

State of Wisconsin



2013 Assembly Bill 350

Date of enactment: **November 7, 2013**
Date of publication*: **November 8, 2013**

2013 WISCONSIN ACT 52

AN ACT *to renumber and amend* 551.605 (3); *to amend* 551.102 (11) (o), 551.305 (9), 551.401 (1), 551.402 (2) (b) and 551.402 (2) (f); and *to create* 227.01 (13) (zz), 551.102 (4m), 551.102 (8m), 551.102 (9m), 551.202 (13) (ar), 551.202 (14m), 551.202 (24m), 551.202 (26), 551.202 (27), 551.205, 551.206, 551.605 (3) (bm), 551.607 (2) (g) and 551.614 (1m) of the statutes; **relating to:** exemptions from securities registration requirements, reporting by certain financial institution holding companies, and granting rule-making authority.

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

SECTION 1. 227.01 (13) (zz) of the statutes is created to read:

227.01 (13) (zz) Adjusts, under s. 551.206, the amounts specified in s. 551.202 (26) (c) 1. a. and 1. b. and (27) (c) 1. a. and 1. b.

SECTION 2. 551.102 (4m) of the statutes is created to read:

551.102 (4m) "Certified investor" means an individual who is a resident of this state and who, at the time of an offer or sale of securities, satisfies any of the following:

(a) Has an individual net worth, or joint net worth with the individual's spouse, of at least \$750,000. For purposes of calculating net worth under this paragraph, the individual's primary residence shall be included as an asset and indebtedness secured by the primary residence shall be included as a liability.

(b) Had an individual income in excess of \$100,000 in each of the two most recent years or joint income with the individual's spouse in excess of \$150,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

SECTION 3. 551.102 (8m) of the statutes is created to read:

551.102 (8m) "Financial institution holding company" means a bank holding company, as defined in 12 USC 1841 (a), or a savings and loan holding company, as defined in 12 USC 1467a (a) (1) (D).

SECTION 4. 551.102 (9m) of the statutes is created to read:

551.102 (9m) "Funding portal" has the meaning given in section 3 (a) (80) of the Securities Exchange Act of 1934 (15 USC 78c (a) (80)).

SECTION 5. 551.102 (11) (o) of the statutes is amended to read:

551.102 (11) (o) Any other person, other than an individual, of institutional character with total assets in excess of ~~\$10,000,000~~ \$2,500,000 not organized for the specific purpose of evading this chapter.

SECTION 6. 551.202 (13) (ar) of the statutes is created to read:

551.202 (13) (ar) A certified investor, or a person whom the issuer reasonably believes is a certified investor at the time of the sale or offer of the security, if all of the following apply:

1. The transaction meets the requirements of the federal exemption for intrastate offerings in section 3 (a)

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

(11) of the Securities Act of 1933 (15 USC 77c (a) (11)) and Rule 147 adopted under the Securities Act of 1933 (17 CFR 230.147).

2. If the offer or sale of the security had been undertaken under an exemption specified in Rule 506 (a) to (c) adopted under the Securities Act of 1933 (17 CFR 230.506 (a) to (c)), the transaction would not have been disqualified from the exemption under Rule 506 (d) adopted under the Securities Act of 1933 (17 CFR 230.506 (d)), except that the administrator may waive the requirement under this subdivision and authorize transactions in reliance on the exemption under this paragraph notwithstanding the condition specified in this subdivision.

SECTION 7. 551.202 (14m) of the statutes is created to read:

551.202 (14m) (a) Any transaction pursuant to an offer directed by the offeror to not more than 100 residents of this state, excluding those persons designated in sub. (13) (a), (am), and (ar) but including persons exempt under sub. (24), if all of the following apply:

1. The issuer is a business entity that is organized under the laws of this state and authorized to do business in this state, that has its principal office in this state, and that has a majority of its full-time employees working in this state.

