s. 230.152). Rules adopted pursuant to this paragraph should harmonize Securities and Exchange Commission Regulation 230.152 (17 C.F.R. s. 230.152) with this chapter. ~~For purposes of determining which offers and sales of securities constitute part of the same offering under this subsection and are therefore deemed to be integrated with one another:~~

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

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

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

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

(e) A communication will not be deemed to constitute general solicitation or general advertising if made in connection with a seminar or meeting in which more than one issuer participates that is sponsored by a college, university, or other institution of higher education, state or local government or instrumentality thereof, nonprofit organization, or angel investor group, business incubator, or business accelerator, provided that:

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

2. The sponsor of the seminar or meeting does not:

a. Make investment recommendations or provide investment advice to attendees of the event;

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

c. Charge attendees of the event any fees, other than reasonable administrative fees;

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

e. Receive any compensation with respect to the event that would require registration of the sponsor as a dealer, finder, intermediary, or an investment adviser under s. 517.12;

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

4. If the event allows attendees to participate virtually, rather than in person, online participation in the event is limited to:

a. Individuals who are members of, or otherwise associated with the sponsor organization;

b. Individuals that the sponsor reasonably believes are accredited investors; or

c. Individuals who have been invited to the event by the sponsor based on industry or investment-related experience reasonably selected by the sponsor in good faith and disclosed in the public communications about the event.

5. For purposes of this paragraph “Angel investor group” means a group of accredited investors that holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole, and is neither associated nor affiliated with dealers, or investment advisers.

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

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

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

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

(d) Neither the issuer, any of the issuer’s predecessors, any affiliated issuer, any of the issuer’s directors, officers, general partners, beneficial owners of 10% or more of any class of its equity securities, any of the issuer’s promoters presently connected with the issuer in any capacity, any underwriter of the securities to be offered, or any partner, director or officer of such underwriter:

1. Has, within the last five years, filed a registration statement which is the subject of a currently effective registration stop order entered by any state securities administrator or the United States Securities and Exchange Commission;

2. Has, within the last five years, been convicted of any criminal offense in connection with the offer, purchase or sale of any security, or involving fraud or deceit;

3. Is currently subject to any state or federal administrative enforcement order or judgment, entered within the last five years, finding fraud or deceit in connection with the purchase or sale of any security;

4. Is currently subject to any order, judgment or decree of any court of competent jurisdiction, entered within the last five years, temporarily, preliminary or permanently restraining or enjoining such party from engaging in or continuing to engage in any conduct or practice involving fraud or deceit in connection with the purchase or sale of any security.

(e) A general announcement of the proposed offering may be made by any means and shall include the following information:

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

2. The name, a brief description and price (if known) of any security to be issued;

3. A brief description of the business of the issuer in 25 words or less;

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

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

6. A statement that:

a. Sales will only be made to accredited investors;

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

c. The securities have not been registered with or approved by any state securities agency or the United States Securities and Exchange Commission and are being offered and sold pursuant to an exemption from registration.

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

1. Is delivered through an electronic database that is restricted to persons who have been pre-qualified as accredited investors; or

2. Is delivered after the issuer reasonably believes that the prospective investor is an accredited investor.

(g) No telephone solicitation shall be permitted unless prior to placing the call, the issuer reasonably believes that the prospective investor to be solicited is an accredited investor.

(i) Dissemination of the general announcement of the proposed offering to persons who are not accredited investors shall not disqualify the issuer from claiming the exemption under this rule.

(j) The issuer shall file with the Office a notice of transaction on a form prescribed by commission rule, a consent to service of process similar to that provided for in s. 517.101, and a copy of the general announcement, within 15 days after the first sale in this state. The commission may establish by rule procedures for filing documents by electronic means.

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

517.0611 Intrastate crowdfunding.—

(1) This section may be cited as the "Florida Intrastate Crowdfunding Exemption."

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

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

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

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

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

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

(a) Be a for-profit business entity and ~~formed under the laws of the state, be registered with the Secretary of State,~~ maintain its principal place of business in the state~~, and derive its revenues primarily from operations in the state~~.

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

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

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

(d)~~(e)~~ Not be subject to a disqualification established by the commission or office or a 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. Each director, officer, person occupying a similar status or performing a similar function, or person holding more than 20 percent of the equity ownership ~~shares~~ of the issuer, is subject to this requirement.

