



## 1997 ASSEMBLY BILL 831

February 25, 1998 - Introduced by COMMITTEE ON FINANCIAL INSTITUTIONS, by request of Department of Financial Institutions. Referred to Committee on Financial Institutions.

1     **AN ACT** *to renumber and amend* 551.21 (1), 551.31 (1m), 551.31 (2) (a), 551.32  
2           (1) (d), 551.34 (6) and 551.52 (1) (b); *to amend* 551.02 (2) (intro.), (a) and (b),  
3           551.02 (7) (intro.), 551.02 (7) (a), 551.02 (7) (b), 551.02 (7) (c), 551.02 (7) (d),  
4           551.02 (7) (e), 551.02 (12), subchapter II (title) of chapter 551 [precedes 551.21],  
5           551.22 (7), 551.23 (3) (intro.), 551.23 (3) (a), 551.23 (3) (b), 551.23 (3) (c), 551.23  
6           (8) (b) and (c), 551.23 (16), 551.23 (19) (a), 551.23 (19) (b), 551.23 (19) (d), 551.25  
7           (1), 551.25 (2) (intro.), 551.25 (2) (a), 551.25 (2) (b), 551.25 (2) (c), subchapter III  
8           (title) of chapter 551 [precedes 551.31], 551.31 (title), 551.31 (2) (d), 551.32  
9           (title), 551.32 (1) (a), 551.32 (1) (b), 551.32 (3), 551.32 (4), 551.33 (1), 551.33 (2),  
10          551.33 (3), 551.33 (4), 551.34 (1) (b), 551.34 (1) (f), 551.34 (5), 551.44, 551.52 (1)  
11          (a), 551.52 (2), 551.53 (1) (b), 551.55, 551.63 (1), (2) and (3), 551.64 (2) and (3)  
12          and 551.65 (1); *to repeal and recreate* 551.31 (1), 551.31 (3), 551.31 (4) and  
13          551.32 (5) and (6); and *to create* 551.02 (4g), 551.02 (4r), 551.02 (7) (ed) and  
14          (eh), 551.02 (7) (em), 551.02 (7m), 551.21 (1) (c), 551.29, 551.31 (4m), 551.32

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1 (1m), 551.32 (8), 551.32 (9) (b), 551.33 (8) and 551.52 (1) (b) 2. of the statutes;  
2 **relating to:** the regulation of investment advisers and investment adviser  
3 representatives, the registration of securities and granting rule-making  
4 authority.

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***Analysis by the Legislative Reference Bureau***

This bill makes a number of changes to the Wisconsin Uniform Securities Law, principally to conform to changes required under the federal National Securities Markets Improvement Act of 1996 (NSMIA). The changes made by the bill include the following:

***Federal covered securities***

The NSMIA amended the federal Securities Act of 1933 to provide that, subject to certain exceptions, state laws and regulations requiring registration or qualification of a security or of a securities transaction do not apply to covered securities. The NSMIA defined the term “covered security” to include: 1) securities that are listed or authorized to be listed on the New York Stock Exchange, the American Stock Exchange, the National Market System of the Nasdaq Stock Market, or a national securities exchange that has substantially similar listing requirements (exchange-listed securities); 2) securities of investment companies under the Investment Company Act of 1940; 3) securities offered or sold only to qualified purchasers, defined by the federal securities and exchange commission (the SEC) by rule; and 4) securities in certain other specified transactions.

Under current state law, it is unlawful to offer any security in the state unless the security is registered or unless the security or the transaction is exempt from registration. Exchange-listed securities, which are included in the definition of “covered securities” under the NSMIA, are already exempt from state securities registration requirements. This bill extends the exemption to cover all “covered securities” under the NSMIA. However, the bill grants the division of securities (the division) in the department of financial institutions the authority to impose certain filing requirements, by rule or order, on certain types of “covered securities”. Although the authority granted to the division varies somewhat based on the type of covered security, the filing requirements that the bill allows the division to impose are generally limited to requiring submission of copies of filings made with SEC with respect to that security and the payment of a filing fee. The filing may be accompanied by a form specified by the division by rule. The bill provides that, if the issuer of a federal covered security does not pay a required fee within 10 days of notification of nonpayment by the division, the division may issue an order prohibiting the federal covered security from being offered unless it becomes registered or qualifies for an exemption. Finally, the bill grants the division the authority to issue an order suspending offers and sales of a federal covered security, other than an exchange-listed security, in this state, if the order is in the public

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interest and the division has reason to believe that there has been a failure to comply with a rule or order of the division. Under current law, a person may not use advertising unless filed with the division in advance or exempt under rules of the division. This bill exempts advertising relating to federal covered securities from this prefiling requirement.

***Investment advisers and investment adviser representatives***

Under current law, it is unlawful for a person to transact business in this state as an investment adviser unless the person is licensed as an investment adviser or as a broker-dealer or unless the person only provides investment advice to certain types of institutional investors. The bill excludes from the definition of "investment adviser" a "federal covered adviser", which is defined to mean a person who is registered as an investment adviser under the federal Investment Advisers Act of 1940. Although federal covered advisers are excluded from the definition of "investment adviser" and are not generally subject to investment adviser licensing requirements, certain federal covered advisers are required to file a notice. A notice filing is required unless: 1) the federal covered adviser advises only specified institutional investors; or 2) the federal covered adviser does not have a place of business in this state and, during the preceding 12-month period, has advised no more than 5 in-state clients who are not specified institutional investors. This bill exempts from the investment adviser licensing requirements an investment adviser who has no place of business in the state and has no more than 5 clients who are residents of this state other than specified institutional investors.

Under current law, the division may, by rule, provide for an examination of persons who represent or who will represent an investment adviser. This bill creates statutory requirements for the licensing of "investment adviser representatives". The bill defines an "investment adviser representative" to mean a 3rd-party solicitor, as defined by the division by rule, or a person supervised by an investment adviser or federal covered adviser, unless the person supervised by the investment adviser is exempt. The bill exempts a supervised person if: 1) not more than a specified percentage of the person's clients are natural persons (other than excepted persons, as defined by the division by rule); 2) the person does not, on a regular basis, solicit, meet with or otherwise communicate with clients of the investment adviser; or 3) the person provides only impersonal investment advice, as defined by the division by rule.

The bill makes it unlawful for any investment adviser who is required to be licensed in this state to employ an investment adviser representative who is not licensed in this state, unless the investment adviser representative is exempt from registration. Similarly, the bill makes it unlawful for a person to have an office in this state and act as an investment adviser representative for a federal covered adviser, unless that person is exempt from registration. The bill exempts investment adviser representatives from registration if the investment adviser representative: 1) is licensed as a broker-dealer in the state; 2) has only accredited investors as clients in the state; or 3) has no office in the state and no more than 5 nonaccredited investor clients who are residents of this state over the preceding 12-month period.