2. No commission or other remuneration is paid or given, directly or indirectly, for any person's participation in the offer or sale of securities for the issuer unless the person is registered as a broker-dealer or agent under this chapter.

3. No general solicitation or general advertising is made in connection with the offer to sell or sale of the securities unless it has been permitted by the administrator.

4. If the transaction had been undertaken under an exemption specified in Rule 506 (a) to (c) adopted under the Securities Act of 1933 (17 CFR 230.506 (a) to (c)), the transaction would not have been disqualified from the exemption under Rule 506 (d) adopted under the Securities Act of 1933 (17 CFR 230.506 (d)), except that the administrator may waive the requirement under this subdivision and authorize transactions in reliance on the exemption under this paragraph notwithstanding the condition specified in this subdivision.

(b) The exemption under this subsection and the exemption under sub. (27) may be used in conjunction with each other.

SECTION 8. 551.202 (24m) of the statutes is created to read:

551.202 (24m) Any offer or sale of its securities by an issuer to a resident of this state if all of the following apply:

(a) The issuer is a business entity that is organized under the laws of this state and authorized to do business in this state, that has its principal office in this state and

that has a majority of its full-time employees working in this state.

(b) The aggregate number of persons holding directly or indirectly all of the issuer's securities, after the securities to be issued are sold, does not exceed 100, exclusive of persons under sub. (13) (a), (am), and (ar).

(c) No commission or other remuneration is paid or given, directly or indirectly, for soliciting any person in this state in connection with the offer to sell or sale of the securities, except to broker-dealers and agents licensed in this state.

(d) No advertising is published in connection with the offer to sell or sale of the securities unless it has been permitted by the division of securities.

(e) If the offer or sale of the security had been undertaken under an exemption specified in Rule 506 (a) to (c) adopted under the Securities Act of 1933 (17 CFR 230.506 (a) to (c)), the transaction would not have been disqualified from the exemption under Rule 506 (d) adopted under the Securities Act of 1933 (17 CFR 230.506 (d)), except that the administrator may waive the requirement under this paragraph and authorize transactions in reliance on the exemption under this subsection notwithstanding the condition specified in this paragraph.

SECTION 9. 551.202 (26) of the statutes is created to read:

551.202 (26) An offer or sale of a security by an issuer if the offer or sale is conducted in accordance with all of the following requirements:

(a) The issuer of the security is a business entity organized under the laws of this state and authorized to do business in this state.

(b) The transaction meets the requirements of the federal exemption for intrastate offerings in section 3 (a) (11) of the Securities Act of 1933 (15 USC 77c (a) (11)) and Rule 147 adopted under the Securities Act of 1933 (17 CFR 230.147).

(c) 1. Except as provided in subd. 2., the sum of all cash and other consideration to be received for all sales of the security in reliance on the exemption under this subsection, excluding sales to any accredited investor, certified investor, or institutional investor, does not exceed the following amount:

a. If the issuer has not undergone and made available to each prospective investor and the administrator the documentation resulting from a financial audit of its most recently completed fiscal year which complies with generally accepted accounting principles, \$1,000,000 subject to adjustment under s. 551.206, less the aggregate amount received for all sales of securities by the issuer within the 12 months before the first offer or sale made in reliance on the exemption under this subsection.

b. If the issuer has undergone and made available to each prospective investor and the administrator the documentation resulting from a financial audit of its most

recently completed fiscal year which complies with generally accepted accounting principles, \$2,000,000 subject to adjustment under s. 551.206, less the aggregate amount received for all sales of securities by the issuer within the 12 months before the first offer or sale made in reliance on the exemption under this subsection.

2. An offer or sale to an officer, director, partner, trustee, or individual occupying similar status or performing similar functions with respect to the issuer or to a person owning 10 percent or more of the outstanding shares of any class or classes of securities of the issuer does not count toward the monetary limitation in subd. 1. a. and 1. b.

(d) The issuer does not accept more than \$10,000 from any single purchaser unless the purchaser is an accredited investor or certified investor.

