

1                   A bill to be entitled  
2           An act relating to the offer or sale of securities;  
3           amending s. 517.021, F.S.; conforming a cross-  
4           reference; defining the term "intermediary" for  
5           purposes of the Florida Securities and Investor  
6           Protection Act; amending s. 517.061, F.S.; exempting  
7           offers or sales of securities by certain issuers from  
8           registration requirements; creating s. 517.0611, F.S.;  
9           providing a short title; exempting the intrastate  
10          offering and sale of certain securities from certain  
11          regulatory requirements; providing applicability;  
12          providing registration and reporting requirements for  
13          issuers and intermediaries offering such securities;  
14          limiting the aggregate amount of sales of such  
15          securities within a specified period; limiting the  
16          aggregate amount of sales to specified investors;  
17          requiring a qualified third party to hold certain  
18          funds in escrow; authorizing the Financial Services  
19          Commission to adopt rules; amending s. 517.12, F.S.;  
20          providing registration requirements for an  
21          intermediary; conforming a cross-reference; amending  
22          s. 517.121, F.S.; requiring an intermediary to comply  
23          with specified recordkeeping requirements; amending s.  
24          626.9911, F.S.; conforming a cross-reference;  
25          providing an effective date.  
26

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

28

29 Section 1. Subsections (13) through (23) of section  
 30 517.021, Florida Statutes, are renumbered as subsections (14)  
 31 through (24), respectively, subsection (9) is amended, and a new  
 32 subsection (13) is added to that section, to read:

33 517.021 Definitions.—When used in this chapter, unless the  
 34 context otherwise indicates, the following terms have the  
 35 following respective meanings:

36 (9) "Federal covered adviser" means a person who is  
 37 registered or required to be registered under s. 203 of the  
 38 Investment Advisers Act of 1940. The term "federal covered  
 39 adviser" does not include any person who is excluded from the  
 40 definition of investment adviser under subparagraphs (14)(b)1.-  
 41 8. ~~(13)(b)1.-8.~~

42 (13) "Intermediary" means a natural person residing in the  
 43 state or a corporation, trust, partnership, association, or  
 44 other legal entity registered with the Secretary of State to do  
 45 business in the state, which facilitates the offer or sale of  
 46 securities under s. 517.0611.

47 Section 2. Section 517.061, Florida Statutes, is amended  
 48 to read:

49 517.061 Exempt transactions.—Except as otherwise provided  
 50 in s. 517.0611 for a transaction listed in subsection (21), the  
 51 exemption for each transaction listed below is self-executing  
 52 and does not require any filing with the office before ~~prior to~~

53 | claiming the ~~such~~ exemption. Any person who claims entitlement  
54 | to any of the exemptions bears the burden of proving such  
55 | entitlement in any proceeding brought under this chapter. The  
56 | registration provisions of s. 517.07 do not apply to any of the  
57 | following transactions; however, such transactions are subject  
58 | to the provisions of ss. 517.301, 517.311, and 517.312:

59 |       (1) At any judicial, executor's, administrator's,  
60 | guardian's, or conservator's sale, or at any sale by a receiver  
61 | or trustee in insolvency or bankruptcy, or any transaction  
62 | incident to a judicially approved reorganization in which a  
63 | security is issued in exchange for one or more outstanding  
64 | securities, claims, or property interests.

65 |       (2) By or for the account of a pledgeholder or mortgagee  
66 | selling or offering for sale or delivery in the ordinary course  
67 | of business and not for the purposes of avoiding the provisions  
68 | of this chapter, to liquidate a bona fide debt, a security  
69 | pledged in good faith as security for such debt.

