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SUBCHAPTER III

REGISTRATION OF SECURITIES AND

NOTICE FILING OF FEDERAL COVERED SECURITIES

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4 **551.301 Securities registration requirement.** It is unlawful for a person
5 to offer or sell a security in this state unless any of the following apply:

6 **(1)** The security is a federal covered security.

7 **(2)** The security, transaction, or offer is exempted from registration under this
8 chapter.

9 **(3)** The security is registered under this chapter.

10 **551.302 Notice filing. (1) REQUIRED FILING OF RECORDS.** With respect to a
11 federal covered security, as defined in section 18 (b) (2) of the Securities Act of 1933
12 (15 USC 77r (b) (2), that is not otherwise exempt under ss. 551.201 to 551.203, a rule
13 adopted by the administrator or an order issued under this chapter may require the
14 filing of any or all of the following records:

15 (a) *Prior to offer.* Not later than the initial offer of the federal covered security
16 in this state, a copy of each document that is part of its registration statement filed
17 with the Securities and Exchange Commission under the Securities Act of 1933,
18 which may, at the option of the issuer, be accompanied by a form containing the
19 information specified by the administrator by rule. If a filing is required under this
20 paragraph, the filing shall be accompanied by a consent to service of process signed
21 by the issuer and a notice filing fee under s. 551.614. Any notice filing required under
22 this paragraph is effective upon receipt by the administrator of the documents and
23 fees required under this paragraph, or upon the effectiveness of the registration
24 statement under the Securities Act of 1933, whichever is later.

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1 (b) *After offer.* After the initial offer of the federal covered security in this state,
2 a copy of each document that is part of an amendment to its registration statement
3 filed with the Securities and Exchange Commission under the Securities Act of 1933,
4 concurrent with the federal filing, which may, at the option of the issuer, be
5 accompanied by a form containing the information specified by the administrator by
6 rule. If a filing is required under this paragraph and the amendment relates either
7 to a name change of the issuer or a change in the designation of the federal covered
8 security, the filing shall be accompanied by a fee in the amount prescribed by the rule
9 or order requiring the filing. Unless the issuer requests a later effective date, an
10 amendment filing required under this paragraph is effective upon receipt by the
11 administrator of the documents and fees required under this paragraph.

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

16 **(3) NOTICE FILINGS FOR CERTAIN FEDERAL COVERED SECURITIES.** With respect to a
17 security that is a federal covered security under section 18 (b) (4) (D) of the Securities
18 Act of 1933 (15 USC 77r (b) (4) (D)), a rule under this chapter may require a notice
19 filing by or on behalf of an issuer to include a copy of Form D, including the Appendix,
20 as promulgated by the Securities and Exchange Commission, and a consent to
21 service of process complying with s. 551.611 signed by the issuer not later than 15
22 days after the first sale of the federal covered security in this state and the payment
23 of a fee as provided in s. 551.614 or by rule of the administrator; and the payment
24 of a fee as provided in s. 551.614 or by rule of the administrator for any late filing.

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1 **(4) STOP ORDERS.** Except with respect to a federal covered security under section
2 18 (b) (1) of the Securities Act of 1933 (15 USC 77r (b) (1)), if the administrator finds
3 that there is a failure to comply with a notice or fee requirement of this section, the
4 administrator may issue a stop order suspending the offer and sale of a federal
5 covered security in this state. If the deficiency is corrected, the stop order is void as
6 of the time of its issuance and no penalty may be imposed by the administrator.

7 **(5) WAIVER.** The administrator may, by rule or order, waive or further condition
8 any waiver of a requirement under this section or under any rule promulgated by the
9 administrator, or order issued, under this section.

10 **551.303 Securities registration by coordination. (1) REGISTRATION**
11 **PERMITTED.** A security for which a registration statement has been filed under the
12 Securities Act of 1933 in connection with the same offering may be registered by
13 coordination under this section.