(e) The offering under this subsection is made exclusively through one or more Internet sites and each Internet site is registered with the division under s. 551.205 (1) (b).

(f) Not less than 10 days prior to the commencement of an offering of securities in reliance on the exemption under this subsection, the issuer files a notice with the administrator, in writing or in electronic form as prescribed by the administrator, which the administrator shall make available as an electronic document on the department of financial institutions Internet site, containing all of the following:

1. A notice of claim of exemption from registration, specifying that the issuer will be conducting an offering in reliance on the exemption under this subsection, accompanied by the filing fee specified in s. 551.614 (1m).

2. A copy of the disclosure statement to be provided to prospective investors in connection with the offering, containing all of the following:

a. A description of the company, its type of entity, the address and telephone number of its principal office, its history, its business plan, and the intended use of the offering proceeds, including any amounts to be paid, as compensation or otherwise, to any owner, executive officer, director, managing member, or other person occupying a similar status or performing similar functions on behalf of the issuer.

b. The identity of all persons owning more than 10 percent of the ownership interests of any class of securities of the company.

c. The identity of the executive officers, directors, managing members, and other persons occupying a similar status or performing similar functions in the name of and on behalf of the issuer, including their titles and their prior experience.

d. The terms and conditions of the securities being offered and of any outstanding securities of the company; the minimum and maximum amount of securities being offered, if any; either the percentage ownership of the

company represented by the offered securities or the valuation of the company implied by the price of the offered securities; the price per share, unit, or interest of the securities being offered; any restrictions on transfer of the securities being offered; and a disclosure of any anticipated future issuance of securities that might dilute the value of securities being offered.

e. The identity of any person who has been or will be retained by the issuer to assist the issuer in conducting the offering and sale of the securities, including any Internet site operator but excluding persons acting solely as accountants or attorneys and employees whose primary job responsibilities involve the operating business of the issuer rather than assisting the issuer in raising capital.

f. For each person identified as required under subd. 2. e., a description of the consideration being paid to the person for such assistance.

g. A description of any litigation, legal proceedings, or pending regulatory action involving the company or its management.

h. The names and addresses, including the Uniform Resource Locator, of each Internet site that will be used by the issuer to offer or sell securities under this subsection.

i. Any additional information material to the offering, including, if appropriate, a discussion of significant factors that make the offering speculative or risky. This discussion shall be concise and organized logically and may not be limited to risks that could apply to any issuer or any offering.

3. An escrow agreement with a bank, savings bank, savings and loan association, or credit union chartered under the laws of this state in which the investor funds will be deposited, providing that all offering proceeds will be released to the issuer only when the aggregate capital raised from all investors is equal to or greater than the minimum target offering amount specified in the business plan as necessary to implement the business plan and that all investors may cancel their commitments to invest if that target offering amount is not raised by the time stated in the disclosure document.

(g) The issuer is not, either before or as a result of the offering, an investment company, as defined in section 3 of the Investment Company Act of 1940 (15 USC 80a-3), or an entity that would be an investment company but for the exclusions provided in section 3 (c) of the Investment Company Act of 1940 (15 USC 80a-3 (c)), or subject to the reporting requirements of section 13 or 15 (d) of the Securities Exchange Act of 1934 (15 USC 78m or 78o (d)).

(h) The issuer informs all prospective purchasers of securities offered under this subsection that the securities have not been registered under federal or state securities law and that the securities are subject to limitations on resale. The issuer shall display the following legend conspicuously on the cover page of the disclosure document:

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY SUBSECTION (e) OF SEC RULE 147 (17 CFR 230.147 (e)) AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

(i) The issuer requires each purchaser to certify in writing or electronically as follows:

I UNDERSTAND AND ACKNOWLEDGE THAT:

I am investing in a high-risk, speculative business venture. I may lose all of my investment, or under some circumstances more than my investment, and I can afford this loss.