**ASSEMBLY BILL 831*****Broker-dealers and agents***

Under current state law, it is unlawful for a person to transact business in this state as a broker-dealer or agent unless licensed as such, unless an exemption applies. The federal NSMIA provides that a state may not prohibit a person from effecting transactions for a broker-dealer in a state if certain criteria are met: 1) the person is not ineligible from registering as an agent in the state; 2) the person is registered with a registered securities association and at least one other state; 3) the person is an agent for a broker-dealer who is registered in that other state; and 4) the person's transactions are limited to certain "described transactions". These "described transactions" are generally limited to transactions between the agent and preexisting clients of the agent, if the preexisting client was a resident in the state where the agent is registered for at least 30 days in the previous one-year period. This bill exempts, from the Wisconsin agent registration requirements, agents who meet these criteria and whose transactions in Wisconsin are limited to "described transactions" under the NSMIA.

Current law excludes, from the definition of agent, an individual who represents the issuer in effecting certain securities transactions that are exempt from registration. This will provide that the definition of agent includes a person who represents the issuer in effecting a securities transaction that is exempt from registration because it is being sold to individual accredited investors.

***Other***

The bill provides that licenses and notice filings for broker-dealers, agents, investment advisers and investment adviser representatives expire on December 31 of each year unless renewed or unless provided otherwise by rule or order. A failure to apply for a renewal of a license or a notice filing constitutes an application for withdrawal.

The NSMIA restricts the ability of a state to establish capital, custody, margin, financial responsibility, record keeping, bonding or financial or operational requirements for broker-dealers. This bill makes the division's authority to promulgate rules regarding minimum capital requirements and posting surety bonds subject to the limitations under the NSMIA. The bill also repeals certain record keeping requirements and makes the ability of the division to promulgate rules regarding reporting and record keeping subject to the limitations under the NSMIA.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 551.02 (2) (intro.), (a) and (b) of the statutes are amended to read:

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1           551.02 (2) (intro.) “Agent” means any individual other than a broker-dealer  
2           who represents a broker-dealer or issuer in effecting or attempting to effect  
3           transactions in securities. A partner, officer or director of a broker-dealer or issuer,  
4           or a person occupying a similar status or performing similar functions, is an agent  
5           if he or she is within this definition. “Agent” does not include an individual who  
6           represents an issuer in doing any of the following:

7           (a) Effecting transactions in a security exempted by s. 551.22~~;~~

8           (b) Effecting transactions exempted by s. 551.23, other than transactions  
9           exempted under s. 551.23 (8) (g), (10) or (19) in which the individual receives a  
10          commission or other remuneration directly or indirectly for soliciting or selling to any  
11          person in this state;~~or~~

12          **SECTION 2.** 551.02 (4g) of the statutes is created to read:

13          551.02 (4g) “Federal covered adviser” means a person who is registered under  
14          section 203 of the Investment Advisers Act of 1940.

15          **SECTION 3.** 551.02 (4r) of the statutes is created to read:

16          551.02 (4r) “Federal covered security” means any security that is a covered  
17          security under section 18 (b) of the Securities Act of 1933 or regulations promulgated  
18          under that act.

19          **SECTION 4.** 551.02 (7) (intro.) of the statutes is amended to read:

20          551.02 (7) (intro.) “Investment adviser” means any person who, for  
21          compensation, engages in the business of advising others, either directly or through  
22          publications, writings or electronic means, as to the value of securities or as to the  
23          advisability of investing in, purchasing or selling securities, or who, for  
24          compensation and as a part of a regular business, issues or promulgates analyses or

**ASSEMBLY BILL 831****SECTION 4**

1 reports concerning securities. "Investment adviser" does not include any of the  
2 following:

3 **SECTION 5.** 551.02 (7) (a) of the statutes is amended to read:

4 551.02 (7) (a) A bank, savings institution or trust company;₂

5 **SECTION 6.** 551.02 (7) (b) of the statutes is amended to read:

6 551.02 (7) (b) A lawyer, accountant, engineer or teacher whose performance of  
7 these services is solely incidental to the practice of his or her profession;₂

8 **SECTION 7.** 551.02 (7) (c) of the statutes is amended to read:

9 551.02 (7) (c) A broker-dealer or agent whose performance of these services is  
10 solely incidental to the conduct of his or her business as a broker-dealer or agent and  
11 who receives no special compensation for them;₂

12 **SECTION 8.** 551.02 (7) (d) of the statutes is amended to read:

13 551.02 (7) (d) A publisher of any bona fide newspaper, news magazine or  
14 business or financial publication with a regular and paid circulation or a publisher  
15 of any securities advisory newsletter with a regular and paid circulation which does  
16 not provide advice to subscribers on their specific investment situation;₂

17 **SECTION 9.** 551.02 (7) (e) of the statutes is amended to read:

18 551.02 (7) (e) The investment board;ₒᵣ₂

19 **SECTION 10.** 551.02 (7) (ed) and (eh) of the statutes are created to read:

20 551.02 (7) (ed) A federal covered adviser, unless the federal covered adviser is  
21 required to become licensed or qualify for an exclusion or exemption from licensure  
22 under s. 551.32 (1m) (c).

23 (eh) A person who is excluded from the definition of "investment adviser" under  
24 section 202 (a) (11) of the Investment Advisers Act of 1940.

25 **SECTION 11.** 551.02 (7) (em) of the statutes is created to read:

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1           551.02 (7) (em) An investment adviser representative.

2           **SECTION 12.** 551.02 (7m) of the statutes is created to read:

3           551.02 (7m) (a) “Investment adviser representative” means any of the  
4 following, unless excluded under par. (b):

5           1. A supervised person, as defined by the division by rule, of an investment  
6 adviser or a federal covered adviser, unless one of the following applies:

7           a. Not more than a percentage, specified by the division by rule, of the clients  
8 of the supervised person are natural persons who are not excepted persons, as  
9 defined by the division by rule.

10           b. The supervised person does not, on a regular basis, solicit, meet with or  
11 otherwise communicate with clients of the investment adviser or federal covered  
12 adviser.

13           c. The supervised person provides only impersonal investment advice, as  
14 defined by the division by rule.

15           2. A 3rd-party solicitor, as defined by the division by rule.

16           (b) “Investment adviser representative” does not include any person excluded  
17 by the division by rule or order.