(e) Either directly, or through an escrow or trust account arrangement, cause all funds received from investors to be deposited in a federally insured account for benefit of the investors, and maintain all of such funds in the account until such time as either the target offering amount has been reached, the offering has been terminated, or the offering has expired. All funds shall be used in accordance with the uses of proceeds represented to prospective investors.

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

(f) Provide written notice, prior to any sale made pursuant to this section, that any such sale is voidable as described in subsection (11).

(g)  Prior to the use of investor funds, determine whether the target offering amount has been reached as specified in the disclosure statement. If the target offering amount was not reached by the offering deadline, cancel all commitments to invest and issue refunds within 30 days to all investors in this offering. ~~Allow investors to cancel a commitment to invest within 3 business days before the offering deadline, as stated in the disclosure statement, and issue refunds to all investors if the target offering amount is not reached by the offering deadline.~~

(6)~~(5)~~ The issuer must file a notice of the offering with the office, in writing or in electronic form, in a format prescribed by commission rule, together with a nonrefundable filing fee of $200. The filing fee shall be deposited into the Regulatory Trust Fund of the office. The commission may adopt rules establishing procedures for the deposit of fees and the filing of documents by electronic means if the procedures provide the office with the information and data required by this section. A notice is effective upon receipt, by the office, of the completed form, filing fee, and an irrevocable written consent to service of civil process, similar to that provided for in s. 517.101. The notice may be terminated by filing with the office a notice of termination. The notice and offering expire 12 months after filing the notice with the office and are not eligible for renewal. The notice must:

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

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

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

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

1. Title;~~,~~

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

3. ~~his or her~~ Ownership percentage.

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

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

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

(g)~~(h)~~ Include the intermediary's website address where the issuer's securities will be offered, if applicable.

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

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

(8)~~(7)~~ The issuer must provide to prospective investors and the dealer or intermediary, if any, along with a copy to the office at the time that the notice is filed~~, and make available to potential investors through the dealer or intermediary~~, a

disclosure statement containing material information about the issuer and the offering, including:

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

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

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

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

(e) The target offering amount, the deadline to reach the target offering amount, ~~and~~ the frequency with which ~~regular~~ updates regarding the progress of the issuer in meeting the target offering amount are to be provided to prospective investors and investors and the manner in which such updates are to be provided.

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

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

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

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

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

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

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

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

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

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

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

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

5. For purposes of this paragraph “financial statements” means: balance sheets, income statements, and cash flow statements dated no earlier than 90 days prior to the offering.

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

These securities are offered under, and will be sold in reliance upon, an exemption from the registration requirements of federal and Florida securities laws. Consequently, neither the Federal Government nor the State of Florida has reviewed the accuracy or completeness of any offering materials. In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as specifically authorized by applicable federal and state securities laws. Investing in these securities involves a speculative risk, and investors should be able to bear the loss of their entire investment.

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

(9) The issuer must provide the office with a report of sale and use of proceeds in electronic form, in a format prescribed by commission rule, upon completion of the offering or expiration of the notice required by subsection (6). The report of sale and use of proceeds shall require at least the following information: name of any underwriter, if any, date offering commenced, date offering completed, total amount of securities sold, the total amount received from the public from commencement of the offering to date, and the total number of investors that participated in the offering.

(10)~~(9)~~ The sum of all cash and other consideration received for sales of a security under this section may not exceed $5 ~~$1~~ million, less the aggregate amount received for all

sales of securities by the issuer within the 12 months preceding the first offer or sale made in reliance upon this exemption. Offers or sales to a person owning 20 percent or more of the outstanding equity ownership ~~shares~~ of any class or classes of securities or to an officer, director, partner, limited liability company manager or managing member, or trustee, or a person occupying a similar status, do not count toward this limitation.