14 **(2) REQUIRED RECORDS.** A registration statement and accompanying records
15 under this section must contain or be accompanied by all of the following records in
16 addition to the information specified in s. 551.305 and a consent to service of process
17 complying with s. 551.611:

18 (a) A copy of the latest form of prospectus filed under the Securities Act of 1933.

19 (b) A copy of the articles of incorporation and bylaws or their substantial
20 equivalents currently in effect; a copy of any agreement with or among underwriters;
21 a copy of any indenture or other instrument governing the issuance of the security
22 to be registered; and a specimen, copy, or description of the security that is required
23 by rule adopted or order issued under this chapter.

24 (c) Copies of any other information or any other records filed by the issuer under
25 the Securities Act of 1933 requested by the administrator.

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1 (d) An undertaking to forward each amendment to the federal prospectus,
2 other than an amendment that delays the effective date of the registration
3 statement, promptly after it is filed with the Securities and Exchange Commission.

4 (3) CONDITIONS FOR EFFECTIVENESS OF REGISTRATION STATEMENT. A registration
5 statement under this section becomes effective simultaneously with or subsequent
6 to the federal registration statement when all the following conditions are satisfied:

7 (a) A stop order under sub. (4) or s. 551.306 or issued by the Securities and
8 Exchange Commission is not in effect and a proceeding is not pending against the
9 issuer under s. 551.306.

10 (b) The registration statement has been on file for at least 20 days or a shorter
11 period provided by rule adopted or order issued under this chapter.

12 (4) NOTICE OF FEDERAL REGISTRATION STATEMENT EFFECTIVENESS. The registrant
13 shall promptly notify the administrator in a record of the date when the federal
14 registration statement becomes effective and the content of any price amendment
15 and shall promptly file a record containing the price amendment. If the notice is not
16 timely received, the administrator may issue a stop order, without prior notice or
17 hearing, retroactively denying effectiveness to the registration statement or
18 suspending its effectiveness until compliance with this section. The administrator
19 shall promptly notify the registrant of an order by telecopy, telephone, or electronic
20 means and promptly confirm this notice by a record. If the registrant subsequently
21 complies with the notice requirements of this section, the stop order is void as of the
22 date of its issuance.

23 (5) EFFECTIVENESS OF REGISTRATION STATEMENT. If the federal registration
24 statement becomes effective before each of the conditions in this section is satisfied
25 or is waived by the administrator, the registration statement is automatically

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1 effective under this chapter when all the conditions are satisfied or waived. If the
2 registrant notifies the administrator of the date when the federal registration
3 statement is expected to become effective, the administrator shall promptly notify
4 the registrant by telecopy, telephone, or electronic means and promptly confirm this
5 notice by a record, indicating whether all the conditions are satisfied or waived and
6 whether the administrator intends the institution of a proceeding under s. 551.306.
7 The notice by the administrator does not preclude the institution of such a
8 proceeding.

9 **551.304 Securities registration by qualification. (1)** REGISTRATION
10 PERMITTED. A security may be registered by qualification under this section.

11 **(2) REQUIRED RECORDS.** A registration statement under this section must
12 contain the information or records specified in s. 551.305, a consent to service of
13 process complying with s. 551.611, and, if required by rule adopted under this
14 chapter, any, or any combination of, the following information or records:

15 (a) With respect to the issuer and any significant subsidiary, its name, address,
16 and form of organization; the state or foreign jurisdiction and date of its organization;
17 the general character and location of its business; a description of its physical
18 properties and equipment; and a statement of the general competitive conditions in
19 the industry or business in which it is or will be engaged.

20 (b) With respect to each director and officer of the issuer, and other person
21 having a similar status or performing similar functions, the person's name, address,
22 and principal occupation for the previous 5 years; the amount of securities of the
23 issuer held by the person as of the 30th day before the filing of the registration
24 statement; the amount of the securities covered by the registration statement to
25 which the person has indicated an intention to subscribe; and a description of any

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1 material interest of the person in any material transaction with the issuer or a
2 significant subsidiary effected within the previous 3 years or proposed to be effected.