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

The securities I am acquiring in this offering are illiquid, that there is no ready market for the sale of such securities, that it may be difficult or impossible for me to sell or otherwise dispose of this investment, and that, accordingly, I may be required to hold this investment indefinitely.

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

... (Signature)

(j) The issuer obtains from each purchaser of a security offered under this subsection evidence that the purchaser is a resident of this state and, if applicable, is an accredited investor or certified investor.

(k) All payments for purchase of securities offered under this subsection are directed to and held by the

financial institution specified in par. (f) 3. The bank or depository institution shall notify the administrator of the receipt of payments for securities. This information shall be confidential as provided in s. 551.607 (2) (g).

(L) The issuer of securities offered under this subsection provides a copy of the disclosure document provided to the administrator under par. (f) 2. to each prospective investor at the time the offer of securities is made to the prospective investor.

(m) No offer or sale of a different class or series of security has been made by the issuer in reliance on the exemption under this subsection or sub. (27) during the immediately preceding 12-month period.

(n) If the offer or sale of the security had been undertaken under an exemption specified in Rule 506 (a) to (c) adopted under the Securities Act of 1933 (17 CFR 230.506 (a) to (c)), the transaction would not have been disqualified from the exemption under Rule 506 (d) adopted under the Securities Act of 1933 (17 CFR 230.506 (d)), except that the administrator may waive the requirement under this paragraph and authorize transactions in reliance on the exemption under this subsection notwithstanding the condition specified in this paragraph.

SECTION 10. 551.202 (27) of the statutes is created to read:

551.202 (27) An offer or sale of a security by an issuer if the offer or sale is conducted in accordance with all of the following requirements:

(a) The issuer of the security is a business entity organized under the laws of this state and authorized to do business in this state.

(b) The transaction meets the requirements of the federal exemption for intrastate offerings in section 3 (a) (11) of the Securities Act of 1933 (15 USC 77c (a) (11)) and Rule 147 adopted under the Securities Act of 1933 (17 CFR 230.147).

(c) 1. Except as provided in subd. 2., the sum of all cash and other consideration to be received for all sales of the security in reliance on the exemption under this subsection, excluding sales to any accredited investor, certified investor, or institutional investor, does not exceed the following amount:

a. If the issuer has not undergone and made available to each prospective investor and the administrator the documentation resulting from a financial audit of its most recently completed fiscal year which complies with generally accepted accounting principles, \$1,000,000 subject to adjustment under s. 551.206, less the aggregate amount received for all sales of securities by the issuer within the 12 months before the first offer or sale made in reliance on the exemption under this subsection.

b. If the issuer has undergone and made available to each prospective investor and the administrator the documentation resulting from a financial audit of its most recently completed fiscal year which complies with gen-

erally accepted accounting principles, \$2,000,000 subject to adjustment under s. 551.206, less the aggregate amount received for all sales of securities by the issuer within the 12 months before the first offer or sale made in reliance on the exemption under this subsection.

2. An offer or sale to an officer, director, partner, trustee, or individual occupying similar status or performing similar functions with respect to the issuer or to a person owning 10 percent or more of the outstanding shares of any class or classes of securities of the issuer does not count toward the monetary limitation in subd. 1. a. and 1. b.

(d) The issuer does not accept more than \$10,000 from any single purchaser unless the purchaser is an accredited investor or certified investor.

(e) No commission or other remuneration is paid or given, directly or indirectly, for any person's participation in the offer or sale of securities for the issuer unless the person is registered as a broker-dealer or agent under this chapter. This paragraph does not apply if the offer or sale of the security is to a certified investor.

(f) No general solicitation or general advertising is made in connection with the offer to sell or sale of the securities unless it has been permitted by the administrator.

(g) All funds received from investors are deposited into a bank, savings bank, savings and loan association, or credit union chartered under the laws of this state, and all the funds are used in accordance with representations made to investors.