18           **SECTION 13.** 551.02 (12) of the statutes is amended to read:

19           551.02 (12) “Securities act Act of 1933”, “~~securities exchange act~~ Securities  
20 Exchange Act of 1934”, “~~investment company act~~ Investment Company Act of 1940”,  
21 “~~investment advisers act~~ Investment Advisers Act of 1940” and “~~internal revenue~~  
22 ~~code~~ Internal Revenue Code” mean the federal statutes of those names as amended  
23 on January 1, 1970 1998, including such later amendments as the division  
24 determines are not inconsistent with the purpose of this chapter.

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**SECTION 14**

1 **SECTION 14.** Subchapter II (title) of chapter 551 [precedes 551.21] of the  
2 statutes is amended to read:

3 **CHAPTER 551**

4 **SUBCHAPTER II**

5 **REGISTRATION OF AND**

6 **NOTICE FILING PROCEDURES;**

7 **SECURITIES**

8 **SECTION 15.** 551.21 (1) of the statutes is renumbered 551.21 (1) (intro.) and  
9 amended to read:

10 551.21 (1) (intro.) It is unlawful for any person to offer or sell any security in  
11 this state unless it at least one of the following conditions is met:

12 (a) The security is registered under this chapter ~~or the,~~

13 (b) The security or transaction is exempted under s. 551.22 or 551.23.

14 **SECTION 16.** 551.21 (1) (c) of the statutes is created to read:

15 551.21 (1) (c) The security is a federal covered security.

16 **SECTION 17.** 551.22 (7) of the statutes is amended to read:

17 551.22 (7) Any security listed, or approved for listing upon notice of issuance,  
18 ~~on the New York stock exchange, the American stock exchange, or a securities~~  
19 ~~exchange designated by rule of the division; any security designated, or approved for~~  
20 ~~designation upon notice of issuance, as a national market system security by the~~  
21 ~~national association of securities dealers, inc.,~~ subject to rules that the division may  
22 promulgate under this subsection; any security of the same issuer which is of senior  
23 or substantially equal rank to the security listed, designated or approved for listing  
24 or designation; any security called for by subscription rights or warrants so listed,



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1 approved or designated; or any warrant or right to purchase or subscribe to any of  
2 the foregoing.

3 **SECTION 18.** 551.23 (3) (intro.) of the statutes is amended to read:

4 551.23 (3) (intro.) Any sale of any outstanding security by or on behalf of a  
5 person not the issuer and not in control of the issuer or controlled by the issuer or  
6 under common control with the issuer at a price reasonably related to the current  
7 market price if any of the following conditions are met:

8 **SECTION 19.** 551.23 (3) (a) of the statutes is amended to read:

9 551.23 (3) (a) The issuer has any securities registered under section 12 of the  
10 ~~securities exchange act~~ Securities Exchange Act of 1934 or exempted from  
11 registration by section 12 (g) (2) (G) or 12 (g) (3) of that act, or the issuer is an  
12 investment company registered under the ~~investment company act~~ Investment  
13 Company Act of 1940; ~~or.~~

14 **SECTION 20.** 551.23 (3) (b) of the statutes is amended to read:

15 551.23 (3) (b) Securities of the same class have been registered under this  
16 chapter under a registration statement becoming effective within 2 years preceding  
17 the sale and the registration has not been revoked or suspended; ~~or.~~

18 **SECTION 21.** 551.23 (3) (c) of the statutes is amended to read:

19 551.23 (3) (c) Securities of the same class have been registered under the  
20 ~~securities act~~ Securities Act of 1933 and there is filed with the division prior to any  
21 offer or sale a notice of the proposed sale, other information as the division by rule  
22 requires and any additional information required under s. 551.24 (6), and the  
23 division does not by order disallow the exemption within 10 days after the date of  
24 filing the notice or, if additional information is required under s. 551.24 (6), within  
25 10 days after the date of filing that information; ~~or.~~

**ASSEMBLY BILL 831****SECTION 22**

1           **SECTION 22.** 551.23 (8) (b) and (c) of the statutes are amended to read:

2           551.23 **(8)** (b) A bank, savings institution, savings bank, credit union, trust  
3 company, insurer, broker-dealer, investment adviser, federal covered adviser or  
4 savings and loan association, if the purchaser or prospective purchaser is acting for  
5 itself or as trustee with investment control.

6           (c) An investment company as defined under 15 USC 80a-3 or a pension or  
7 profit-sharing trust, except that an offer or sale of a security to a pension or  
8 profit-sharing trust or to an individual retirement plan, including a self-employed  
9 individual retirement plan, is not exempt under this paragraph unless the trust or  
10 plan is administered by a bank, savings institution, savings bank, credit union, trust  
11 company, insurer, broker-dealer, investment adviser, federal covered adviser or  
12 savings and loan association that has investment control.

13           **SECTION 23.** 551.23 (16) of the statutes is amended to read:

14           551.23 **(16)** Any offer, but not a sale, of a security for which registration  
15 statements have been filed under both this chapter and the ~~securities act~~ Securities  
16 Act of 1933 if no stop order or denial order is in effect and no proceeding is pending  
17 under either law.

18           **SECTION 24.** 551.23 (19) (a) of the statutes is amended to read:

19           551.23 **(19)** (a) Any offer or sale of securities made in reliance on the ~~exemptions~~  
20 exemption provided by Rule 505 or ~~506~~ of Regulation D under the ~~securities act~~  
21 Securities Act of 1933 and the conditions and definitions provided by Rules 501 to  
22 503 thereunder, if the offer or sale also satisfies the additional conditions and  
23 limitations in pars. (b) to (f).

24           **SECTION 25.** 551.23 (19) (b) of the statutes is amended to read:

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1           551.23 (19) (b) No commission or other remuneration may be paid or given,  
2 directly or indirectly, to any person for soliciting or selling to any person in this state  
3 in reliance on the exemption under par. (a), except to broker-dealers and agents  
4 licensed in this state or exempt from licensure under s. 551.31 (1).

5           **SECTION 26.** 551.23 (19) (d) of the statutes is amended to read:

6           551.23 (19) (d) Not later than the earlier of the date on which the first use of  
7 an offering document or the first sale is made in this state in reliance on the  
8 exemption under par. (a), there is filed with the division a notice comprised of offering  
9 material in compliance with the requirements of Rule 502 of Regulation D under the  
10 ~~securities act~~ Securities Act of 1933, a completed Form D as prescribed by Rule 503  
11 of Regulation D under the ~~securities act~~ Securities Act of 1933, and a fee of \$200.  
12 Material amendments to the offering document shall be filed with the division not  
13 later than the date of their first use in this state.

