

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Fiscal Policy

BILL: CS/SB 180

INTRODUCER: Banking and Insurance Committee and Senator Gruters

SUBJECT: Regulation of Securities

DATE: April 24, 2023

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Johnson</u>	<u>Knudson</u>	<u>BI</u>	Fav/CS
2.	<u>Sanders</u>	<u>Betta</u>	<u>AEG</u>	Favorable
3.	<u>Johnson</u>	<u>Yeatman</u>	<u>FP</u>	Pre-meeting

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 180 revises provisions of ch. 517, F.S., the Securities and Investor Protection Act (Act), which regulates securities transactions. The Office of Financial Regulation (OFR) regulates and registers the offer and sale of securities in, to, or from Florida by firms, branch offices, and individuals associated with these firms in accordance with the act. The Division of Securities within the OFR is responsible for administering the act.

The bill provides many technical, clarifying, and conforming changes to ch. 517, F.S. Many provisions of ch. 517, F.S., are outdated or do not incorporate recent model acts or federal rule changes, which are designed to promote capital formation for small businesses and provide more investment opportunities for investors.

The bill decreases the \$1,000 filing fee to \$200 for offerings that do not exceed the maximum amount provided in s. 3(b) of the Securities Act of 1933 (Act of 1933). The maximum amount currently provided in s. 3(b) of the Act of 1933 is five million dollars.

The bill eliminates the requirement for an issuer to register with the OFR. Currently, issuers are required to disclose all material facts about themselves when registering an offering of securities.

The bill incorporates provisions of the following model acts and rules:

- The North American Securities Administrators Association's (NASAA's) Model Rule to Require Continuing Education by Investment Adviser Representatives. An associate or representative would be required to complete 12 hours of continuing education content.
- The Uniform Securities Act of the Uniform Law Commission.

The bill adds failure to pay, or attempting to avoid paying, certain final judgments, arbitration awards, fines, and civil penalties, orders of restitution and disgorgement, or similar monetary payment obligations as grounds for denying, suspending, or revoking a registration.

The bill has an insignificant negative impact on state revenues and expenditures. See Section V. Fiscal Impact Statement.

The bill takes effect October 1, 2023.

II. Present Situation:

Federal Regulation of Securities

Securities Act of 1933 (Act of 1933)

Following the stock market crash of 1929, the Act of 1933¹ was enacted to regulate the offers and sales of securities. The Act of 1933 requires issuers to disclose financial and other significant information on securities offered for public sale and prohibits deceit, misrepresentations, and other kinds of fraud in the sale of securities. The Act of 1933 requires issuers to disclose information deemed germane to investors as part of the mandatory United States Securities and Exchange Commission (SEC) registration of the securities that those companies offer for sale to the public.² For example, potential investors must be given an offering prospectus containing registration data. Registered securities offerings, often called public offerings, are available to all types of investors and have more rigorous disclosure requirements.

By contrast, securities offerings that are exempt from the SEC registration are referred to as private offerings and are mainly available to more sophisticated investors. The SEC exempts certain small offerings from registration requirements to foster capital formation by lowering the cost of offering securities to the public. Examples of exempt offerings³ include:

- Rule 506(b) Private Placement Offerings allow companies to raise unlimited capital from investors with whom the company has a relationship and who meet certain wealth thresholds or have certain professional credentials;⁴
- Rule 506(c) General Solicitation Offerings allow companies to raise unlimited capital by broadly soliciting investors who meet certain wealth thresholds or have certain professional credentials;⁵

¹ Public Law 73-22, as amended through P.L. 117-268, enacted December 23, 2022.

² *Id.*

³ Security offerings of municipal, state, and the federal government are exempt from registration. U.S. Securities and Exchange Commission (SEC), *The Laws That Govern the Securities Industry*, <https://www.sec.gov/about/about-securities-laws> (last visited April 12, 2023)

⁴ 17 C.F.R. s. 230.506(b).

⁵ 17 C.F.R. s. 230.506(c).