(h) Before the 101st offer of the security, the issuer provides a notice to the administrator in writing or in electronic form, accompanied by the filing fee specified in s. 551.614 (1m). The administrator shall prescribe the form required for the notice and make the form available as an electronic document on the department of financial institutions Internet site. Notwithstanding s. 551.204 (1) and (3), the notice shall be limited to all of the following:

1. Stating that the issuer is conducting an offering in reliance on the exemption under this subsection.

2. Identifying the names and addresses of all of the following persons:

a. The issuer.

b. All persons who will be involved in the offer or sale of securities on behalf of the issuer.

c. The bank, savings bank, savings and loan association, or credit union in which investor funds will be deposited.

(i) The issuer is not, either before or as a result of the offering, an investment company, as defined in section 3 of the Investment Company Act of 1940 (15 USC 80a-3), or subject to the reporting requirements of section 13 or 15 (d) of the Securities Exchange Act of 1934 (15 USC 78m or 78o (d)).

(j) The issuer informs all purchasers that the securities have not been registered under this chapter and

makes the disclosures required under subsection (f) of Rule 147 adopted under the Securities Act of 1933 (17 CFR 230.147 (f)).

(k) No offer or sale of a different class or series of security has been made by the issuer in reliance on the exemption under this subsection or sub. (26) during the immediately preceding 12-month period.

(L) If the offer or sale of the security had been undertaken under an exemption specified in Rule 506 (a) to (c) adopted under the Securities Act of 1933 (17 CFR 230.506 (a) to (c)), the transaction would not have been disqualified from the exemption under Rule 506 (d) adopted under the Securities Act of 1933 (17 CFR 230.506 (d)), except that the administrator may waive the requirement under this paragraph and authorize transactions in reliance on the exemption under this subsection notwithstanding the condition specified in this paragraph.

SECTION 11. 551.205 of the statutes is created to read:
551.205 Additional provisions related to crowd-funding exemption for intrastate offerings through Internet sites. (1) All of the following requirements apply to an offer or sale of securities pursuant to the exemption under s. 551.202 (26):

(a) Prior to any offer or sale of securities, the issuer shall provide to the Internet site operator evidence that the issuer is organized under the laws of this state and is authorized to do business in this state.

(b) 1. The Internet site operator shall register with the division by filing a statement, which the administrator shall make available as an electronic document on the department of financial institutions Internet site, accompanied by the filing fee specified in s. 551.614 (1m), that includes all of the following:

a. That the Internet site operator is a business entity organized under the laws of this state and authorized to do business in this state.

b. That the Internet site is being utilized to offer and sell securities pursuant to the exemption under s. 551.202 (26).

c. The identity and location of, and contact information for, the Internet site operator.

d. Except as provided in subds. 2. and 4., that the Internet site operator is registered as a broker-dealer under s. 551.401.

2. The Internet site operator is not required to register as a broker-dealer under s. 551.401 if all of the following apply with respect to the Internet site and its operator:

a. It does not offer investment advice or recommendations.

b. It does not solicit purchases, sales, or offers to buy the securities offered or displayed on the Internet site.

c. Except as provided in sub. (3), it does not compensate employees, agents, or other persons for the solicitation or based on the sale of securities displayed or referenced on the Internet site.

d. Except as provided in sub. (3), it is not compensated based on the amount of securities sold, and it does not hold, manage, possess, or otherwise handle investor funds or securities.

e. Except as provided in sub. (3), the fee it charges an issuer for an offering of securities on the Internet site is a fixed amount for each offering, a variable amount based on the length of time that the securities are offered on the Internet site, or a combination of such fixed and variable amounts.

f. It does not identify, promote, or otherwise refer to any individual security offered on the Internet site in any advertising for the Internet site.

g. It does not engage in such other activities as the division, by rule, determines are prohibited of such an Internet site.

h. Neither the Internet site operator, nor any director, executive officer, general partner, managing member, or other person with management authority over the Internet site operator, has been subject to any conviction, order, judgment, decree, or other action specified in Rule 506 (d) (1) adopted under the Securities Act of 1933 (17 CFR 230.506 (d) (1)) that would disqualify an issuer under Rule 506 (d) adopted under the Securities Act of 1933 (17 CFR 230.506 (d)) from claiming an exemption specified in Rule 506 (a) to (c) adopted under the Securities Act of 1933 (17 CFR 230.506 (a) to (c)).