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

­(12)~~(10)~~ Unless the investor is an accredited investor ~~as defined by Rule 501 of Regulation D, adopted pursuant to the Securities Act of 1933~~, the aggregate amount sold by an issuer to an investor in transactions exempt from registration requirements under this subsection in a 12-month period may not exceed $10,000~~:~~

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

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

~~(11) The issuer shall file with the office and provide to investors free of charge an annual report of the results of operations and financial statements of the issuer within 45 days after the end of its fiscal year, until no securities under this offering are outstanding. The annual reports must meet the following requirements~~~~:~~

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

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

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

(b) A notice-filing under this section shall be summarily suspended by the office if the issuer made a material false statement in the issuer's notice-filing. The summary suspension shall remain in effect until a final order is entered by the office. For purposes of s. 120.60(6), a material false statement made in the issuer's notice-filing constitutes an immediate and serious danger to the public health, safety, and welfare. If an issuer made a material false statement in the issuer's notice-filing, the office shall enter a final order revoking the notice-filing, issue a fine as prescribed by s. 517.221(3), and issue permanent bars under s. 517.221(4) to the issuer and all owners, officers, directors, and control persons, or any person occupying a similar status or performing a similar function of the issuer, including title; status as a partner, trustee, sole proprietor, or similar role; and ownership percentage.

(14) In conducting an offering under this section, an issuer may use means of general solicitation or advertising if all communications limit the target audience of prospective investors to residents of this state.

(15)~~(13)~~ An issuer, must:

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

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

~~1. A description of the escrow agreement that the issuer has executed and the conditions for release of such funds to the issuer in accordance with the agreement and subsection (4).~~

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

(b)~~(c)~~ If not using an intermediary, obtain a zip code or residence address from each prospective ~~potential~~ investor who seeks to view information regarding specific investment opportunities, in order to confirm that the prospective ~~potential~~ investor is a resident of the state.

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

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

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

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

(c)~~(h)~~ Provide at least a quarterly ~~monthly~~ update to each investor and prospective investor for each offering~~, after the first full month after the date of the offering~~. The update ~~must be accessible on the intermediary's website and~~ must include

~~display~~ the date and amount of each sale of securities, and each cancellation of commitment to invest, in the previous quarter ~~calendar month~~.

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

I understand and acknowledge that:

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

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

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

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

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

~~If~~ I must not resell any of the securities I am acquiring in this offering to a person that is not a Florida resident within 6 ~~9~~ months after the date of ~~closing of the~~

~~offering,~~ my ~~contract with the issuer for the~~ purchase of the ~~these~~ securities ~~is void~~.

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

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

(16) An issuer must retain and must, upon request, provide to the office records of an accredited investor's status, if applicable, and of an investor's state of residence, for a period of 5 years following the purchase of an issuer's security.

(17) At any time before the offering of a security in accordance with this section, an issuer or any person authorized to act on behalf of an issuer may communicate orally or in writing with potential investors to determine whether there is any interest in a contemplated securities offering. Such communications are deemed to be an offer of a security for sale for purposes of ss. 571.301, 517.311, and 517.312. No solicitation or acceptance of money or other consideration, nor of any commitment, binding or otherwise, from any person is permitted until the offering is notice-filed in accordance with this section.

(a) Conditions*.* The communications must:

(1) State that no money or other consideration is being solicited, and if sent in response, will not be accepted;

(2) State that no offer to buy the securities can be accepted and no part of the purchase price can be received until the offering is notice-filed in accordance with this section, and any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of its acceptance given after the notice-filed date; and

(3) State that a person's indication of interest involves no obligation or commitment of any kind.

(b) Indications of interest*.* Any written communication under this section may include a means by which a person may indicate to the issuer that such person is interested in a potential offering. The issuer may require the name, address, telephone number, and/or email address in any response form included pursuant to this paragraph.

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

~~(m) Implement written policies and procedures that are reasonably designed to achieve compliance with federal and state securities laws; comply with the anti-money laundering requirements of 31 C.F.R. chapter X applicable to registered brokers; and comply with the privacy requirements of 17 C.F.R. part 248 relating to brokers.~~

~~(14) An intermediary not registered as a dealer under 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.~~

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

Section 4. Section 517.072, Florida Statutes, is amended to read:

517.072 Viatical settlement investments.—

(1) The exemptions provided for by ss. 517.051(6), (8), and (10) do not apply to a viatical settlement investment.

(2) The offering of a viatical settlement investment is not an exempt transaction under s. 517.061(2), (3), (8), (11), and (18), regardless of whether the offering otherwise complies with the conditions of that section, unless such offering is to a qualified institutional buyer.

(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:

(a) The transfer or assignment of an interest in a previously viaticated policy from a natural person who transfers or assigns no more than one such interest in a single calendar year.