70 |       (3) The isolated sale or offer for sale of securities when  
71 | made by or on behalf of a vendor not the issuer or underwriter  
72 | of the securities, who, being the bona fide owner of such  
73 | securities, disposes of her or his own property for her or his  
74 | own account, and such sale is not made directly or indirectly  
75 | for the benefit of the issuer or an underwriter of such  
76 | securities or for the direct or indirect promotion of any scheme  
77 | or enterprise with the intent of violating or evading any  
78 | provision of this chapter. For purposes of this subsection,

79 isolated offers or sales include, but are not limited to, an  
 80 isolated offer or sale made by or on behalf of a vendor of  
 81 securities not the issuer or underwriter of the securities if:

82 (a) The offer or sale of securities is in a transaction  
 83 satisfying all of the requirements of subparagraphs (11)(a)1.,  
 84 2., 3., and 4. and paragraph (11)(b); or

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

87  
 88 For purposes of this subsection, any person, including, without  
 89 limitation, a promoter or affiliate of an issuer, shall not be  
 90 deemed an underwriter, an issuer, or a person acting for the  
 91 direct or indirect benefit of the issuer or an underwriter with  
 92 respect to any securities of the issuer which she or he has  
 93 owned beneficially for at least 1 year.

94 (4) The distribution by a corporation, trust, or  
 95 partnership, actively engaged in the business authorized by its  
 96 charter or other organizational articles or agreement, of  
 97 securities to its stockholders or other equity security holders,  
 98 partners, or beneficiaries as a stock dividend or other  
 99 distribution out of earnings or surplus.

100 (5) The issuance of securities to such equity security  
 101 holders or other creditors of a corporation, trust, or  
 102 partnership in the process of a reorganization of such  
 103 corporation or entity, made in good faith and not for the  
 104 purpose of avoiding the provisions of this chapter, either in

105 exchange for the securities of such equity security holders or  
 106 claims of such creditors or partly for cash and partly in  
 107 exchange for the securities or claims of such equity security  
 108 holders or creditors.

109 (6) Any transaction involving the distribution of the  
 110 securities of an issuer exclusively among its own security  
 111 holders, including any person who at the time of the transaction  
 112 is a holder of any convertible security, any nontransferable  
 113 warrant, or any transferable warrant which is exercisable within  
 114 not more than 90 days of issuance, when no commission or other  
 115 remuneration is paid or given directly or indirectly in  
 116 connection with the sale or distribution of such additional  
 117 securities.

118 (7) The offer or sale of securities to a bank, trust  
 119 company, savings institution, insurance company, dealer,  
 120 investment company as defined by the Investment Company Act of  
 121 1940, pension or profit-sharing trust, or qualified  
 122 institutional buyer as defined by rule of the commission in  
 123 accordance with Securities and Exchange Commission Rule 144A (17  
 124 C.F.R. s. 230.144(A)(a)), whether any of such entities is acting  
 125 in its individual or fiduciary capacity; provided that such  
 126 offer or sale of securities is not for the direct or indirect  
 127 promotion of any scheme or enterprise with the intent of  
 128 violating or evading any provision of this chapter.

129 (8) The sale of securities from one corporation to another  
 130 corporation provided that:

131 (a) The sale price of the securities is \$50,000 or more;  
 132 and

133 (b) The buyer and seller corporations each have assets of  
 134 \$500,000 or more.

135 (9) The offer or sale of securities from one corporation  
 136 to another corporation, or to security holders thereof, pursuant  
 137 to a vote or consent of such security holders as may be provided  
 138 by the articles of incorporation and the applicable corporate  
 139 statutes in connection with mergers, share exchanges,  
 140 consolidations, or sale of corporate assets.

141 (10) The issuance of notes or bonds in connection with the  
 142 acquisition of real property or renewals thereof, if such notes  
 143 or bonds are issued to the sellers of, and are secured by all or  
 144 part of, the real property so acquired.

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

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

155 2. Neither the issuer nor any person acting on behalf of  
 156 the issuer offers or sells securities pursuant to this

157 subsection by means of any form of general solicitation or  
 158 general advertising in this state.

159 3. Prior to the sale, each purchaser or the purchaser's  
 160 representative, if any, is provided with, or given reasonable  
 161 access to, full and fair disclosure of all material information.

162 4. No person defined as a "dealer" in this chapter is paid  
 163 a commission or compensation for the sale of the issuer's  
 164 securities unless such person is registered as a dealer under  
 165 this chapter.

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

173 (b) The following purchasers are excluded from the  
 174 calculation of the number of purchasers under subparagraph

175 (a)1.:

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

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

183 contingent interest).

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

189 4. Any purchaser who makes a bona fide investment of  
 190 \$100,000 or more, provided such purchaser or the purchaser's  
 191 representative receives, or has access to, the information  
 192 required to be disclosed by subparagraph (a)3.