3. If any change occurs in the information that an Internet site operator submits to the division in a statement filed under subd. 1., the Internet site operator shall notify the division within 30 days after the change occurs.

4. The Internet site operator is not required to register as a broker-dealer under s. 551.401 if the Internet site operator is registered as a broker-dealer under the Securities Exchange Act of 1934 (15 USC 78o) or is a funding portal registered under the Securities Act of 1933 (15 USC 77d-1) and the Securities and Exchange Commission has adopted rules under authority of section 3 (h) of the Securities Exchange Act of 1934 (15 USC 78c (h)) and P.L. 112-106, section 304, governing funding portals. Nothing in this section requires an Internet site operator to register as a broker-dealer under the Securities Exchange Act of 1934 or as a funding portal under the Securities Act of 1933.

(c) The issuer and the Internet site operator shall maintain records of all offers and sales of securities effected through the Internet site and shall provide ready access to the records to the division, upon request. The division may access, inspect, and review any Internet site registered under this subsection as well as its records.

(2) An issuer of a security, the offer and sale of which is exempt under s. 551.202 (26), shall provide, free of charge, a quarterly report to the issuer's investors until no securities issued under s. 551.202 (26) are outstanding. An issuer may satisfy the reporting requirement of this subsection by making the information available on an

Internet site if the information is made available within 45 days after the end of each fiscal quarter and remains available until the succeeding quarterly report is issued. An issuer shall file each quarterly report under this subsection with the division and, if the quarterly report is made available on an Internet site, the issuer shall also provide a written copy of the report to any investor upon request. The report shall contain all of the following:

(a) Compensation received by each director and executive officer, including cash compensation earned since the previous report and on an annual basis and any bonuses, stock options, other rights to receive securities of the issuer or any affiliate of the issuer, or other compensation received.

(b) An analysis by management of the issuer of the business operations and financial condition of the issuer.

(3) If the Securities and Exchange Commission adopts rules under authority of section 3 (h) of the Securities Exchange Act of 1934 (15 USC 78c (h)) and P.L. 112-106, section 304, that authorize funding portals to receive commissions without registering as broker-dealers under the Securities Exchange Act of 1934, the division shall promulgate rules authorizing Internet site operators registered with the division under sub. (1) (b) that are not registered as broker-dealers under s. 551.401 to receive commissions. The division shall ensure that its rules authorizing commissions for Internet site operators are consistent with rules adopted by the Securities and Exchange Commission. The division's rules shall also ensure that Internet site operators that do not satisfy rules adopted by the Securities and Exchange Commission have the opportunity to operate in compliance with the requirements of this section.

SECTION 12. 551.206 of the statutes is created to read:

551.206 Adjustments. At 5-year intervals after January 1, 2014, the department of financial institutions shall adjust the monetary amounts specified in s. 551.202 (26) (c) 1. a. and 1. b. and (27) (c) 1. a. and 1. b. to reflect changes since January 1, 2014, in the consumer price index for all urban consumers, Milwaukee-Racine area average, as determined by the U.S. department of labor. Each adjustment shall be rounded to the nearest multiple of \$50,000. Each adjustment under this section shall be published on the department of financial institutions Internet site.

SECTION 13. 551.305 (9) of the statutes is amended to read:

551.305 (9) PERIODIC REPORTS. While a registration statement is effective, a rule adopted or order issued under this chapter may require the person that filed the registration statement to file reports, not more often than quarterly, to keep the information or other record in the registration statement reasonably current and to disclose the progress of the offering. No report may be required under this subsection of a financial institution holding company.