(b) The provision of stop-loss coverage to a viatical settlement provider, financing entity, or related provider trust, as those terms are defined in s. 626.9911, by an authorized or eligible insurer.

(c) The transfer or assignment of a viaticated policy from a licensed viatical settlement provider to another licensed viatical settlement provider, a related provider trust, a financing entity, or a special purpose entity, as those terms are defined in s. 626.9911, or to a contingency insurer, provided such transfer or assignment is not the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of this chapter.

(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, 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.

(e) The transfer or assignment of a viaticated policy by a conservator of a viatical settlement provider appointed by a court of competent jurisdiction who transfers or assigns ownership of viaticated policies pursuant to that court’s order.

(4) 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 5. Section 517.081, Florida Statutes, is amended to read:

517.081 Registration procedure.—

(1) All securities required by this chapter to be registered before being sold in this state and not entitled to registration by notification shall be registered in the manner provided by this section. The commission may adopt rules and forms enabling the cooperation, coordination, consultation, and sharing of records and information with the securities regulator of another state for the purpose of coordinating registration under this section.

(2) The office shall receive and act upon applications to have securities registered, and the commission may prescribe forms on which it may require such applications to be submitted. Applications shall be duly signed by the applicant, sworn to by any person having knowledge of the facts, and filed with the office. 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. An application may be made either by the issuer of the securities for which registration is applied or by any registered dealer or intermediary desiring to sell the same within the state.

(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 the directors, trustees, and officers, if the issuer is ~~be~~ a corporation, association, or trust; of all the managers or managing members, if the issuer is a limited liability company; of all the partners, if the issuer is ~~be~~ a partnership; or of the issuer, if the issuer is ~~be~~ an individual.

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

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

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

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

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

(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. 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 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, or 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](http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0500-0599/0517/Sections/0517.111.html). For purposes of this subparagraph, an issuer includes an issuer’s director, officer, manager or managing member, 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 of such selling agent.

c. An issuer 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 ~~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.

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

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

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

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

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

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

(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, a copy of the articles of organization with all amendments and a copy of its operating agreement, if not already on file in 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.

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

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

(5) An issuer seeking to raise more than the maximum amount provided in s. 3(b) of the Securities Act of 1933 may use forms designated by commission rule as a guide in preparing the issuer’s prospectus.

(6)~~(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 all offerings exceeding the maximum amount provided in s. 3(b) of the Securities Act of 1933 or $200 per application for all offerings that do not exceed the maximum amount provided in s. 3(b) of the Securities Act of 1933.

(7) The office may deny any application to register securities, if the office determines:

(a) The issuer or any officer, director, or control person of the issuer, or any person having a similar status or performing similar functions, or any person directly or indirectly controlling the applicant, 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;

(b) The issuer or any officer, director, or control person of the issuer, or any person having a similar status or performing similar functions, or any person directly or indirectly controlling the applicant, has violated or is violating any provision of s. 517.161(1); or

(c) The security 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 sale of the security.

(8) If upon examination of any application the office shall find that the application is complete, the fee in subsection(6) has been paid, the application is free of fraud or material misrepresentation, and the sale of the security referred to therein would not be fraudulent and would not work or tend to work a fraud upon the purchaser, it shall record the registration of such security in the register of securities; and thereupon such security so registered may be sold by any registered dealer or intermediary, subject, however, to the further order of the office.

(9) The commission may by rule establish requirements and standards for the filing, content, and circulation of any preliminary, final, or amended prospectus and other sales literature and may by rule establish disclosure criteria relating to the issuance of equity securities, debt securities, insurance company securities, real estate investment trusts, and other traditional and nontraditional investments, including, but not limited to, oil and gas investments. The criteria may include such elements as the promoter’s equity investment ratio, the financial condition of the issuer, the voting rights of shareholders, the grant of options or warrants to underwriters and others, loans and other affiliated transaction, the use or refund of proceeds of the offering, and such other relevant criteria as the office in its judgment may deem necessary to such determination.

(10) The office may deem any 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 such application as specified by commission rule.

(11) At any time before the offering of a security in accordance with this section, an issuer or any person authorized to act on behalf of an issuer may communicate orally or in writing to determine whether there is any interest in a contemplated security offering. Such communications are deemed to be an offer of a security for sale for purposes of ss. 571.301, 517.311, and 517.312. No solicitation or acceptance of money or other consideration, nor of any commitment, binding or otherwise, from any person is permitted until the offering is registered.

