

HCS HB 380 -- SECURITIES REGULATION (Byrd)

This substitute substantially revises and modernizes the securities regulation laws, incorporating many provisions of the Uniform Securities Act. In its main provisions, the substitute:

- (1) Authorizes the Secretary of State to seek court orders requiring violators to disgorge illicit profits, pay restitution, and pay into the Investor Education and Protection Fund, which the substitute establishes;
- (2) Increases criminal fines to \$1 million;
- (3) Requires banks with on-premise brokerage firms to comply with federal rules;
- (4) Modernizes, simplifies, and broadens exemptions from securities registration with the state;
- (5) Promotes consistency with other states and the Securities and Exchange Commission in the definition of "security";
- (6) Authorizes civil prosecution of individuals who materially aid in violations; and
- (7) Adds civil penalties of \$10,000 for one violation and up to \$1 million for more than one violation.

FISCAL NOTE: Total Estimated Net Effect to Secretary of State's Investor Education and Protection Fund of \$0 in FY 2004, FY 2005, and FY 2006. Oversight assumes cost would equal income.