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

196 (c)1. For purposes of determining which offers and sales  
 197 of securities constitute part of the same offering under this  
 198 subsection and are therefore deemed to be integrated with one  
 199 another:

200 a. Offers or sales of securities occurring more than 6  
 201 months prior to an offer or sale of securities made pursuant to  
 202 this subsection shall not be considered part of the same  
 203 offering, provided there are no offers or sales by or for the  
 204 issuer of the same or a similar class of securities during such  
 205 6-month period.

206 b. Offers or sales of securities occurring at any time  
 207 after 6 months from an offer or sale made pursuant to this  
 208 subsection shall not be considered part of the same offering,

209 provided there are no offers or sales by or for the issuer of  
 210 the same or a similar class of securities during such 6-month  
 211 period.

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

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

225 (12) The sale of securities by a bank or trust company  
 226 organized or incorporated under the laws of the United States or  
 227 this state at a profit to such bank or trust company of not more  
 228 than 2 percent of the total sale price of such securities;  
 229 provided that there is no solicitation of this business by such  
 230 bank or trust company where such bank or trust company acts as  
 231 agent in the purchase or sale of such securities.

232 (13) An unsolicited purchase or sale of securities on  
 233 order of, and as the agent for, another by a dealer registered  
 234 pursuant to the provisions of s. 517.12; provided that this

235 exemption applies solely and exclusively to such registered  
 236 dealers and does not authorize or permit the purchase or sale of  
 237 securities on order of, and as agent for, another by any person  
 238 other than a dealer so registered; and provided, further, that  
 239 such purchase or sale is not directly or indirectly for the  
 240 benefit of the issuer or an underwriter of such securities or  
 241 for the direct or indirect promotion of any scheme or enterprise  
 242 with the intent of violation or evading any provision of this  
 243 chapter.

244 (14) The offer or sale of shares of a corporation which  
 245 represent ownership, or entitle the holders of the shares to  
 246 possession and occupancy, of specific apartment units in  
 247 property owned by such corporation and organized and operated on  
 248 a cooperative basis, solely for residential purposes.

249 (15) The offer or sale of securities under a bona fide  
 250 employer-sponsored stock option, stock purchase, pension,  
 251 profit-sharing, savings, or other benefit plan when offered only  
 252 to employees of the sponsoring organization or to employees of  
 253 its controlled subsidiaries.

254 (16) The sale by or through a registered dealer of any  
 255 securities option if at the time of the sale of the option:

256 (a) The performance of the terms of the option is  
 257 guaranteed by any dealer registered under the federal Securities  
 258 Exchange Act of 1934, as amended, which guaranty and dealer are  
 259 in compliance with such requirements or rules as may be approved  
 260 or adopted by the commission; or

261 (b) Such options transactions are cleared by the Options  
 262 Clearing Corporation or any other clearinghouse recognized by  
 263 the office; and

264 (c) The option is not sold by or for the benefit of the  
 265 issuer of the underlying security; and

266 (d) The underlying security may be purchased or sold on a  
 267 recognized securities exchange or is quoted on the National  
 268 Association of Securities Dealers Automated Quotation System;  
 269 and

270 (e) Such sale is not directly or indirectly for the  
 271 purpose of providing or furthering any scheme to violate or  
 272 evade any provisions of this chapter.

273 (17) (a) The offer or sale of securities, as agent or  
 274 principal, by a dealer registered pursuant to s. 517.12, when  
 275 such securities are offered or sold at a price reasonably  
 276 related to the current market price of such securities, provided  
 277 such securities are:

278 1. Securities of an issuer for which reports are required  
 279 to be filed by s. 13 or s. 15(d) of the Securities Exchange Act  
 280 of 1934, as amended;

281 2. Securities of a company registered under the Investment  
 282 Company Act of 1940, as amended;

283 3. Securities of an insurance company, as that term is  
 284 defined in s. 2(a)(17) of the Investment Company Act of 1940, as  
 285 amended;