- Rule 504 Limited Offerings allow companies to raise up to \$10 million in a 12-month period, in many cases from investors with whom the company has a relationship;⁶
- Regulation Crowdfunding Offerings allow eligible companies to raise up to five million dollars in investment capital in a 12-month period from investors via an online portal;⁷
- Intrastate offerings⁸ allow companies to raise capital within a single state according to state law. Many states limit the offering to between one million dollars and five million dollars in a 12-month period; and
- Regulation A Offerings allow eligible companies to raise up to \$20 million in a 12-month period in a Tier I offering and up to \$75 million through a similar, but less extensive registered offering.⁹

Securities and Exchange Act of 1934 (Act of 1934)

The Act of 1934 created the SEC as an independent agency to enforce federal securities laws.¹⁰ The SEC oversees federal securities laws¹¹ broadly aimed at (1) protecting investors; (2) maintaining fair, orderly, and efficient markets; and (3) facilitating capital formation.¹² The SEC has broad regulatory authority over significant parts of the securities industry, including stock exchanges, mutual funds, investment advisers, brokerage firms, as well as securities self-regulatory organizations (SROs).

Besides regulating market participants, the SEC plays an important role in the regulation of other regulatory bodies, such as the Financial Industry Regulatory Authority, Inc. (FINRA), which is a SRO¹³ registered with the SEC as a national securities association, the Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation, the Public Company Accounting Oversight Board, and the Financial Accounting Standards Board. With regard to broader marketplace regulation, the SEC coordinates with the Commodity Futures Trading Commission (CFTC), a separate federal financial regulator overseeing derivatives and commodities markets, regarding issues involving securities-based derivatives.¹⁴

Florida Regulation of Securities

The federal securities acts expressly allow for concurrent state regulation under blue sky laws,¹⁵ which are designed to protect investors against fraudulent sales practices and activities. Most

⁶ 17 C.F.R. s. 230.504.

⁷ 17 C.F.R. s. 227.100. Florida's intrastate crowdfunding law, s. 517.0611, F.S., has not been updated since it was created to reflect to reflect the increase in the maximum offering from one million dollars to five million dollars.

⁸ 17 C.F.R. s. 230.147 and 17 C.F.R. s. 230.147A

⁹ 17 C.F.R. s. 230.251, *et seq.*

¹⁰ Public Law 73-291, as amended through P.L. 117-328, enacted December 29, 2022.

¹¹ Section 15, Securities and Exchange Act of 1934.

¹² The SEC, *What We Do*, <https://www.sec.gov/about/what-we-do> (last visited April 12, 2023).

¹³ National securities exchanges (e.g., the New York Stock Exchange) and clearing and settlement systems may register as self-regulatory organizations (SROs) with the SEC or Commodities Futures Trading Commission (CFTC), making them subject to the SEC or the CFTC oversight. The SEC maintains a list of registered SROs. *available at* <https://www.sec.gov/rules/sro.shtml> (last visited April 12, 2023).

¹⁴ The CFTC, *The Commission*, <https://www.cftc.gov/About/AboutTheCommission> (last visited April 12, 2023).

¹⁵ The term "blue sky" derives from the characterization of baseless and broad speculative investment schemes, which such laws targeted. Cornell Law School, *Blue Sky Laws*,

state laws typically require companies making offerings of securities to register their offerings before they can be sold in a particular state, unless a specific state exemption is available. The laws also license brokerage firms, their brokers, and investment adviser representatives.¹⁶

The Office of Financial Regulation (OFR) regulates and registers the offer and sale of securities in, to, or from Florida by firms, branch offices, and individuals associated with these firms in accordance with the Securities and Investor Protection Act (Act).¹⁷ The Division of Securities (Division) within the OFR is responsible for administering the Act.¹⁸

The Act prohibits dealers, associated persons, and issuers from offering or selling securities in this state unless registered with the OFR or specifically exempted.¹⁹ Additionally, all securities in Florida must be registered with the OFR unless they meet one of the exemptions in ss. 517.051 or 517.061, F.S., or are federally covered (i.e., under the exclusive jurisdiction of the SEC).

The chart below provides the category and number of registrants registered with the Division as of December 31, 2022.²⁰

Registrant Category	Number of Registrants
Dealers	2,421
Investment Advisers	8,096
Branches	11,435
Associated Persons	361,200

Model Acts and Model Rules

*Uniform Securities Act*²¹

The Uniform Law Commission (ULC, also known as the National Conference of Commissioners on Uniform State Laws), established in 1892, provides states with non-partisan uniform model acts.²² In 2002, the ULC updated the Uniform Securities Act,²³ which provides basic investor

https://www.law.cornell.edu/wex/blue_sky_law#:~:text=In%20the%20early%201900s%2C%20decades,schemes%20which%20such%20laws%20targeted (last visited April 12, 2023).

¹⁶ U.S. Securities and Exchange Commission, Blue Sky Laws, <http://www.sec.gov/answers/bluesky.htm> (last visited Mar. 1, 2023).