3 (c) With respect to persons covered by par. (b), the aggregate sum of the
4 remuneration paid to those persons during the previous 12 months and estimated
5 to be paid during the next 12 months, directly or indirectly, by the issuer, and all
6 predecessors, parents, subsidiaries, and affiliates of the issue.

7 (d) With respect to a person owning of record or owning beneficially, if known,
8 10 percent or more of the outstanding shares of any class of equity security of the
9 issuer, the information specified in par. (b) other than the person's occupation.

10 (e) With respect to a promoter, if the issuer was organized within the previous
11 3 years, the information or records specified in par. (b), any amount paid to the
12 promoter within that period or intended to be paid to the promoter, and the
13 consideration for the payment.

14 (f) With respect to a person on whose behalf any part of the offering is to be made
15 in a nonissuer distribution, the person's name and address; the amount of securities
16 of the issuer held by the person as of the date of the filing of the registration
17 statement; a description of any material interest of the person in any material
18 transaction with the issuer or any significant subsidiary effected within the previous
19 3 years or proposed to be effected; and a statement of the reasons for making the
20 offering.

21 (g) The capitalization and long term debt, on both a current and pro forma
22 basis, of the issuer and any significant subsidiary, including a description of each
23 security outstanding or being registered or otherwise offered, and a statement of the
24 amount and kind of consideration, whether in the form of cash, physical assets,
25 services, patents, goodwill, or anything else of value, for which the issuer or any

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1 subsidiary has issued its securities within the previous 2 years or is obligated to issue
2 its securities.

3 (h) The kind and amount of securities to be offered; the proposed offering price
4 or the method by which it is to be computed; any variation at which a proportion of
5 the offering is to be made to a person or class of persons other than the underwriters,
6 with a specification of the person or class; the basis on which the offering is to be made
7 if otherwise than for cash; the estimated aggregate underwriting and selling
8 discounts or commissions and finders' fees, including separately cash, securities,
9 contracts, or anything else of value to accrue to the underwriters or finders in
10 connection with the offering or, if the selling discounts or commissions are variable,
11 the basis of determining them and their maximum and minimum amounts; the
12 estimated amounts of other selling expenses, including legal, engineering, and
13 accounting charges; the name and address of each underwriter and each recipient
14 of a finder's fee; a copy of any underwriting or selling group agreement under which
15 the distribution is to be made or the proposed form of any such agreement whose
16 terms have not yet been determined; and a description of the plan of distribution of
17 any securities that are to be offered otherwise than through an underwriter.

18 (i) The estimated monetary proceeds to be received by the issuer from the
19 offering; the purposes for which the proceeds are to be used by the issuer; the
20 estimated amount to be used for each purpose; the order or priority in which the
21 proceeds will be used for the purposes stated; the amounts of any funds to be raised
22 from other sources to achieve the purposes stated; the sources of the funds; and, if
23 a part of the proceeds is to be used to acquire property, including goodwill, otherwise
24 than in the ordinary course of business, the names and addresses of the vendors, the
25 purchase price, the names of any persons that have received commissions in

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1 connection with the acquisition, and the amounts of the commissions and other
2 expenses in connection with the acquisition, including the cost of borrowing money
3 to finance the acquisition.

4 (j) A description of any stock options or other security options outstanding, or
5 to be created in connection with the offering, and the amount of those options held
6 or to be held by each person required to be named in par. (b), (d), (e), (f), or (h) and
7 by any person that holds or will hold 10 percent or more in the aggregate of those
8 options.

9 (k) The dates of, parties to, and general effect concisely stated of each
10 managerial or other material contract made or to be made otherwise than in the
11 ordinary course of business to be performed in whole or in part at or after the filing
12 of the registration statement or that was made within the previous 2 years, and a
13 copy of the contract.