14           **SECTION 27.** 551.25 (1) of the statutes is amended to read:

15           551.25 (1) Registration by coordination may be used for any security for which  
16 a registration statement has been filed under the ~~securities act~~ Securities Act of 1933  
17 in connection with the same offering and has not become effective.

18           **SECTION 28.** 551.25 (2) (intro.) of the statutes is amended to read:

19           551.25 (2) (intro.) A registration statement under this section shall contain all  
20 of the following information and be accompanied by the following documents in  
21 addition to the information specified in s. 551.27 (2) and the consent to service of  
22 process required by s. 551.65 (1):

23           **SECTION 29.** 551.25 (2) (a) of the statutes is amended to read:

24           551.25 (2) (a) Three copies of the latest form of prospectus filed under the  
25 ~~securities act~~ Securities Act of 1933;

**ASSEMBLY BILL 831****SECTION 30**

1           **SECTION 30.** 551.25 (2) (b) of the statutes is amended to read:

2           551.25 (2) (b) If the division by rule or otherwise requires, a copy of the articles  
3 of incorporation and bylaws or their substantial equivalents currently in effect, a  
4 copy of any agreements with or among underwriters, a copy of any indenture or other  
5 instrument governing the issuance of the security to be registered, and a specimen  
6 or copy of the security;

7           **SECTION 31.** 551.25 (2) (c) of the statutes is amended to read:

8           551.25 (2) (c) If the division requires, any other information, or copies of any  
9 documents, filed under the ~~securities act~~ Securities Act of 1933; and

10          **SECTION 32.** 551.29 of the statutes is created to read:

11          **551.29 Federal covered securities.** (1) With respect to a federal covered  
12 security that is a covered security under section 18 (b) (2) of the Securities Act of  
13 1933, the division may, by rule or order, require the filing of any of the following:

14           (a) Not later than the initial offer of the federal covered security in this state,  
15 a copy of each document that is part of its registration statement filed with the  
16 federal securities and exchange commission under the Securities Act of 1933, which  
17 may, at the option of the issuer, be accompanied by a form containing the information  
18 specified by the division by rule. If a filing is required under this paragraph, the  
19 filing shall be accompanied by a consent to service of process signed by the issuer and  
20 a notice filing fee under s. 551.52 (1) (a). Any notice filing required under this  
21 paragraph is effective upon receipt by the division of the documents and fees required  
22 under this paragraph, or upon the effectiveness of the registration statement under  
23 the Securities Act of 1933, whichever is later.

24           (b) After the initial offer of a federal covered security in this state, a copy of each  
25 document that is part of an amendment to its registration statement filed with the

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1 federal securities and exchange commission under the Securities Act of 1933,  
2 concurrent with the federal filing, which may, at the option of the issuer, be  
3 accompanied by a form containing the information specified by the division by rule.  
4 If a filing is required under this paragraph and the amendment relates either to a  
5 name change of the issuer, or a change in the designation of the federal covered  
6 security, the filing shall be accompanied by a fee in the amount prescribed by the rule  
7 or order requiring the filing. Unless the issuer requests a later effective date, an  
8 amendment filing required under this paragraph is effective upon receipt by the  
9 division of the documents and fees required under this paragraph.

10 (c) For a unit investment trust or closed-end investment company to extend its  
11 offering beyond a one-year period, a notice of extension, together with any filing fee  
12 prescribed by rule or order, at the time prescribed by rule or order.

13 **(1m)** If the division promulgates rules under sub. (1) (c) for unit investment  
14 trusts or closed-end investment companies, the division shall restate in those rules  
15 the statutory annual reporting and fee requirements that are applicable to an  
16 open-end management company or a face amount certificate company under s.  
17 551.52 (1) (b) 2.

18 **(2)** With respect to a federal covered security that is a covered security under  
19 section 18 (b) (4) (D) of the Securities Act of 1933, the division may, by rule or order,  
20 require the issuer to file a notice consisting of a completed Form D as prescribed by  
21 Rule 503 of Regulation D under the Securities Act of 1933, signed by the issuer, not  
22 later than 15 days after the first sale of the federal covered security in this state. Any  
23 filing required under this subsection shall be accompanied by a fee in the amount  
24 prescribed by the rule or order requiring the filing. The filing shall be effective upon  
25 receipt by the division of the filing and the fee.

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1           **(3)** With respect to a federal covered security that is a covered security under  
2 section 18 (b) (3) or (4) of the Securities Act of 1933, the division may, by rule or order,  
3 require the filing, for purpose of providing notice to the division, of any document  
4 filed with the federal securities and exchange commission under the the Securities  
5 Act of 1933, together with a fee prescribed in the rule or order. The filing is effective  
6 upon receipt by the division of the documents and fee required under the rule or  
7 order.

8           **(4)** To the extent not prohibited by federal law, if the issuer of a federal covered  
9 security does not pay a fee required under this chapter with respect to that security  
10 and the nonpayment or underpayment of that fee has not been remedied within 10  
11 days of receipt by the issuer of a written or electronically transmitted notification  
12 from the division, the federal covered security may not be offered or sold in this state  
13 unless it is registered under this chapter or qualifies for an exemption from  
14 registration under s. 551.22 or 551.23.

15           **(5)** The division may issue an order suspending offers and sales of a federal  
16 covered security in this state, except a federal covered security under section 18 (b)  
17 (1) of the Securities Act of 1933, if the order is in the public interest and the division  
18 has reason to believe that there has been a failure to comply with this section or a  
19 rule or order issued under this section. The division may issue an order suspending  
20 offers and sales of a federal covered security in this state if the order is in the public  
21 interest and the division has reason to believe that the security is being or has been  
22 offered or sold in this state in violation of s. 551.41.

23           **(6)** The division may, by rule or order, waive any requirement under this section  
24 or under rules promulgated, or orders issued, under this section.

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1           **SECTION 33.** Subchapter III (title) of chapter 551 [precedes 551.31] of the  
2 statutes is amended to read:

**CHAPTER 551**

## SUBCHAPTER III

LICENSING OF ~~OF~~ AND NOTICE FILINGPROCEDURES; BROKER-DEALERS,AGENTS AND, INVESTMENT ADVISERS ANDINVESTMENT ADVISER REPRESENTATIVES

9           **SECTION 34.** 551.31 (title) of the statutes is amended to read:

10           **551.31 (title) Licensing requirement and notice filing requirements.**

11           **SECTION 35.** 551.31 (1) of the statutes is repealed and recreated to read:

12           551.31 (1) Unless exempt from licensing under this subsection, it is unlawful  
13 for any person to transact business in this state as a broker-dealer unless licensed  
14 under this chapter as a broker-dealer. Unless exempt from licensing under this  
15 subsection, it is unlawful for any person to transact business in this state as an agent  
16 unless licensed under this chapter as an agent. All of the following persons are  
17 exempt from licensing under this subsection:

18           (c) A person who represents a broker-dealer in effecting transactions, if the  
19 person meets the requirements under section 15 (h) (2) of the Securities Exchange  
20 Act of 1934 and the person's transactions in this state are limited to those  
21 transactions described in section 15 (h) (3) of the Securities Exchange Act of 1934.