¹⁷ Pursuant to s. 20.121(3)(a), F.S., the Financial Services Commission (commission), comprised of the Governor and Cabinet, serves as the Office of Financial Regulation's (OFR) agency head for purposes of rulemaking and appoints the OFR's commissioner, who serves as the agency head for purposes of final agency action for all areas within the OFR's regulatory authority.

¹⁸ Chapter 517, F.S.

¹⁹ Section 517.12, F.S.

²⁰ Office of Financial Regulation, *Senate Bill 180 Agency Legislative Bill Analysis* (Jan. 25, 2023) (on file with Senate Committee on Banking and Insurance).

²¹ Uniform Law Commission (ULC), *Securities Act*, <https://www.uniformlaws.org/committees/community-home?CommunityKey=8c3c2581-0fea-4e91-8a50-27eee58da1cf> (last visited April 12, 2023).

²² The ULC, *About Us*, <https://www.uniformlaws.org/aboutulc/overview> (last visited April 12, 2023).

²³ National Conference of Commissioners on Uniform State Laws, *Uniform Securities Act*, Approved by the American Bar Association (Feb. 10, 2003), <https://higherlogicdownload.s3-external-1.amazonaws.com/UNIFORMLAWS/2540665f-9320-6d13-dda3->

protection from securities fraud, complementing the federal Securities and Exchange Act, and only applies to securities not regulated by the SEC.

Model Rule to Require Continuing Education by Investment Adviser Representatives

The North American Securities Administrators Association (NASAA) is a voluntary, international, association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, Puerto Rico, the District of Columbia, the U.S. Virgin Islands, Canada and Mexico.²⁴ The NASAA advocates on behalf of state securities agencies in North America that are responsible for capital formation and investor protection.²⁵ The NASAA also coordinates training and education seminars for securities agency staff²⁶ and creates model rules for implementation amongst its members.²⁷

In 2020, the North American Securities Administrators Association (NASAA) approved the *Model Rule to Require Continuing Education by Investment Adviser Representatives (Model Rule)*.²⁸ Twelve states have adopted the Model Rule.²⁹ The Model Rule establishes parameters for NASAA members to implement continuing education programs for investment adviser representatives (IAR). The Model Rule incorporates a product and practices component and an ethics component and is compatible with other continuing education programs.³⁰

Under the Model Rule, IARs are responsible for ensuring completed continuing education credits are reported to FINRA, the NASAA's vendor for program tracking.³¹ The NASAA has instituted a three dollar course reporting fee per credit hour.³² Individual course costs will vary depending upon the course and provider selected.

Chapter 517 Task Force of The Florida Bar Business Law Section

In 2022, the Business Law Section of The Florida Bar created the Chapter 517 Task Force. The Task Force is tasked with reviewing and making legislative recommendations to ch. 517, F.S. In particular, the Task Force's mission is to review Florida's securities laws and to propose a

[f31c7eac656d_file.pdf?AWSAccessKeyId=AKIAVRD07IEREB57R7MT&Expires=1681304682&Signature=nr4k5xSDIA%2BX9mu%2BBDpKuSJZvbQ%3D](https://www.nasaa.org/industry-resources/investment-advisers/resources/iar-ce-faq/) (last visited April 12, 2023).

²⁴ North American Securities Administrators Association (NASAA), *Welcome to NASAA*, <https://www.nasaa.org/about-us/> (last visited April 12, 2023).

²⁵ *Id.*

²⁶ *Id.*

²⁷ NASAA Model Rule on Investment Adviser Representative Continuing Education, *Model Rule 2002-411(h) or 1956-204(b)(6)-CE* (adopted November 24, 2020), available at <https://www.nasaa.org/wp-content/uploads/2020/10/NASAA-IAR-CE-Model-Rule.pdf> (last visited April 12, 2023).

²⁸ *Id.*

²⁹ Arkansas, Colorado, Kentucky, Maryland, Michigan, Mississippi, Oklahoma, Oregon, South Carolina, Vermont, Wisconsin, and the District of Columbia; NASAA, *Jurisdictions*, <https://www.nasaa.org/industry-resources/investment-advisers/investment-adviser-representative-continuing-education/iar-ce-map/> (last visited April 12, 2023).

³⁰ NASSA, *Frequently Asked Questions: Investment Adviser Representative Continuing Education*, <https://www.nasaa.org/industry-resources/investment-advisers/resources/iar-ce-faq/> (last visited April 12, 2023).