14 (L) A description of any pending litigation, action, or proceeding to which the
15 issuer is a party and that materially affects its business or assets, and any litigation,
16 action, or proceeding known to be contemplated by governmental authorities.

17 (m) A copy of any prospectus, pamphlet, circular, form letter, advertisement,
18 or other sales literature intended as of the effective date to be used in connection with
19 the offering and any solicitation of interest used in compliance with s. 551.202 (17)
20 (b).

21 (n) A specimen or copy of the security being registered, unless the security is
22 uncertificated; a copy of the issuer's articles of incorporation and bylaws or their
23 substantial equivalents, in effect; and a copy of any indenture or other instrument
24 covering the security to be registered.

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1 (o) A signed or conformed copy of an opinion of counsel concerning the legality
2 of the security being registered, with an English translation if it is in a language
3 other than English, which states whether the security when sold will be validly
4 issued, fully paid, and nonassessable and, if a debt security, a binding obligation of
5 the issuer.

6 (p) A signed or conformed copy of a consent of any accountant, engineer,
7 appraiser, or other person whose profession gives authority for a statement made by
8 the person, if the person is named as having prepared or certified a report or
9 valuation, other than an official record, that is public, which is used in connection
10 with the registration statement.

11 (q) A balance sheet of the issuer as of a date within 4 months before the filing
12 of the registration statement; a statement of income and a statement of cash flows
13 for each of the 3 fiscal years preceding the date of the balance sheet and for any period
14 between the close of the immediately previous fiscal year and the date of the balance
15 sheet, or for the period of the issuer's and any predecessor's existence if less than 3
16 years; and, if any part of the proceeds of the offering is to be applied to the purchase
17 of a business, the financial statements that would be required if that business were
18 the registrant.

19 (r) Any additional information or records required by rule adopted or order
20 issued under this chapter, including, without limitation, a report by accountants,
21 engineers, appraisers, or another professional person as deemed necessary by the
22 administrator.

23 **(3) CONDITIONS FOR EFFECTIVENESS OF REGISTRATION STATEMENT.** A registration
24 statement under this section becomes effective 30 days, or any shorter period
25 provided by rule adopted or order issued under this chapter, after the date the

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1 registration statement or the last amendment other than a price amendment is filed,
2 if all of the following apply:

3 (a) A stop order is not in effect and a proceeding is not pending under s. 551.306.

4 (b) The administrator has not issued an order under s. 551.306

5 (c) The applicant or registrant has not requested that effectiveness be delayed.

6 **(4) DELAY OF EFFECTIVENESS OF REGISTRATION STATEMENT.** The administrator may
7 delay effectiveness once for not more than 90 days if the administrator determines
8 and notifies via comment letter or other letter that the registration statement is not
9 complete in all material respects and promptly notifies the applicant or registrant
10 of that determination, which may be by means of a comment letter or correspondence
11 and not an order. The administrator may also further delay effectiveness for a
12 further period of not more than 30 days if the administrator determines that the
13 delay is necessary or appropriate.

14 **(5) PROSPECTUS DISTRIBUTION MAY BE REQUIRED.** A rule adopted or order issued
15 under this chapter may require as a condition of registration under this section that
16 a prospectus containing a specified part of the information or record specified in sub.
17 (2) be sent or given to each person to which an offer is made, before or concurrently,
18 with the earliest of the following:

19 (a) The first offer made in a record to the person otherwise than by means of
20 a public advertisement, by or for the account of the issuer or another person on whose
21 behalf the offering is being made or by an underwriter or broker-dealer that is
22 offering part of an unsold allotment or subscription taken by the person as a
23 participant in the distribution.

24 (b) The confirmation of a sale made by or for the account of the person.

25 (c) Payment pursuant to such a sale.