286 4. Securities, other than any security that is a federal

287 covered security pursuant to s. 18(b)(1) of the Securities Act  
 288 of 1933 and is not subject to any registration or filing  
 289 requirements under this act, which appear in any list of  
 290 securities dealt in on any stock exchange registered pursuant to  
 291 the Securities Exchange Act of 1934, as amended, and which  
 292 securities have been listed or approved for listing upon notice  
 293 of issuance by such exchange, and also all securities senior to  
 294 any securities so listed or approved for listing upon notice of  
 295 issuance, or represented by subscription rights which have been  
 296 so listed or approved for listing upon notice of issuance, or  
 297 evidences of indebtedness guaranteed by companies any stock of  
 298 which is so listed or approved for listing upon notice of  
 299 issuance, such securities to be exempt only so long as such  
 300 listings or approvals remain in effect. The exemption provided  
 301 for herein does not apply when the securities are suspended from  
 302 listing approval for listing or trading.

303 (b) The exemption provided in this subsection does not  
 304 apply if the sale is made for the direct or indirect benefit of  
 305 an issuer or controlling persons of such issuer or if such  
 306 securities constitute the whole or part of an unsold allotment  
 307 to, or subscription or participation by, a dealer as an  
 308 underwriter of such securities.

309 (c) This exemption shall not be available for any  
 310 securities which have been denied registration pursuant to s.  
 311 517.111. Additionally, the office may deny this exemption with  
 312 reference to any particular security, other than a federal

313 covered security, by order published in such manner as the  
 314 office finds proper.

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

317 (19) Other transactions defined by rules as transactions  
 318 exempted from the registration provisions of s. 517.07, which  
 319 rules the commission may adopt from time to time, but only after  
 320 a finding by the office that the application of the provisions  
 321 of s. 517.07 to a particular transaction is not necessary in the  
 322 public interest and for the protection of investors because of  
 323 the small dollar amount of securities involved or the limited  
 324 character of the offering. In conjunction with its adoption of  
 325 such rules, the commission may also provide in such rules that  
 326 persons selling or offering for sale the exempted securities are  
 327 exempt from the registration requirements of s. 517.12. No rule  
 328 so adopted may have the effect of narrowing or limiting any  
 329 exemption provided for by statute in the other subsections of  
 330 this section.

331 (20) Any nonissuer transaction by a registered associated  
 332 person of a registered dealer, and any resale transaction by a  
 333 sponsor of a unit investment trust registered under the  
 334 Investment Company Act of 1940, in a security of a class that  
 335 has been outstanding in the hands of the public for at least 90  
 336 days; provided, at the time of the transaction:

337 (a) The issuer of the security is actually engaged in  
 338 business and is not in the organization stage or in bankruptcy

339 or receivership and is not a blank check, blind pool, or shell  
 340 company whose primary plan of business is to engage in a merger  
 341 or combination of the business with, or an acquisition of, any  
 342 unidentified person;

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

345 (c) The security does not constitute the whole or part of  
 346 an unsold allotment to, or a subscription or participation by,  
 347 the broker-dealer as an underwriter of the security;

348 (d) A nationally recognized securities manual designated  
 349 by rule of the commission or order of the office or a document  
 350 filed with the Securities and Exchange Commission that is  
 351 publicly available through the commission's electronic data  
 352 gathering and retrieval system contains:

353 1. A description of the business and operations of the  
 354 issuer;

355 2. The names of the issuer's officers and directors, if  
 356 any, or, in the case of an issuer not domiciled in the United  
 357 States, the corporate equivalents of such persons in the  
 358 issuer's country of domicile;

359 3. An audited balance sheet of the issuer as of a date  
 360 within 18 months before such transaction or, in the case of a  
 361 reorganization or merger in which parties to the reorganization  
 362 or merger had such audited balance sheet, a pro forma balance  
 363 sheet; and

364 4. An audited income statement for each of the issuer's

365 immediately preceding 2 fiscal years, or for the period of  
 366 existence of the issuer, if in existence for less than 2 years  
 367 or, in the case of a reorganization or merger in which the  
 368 parties to the reorganization or merger had such audited income  
 369 statement, a pro forma income statement; and

370 (e) The issuer of the security has a class of equity  
 371 securities listed on a national securities exchange registered  
 372 under the Securities Exchange Act of 1934 or designated for  
 373 trading on the National Association of Securities Dealers  
 374 Automated Quotation System, unless:

375 1. The issuer of the security is a unit investment trust  
 376 registered under the Investment Company Act of 1940;

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

380 3. The issuer of the security has total assets of at least  
 381 \$2 million based on an audited balance sheet as of a date within  
 382 18 months before such transaction or, in the case of a  
 383 reorganization or merger in which parties to the reorganization  
 384 or merger had such audited balance sheet, a pro forma balance  
 385 sheet.