22           **SECTION 36.** 551.31 (1m) of the statutes is renumbered 551.31 (1) (a) and  
23 amended to read:

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1           551.31 (1) (a) A person who effects transactions in this state exclusively for the  
2 account of or exclusively in offers to sell or sales to persons specified in s. 551.23 (8)  
3 (a) to (f) ~~is not required to be licensed under this chapter as a broker-dealer or agent.~~

4           (b) A person who gives a group presentation relating to an issuer or the  
5 securities of an issuer at a meeting or seminar sponsored by a broker-dealer licensed  
6 under this chapter ~~is not required to be licensed under this chapter as an agent~~, if  
7 the person makes no solicitations, offers or sales of the issuer's securities on an  
8 individual basis with any person in this state and if the person does not in any other  
9 way transact business in this state as an agent.

10           **SECTION 37.** 551.31 (2) (a) of the statutes is renumbered 551.31 (2) (a) (intro.)  
11 and amended to read:

12           551.31 (2) (a) (intro.) It is unlawful for any broker-dealer or issuer to employ  
13 an agent to represent it in this state unless the at least one of the following conditions  
14 is met:

15           1. The agent is licensed for that broker-dealer or issuer in this state, the,

16           2. The agent is ~~excluded~~ exempted from the licensing requirement under sub.  
17 (1m) or the (1).

18           3. The agent is not required under sub. (7) to obtain a separate license to  
19 represent that issuer.

20           **SECTION 38.** 551.31 (2) (d) of the statutes is amended to read:

21           551.31 (2) (d) When an agent who is required to be licensed under sub. (1)  
22 terminates employment with a broker-dealer or issuer, or terminates those  
23 activities which make that individual an agent, or transfers employment between  
24 licensed broker-dealers, the agent, the broker-dealer or the issuer shall promptly  
25 file a notice in accordance with rules adopted by the division.



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1           **SECTION 39.** 551.31 (3) of the statutes is repealed and recreated to read:

2           551.31 (3) Unless exempt from licensing under this subsection, it is unlawful  
3 for a person to transact business in this state as an investment adviser unless  
4 licensed under this chapter as an investment adviser. Unless exempt from licensing  
5 under this subsection, it is unlawful for a person to transact business in this state  
6 as an investment adviser representative for an investment adviser unless licensed  
7 under this chapter as an investment adviser representative. All of the following  
8 persons are exempt from licensing under this subsection:

9           (a) A person who is licensed as a broker-dealer under this chapter.

10          (b) A person whose only clients in this state are persons described under s.  
11 551.23 (8) (a) to (f).

12          (c) A person who has no place of business in this state and, during the preceding  
13 12-month period, has not had more than 5 clients who are residents of this state,  
14 exclusive of clients described under s. 551.23 (8) (a) to (f).

15           **SECTION 40.** 551.31 (4) of the statutes is repealed and recreated to read:

16           551.31 (4) (a) It is unlawful for any investment adviser who is required to be  
17 licensed under this chapter to employ an investment adviser representative to  
18 represent the investment adviser in this state, unless the investment adviser  
19 representative either is licensed for that investment adviser in this state or is a  
20 person described under sub. (3) (a), (b) or (c).

21           (b) It is unlawful for any person having a place of business located in this state  
22 who is employed or supervised by, or is associated with, a federal covered adviser, to  
23 act as an investment adviser representative in this state, unless the investment  
24 adviser representative either is licensed in this state or is a person described under  
25 sub. (3) (a), (b) or (c).

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1 (c) 1. When an investment adviser representative licensed in this state  
2 employed by an investment adviser who is required to be licensed under this chapter  
3 terminates his or her employment, the investment adviser shall promptly file a  
4 notice with the division in accordance with rules promulgated by the division.

5 2. When an investment adviser representative licensed in this state employed  
6 by a federal covered adviser terminates his or her employment, the investment  
7 adviser representative shall promptly file a notice with the division in accordance  
8 with rules promulgated by the division.

9 **SECTION 41.** 551.31 (4m) of the statutes is created to read:

10 551.31 (4m) It is unlawful for any federal covered adviser to transact  
11 investment advisory business in this state unless one of the following conditions is  
12 met:

13 (a) The federal covered adviser's only clients who are residents of this state are  
14 described under s. 551.23 (8) (a) to (f).

15 (b) The federal covered adviser has no place of business in this state, and,  
16 during the preceding 12-month period, the adviser has not had more than 5 clients  
17 who are residents of this state, exclusive of clients described under s. 551.23 (8) (a)  
18 to (f).

19 (c) The federal covered adviser has complied with the notice filing provisions  
20 under s. 551.32 (1m).

21 **SECTION 42.** 551.32 (title) of the statutes is amended to read:

22 **551.32 (title) Licensing and notice filing procedure.**

23 **SECTION 43.** 551.32 (1) (a) of the statutes is amended to read:

24 551.32 (1) (a) A broker-dealer, agent or investment adviser or investment  
25 adviser representative may obtain an initial or renewal license by filing with the

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1 division, or an organization which the division by rule designates, an application  
2 together with a consent to service of process under s. 551.65 (1).

3 **SECTION 44.** 551.32 (1) (b) of the statutes is amended to read:

4 551.32 (1) (b) An application under par. (a) shall contain whatever information  
5 the division by rule requires concerning the applicant's form and place of  
6 organization, proposed method of doing business and financial condition, the  
7 qualifications and ~~experience~~ business history of the applicant, including, in the case  
8 of a broker-dealer or investment adviser, the qualifications and ~~experience~~ business  
9 history of any partner, officer, director, or any person occupying a similar status or  
10 performing similar functions or any controlling person, any injunction or  
11 administrative order or conviction of a misdemeanor involving securities and any  
12 conviction of a felony, and any other matters which the division determines are  
13 relevant to the application. The division may by rule or order require an applicant  
14 for an initial license to publish an announcement of the application in one or more  
15 specified newspapers published in this state.

16 **SECTION 45.** 551.32 (1) (d) of the statutes is renumbered 551.32 (1s) and  
17 amended to read:

18 551.32 (1s) The division shall cooperate with other securities administrators  
19 and regulatory authorities to simplify and coordinate license application, notice  
20 filing and renewal procedures.