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1 (d) Delivery of the security pursuant to such a sale.

2 **551.305 Securities registration filings. (1) WHO MAY FILE.** A registration
3 statement may be filed by the issuer, a person on whose behalf the offering is to be
4 made, or a broker-dealer registered under this chapter.

5 **(2) FILING FEE.** A person filing a registration statement shall pay a filing fee
6 as provided in s. 551.614 or as may be supplemented by rule of the administrator.
7 If a registration statement is withdrawn before the effective date or a preeffective
8 stop order is issued under s. 551.306, the administrator shall retain the fee as
9 provided in s. 551.614 or as may be supplemented by rule of the administrator.

10 **(3) STATUS OF OFFERING.** A registration statement filed under s. 551.303 or
11 551.304 must specify all of the following:

12 (a) The amount of securities to be offered in this state.

13 (b) The states in which a registration statement or similar record in connection
14 with the offering has been or is to be filed.

15 (c) Any adverse order, judgment, or decree issued in connection with the
16 offering by a state securities regulator, the Securities and Exchange Commission, or
17 a court.

18 **(4) INCORPORATION BY REFERENCE.** A record filed under this chapter or the
19 predecessor act within 5 years preceding the filing of a registration statement may
20 be incorporated by reference in the registration statement to the extent that the
21 record is currently accurate.

22 **(5) NONISSUER DISTRIBUTION.** In the case of a nonissuer distribution,
23 information or a record may not be required under sub. (9) or s. 551.304, unless it is
24 known to the person filing the registration statement or to the person on whose

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1 behalf the distribution is to be made or unless it can be furnished by those persons
2 without unreasonable effort or expense.

3 **(7) FORM OF SUBSCRIPTION.** A rule adopted or order issued under this chapter
4 may require as a condition of registration that a security registered under this
5 chapter be sold only on a specified form of subscription or sale contract and that a
6 signed or conformed copy of each contract be filed under this chapter or preserved
7 for a period specified by the rule or order, which may not be longer than 5 years.

8 **(8) EFFECTIVE PERIOD.** Except while a stop order is in effect under s. 551.306,
9 a registration statement is effective for one year after its effective date, or for any
10 longer period designated in an order under this chapter during which the security
11 is being offered or distributed in a nonexempted transaction by or for the account of
12 the issuer or other person on whose behalf the offering is being made or by an
13 underwriter or broker–dealer that is still offering part of an unsold allotment or
14 subscription taken as a participant in the distribution. For the purposes of a
15 nonissuer transaction, all outstanding securities of the same class identified in the
16 registration statement as a security registered under this chapter are considered to
17 be registered while the registration statement is effective. If any securities of the
18 same class are outstanding, a registration statement may not be withdrawn until one
19 year after its effective date. A registration statement may be withdrawn only with
20 the approval of the administrator.

21 **(9) PERIODIC REPORTS.** While a registration statement is effective, a rule
22 adopted or order issued under this chapter may require the person that filed the
23 registration statement to file reports, not more often than quarterly, to keep the
24 information or other record in the registration statement reasonably current and to
25 disclose the progress of the offering.

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1 **(10) POSTEFFECTIVE AMENDMENTS.** A registration statement may be amended
2 after its effective date. The posteffective amendment becomes effective when the
3 administrator so orders. If a posteffective amendment is made to increase the
4 number of securities specified to be offered or sold, the person filing the amendment
5 shall pay a registration fee as provided in s. 551.614 or as may be supplemented by
6 rule of the administrator. A posteffective amendment relates back to the date of the
7 offering of the additional securities being registered if, within one year after the date
8 of the sale, the amendment is filed and the additional registration fee is paid.

9 **(11) INDENTURES.** The administrator may by rule require that securities be
10 issued under a trust indenture, unless this requirement is waived by the
11 administrator.