386 (21) The offer or sale of a security by an issuer  
 387 conducted in accordance with s. 517.0611.

388 Section 3. Section 517.0611, Florida Statutes, is created  
 389 to read:

390 517.0611 Intrastate crowdfunding.—

391 (1) This section may be cited as the "Florida Intrastate  
 392 Crowdfunding Act of 2015."

393 (2) Notwithstanding any other provision of this chapter,  
 394 an offer or sale of a security by an issuer is an exempt  
 395 transaction under s. 517.061 if the offer or sale is conducted  
 396 in accordance with this section. The exemption provided in this  
 397 section may not be used in conjunction with any other exemption  
 398 from registration requirements under this chapter.

399 (3) The offer or sale of securities under this section  
 400 must be conducted in accordance with the requirements of the  
 401 federal exemption for intrastate offerings in s. 3(a)(11) of the  
 402 Securities Act of 1933, 15 U.S.C. s. 77c(a)(11), and United  
 403 States Securities and Exchange Commission Rule 147, 17 C.F.R. s.  
 404 230.147, adopted pursuant to the Securities Act of 1933.

405 (4) An issuer must:

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

410 (b) Conduct transactions for the offering through a  
 411 registered dealer or an intermediary registered under s.  
 412 517.12(20).

413 (c) Not be, either before or as a result of the offering,  
 414 an investment company as defined in s. 3 of the Investment  
 415 Company Act of 1940, 15 U.S.C. s. 80a-3, subject to the  
 416 reporting requirements of s. 13 or s. 15(d) of the Securities

417 Exchange Act of 1934, 15 U.S.C. s. 78m or s. 78o(d), or be a  
418 company with an undefined business operation, lacks a business  
419 plan, lacks a stated investment goal for the funds being raised,  
420 or that plans to engage in a merger or acquisition with an  
421 unspecified business entity.

422 (d) Not be subject to a disqualification established by  
423 the commission or office or a disqualification described in s.  
424 517.1611 or United States Securities and Exchange Commission  
425 Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the  
426 Securities Act of 1933. Each director, officer, person occupying  
427 a similar status or performing a similar function, or person  
428 holding more than 20 percent of the shares of the issuer, is  
429 subject to this requirement.

430 (e) File a notice of the offering with the office, in  
431 writing or electronic form, in a format prescribed by commission  
432 rule, together with a nonrefundable filing fee of \$200. The  
433 commission may adopt rules establishing procedures for the  
434 deposit of fees and the filing of documents by electronic means  
435 if the procedures provide the office with the information and  
436 data required by this section. The office may revoke the filing  
437 of a notice under this paragraph if payment for the filing fee  
438 is by check or electronic transmission of funds that is  
439 dishonored by the financial institution upon which the funds are  
440 drawn. A notice is effective upon receipt by the office of the  
441 form and filing fee, and the notice may be terminated by filing  
442 with the office a notice of such termination. The notice and

443 offering expire 12 months after filing the notice with the  
444 office. The notice must:

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

449 2. Indicate that the issuer is conducting an offering in  
450 reliance upon the exemption provided by this section.

451 3. Contain the names and addresses of the issuer, all  
452 persons who will be involved in the offer or sale of securities  
453 on behalf of the issuer, and the federally insured financial  
454 institution authorized to do business in the state, in which  
455 investor funds will be deposited.

456 4. Include documentation verifying that the issuer is  
457 organized under the laws of the state and authorized to do  
458 business in the state.

459 5. Include the intermediary's website address.

460 6. Include the target offering amount.

461 7. Include an attestation that each control person of the  
462 issuer is not subject to disqualification under paragraph (c).