³¹ *Frequently Asked Questions: Investment Adviser Representative Continuing Education, General, Is there a reporting fee?* <https://www.nasaa.org/industry-resources/investment-advisers/resources/iar-ce-faq/> (last visited April 12, 2023).

³² *Frequently Asked Questions: Investment Adviser Representative Continuing Education, General, Who Reports Course Completion?* <https://www.nasaa.org/industry-resources/investment-advisers/resources/iar-ce-faq/> (last visited April 12, 2023). The IAR continuing education reporting fee is also referred to as the roster fee.

revision with the purpose of bringing Chapter 517 in line with the Uniform Securities Act and address current issues presented by the existing statutes.

III. Effect of Proposed Changes:

Section 1 reorders and amends s. 517.021, F.S., to revise the following definitions:

- “Accredited investor” is currently defined each time it is used throughout ch. 517, F.S. The purpose of the change is to eliminate redundancy and maintain consistency. Subsection (1) directs the Financial Services Commission to define by rule the definition of “accredited investor” in accordance with the Securities and Exchange Commission Rule 501, 17 C.F.R. s. 230.501;
- “Associated person” is clarified to define what “associated person” means as the term relates to a dealer or to an investment adviser;
- “Dealer” includes, unless otherwise specified, a person, other than an associated person of a dealer, that engages, for all or part of the person’s time, directly or indirectly, as agent or principal in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person;
- The terms “guaranty” and “intermediary” are amended for clarity; and
- “Investment adviser” is amended to have a parallel structure to the definition of “dealer” in this section.

Other terms in the section are amended to provide technical changes.

Section 2 amends s. 517.072, F.S., to transfer provisions previously in s. 517.081, F.S., relating to viatical settlements, and to provide technical changes. The bill authorizes the commission to specify by rule, requirements and standards for disclosures to purchasers of viatical settlement investments and recordkeeping requirements for sellers of viatical settlement investments.

Section 3 amends s. 517.081, F.S., related to registration procedures, to allow all issuers meeting certain criteria, not only corporations, to use a simplified offering circular to register securities. The bill decreases the filing fee of \$1,000 to \$200 for offerings which do not exceed the maximum amount provided in s. 3(b) of the Securities Act of 1933. The maximum amount currently provided in s. 3(b) of the Securities Act of 1933 is five million dollars.

The bill authorizes the commission to specify by rule the time period for completing an application to register securities. If the application is not timely completed, the application shall be deemed abandoned. The bill provides conforming changes to transfer provisions to s. 517.072, F.S., relating to viatical settlements.

Section 4 amends s. 517.082, F.S., relating to registration by notification and federal registration statements, to authorize the Office of Financial Regulation (OFR) to deem an application abandoned if an applicant’s federal registration statement is not declared effective by the U.S. Securities and Exchange Commission (SEC) within 180 days of the filing of such application for registration by notification with the OFR.

Section 5 amends s. 517.111, F.S., relating to revocation or denial of registration of securities, to:

- Remove “failure to timely complete an application” as grounds for denial as this provision is incorporated in the registration sections amended in Sections 2 and 3 above;
- Replace the term “insolvent” with “[t]he issuer cannot pay its debts as they become due in the usual course of business” for clarity;
- Include “investigation” in addition to “examination” in various provisions as these provisions are applicable to both examinations and investigations conducted by the OFR;
- Include limited liability companies and provides other technical, conforming changes;
- Remove the phrase “is in any other way dishonest or” because the standard is too vague;
- Eliminate the phrase “demonstrated any evidence of unworthiness,” a vague standard, and replaces it with “has engaged in any action that would be grounds for revocation, denial, or suspension under s. 517.161(1),” a clearer standard; and
- Update language to allow the OFR, upon the entry of an order suspending the right to sell securities, to provide notice personally or by mail to the issuer, thereby eliminating the need to notice by telephone confirmed in writing or by telegraph to the insurer.

Section 6 amends and renumbers s. 517.12, F.S., relating to registration of dealers, associated persons, intermediaries, and investment advisers, to provide the following changes:

- Eliminates the requirement issuers register with the OFR. This registration requirement is not necessary because issuers are required to disclose all material facts about themselves when registering an offering of securities. Further, the majority of states do not have this requirement;
- Clarifies which exempt transactions the registration requirements apply to and the meaning of “securities business”;
- Removes the term “small loan companies” as the term is not defined;
- Eliminates the requirement the OFR find an applicant is of “good repute and character” and instead requires the OFR to verify the applicant has complied with the applicable registration provisions. If the applicant has complied, the bill authorizes the OFR to register the applicant “unless the applicant is otherwise disqualified for registration pursuant to law”;
- Replaces the phrase “any person directly or indirectly controlling the applicant” with “control person”;
- Amends the section to specifically include limited liability companies; and
- Provides technical changes.