(a) Conditions*.* The communications must:

1. State that no money or other consideration is being solicited, and if sent in response, will not be accepted;

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

3. State that a person's indication of interest involves no obligation or commitment of any kind.

(b) Indications of interest. Any written communication under this section may include a means by which a person may indicate to the issuer that such person is interested in a potential offering. This issuer may require the name, address, telephone number, and/or email address in any response form included pursuant to this paragraph.

(12) A communication prior to registration under this section will not be deemed to be in violation of s. 517.07 if made in connection with a seminar or meeting in which more than one issuer participates that is sponsored by a college, university, or other institution of higher education, State or local government or instrumentality thereof, nonprofit organization, or angel investor group, business incubator, or business accelerator, provided that:

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

2. The sponsor of the seminar or meeting does not:

a. Make investment recommendations or provide investment advice to attendees of the event;

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

c. Charge attendees of the event any fees, other than reasonable administrative fees;

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

e. Receive any compensation with respect to the event that would require registration of the sponsor as a dealer, finder, intermediary, or an investment adviser under s. 517.12;

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

4. If the event allows attendees to participate virtually, rather than in person, online participation in the event is limited to:

a. Individuals who are members of, or otherwise associated with the sponsor organization;

b. Individuals that the sponsor reasonably believes are accredited investors; or

c. Individuals who have been invited to the event by the sponsor based on industry or investment-related experience reasonably selected by the sponsor in good faith and disclosed in the public communications about the event.

5. For purposes of this paragraph “Angel investor group” means a group of accredited investors that holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole, and is neither associated nor affiliated with dealers, or investment advisers.

~~(7) If upon examination of any application the office shall find that the sale of the security referred to therein would not be fraudulent and would not work or tend to work a fraud upon the purchaser, that the terms of the sale of such securities would be fair, just, and equitable, and that the enterprise or business of the issuer is not based upon unsound business principles, it shall record the registration of such security in the register of securities; and thereupon such security so registered may be sold by any registered dealer, subject, however, to the further order of the office. In order to determine if an offering is fair, just, and equitable, the commission may by rule establish requirements and standards for the filing, content, and circulation of any preliminary, final, or amended prospectus and other sales literature and may by rule establish merit qualification criteria relating to the issuance of equity securities, debt securities, insurance company securities, real estate investment trusts, and other traditional and nontraditional investments, including, but not limited to, oil and gas investments. The criteria may include such elements as the promoter’s equity investment ratio, the financial condition of the issuer, the voting rights of shareholders, the grant of options or warrants to underwriters and others, loans and other affiliated transaction, the use or refund of proceeds of the offering, and such other relevant criteria as the office in its judgment may deem necessary to such determination.~~

~~(8) 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 6. Section 517.082, Florida Statutes, is amended to read:

517.082 Notification registration Notice Filing Requirements for 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 shall be entitled to registration by notification in the manner provided in subsection (2), provided that 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 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~~ 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 or the Investment Company Act of 1940 within 10 business days from the date federal registration is granted. Failure to provide all the information required by this subsection to the office within 60 days 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 ~~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) Any application for registration by notification with the office shall be deemed abandoned if such applicant’s federal registration statement is not declared effective by the Securities and Exchange Commission within one hundred eighty (180) days of the filing of such application for registration by notification with the office.

Section 7. Section 517.083, Florida Statutes, is created to read:

517.083 Notice filing for federal covered offering.—

(1) The commission may by rule require the filing of any or all of the following documents as notice filings:

(a) With respect to a federal covered security under s. 18(b)(2) of the Securities Act of 1933:

1. Before the initial offer of the federal covered security in this state, all records that are part of a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933 and a consent to service of process signed by the issuer;

2. After the initial offer of the federal covered security in this state, all records that are part of an amendment to the federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933; and

3. To the extent necessary or appropriate to compute fees, an annual or periodic report of the value of the federal covered securities sold or offered to persons located in this state, if the sales data are not included in records filed with the Securities and Exchange Commission.

A notice filing under this paragraph is effective for 1 year commencing on the later of the notice filing or the effectiveness of the offering filed with the Securities and Exchange Commission. On or before expiration, the issuer may renew a notice filing by filing a copy of those records filed by the issuer with the Securities and Exchange Commission that are required by rule by the commission to be filed. A previously filed consent to service of process may be incorporated by reference in a renewal. A renewed notice filing becomes effective upon the expiration of the filing being renewed.