463  
464 A notice filed by an issuer under this section shall be  
465 summarily suspended by the office if the issuer fails to provide  
466 to the office, within 30 days after a written request from the  
467 office, information required by this section or rules adopted  
468 under this section. The summary suspension shall remain in

469 effect until the issuer submits the requested information to the  
470 office, pays a fine as prescribed by s. 517.221(3), and a final  
471 order is entered. For purposes of s. 120.60(6), failure to  
472 provide such information constitutes an immediate and serious  
473 danger to the public health, safety, and welfare. If the issuer  
474 fails to provide the requested information after 90 days, the  
475 office shall revoke the filing of the notice.

476 (f) Amend the notice form within 30 days after any  
477 information contained in the notice becomes inaccurate for any  
478 reason. The commission may require, by rule, an issuer who has  
479 filed a notice under this section to file amendments with the  
480 office.

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

487 (h) Allow an investor to cancel a commitment to invest  
488 within 3 business days before the offering deadline.

489 (i) Provide a disclosure statement to potential investors,  
490 with a copy to the office at the time of filing the notice,  
491 containing material information about the issuer and the  
492 offering, including:

493 1. The name, legal status, physical address, and website  
494 address of the issuer.

495       2. The names of the directors, officers, and any person  
496 occupying a similar status or performing a similar function, and  
497 each person holding more than 20 percent of the shares of the  
498 issuer.

499       3. A description of the business of the issuer and the  
500 anticipated business plan of the issuer.

501       4. A description of the stated purpose and intended use of  
502 the proceeds of the offering.

503       5. The target offering amount, the deadline to reach the  
504 target offering amount, and regular updates regarding the  
505 progress of the issuer in meeting the target offering amount.

506       6. The price to the public of the securities or the method  
507 for determining the price.

508       7. A description of the ownership and capital structure of  
509 the issuer, including terms of the securities and how the terms  
510 may be modified.

511       8. A description of the financial condition of the issuer.

512       a. For offerings that, in combination with all other  
513 offerings of the issuer within the preceding 12-month period,  
514 have target offering amounts of \$100,000 or less, the  
515 description must include the most recent income tax return filed  
516 by the issuer, if any, and a financial statement that must be  
517 certified by the principal executive officer of the issuer as  
518 true and complete in all material respects.

519       b. For offerings that, in combination with all other  
520 offerings of the issuer within the preceding 12-month period,

521 have target offering amounts of more than \$100,000, but not more  
522 than \$500,000, the description must include financial statements  
523 prepared in accordance with generally accepted accounting  
524 principles and reviewed by a certified public accountant, as  
525 defined in s. 473.302, who is independent of the issuer.

526 c. For offerings that, in combination with all other  
527 offerings of the issuer within the preceding 12-month period,  
528 have target offering amounts of more than \$500,000, the  
529 description must include audited financial statements prepared  
530 in accordance with generally accepted accounting principles by a  
531 certified public accountant, as defined in s. 473.302, who is  
532 independent of the issuer, and other requirements as the  
533 commission may establish by rule.

534 9. The following statement in boldface, conspicuous type on  
535 the front page of the disclosure statement:

536  
537 These securities are offered and will be sold in  
538 reliance upon an exemption from the registration  
539 requirements of federal and Florida securities laws.  
540 Consequently, neither the Federal Government nor the  
541 state of Florida have reviewed the accuracy or  
542 completeness of any offering materials. In making an  
543 investment decision, investors must rely on their own  
544 examination of the issuer and the terms of the  
545 offering, including the merits and risks involved.  
546 These securities are subject to restrictions on

547 transferability and resale and may not be transferred  
 548 or resold except as specifically authorized by  
 549 applicable federal and state securities laws.  
 550 Investing in these securities involves a speculative  
 551 risk, and investors should be able to bear the loss of  
 552 their entire investment.

553  
 554 (j) File with the office and provide to investors through  
 555 the intermediary annual reports of the results of operations and  
 556 financial statements of the issuer, subject to additional  
 557 requirements as the commission may establish by rule.

558 (5) An intermediary must:

559 (a)1. Be registered as a dealer in accordance with s.  
 560 517.12(6); or

561 2. Submit a nonrefundable filing fee of \$200 and submit an  
 562 application for registration as an intermediary in accordance  
 563 with s. 517.12(20), in a format prescribed by commission rule,  
 564 specifying that the intermediary will conduct business as an  
 565 intermediary in furtherance of an offering in reliance upon the  
 566 exemption provided in this section.