SECTION 14. 551.401 (1) of the statutes is amended to read:

551.401 (1) **REGISTRATION REQUIREMENT.** It is unlawful for a person to transact business in this state as a broker-dealer unless the person is registered under this chapter as a broker-dealer or is exempt from registration as a broker-dealer under sub. (2) or (4) or s. 551.205 (1) (b) 2.

SECTION 15. 551.402 (2) (b) of the statutes is amended to read:

551.402 (2) (b) An individual who represents a broker-dealer that is exempt under s. 551.205 (1) (b) 2. or 551.401 (2) or (4).

SECTION 16. 551.402 (2) (f) of the statutes is amended to read:

551.402 (2) (f) An individual who represents a broker-dealer registered in this state under s. 551.401 (1) or exempt from registration under s. 551.205 (1) (b) 2. or 551.401 (2) in the offer and sale of securities for an account of a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record.

SECTION 17. 551.605 (3) of the statutes is renumbered 551.605 (3) (am), and 551.605 (3) (am) (intro.), as renumbered, is amended to read:

551.605 (3) (am) (intro.) Subject to section 15 (h) of the Securities Exchange Act and section 222 of the Investment Advisers Act of 1940, and except as provided in par. (bm). the administrator may require that a financial statement filed under this chapter be prepared in accordance with generally accepted accounting principles in the United States and comply with other requirements specified by rule adopted or order issued under this chapter. ~~A- Except as provided in par. (bm), a rule adopted or order issued under this chapter may establish:~~

SECTION 18. 551.605 (3) (bm) of the statutes is created to read:

551.605 (3) (bm) 1. Except as provided in subd. 2., a financial institution holding company whose securities have been registered under this chapter shall not be required to prepare or distribute to shareholders or provide to the department of financial institutions, at any time after such registration, any financial statements, financial information, annual reports, or other periodic reports except to the extent required under ss. 180.1620 and 180.1622.

2. Each financial institution holding company whose securities have been registered under this chapter and are held by 100 or more persons in this state shall distribute to the security holders not more than 120 days after the end of each fiscal year the annual financial statements prepared under s. 180.1620. This subdivision does not apply to a financial institution holding company that has any securities registered under section 12 of the Securities Exchange Act of 1934 (15 USC 781).

3. If any financial statement is required of a financial institution holding company under this chapter, the financial institution holding company shall not be required to do any of the following:

a. Except as may be required under s. 180.1620, have the financial statement prepared in accordance with generally accepted accounting principles.

b. Have the financial statement examined and reported upon or reviewed by or compiled by any certified public accountant.

SECTION 19. 551.607 (2) (g) of the statutes is created to read:

551.607 (2) (g) Any information or record received under s. 551.202 (26) (k) relating to payments for securities, the copy of the disclosure statement provided to the administrator under s. 551.202 (26) (f) 2., and any information or record obtained by the division under s. 551.205 (1) (c).

SECTION 20. 551.614 (1m) of the statutes is created to read:

551.614 (1m) **FILING FEES RELATING TO CERTAIN REGISTRATION EXEMPTIONS.** There shall be a nonrefundable filing fee of \$50 for every notice of claim of exemption filed under s. 551.202 (26) (f) 1., a nonrefundable filing fee of \$50 for every notice provided under s. 551.202 (27) (h), and a nonrefundable filing fee of \$100 for every statement filed under s. 551.205 (1) (b) 1.

SECTION 21. Initial applicability.

(1) The treatment of sections 551.102 (4m) and (11) (o), 551.202 (13) (ar), 551.202 (14m), and 551.202 (24m) of the statutes first applies to securities offered or sold on the effective date of this subsection.

(2) The treatment of sections 551.102 (8m) and (9m), 551.202 (26) and (27), 551.205, 551.401 (1), 551.402 (2) (b) and (f), 551.607 (2) (g), and 551.614 (1m) of the statutes first applies to securities offered or sold on the first day of the 7th month beginning after the effective date of this subsection.