21 **SECTION 46.** 551.32 (1m) of the statutes is created to read:

22 551.32 (1m) (a) If required under s. 551.31 (4m), a federal covered adviser shall  
23 file with the division a notice filing together with the fee prescribed under s. 551.52  
24 (2). The notice filing shall consist either of a notice filing form prescribed by the

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1 division by rule or a copy of those documents that have been filed with the federal  
2 securities and exchange commission as the division, by rule or order, may require.

3 (b) An initial notice filing is effective upon receipt by the division of the  
4 documents and fee required in par. (a). A renewal notice filing is effective upon the  
5 expiration under sub. (8) (a) of the prior notice filing, or upon receipt by the division  
6 of the documents and fee required under par. (a), whichever is later.

7 (c) To the extent not prohibited by federal law, a federal covered adviser, for  
8 whom a nonpayment or underpayment of any required fee to the division has not  
9 been remedied within 10 days of the receipt by the adviser of written notification  
10 from the division of the nonpayment or underpayment, shall either become licensed  
11 or qualify for an exclusion or exemption from licensure. The written notification by  
12 the division under this paragraph may be transmitted electronically.

13 **SECTION 47.** 551.32 (3) of the statutes is amended to read:

14 551.32 (3) A licensed broker-dealer or investment adviser may file an  
15 application for licensing of a successor, and a federal covered adviser may file a notice  
16 filing for a successor, whether or not the successor is then in existence, for the  
17 unexpired portion of the year. There shall be no filing fee.

18 **SECTION 48.** 551.32 (4) of the statutes is amended to read:

19 551.32 (4) The division may by rule prescribe standards of qualification with  
20 respect to training, experience and knowledge of the securities business and provide  
21 for an examination, which may be written or oral or both, to be taken by any class  
22 of or all applicants, ~~as well as persons who represent or will represent an investment~~  
23 ~~adviser~~, and the division may by order require an examination of a licensed  
24 broker-dealer, agent or, investment adviser or investment adviser representative for  
25 due cause.

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1           **SECTION 49.** 551.32 (5) and (6) of the statutes are repealed and recreated to  
2 read:

3           551.32 **(5)** The division may, by rule or order, establish a minimum net capital  
4 requirement for licensed broker-dealers, subject to the limitations of section 15 of  
5 the Securities Exchange Act of 1934 and may establish a minimum net capital  
6 requirement for licensed investment advisers, subject to the limitations of section  
7 222 of the Investment Advisers Act of 1940.

8           **(6)** The division may, by rule or order, require licensed broker-dealers and  
9 investment advisers who have custody of or discretionary authority over client funds  
10 or securities, to post bonds in amounts as the division may prescribe by rule or order,  
11 subject to the limitations of section 15 of the Securities Exchange Act of 1934 for  
12 broker-dealers and section 222 of the Investment Advisers Act of 1940 for  
13 investment advisers, and may determine the conditions of the bonds. No bond may  
14 be required of any licensee whose net capital exceeds the amount prescribed by rule  
15 or order of the division. Every bond required by rules promulgated under this  
16 subsection shall provide for suit on the bond by any person who has a cause of action  
17 under s. 551.59 and, if the division by rule or order requires, by any person who has  
18 a cause of action not arising under this chapter. Every bond required by rules  
19 promulgated under this subsection shall provide that no suit may be maintained to  
20 enforce any liability on the bond unless the suit is brought within the time  
21 limitations of s. 551.59 (5).

22           **SECTION 50.** 551.32 (8) of the statutes is created to read:

23           551.32 **(8)** (a) Every license or notice filing under this section expires on  
24 December 31 unless one of the following occurs:

25           1. The license or notice filing is renewed.

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1           2. The license or notice filing is limited or extended for not more than 6 months,  
2 and the licensee or notice filer pays a fee, adjusted proportionately by the division  
3 by rule or order.

4           3. The division specifies a different expiration date by rule or order.

5           (b) No license or notice filing under this section is effective after its expiration.  
6 The expiration of a license or notice filing for which a renewal application has not  
7 been filed constitutes an application for withdrawal under sub. (9).

8           **SECTION 51.** 551.32 (9) (b) of the statutes is created to read:

9           551.32 (9) (b) Termination of a notice filing under s. 551.32 (1m) is effective  
10 upon receipt by the division of written notification of termination.

11           **SECTION 52.** 551.33 (1) of the statutes is amended to read:

12           551.33 (1) Every licensed broker-dealer, agent and investment adviser shall  
13 make and keep all accounts, correspondence, memoranda, papers, books and other  
14 records which the division ~~by rule prescribes~~ by rule or order, subject to the  
15 limitations of section 15 of the Securities Exchange Act of 1934 for broker-dealers  
16 and section 222 of the Investment Advisers Act of 1940 for investment advisers. All  
17 records required shall be preserved for ~~3 years unless the division by rule prescribes~~  
18 ~~otherwise for particular types of records~~ the period prescribed by the division by rule  
19 or order. All required records shall be ~~kept within this state or shall,~~ at the request  
20 of the division, be made available at any time for examination by the division either  
21 in the principal office of the licensee or by production of exact copies thereof in this  
22 state.

23           **SECTION 53.** 551.33 (2) of the statutes is amended to read:

24           551.33 (2) Every licensed broker-dealer and investment adviser shall file such  
25 reports as the division ~~by rule prescribes~~ by rule or order, subject to the limitations

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1 of section 15 of the Securities Exchange Act of 1934 for broker-dealers and section  
2 222 of the Investment Advisers Act of 1940 for investment advisers.

3 **SECTION 54.** 551.33 (3) of the statutes is amended to read:

4 551.33 (3) If the information contained in any application for a license or other  
5 document filed with the division or an organization designated under s. 551.32 (1)  
6 (a) is or becomes inaccurate or incomplete in any material respect, the licensee filing  
7 the application or document shall promptly file a correcting amendment, except that  
8 a federal covered adviser shall file a correcting amendment when it is required to be  
9 filed with the securities and exchange commission, unless notification of the  
10 correction has been given under s. 551.32 (9) (a).