567 (b) Not be subject to a disqualification established by  
 568 the commission or office or a disqualification described in s.  
 569 517.1611 or United States Securities and Exchange Commission  
 570 Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the  
 571 Securities Act of 1933. Each director, officer, control person  
 572 of the issuer, any person occupying a similar status or

573 performing a similar function, and each person holding more than  
574 20 percent of the shares of the intermediary is subject to this  
575 requirement.

576 (c) Take measures, as established by commission rule, to  
577 reduce the risk of fraud. Such measures shall include obtaining  
578 a background check and securities enforcement regulatory history  
579 check on each officer, director, and person holding more than 20  
580 percent of the outstanding equity of every issuer whose  
581 securities are offered by such person.

582 (d) Provide basic information on its website regarding the  
583 high risk of investment in and limitation on the resale of  
584 exempt securities and the potential for loss of an entire  
585 investment. The basic information shall include:

586 1. A description of the escrow agreement that the issuer  
587 has executed and the conditions for release of such funds to the  
588 issuer in accordance with the agreement and paragraph (4) (g).

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

592 (e) Obtain a zip code or residence address from each  
593 potential investor who seeks to view information regarding  
594 specific investment opportunities, in order to confirm that the  
595 potential investor is a resident of the state.

596 (f) Obtain and verify, pursuant to commission rule, a  
597 valid Florida driver license number or official Florida personal  
598 identification card number from each investor, before purchase

599 of a security, to confirm that the investor is a resident of the  
600 state.

601 (g) Obtain an affidavit from each investor stating that  
602 the investment being made by the investor is consistent with the  
603 income requirements of subsection (8).

604 (h) Deposit and release investor funds in escrow in  
605 accordance with paragraph (4) (g).

606 (i) Provide a monthly update for each offering, after the  
607 first full month following the date of the offering. The update  
608 must be accessible on the intermediary's website and must  
609 display the date and amount of each of sale of securities in the  
610 previous calendar month.

611 (j) Require each investor to certify in writing, and to  
612 include as part of such certification his or her signature, and  
613 his or her initials next to each paragraph of the certification,  
614 as follows:

615  
616 I understand and acknowledge that:

617  
618 I am investing in a high-risk, speculative business  
619 venture. I may lose all of my investment, and I can  
620 afford the loss of my investment.

621  
622 This offering has not been reviewed or approved by any  
623 state or federal securities commission or other  
624 regulatory authority and no regulatory authority has

625 confirmed the accuracy or determined the adequacy of  
626 any disclosure made to me relating to this offering.

627  
628 The securities I am acquiring in this offering are  
629 illiquid and are subject to possible dilution. There  
630 is no ready market for the sale of the securities. It  
631 may be difficult or impossible for me to sell or  
632 otherwise dispose of the securities, and I may be  
633 required to hold the securities indefinitely.

634  
635 I may be subject to tax on my share of the taxable  
636 income and losses of the issuer, whether or not I have  
637 sold or otherwise disposed of my investment or  
638 received any dividends or other distributions from the  
639 issuer.

640  
641 By entering into this transaction with the issuer, I  
642 am affirmatively representing myself as being a  
643 Florida resident at the time this contract is formed,  
644 and if this representation is subsequently shown to be  
645 false, the contract is void.

646  
647 If I resell any of the securities I am acquiring in  
648 this offering to a person that is not a Florida  
649 resident within 9 months after the closing of the  
650 offering, my contract with the issuer for the purchase

651 of these securities is void.

652  
653 (k) Require each investor to answer questions  
654 demonstrating an understanding of the level of risk generally  
655 applicable to investments in startups, emerging businesses, and  
656 small issuers, and an understanding of the risk of illiquidity.

657 (l) Take reasonable steps to protect personal information  
658 collected from investors, as required by s. 501.171.

659 (m) Prohibit its directors and officers from having any  
660 financial interest in the issuer using its services.

661 (6) An intermediary may not:

662 (a) Offer investment advice or recommendations. A refusal  
663 by an intermediary to post an offering that it deems to not be  
664 credible or representing a potential for fraud shall not be  
665 construed as an offer of investment advice or recommendation.