Section 7 creates s. 517.1214, F.S., relating to continuing education requirements for associated persons of investment advisers and federal covered advisers, and defines the following terms:

- “Approved continuing education content” to mean materials, written, oral or otherwise, which have been approved by the North American Securities Administrators Association’s (NASAA) or its designee and which make up the educational program provided to an associated person;
- “Credit” to mean a unit designated by the NASAA or its designee as at least 50 minutes of educational instruction;
- “Home state” to mean the state in which an associated person or an investment advisor or a federal covered adviser has his or her principal office of place of business;
- “NASSA” to mean the North American Securities Administrators Association, Inc.; and
- “Reporting period” to mean one 12-month period beginning January 1 and ending December 31.

The bill adopts the North American Securities Administrators Association's (NASAA) Model Rule on Investment Adviser Representative Continuing Education. By December 24, 2024, the bill requires associated persons of investment advisers and federal covered advisers seeking registration or renewal of registration with the OFR to complete 12 continuing education (CE) credits each year.

An associated person must complete at least six credits of (CE) content that address ethical and regulatory obligations and at least six credits of CE content that address product knowledge and industry practices. Associated persons of investment advisers and federal covered advisers who are also registered as associated persons of Financial Industry Regulatory Authority (FINRA) member dealers and who comply with FINRA's CE requirements are considered to be in compliance with the products and practices requirement, as long as such education content is approved CE content.

The bill provides an associated person who was awarded and currently holds a credential that qualifies for an examination waiver by passing any tests in s. 15(b)(7) of the Securities Exchange Act of 1934, as amended, complies with the provisions of the bill, as long as certain conditions are met or completed. Further, credits of continuing education completed by an associated person who completes such credits as a condition of maintaining certain professional designations or associated persons in compliance with their home state's continuing education requirements may satisfy the continuing education requirements of this section.

Each associated person is responsible for ensuring an authorized provider of continuing education content reports their completion of continuing education requirements. The bill provides continuing education credits in excess of the required 12 credits cannot be carried forward.

An associated person who fails to comply with this section by the end of each year will renew as "CE inactive" at the close of the calendar year in Florida until the associated person completes and reports all required CE required for all reporting periods. An associated person who is "CE inactive" at the close of the next calendar year is not eligible for associated person registration or renewal of associated person registration until such time as the required CE for all reporting periods between the time when the associated person became unregistered and when they became registered again is complete.

Section 8 revises s. 517.1217, F.S., relating to rules of conduct and prohibited business practices for dealers and their associated persons, to include intermediaries.

Section 9 amends s. 517.161, F.S., relating to revocation, denial, or suspension of registration of dealer, investment adviser, intermediary, or associated person, to replace the phrase "person directly or indirectly controlling" with "control person" and removes the term "broker" for consistency. Due to the vagueness of current language, the bill also removes the "unworthiness to transact business" and the "of bad business repute" standards. Section 9 clarifies the meaning of "insolvent" as "unable to pay its debts as they become due in the usual course of business" and removes the term "small loan companies" as it is undefined and its meaning is unclear.

Furthermore, the bill add failure to pay, or attempting to avoid paying, certain final judgments, arbitration awards, fines, civil penalties, orders of restitution and disgorgement, or similar monetary payment obligations as grounds for denying, suspending, or revoking a registration.

Finally, amends the section to include limited liability companies, and other entities.

Section 10 repeals s. 517.181, F.S., relating to escrow agreement, as it is not utilized, and no federal counterpart exists. This section requires the securities to be delivered to the office in escrow for issuance contingent on a milestone being reached, such as receipt of a patent.

Section 11 amends s. 517.201, F.S., relating to investigations; examinations; subpoenas; hearings; witnesses, to provide clarity and to specifically include limited liability companies and other entities.

Section 12 revises s. 921.0022, F.S., relating to Criminal Punishment Code; offense severity ranking chart, to provide technical changes.

Section 13 amends s. 517.1215, F.S., relating to requirements, rules of conduct, and prohibited business acts, to provide technical changes.