11 **SECTION 55.** 551.33 (4) of the statutes is amended to read:

12 551.33 (4) The division shall make periodic examinations, within or without  
13 this state, of the business and records of each licensed broker-dealer and investment  
14 adviser, at such times and in such scope as the division determines. The  
15 examinations may be made without prior notice to the broker-dealer or investment  
16 adviser. The expense reasonably attributable to any such examination shall be paid  
17 by the broker-dealer or investment adviser whose business is examined, but the  
18 expense so payable shall not exceed an amount which the division by rule prescribes.  
19 For the purpose of avoiding unnecessary duplication of examinations, the division,  
20 insofar as it is practicable in administering this subsection, may cooperate with  
21 securities administrators of other states, the securities and exchange commission,  
22 and any national securities exchange or national securities association registered  
23 under the ~~securities exchange act~~ Securities Exchange Act of 1934. The division  
24 shall not make public the information obtained in the course of examinations, except  
25 when the division's duty under this chapter requires the division to take action

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1 regarding any broker-dealer or investment adviser or to make the information  
2 available to one of the organizations specified in this subsection, or except when  
3 called as a witness in any criminal or civil proceeding.

4 **SECTION 56.** 551.33 (8) of the statutes is created to read:

5 551.33 (8) With respect to investment advisers, the division may, by rule or  
6 order, require that certain information be furnished or disseminated as necessary or  
7 appropriate in the public interest or for the protection of investors and advisory  
8 clients. If the division promulgates rules or issues orders under this subsection  
9 requiring that information be furnished or disseminated, the division may, in its  
10 discretion, permit investment advisers to satisfy requirements of these rules or  
11 orders in whole or in part by furnishing clients or prospective clients information  
12 that would satisfy the requirements of the Investment Advisers Act of 1940.

13 **SECTION 57.** 551.34 (1) (b) of the statutes is amended to read:

14 551.34 (1) (b) Has wilfully violated or wilfully failed to comply with any  
15 provision of this chapter or a predecessor law or the ~~securities act~~ Securities Act of  
16 1933, the ~~securities exchange act~~ Securities Exchange Act of 1934, the ~~investment~~  
17 ~~advisers act~~ Investment Advisers Act of 1940, the ~~investment company act~~  
18 Investment Company Act of 1940, or any rule under any of such statutes or any order  
19 thereunder of which he or she has notice;

20 **SECTION 58.** 551.34 (1) (f) of the statutes is amended to read:

21 551.34 (1) (f) Is the subject of an order entered within the past 5 years by the  
22 securities administrator of any other state or by the securities and exchange  
23 commission denying, suspending or revoking the person's registration or license as  
24 a broker-dealer, agent or, investment adviser or federal covered adviser, or is the  
25 subject of an order of the securities and exchange commission or of a securities



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1 exchange or association registered under the ~~securities exchange act~~ Securities  
2 Exchange Act of 1934 suspending or expelling such person from a securities  
3 exchange or association or forbidding the association or affiliation of the person with  
4 a broker-dealer or investment adviser, or is the subject of a U.S. postal service fraud  
5 order. The division may not institute a revocation or suspension proceeding under  
6 this paragraph more than one year from the date of the order relied on, and the  
7 division may not enter an order under this paragraph on the basis of an order under  
8 another state law or federal law unless the order was based on facts which would  
9 currently constitute a ground for an order under this section;

10 **SECTION 59.** 551.34 (5) of the statutes is amended to read:

11 551.34 (5) If the division finds that any licensee or applicant is no longer in  
12 existence or has ceased to do business as a broker-dealer, agent or, investment  
13 adviser or investment adviser representative, or is subject to an adjudication of  
14 mental incompetence or to the control of a committee, conservator or guardian, or  
15 cannot be located after reasonable search, the division may on order issued  
16 summarily revoke the license or deny the application.

17 **SECTION 60.** 551.34 (6) of the statutes is renumbered 551.32 (9) (a) and  
18 amended to read:

19 551.32 (9) (a) Withdrawal from the status of a licensed broker-dealer, agent  
20 or, investment adviser or investment adviser representative becomes effective 30  
21 days after receipt by the division or by an organization designated by rule of the  
22 division under s. 551.32 (1) (a) of an application to withdraw or within such shorter  
23 period as the division determines, unless a revocation or suspension proceeding is  
24 pending when the application is filed or a proceeding to revoke or suspend or to  
25 impose conditions upon the withdrawal is instituted within 30 days after the

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1 application is filed. If a proceeding is pending or instituted, withdrawal becomes  
2 effective at such time and upon such conditions as the division by order determines.  
3 If no proceeding is pending or instituted and withdrawal automatically becomes  
4 effective, the division may institute a revocation or suspension proceeding for the  
5 grounds specified under sub. (1) (b), (g), (m) or (n) within one year after withdrawal  
6 became effective and enter a revocation or suspension order as of the last date on  
7 which the license was in effect.

8 **SECTION 61.** 551.44 of the statutes is amended to read:

9 **551.44 Advisory activities.** It is unlawful for any person who receives any  
10 consideration from another person primarily for advising the other person as to the  
11 value of securities or their purchase or sale, whether through the issuance of  
12 analyses or reports or otherwise, in this state, to employ any device, scheme or  
13 artifice to defraud the other person; or engage in any act, practice or course of  
14 business which operates or would operate as a fraud or deceit upon the other person;  
15 ~~or take or have custody of any securities or funds of any client unless the adviser is~~  
16 ~~licensed as a broker-dealer under this chapter.~~ The division may adopt rules  
17 defining the terms used in this section.

18 **SECTION 62.** 551.52 (1) (a) of the statutes is amended to read:

19 551.52 (1) (a) There shall be a filing fee of \$750 for every registration statement  
20 filed under s. 551.25 or 551.26, and for every notice filing under s. 551.29 (1) (a).  
21 ~~When~~ If a registration statement is denied or withdrawn before the effective date or  
22 a pre-effective stop order is entered under s. 551.28, or a notice filing is withdrawn,  
23 the filing fee shall be retained.

24 **SECTION 63.** 551.52 (1) (b) of the statutes is renumbered 551.52 (1) (b) 1. and  
25 amended to read:

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1           551.52 (1) (b) 1. An indefinite amount of securities shall be registered for offer  
2 and sale in this state under a registration statement relating to redeemable  
3 securities issued by an open-end management company or a face amount certificate  
4 company, as defined in the ~~investment company act~~ Investment Company Act of  
5 1940, and the applicant shall pay the fee under par. (a). The registrant also shall,  
6 within 60 days after the end of each fiscal year during which its registration  
7 statement is effective and within 60 days after the registration is terminated, file a  
8 report on a form prescribed by rule of the division ~~in which~~. The form shall require  
9 the registrant ~~does any~~ to do one of the following:

10           a. ~~Elects~~ Elect not to report ~~include~~ the information under subd. ~~2.~~ 1. b. and  
11 instead ~~pays~~ pay a fee of \$1,500.