(b) With respect to a federal covered security under s. 18(b)(4)(D) of the Securities Act of 1933, a notice filing by or on behalf of an issuer shall include a copy of Form D, including the appendix, as adopted by the Securities and Exchange Commission, and a consent to service of process signed by the issuer not later than 15 days after the first sale of the federal covered security in this state.

(c) With respect to a federal covered security under s. 18(b)(3) or s. 18(b)(4) of the Securities Act of 1933, other than those securities under paragraph (b) of this section, any document filed with the Securities and Exchange Commission.

(2) Except with respect to a federal covered security under s. 18(b)(1) of the Securities Act of 1933, if the office finds that there is a failure to comply with a notice requirement of this section, the office may suspend the sale of a federal covered security.

(3) The commission may establish, by rule, procedures for filing documents by electronic means.

Section 8. Paragraphs (a) and (f) through (j) of subsection (1) of section 517.111, Florida Statutes, are amended to read:

517.111 Revocation or Suspension of registration or notice-filing of securities.—

(1) The office may revoke or suspend the registration or notice filing 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, it ~~shall~~ appears that:

(a) The issuer is unable to pay its debts as they become due in the usual course of business ~~is insolvent~~;

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

(f)~~(g)~~ The issuer or any officer, director, 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;

(g)~~(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.~~

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.

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

(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.

(4) Notice of the entry of such order shall be given in accordance with the provisions of s. 120.60, F.S. ~~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.

(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 9. Subsections (21) and (22) of section 517.12, Florida Statutes, are renumbered as subsections (22) and (23), respectively, subsection (2), paragraph (a) of subsection (11), and subsection (20) are amended, a new subsection (21) is added to that section, and subsection (1) of that section is republished, to read:

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

(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 has been registered with the office 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~~ The registration requirements of this section do not apply in a transaction exempted by s. 517.061(1)-(10), (12)~~517.061(1)-(12)~~, (14), and (15).

(10)~~(11)~~(a) If the office determines that registration should be granted ~~finds that the applicant is of good repute and character and has complied with the provisions of this chapter~~

~~and the rules made pursuant hereto~~, it shall register the applicant. 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 (10)(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) 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.

(19)~~(20)~~ 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 intrastate 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 corporation, a copy of its articles of incorporation and amendments to the articles of incorporation or, if a limited liability company, a copy of the articles of organization with all amendments and a copy of its operating agreement, 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 such applicant or person ~~he or she~~ may have been known and such 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 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. Applicant’s or person’s ~~His or her~~ conviction of, or plea of nolo contendere to, a criminal offense or 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. 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 determines that registration should be granted ~~finds that the applicant is of good repute and character~~

~~and has complied with the 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 its ~~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.

(f) An intermediary must:

1. Take measures, as established by commission rule, to reduce the risk of fraud with respect to transactions, including verifying that the issuer is in compliance with the applicable registration and antifraud requirements of this chapter and, if necessary, denying an issuer access to its website if the intermediary believes it cannot adequately assess the risk of fraud of the issuer or the issuer's potential offering. An intermediary shall terminate an ongoing offering if it believes that the issuer is engaging in fraudulent conduct or practices in connection with the offering, and the intermediary shall within three (3) business days of the termination electronically report the termination to the office on a form prescribed by the commission. An intermediary that terminates an ongoing offering and timely makes a written report thereof to the office shall be immune from civil suit from the issuer for having terminated such offering and made such report to the office.

2. Provide basic information on its website regarding the high risk of investment in and limitation on the resale of securities acquired in an unregistered transaction and the potential for loss of an entire investment. The basic information must include a description of whether financial information provided by the issuer has been audited by an independent certified public accountant, as defined in s. 473.302.

3. Obtain a zip code or residence address from each prospective investor who seeks to view information regarding specific investment opportunities, in order to confirm that the prospective investor is a resident of the state.

4. Provide at least a quarterly update for each offering. The update must be accessible on the intermediary's website and must include the date and amount of each sale of securities, and each cancellation of commitment to invest, in the previous quarter.