12 **551.306 Denial, suspension, and revocation of securities registration.**

13 **(1) STOP ORDERS.** The administrator may issue a stop order denying effectiveness to,
14 or suspending or revoking the effectiveness of, a registration statement if the
15 administrator finds that the order is in the public interest and that any of the
16 following apply:

17 (a) The registration statement as of its effective date or before the effective date
18 in the case of an order denying effectiveness, an amendment under s. 551.305 (10)
19 as of its effective date, or a report under s. 551.305 (9), is incomplete in a material
20 respect or contains a statement that, in the light of the circumstances under which
21 it was made, was false or misleading with respect to a material fact.

22 (b) This chapter or a rule adopted or order issued under this chapter or a
23 condition imposed under this chapter has been willfully violated, in connection with
24 the offering, by the person filing the registration statement; by the issuer, a partner,
25 officer, or director of the issuer or a person having a similar status or performing a

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1 similar function; a promoter of the issuer; or a person directly or indirectly
2 controlling or controlled by the issuer; but only if the person filing the registration
3 statement is directly or indirectly controlled by or acting for the issuer; or by an
4 underwriter.

5 (c) The security registered or sought to be registered is the subject of a
6 permanent or temporary injunction of a court of competent jurisdiction or an
7 administrative stop order or similar order issued under any federal, foreign, or state
8 law other than this chapter applicable to the offering, but the administrator may not
9 institute a proceeding against an effective registration statement under this
10 paragraph more than one year after the date of the order or injunction on which it
11 is based, and the administrator may not issue an order under this paragraph on the
12 basis of an order or injunction issued under the securities act of another state unless
13 the order or injunction was based on conduct that would constitute, as of the date of
14 the order, a ground for a stop order under this section.

15 (d) The issuer's enterprise or method of business includes or would include
16 activities that are unlawful where performed.

17 (e) With respect to a security sought to be registered under s. 551.303, there has
18 been a failure to comply with the undertaking required by s. 551.303 (2) (d).

19 (f) The applicant or registrant has not paid the filing fee, but the administrator
20 shall void the order if the deficiency is corrected.

21 (g) The offering will work or tend to work a fraud upon purchasers or would so
22 operate.

23 **(3) INSTITUTION OF STOP ORDER.** The administrator may not institute a stop order
24 proceeding against an effective registration statement on the basis of conduct or a
25 transaction known to the administrator when the registration statement became

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1 effective unless the proceeding is instituted within 30 days after the registration
2 statement became effective.

3 (4) SUMMARY PROCESS. The administrator may summarily revoke, deny,
4 postpone, or suspend the effectiveness of a registration statement pending final
5 determination of an administrative proceeding. Upon the issuance of the order, the
6 administrator shall promptly notify each person specified in sub. (5) that the order
7 has been issued, the reasons for the revocation, denial, postponement, or suspension,
8 and that within 10 days after the receipt of a request in a record from the person the
9 matter will be scheduled for a hearing. If a hearing is not requested and none is
10 ordered by the administrator, within 30 days after the date of service of the order, the
11 order becomes final. If a hearing is requested or ordered, the administrator, after
12 notice of and opportunity for hearing for each person subject to the order, may modify
13 or vacate the order or extend the order until final determination.

14 (5) PROCEDURAL REQUIREMENTS FOR STOP ORDER. A stop order may not be issued
15 under this chapter without all of the following:

16 (a) Appropriate notice to the applicant or registrant, the issuer, and the person
17 on whose behalf the securities are to be or have been offered.

18 (b) An opportunity for hearing.

19 (c) Findings of fact and conclusions of law in a record in accordance with ch. 227.

20 (6) MODIFICATION OR VACATION OF STOP ORDER. The administrator may modify
21 or vacate a stop order issued under this section if the administrator finds that the
22 conditions that caused its issuance have changed or that it is necessary or
23 appropriate in the public interest or for the protection of investors.