12           b. ~~Reports~~ Report the amount of securities sold to persons in this state during  
13 the preceding fiscal year or, if the registration is terminated, during the portion of  
14 the preceding fiscal year during which the registration was effective, and ~~pays~~ pay  
15 a fee of 0.05% of the dollar amount of the securities sold to persons in this state, but  
16 not less than \$150 nor more than \$1,500.

17           **SECTION 64.** 551.52 (1) (b) 2. of the statutes is created to read:

18           551.52 (1) (b) 2. An indefinite amount of securities is eligible for offer and sale  
19 in this state resulting from a notice filing under s. 551.29 (1) (a) for the initial offer  
20 of a federal covered security under section 18 (b) (2) of the Securities Act of 1933, if  
21 the filing party has notified the division of the issuer's fiscal year, and the filing party  
22 pays the fee under par. (a). The filing party shall also, within 90 days after the end  
23 of each fiscal year following the filing under s. 551.29 (1) (a), and within 90 days after  
24 sales in this state have terminated, file a report to allow the division to determine

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1 that the amount of the fee paid is correct. The report shall be on a form prescribed  
2 by rule of the division and shall require the filing party to do one of the following:

3 a. Elect not to include the information under subd. 2. b. and instead pay a fee  
4 of \$1,500.

5 b. Report the amount of securities sold to persons in this state during the  
6 preceding fiscal year or, if sales have terminated, during the portion of the preceding  
7 fiscal year during which sales were made, and pay a fee of 0.05% of the dollar amount  
8 of the securities sold to persons in this state, but not less than \$150 nor more than  
9 \$1,500.

10 **SECTION 65.** 551.52 (2) of the statutes is amended to read:

11 551.52 (2) Every applicant for an initial or renewal license under s. 551.32 shall  
12 pay a filing fee of \$200 in the case of a broker-dealer; or investment adviser and \$30  
13 in the case of an agent representing a broker-dealer or issuer or a person  
14 representing an investment adviser, and \$200 in the case of an investment adviser  
15 representative. Every federal covered adviser in this state that is required to make  
16 a notice filing under s. 551.32 (1m) shall pay an initial or renewal notice filing fee of  
17 \$200. A broker-dealer or, investment adviser, or federal covered adviser  
18 maintaining a branch office within this state shall pay an additional filing fee of \$30  
19 for each branch office. When an application is denied, or an application or a notice  
20 filing is withdrawn, the filing fee shall be retained.

21 **SECTION 66.** 551.53 (1) (b) of the statutes is amended to read:

22 551.53 (1) (b) That has not been filed with the division not later than the date  
23 of publication or circulation, except for advertising relating to a federal covered  
24 security or except as the division may otherwise provide by rule or order.

25 **SECTION 67.** 551.55 of the statutes is amended to read:

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1           **551.55 Unlawful representations.** Neither the fact that a notice filing,  
2 registration statement or an application for a license has been filed nor the fact that  
3 a security is effectively registered or a person is licensed constitutes a finding by the  
4 division that any document filed under this chapter is true, complete and not  
5 misleading. Neither any such fact nor the fact that an exemption or exception is  
6 available for a security or a transaction means that the division has passed in any  
7 way upon the merits or qualifications of, or recommended or given approval to, any  
8 person, security or transaction. It is unlawful to make, or cause to be made, to any  
9 prospective purchaser, customer or client any representation inconsistent with the  
10 foregoing.

11           **SECTION 68.** 551.63 (1), (2) and (3) of the statutes are amended to read:

12           551.63 (1) The division may make, amend and rescind any rules, forms and  
13 orders that are necessary to carry out this chapter, including rules and forms  
14 governing registration statements, notice filings, applications and reports, and  
15 defining any terms, whether or not used in this chapter, insofar as the definitions are  
16 not inconsistent with this chapter or federal statutes or regulations. For the purpose  
17 of rules and forms, the division may classify securities, persons and matters within  
18 the division's jurisdiction, and prescribe different requirements for different classes.  
19 Rules shall be made and published in accordance with ch. 227.

20           (2) No rule, form or order may be made, amended or rescinded unless the  
21 division finds that the action is necessary or appropriate in the public interest and  
22 for the protection of investors. In prescribing rules and forms the division may  
23 cooperate with the securities administrators of other states and the securities and  
24 exchange commission with a view to achieving maximum uniformity in the form and

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1 content of registration statements, notice filings, applications and reports wherever  
2 practicable.

3 **(3)** ~~The Subject to section 15 of the Securities Exchange Act of 1934 and section~~  
4 ~~222 of the Investment Advisers Act of 1940, the~~ division may by rule or order  
5 prescribe the form and content of financial statements required under this chapter,  
6 the circumstances under which consolidated financial statements shall be filed, and  
7 whether any required financial statements shall be certified by independent or  
8 certified public accountants. All financial statements shall be prepared in  
9 accordance with generally accepted accounting practices unless otherwise permitted  
10 by rule or order.

11 **SECTION 69.** 551.64 (2) and (3) of the statutes are amended to read:

12 551.64 (2) The division shall keep a register of all licenses, notice filings and  
13 registration statements which are or have ever been effective under this chapter and  
14 predecessor laws and all denial, suspension ~~or~~ and revocation orders which have  
15 been entered under this chapter and predecessor laws. The register shall be open  
16 for public inspection.

17 **(3)** The information contained in or filed with any registration statement,  
18 notice filing, application or report shall be made available to the public in accordance  
19 with rules adopted by the division.

20 **SECTION 70.** 551.65 (1) of the statutes is amended to read:

21 551.65 (1) Every applicant for license or registration under this chapter, every  
22 person filing a filing notice under this chapter and every issuer which proposes to  
23 offer a security in this state through any person acting as agent shall file with the  
24 division or, if applying for a license, with the organization designated by the division  
25 under s. 551.32 (1) (a), an irrevocable consent appointing the division to be his or her

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1 attorney to receive service of any lawful process in any noncriminal suit, action or  
2 proceeding against him or her or a successor, executor or administrator which arises  
3 under this chapter or any rule or order under this chapter after the consent has been  
4 filed, with the same validity as if served personally on the person filing the consent.  
5 The consent shall be in the form the division by rule prescribes. The consent need  
6 not be filed by a person who has filed a consent in connection with a previous  
7 registration or notice filing or license which is then in effect. Service may be made  
8 by leaving a copy of the process at the office of the division, but it is not effective  
9 unless the plaintiff, who may be the division in a suit, action or proceeding instituted  
10 by the division, promptly sends notice of the service and a copy of the process by  
11 registered or certified mail to the defendant or respondent at the person's last  
12 address on file with the division, and the plaintiff's affidavit of compliance with this  
13 subsection is filed in the case on or before the return day of the process, or within such  
14 time as the court allows.

15

(END)