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

668 (c) Compensate employees, agents, or other persons for the  
669 solicitation of purchases, sales, or offers to buy the  
670 securities offered or displayed on its website.

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

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

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

677 rule.

678 (7) The sum of all cash and other consideration received  
 679 for sales of a security under this section may not exceed \$1  
 680 million, less the aggregate amount received for all sales of  
 681 securities by the issuer within the 12 months preceding the  
 682 first offer or sale made in reliance upon this exemption.

683 (8) Unless the investor is an accredited investor as  
 684 defined by Rule 501 of Regulation D, adopted pursuant to the  
 685 Securities Act of 1933, the aggregate amount sold by an issuer  
 686 to an investor in transactions exempt from registration  
 687 requirements under this subsection during the 12-month period  
 688 preceding the date of such transaction may not exceed:

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

692 (b) Ten percent of the annual income or net worth of such  
 693 investor, not to exceed a maximum aggregate amount sold of  
 694 \$100,000, if either the annual income or net worth of the  
 695 investor exceeds \$100,000.

696 (9) All funds received from investors must be directed to  
 697 the qualified third party designated to hold the funds and must  
 698 be used in accordance with representations made to investors by  
 699 the intermediary. If an investor cancels a commitment to invest,  
 700 the intermediary must direct the third party designated to hold  
 701 the funds to promptly refund the funds of the investor.

702

703 (11) The commission may adopt rules to administer this  
 704 section and to protect investors who purchase securities under  
 705 this section

706 Section 4. Subsection (20) of section 517.12, Florida  
 707 Statutes, is renumbered as subsection (21) and amended, and a  
 708 new subsection (20) is added to that section, to read:

709 517.12 Registration of dealers, associated persons,  
 710 intermediaries, and investment advisers.-

711 (20) An intermediary that has filed a registration  
 712 application in accordance with this subsection may facilitate  
 713 the offer or sale of securities in accordance with s. 517.0611.

714 (a) A registration application must consist of any  
 715 information required by commission rule, together with a consent  
 716 to service of process and a nonrefundable filing fee of \$200.  
 717 The commission may adopt rules establishing procedures for the  
 718 deposit of fees and the filing of documents by electronic means  
 719 if the procedures provide the office with the information and  
 720 data required by this section.

721 (b) The office may issue a permit as evidence of the  
 722 effectiveness of an intermediary's registration.

723 (21)-(20) The registration requirements of this section do  
 724 not apply to any general lines insurance agent or life insurance  
 725 agent licensed under chapter 626, for the sale of a security as  
 726 defined in s. 517.021(22) (g) ~~517.021(21) (g)~~, if the individual  
 727 is directly authorized by the issuer to offer or sell the  
 728 security on behalf of the issuer and the issuer is a federally

729 chartered savings bank subject to regulation by the Federal  
 730 Deposit Insurance Corporation. Actions under this subsection  
 731 shall constitute activity under the insurance agent's license  
 732 for purposes of ss. 626.611 and 626.621.

733 Section 5. Subsections (1) and (2) of section 517.121,  
 734 Florida Statutes, are amended to read:

735 517.121 Books and records requirements; examinations.—

736 (1) A dealer, investment adviser, branch office, ~~or~~  
 737 associated person, or intermediary shall maintain such books and  
 738 records as the commission may prescribe by rule.

739 (2) The office shall, at intermittent periods, examine the  
 740 affairs and books and records of each registered dealer,  
 741 investment adviser, associated person, intermediary, or branch  
 742 office notice-filed with the office, or require such records and  
 743 reports to be submitted to it as required by rule of the  
 744 commission, to determine compliance with this act.

745 Section 6. Paragraph (b) of subsection (4) of section  
 746 626.9911, Florida Statutes, is amended to read:

747 626.9911 Definitions.—As used in this act, the term:

748 (4) "Life expectancy provider" means a person who  
 749 determines, or holds himself or herself out as determining, life  
 750 expectancies or mortality ratings used to determine life  
 751 expectancies:

752 (b) In connection with a viatical settlement investment,  
 753 pursuant to s. 517.021(24) ~~517.021(23)~~; or

754 Section 7. This act shall take effect October 1, 2015.