24 **551.307 Waiver and modification.** The administrator may waive or modify,
25 in whole or in part, any or all of the requirements of ss. 551.302, 551.303, and 551.304

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1 (2) or the requirement of any information or record in a registration statement or in
2 a periodic report filed pursuant to s. 551.305 (9).

SUBCHAPTER IV

BROKER-DEALERS, AGENTS,

INVESTMENT ADVISERS, INVESTMENT

ADVISER REPRESENTATIVES, AND

FEDERAL COVERED INVESTMENT ADVISERS

551.401 Broker-dealer registration requirement and exemptions. (1)

9 REGISTRATION REQUIREMENT. It is unlawful for a person to transact business in this
10 state as a broker-dealer unless the person is registered under this chapter as a
11 broker-dealer or is exempt from registration as a broker-dealer under sub. (2) or (4).

12 (2) EXEMPTIONS FROM REGISTRATION. A broker-dealer is exempt from the
13 registration requirement of sub. (1) if its only transactions effected in this state are
14 with the following:

15 (a) The issuer of the securities involved in the transactions.

16 (b) A broker-dealer registered as a broker-dealer under this chapter or not
17 required to be registered as a broker-dealer under this chapter.

18 (c) Institutional investors.

19 (cm) Accredited investors as defined in Rule 501 (a) (1), (2), (3), (7) or (8) adopted
20 under the Securities Act of 1933.

21 (d) A nonaffiliated federal covered investment adviser with investments under
22 management in excess of \$100,000,000 acting for the account of others pursuant to
23 discretionary authority in a signed record.

24 (e) A bona fide preexisting customer whose principal place of residence is not
25 in this state and the person is registered as a broker-dealer under the Securities

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1 Exchange Act of 1934 or not required to be registered under the Securities Exchange
2 Act of 1934 and is registered under the securities act of the state in which the
3 customer maintains a principal place of residence.

4 (f) A bona fide preexisting customer whose principal place of residence is in this
5 state but was not present in this state when the customer relationship was
6 established, if all of the following apply:

7 1. The broker-dealer is registered under the Securities Exchange Act of 1934
8 or not required to be registered under the Securities Exchange Act of 1934 and is
9 registered under the securities laws of the state in which the customer relationship
10 was established and where the customer had maintained a principal place of
11 residence.

12 2. Within 45 days after the customer's first transaction in this state, the person
13 files an application for registration as a broker-dealer in this state and a further
14 transaction is not effected more than 75 days after the date on which the application
15 is filed, or, if earlier, the date on which the administrator notifies the person that the
16 administrator has granted registration or denied the application for registration or
17 has stayed the pendency of the application for good cause; provided the person may
18 effect unsolicited orders to liquidate open positions in existing customer accounts if
19 no commission or other remuneration is paid or given directly or indirectly for
20 effecting such transactions.

21 (h) Any other person exempted by rule adopted or order issued under this
22 chapter.

23 **(3) LIMITS ON EMPLOYMENT OR ASSOCIATION.** It is unlawful for a broker-dealer,
24 or for an issuer engaged in offering, offering to purchase, purchasing, or selling
25 securities in this state, directly or indirectly, to employ or associate with an

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1 individual to engage in an activity related to securities transactions in this state if
2 the registration of the individual is denied or suspended or revoked or the individual
3 is barred from employment or association with a broker-dealer, an issuer, an
4 investment adviser, or a federal covered investment adviser by an order of the
5 administrator under this chapter, the Securities and Exchange Commission, or a
6 self-regulatory organization. A broker-dealer or issuer does not violate this
7 subsection if the broker-dealer or issuer did not know, and in the exercise of
8 reasonable care could not have known, of the denial, suspension, revocation, or bar.
9 Upon request from a broker-dealer or issuer and for good cause, an order under this
10 chapter may modify or waive, in whole or in part, the application of the prohibitions
11 of this subsection to the broker-dealer.