Section 14 amends s. 517.061, F.S., relating to exempt transactions to provide technical, conforming changes.

Section 15 amends s. 517.0611, F.S., relating to intrastate crowdfunding, to provide technical, conforming changes.

Section 16 amends s. 517.075, F.S., relating to Cuba, prospectus disclosure of doing business with, required, to provide technical, conforming changes.

Section 17 amends s. 517.131, F.S., relating to Securities Guaranty Fund, to provide technical, conforming changes.

Section 18 amends s. 517.211, F.S., relating to, remedies available in cases of unlawful sales to provide technical, conforming changes.

Section 19 amends s. 517.315, F.S., relating to fees, to provide technical, conforming changes.

Section 20 amends s. 626.9911, F.S., relating to definitions to provide technical, conforming changes.

Section 21 amends s. 744.351, F.S., relating to bond of guardian to provide a technical, conforming change.

Section 22 amends s. 1205, F.S., related to registration of associated persons specific as to a securities dealer, or federal covered adviser identified at time of registration approval, to revise legislative intent to provide that while approval of an application “requires a finding of compliance with the applicable registration provisions of this chapter and applicable rules, such

finding is precluded by a determination that the applicant may be denied registration on grounds provided by law.” The current provision requires a finding of the applicant’s good repute and character. This standard is not defined and the meaning is unclear.

Section 23 provides the bill takes effect October 1, 2023.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Many of the provisions in the bill are designed to promote capital formation for small businesses and opportunities for Florida investors.

An issuer filing an application to register securities is currently required to pay a filing fee of \$1,000 per application. The bill maintains the \$1,000 filing fee for offerings that exceed the amount provided in s. 3(b) of the Securities Act of 1933, as amended, which is five million dollars, but reduces the fee to \$200 per application for each offering that does not exceed the amount provided in s. 3(b) of the Securities Act of 1933, as amended.

The bill eliminates the requirement for an issuer to register with the Office of Financial Regulation (OFR). Currently, issuers are required to disclose all material facts about themselves when registering an offering of securities.

The bill allows all issuers meeting certain criteria, not only corporations, to use a simplified offering circular to register securities.

The bill requires associated persons of investment advisers to attain at least 12 continuing education credits each year to maintain their registration and will incur continuing education reporting fee of three dollars per credit hour.³³

C. Government Sector Impact:

An issuer filing an application to register securities is currently required to pay a filing fee of \$1,000 per application. The bill maintains the \$1,000 filing fee for offerings that exceed the amount provided in s. 3(b) of the Securities Act of 1933, as amended, which is five million dollars, but reduces the fee to \$200 per application for each offering that does not exceed the amount provided in s. 3(b) of the Securities Act of 1933, as amended.

While the bill reduces the issuer fee for certain transactions, the fiscal impact is insignificant negative.

The OFR has indicated implementation of the bill will require updates to the Regulatory Enforcement and Licensing (REAL). The range of costs for updates, based on the technology impact is between \$30,000 and \$150,000 depending on which path is chosen. Any changes up to the upper limit of the estimate can be absorbed within the OFR's existing budget.³⁴

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 517.021, 517.061, 517.0611, 517.072, 517.081, 517.082, 517.111, 517.12, 517.1205, 517.1215, 517.1217, 517.161, 517.181, 517.201, 921.0022, 517.1215, 517.075, 517.131, 517.211, 517.315, 626.9911, and 744.351.

This bill creates section 517.1214 of the Florida Statutes.

This bill repeals section 517.181, of the Florida Statutes.

³³ [IAR Continuing Education FAQ - NASAA](#) (Oct. 8, 2021) (last visited Mar. 20, 2023).

³⁴ The Office of Financial Regulation, *Senate Bill 180 Agency Legislative Bill Analysis* (Jan. 25, 2023) (on file with Senate Committee on Banking and Insurance).

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Banking and Insurance on March 30, 2023:

The CS makes the following changes:

- Eliminates new definitions (angel investor group, business accelerator, business incubator, target offering amount, Tier I dealers, and Tier II dealers).
- Eliminates proposed changes relating to registration exemptions, exempt securities, and crowdfunding.
- Eliminates proposed new provisions relating to Tier I and Tier II dealers and pre-offering communications.
- Removes the proposed changes to the definition of “control.”
- Removes the proposed changes relating to control person liability and authorizing the Office of Financial Regulation to impose costs associated with an investigation in certain situations.

B. Amendments:

None.