5. Require each nonaccredited investor to provide written answers to questions that demonstrate an understanding of the level of risk generally applicable to investments in startups, emerging businesses, and small issuers, and an understanding of the risk of illiquidity.

6. Take reasonable steps to protect personal information collected from investors, as required by s. 501.171.

7. Fully and fairly disclose whether the intermediary, its control persons, directors, officers, managers or managing members, have any financial interest in or conflict of interest with any offering being offered on its website or any issuer using its services.

9. Implement written policies and procedures that are reasonably designed to achieve compliance with federal and state securities laws; comply with the anti-money laundering requirements of 31 C.F.R. chapter X applicable to registered brokers; and comply with the privacy requirements of 17 C.F.R. part 248 relating to brokers.

(g) An intermediary shall not:

1. Offer investment advice or recommendations.

a. A refusal by an intermediary to post an offering or to terminate an offering’s listing shall not be construed as an offer of investment advice or recommendation.

b. The display on an intermediary’s website of a summary of the results of such intermediary’s due diligence conducted on an issuer using such intermediary’s services shall not be construed as an offer of investment advice or recommendation if such intermediary does not recommend the purchase of the subject issuer’s securities.

2. Hold, manage, possess, or otherwise handle investor funds or securities.

3. Engage in any other activities set forth by commission rule.

(h)An intermediary, who has made any disclosures required by paragraph (f)8. may:

1. Co-sponsor the same offering to Florida residents with another intermediary or dealer.

2. Conduct on its website an offering of securities issued by such intermediary in compliance with this chapter.

(20)(a) No finder or associated person of a finder shall engage in business in this state unless the finder and associated persons of the finder have been registered with the office pursuant to this section.

(b) A finder or associated person, 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 filing documents by electronic means provided such procedures provide the office with the information and data required by this section. Each finder must also file an irrevocable written consent to service of civil process similar to that provided for in s. 517.101. The application must contain information as the commission or office may require concerning matters such as:

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

2. The applicant’s form and place of organization; and, if the applicant is a corporation, a copy of its articles of incorporation and amendments, or if a limited liability company, a copy of the articles of organization with all amendments and a copy of its operating agreement, or if a partnership, a copy of the partnership agreement.

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

(c) 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; or any person directly or indirectly controlling the applicant. Each applicant and any control person if the applicant is an entity, shall submit fingerprints for live-scan processing in accordance with s. 517.12(7). The commission, by rule, or the office may require information about any such applicant or person, including, but not limited to:

1. The applicant's date of birth, social security number, 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 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 applicant or person.

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

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

(e) The applicant must not be 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.

(f) If the office determines that registration should be granted, it shall register the applicant. The registration of each finder and associated person expires on December 31 of the year the registration became effective unless the finder or associated person renews its registration on or before that date. Registration may be renewed by furnishing such information as the commission may require by rule. A finder 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 required by the commission. Any reinstatement of registration granted by the office during the month of January is deemed effective retroactive to January 1 of that year.

(g)A finder must:

1. Concurrently with each introduction, obtain the informed, written consent of each person introduced or referred by the finder to an issuer, in a written agreement signed by the finder, the issuer, and the person introduced or referred, disclosing the following:

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

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

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

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

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

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

2. Maintain and preserve for 5 years after the date of the last renewal of registration under paragraph (f) a copy of the written agreement required under paragraph (g) and all other records relating to any offer or sale of securities in connection with which the finder receives compensation as the commission may require by rule, including but not limited to, communications with prospective investors, compensation records, and written disclosures provided to prospective investors. Upon written request by the office, the finder shall furnish to the office any records required to be maintained and preserved under this paragraph.

(h) A finder or associated person shall not:

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

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

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

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

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

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

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

a. The name, address, and contact information for the issuer or any dealer representing such issuer.

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

c. The issuer's industry, location, and years in business.

d. Written disclosure documents obtained from the issuer.

8. Engage in any other activities set forth by commission rule.

Section 10. Subsections (1) and (2) of section 517.121, Florida Statutes, are amended to read:

517.121 Books and records requirements; examinations.—

(1) A dealer, investment adviser, branch office, associated person, ~~or~~ intermediary, or finder shall maintain

such books and records as the commission may prescribe by rule.

(2) The office shall, at intermittent periods, examine the affairs and books and records of each registered dealer, investment adviser, associated person, intermediary, finder, or branch office notice-filed with the office, or require such

records and reports to be submitted to it as required by rule of the commission, to determine compliance with this act.