12 (4) FOREIGN TRANSACTIONS. A rule adopted or order issued under this chapter
13 may permit any of the following:

14 (a) A broker-dealer that is registered in Canada or other foreign jurisdiction
15 and that does not have a place of business in this state to effect transactions in
16 securities with or for, or attempt to effect the purchase or sale of any securities by,
17 any of the following:

18 1. An individual from Canada or other foreign jurisdiction who is temporarily
19 present in this state and with whom the broker-dealer had a bona fide customer
20 relationship before the individual entered the United States.

21 2. An individual from Canada or other foreign jurisdiction who is present in this
22 state and whose transactions are in a self-directed tax advantaged retirement plan
23 of which the individual is the holder or contributor in that foreign jurisdiction.

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1 3. An individual who is present in this state, with whom the broker-dealer
2 customer relationship arose while the individual was temporarily or permanently
3 resident in Canada or the other foreign jurisdiction.

4 (b) An agent who represents a broker-dealer that is exempt under this
5 subsection to effect transactions in securities or attempt to effect the purchase or sale
6 of securities in this state as permitted for a broker-dealer described in par. (a).

7 **551.402 Agent registration requirement and exemptions. (1)**

8 REGISTRATION REQUIREMENT. It is unlawful for an individual to transact business in
9 this state as an agent unless the individual is registered under this chapter as an
10 agent or is exempt from registration as an agent under sub. (2).

11 (2) EXEMPTIONS FROM REGISTRATION. The following individuals are exempt from
12 the registration requirement of sub. (1):

13 (a) An individual who represents a broker-dealer in effecting transactions in
14 this state limited to those described in section 15 (h) (2) of the Securities Exchange
15 Act of 1934 (15 USC 78o (h) (2)).

16 (b) An individual who represents a broker-dealer that is exempt under s.
17 551.401 (2) or (4).

18 (c) An individual who represents an issuer with respect to an offer or sale of the
19 issuer's own securities or those of the issuer's parent or any of the issuer's
20 subsidiaries, and who is not compensated in connection with the individual's
21 participation by the payment of commissions or other remuneration based, directly
22 or indirectly, on transactions in those securities.

23 (d) An individual who represents an issuer and who effects transactions in the
24 issuer's securities exempted by s. 551.202, other than s. 551.202 (11), (14) or (24).

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1 (e) An individual who represents an issuer that effects transactions solely in
2 federal covered securities of the issuer, but an individual who effects transactions in
3 a federal covered security under section 18 (b) (3) or 18 (b) (4) (D) of the Securities
4 Act of 1933 (15 USC 77r (b) (3) or 77r (b) (4) (D)) is not exempt if the individual is
5 compensated in connection with the agent's participation by the payment of
6 commissions or other remuneration based, directly or indirectly, on transactions in
7 those securities.

8 (f) An individual who represents a broker-dealer registered in this state under
9 s. 551.401 (1) or exempt from registration under s. 551.401 (2) in the offer and sale
10 of securities for an account of a nonaffiliated federal covered investment adviser with
11 investments under management in excess of \$100,000,000 acting for the account of
12 others pursuant to discretionary authority in a signed record.

13 (g) An individual who represents an issuer in connection with the purchase of
14 the issuer's own securities.

15 (h) An individual who represents an issuer or broker-dealer and who restricts
16 participation to performing clerical or ministerial acts.

17 (hm) An individual who represents a broker-dealer and effects transactions in
18 this state exclusively with customers listed under s. 551.401 (2) (a) to (d) and (h).

19 (i) Any other individual exempted by rule adopted or order issued under this
20 chapter.

21 **(3) REGISTRATION EFFECTIVE ONLY WHILE EMPLOYED OR ASSOCIATED.** The
22 registration of an agent is effective only while the agent is employed by or associated
23 with a broker-dealer registered under this chapter or an issuer that is offering,
24 selling, or purchasing its securities in this state.