Section 11. Section 517.1217, Florida Statutes, is amended to read:

517.1217 Rules of conduct and prohibited business practices for dealers, finders, intermediaries, and their associated persons.—The commission by rule may establish rules of conduct and prohibited business practices for dealers, finders, intermediaries, 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.

Section 12. Section 517.161, Florida Statutes, is amended to read:

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

(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, finder, 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, insolvent;

(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, finder, or

associated person; which relates to the application for such registration; or which involves moral turpitude or fraudulent or dishonest dealing;

(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;~~

(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

(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.

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

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

(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, 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 which would be a ground for denial, suspension, restriction, or revocation under this chapter has been committed.

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

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

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

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

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

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

(c) For purposes of this subsection:

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

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

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

Section 12. Section 517.181, Florida Statutes, is repealed.

Section 13. Section 517.191, Florida Statutes is amended to read:

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

(4) In addition to any other remedies provided by this chapter, the office may apply to the court hearing the matter for, and the court shall have jurisdiction to impose, a civil penalty against any person found to have violated any provision of this chapter, any rule or order adopted by the commission or office, or any written agreement entered into with the office, in an amount not to exceed $10,000 for a natural person or $25,000 for any other person, or the gross amount of any pecuniary gain to such defendant for each such violation other than a violation of s. 517.301 plus $50,000 for a natural person or $250,000 for any other person, or the gross amount of any pecuniary gain to such defendant for each violation of s. 517.301. The office may recover any costs and attorney fees related to the office’s investigation or enforcement of this section. Notwithstanding any other provision of law, moneys recovered by the office for costs, attorney fees, and civil penalties collected pursuant to this subsection shall be deposited into the Anti-Fraud Trust Fund.

Every person who, directly or indirectly, controls any person found to have violated any provision of this chapter or of any rule thereunder shall be liable jointly and severally with and to the same extent as such controlled person in any action brought by the office under this section, unless the controlling person can establish by a preponderance of the evidence that it acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action. For purposes of any action brought by the office under this section, any person that knowingly or recklessly provides substantial assistance to another person in violation of a provision of this chapter, or of any rule adopted thereunder, shall be deemed to be in violation of such provision to the same extent as the person to whom such assistance is provided.

(5) In addition to all other means provided by law for enforcing any of the provisions of this chapter, when the Attorney General, upon complaint or otherwise, has reason to believe that a person has engaged or is engaged in any act or practice constituting a violation of s. [517.275](https://www.flsenate.gov/Laws/Statutes/2020/517.275), s. [517.301](https://www.flsenate.gov/Laws/Statutes/2020/517.301), s. [517.311](https://www.flsenate.gov/Laws/Statutes/2020/517.311), or s. [517.312](https://www.flsenate.gov/Laws/Statutes/2020/517.312), or any rule or order issued under such sections, the Attorney General may investigate and bring an action to enforce these provisions as provided in ss. [517.171](https://www.flsenate.gov/Laws/Statutes/2020/517.171), [517.201](https://www.flsenate.gov/Laws/Statutes/2020/517.201), and [517.2015](https://www.flsenate.gov/Laws/Statutes/2020/517.2015) after receiving written approval from the office. Such an action may be brought against such person and any other person in any way participating in such act or practice or engaging in such act or practice or doing any act in furtherance of such act or practice, to obtain injunctive relief, restitution, civil penalties, and any remedies provided for in this section. The Attorney General may recover any costs and attorney fees related to the Attorney General’s investigation or enforcement of this section. Notwithstanding any other provision of law, moneys recovered by the Attorney General for costs, attorney fees, and civil penalties for a violation of s. [517.275](https://www.flsenate.gov/Laws/Statutes/2020/517.275), s. [517.301](https://www.flsenate.gov/Laws/Statutes/2020/517.301), s. [517.311](https://www.flsenate.gov/Laws/Statutes/2020/517.311), or s. [517.312](https://www.flsenate.gov/Laws/Statutes/2020/517.312), or any rule or order issued pursuant to such sections, shall be deposited in the Legal Affairs Revolving Trust Fund. The Legal Affairs Revolving Trust Fund may be used to investigate and enforce this section.

Section 14. This act shall take effect October 1, 2022.