

22.1 **ARTICLE 3**

22.2 **SECURITIES**

22.3 Section 1. Minnesota Statutes 2024, section 80A.50, is amended to read:

22.4 **80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL**

22.5 **CORPORATE OFFERING REGISTRATION.**

22.6 (a) **Federal covered securities.**

22.7 (1) **Required filing of records.** With respect to a federal covered security, as defined

22.8 in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not

22.9 otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued

22.10 under this chapter may require the filing of any or all of the following records:

22.11 (A) before the initial offer of a federal covered security in this state, all records that are

22.12 part of a federal registration statement filed with the Securities and Exchange Commission

22.13 under the Securities Act of 1933 and a consent to service of process complying with section

22.14 80A.88 signed by the issuer;

22.15 (B) after the initial offer of the federal covered security in this state, all records that are

22.16 part of an amendment to a federal registration statement filed with the Securities and

22.17 Exchange Commission under the Securities Act of 1933; and

22.18 (C) to the extent necessary or appropriate to compute fees, a report of the value of the

22.19 federal covered securities sold or offered to persons present in this state, if the sales data

22.20 are not included in records filed with the Securities and Exchange Commission.

22.21 (2) **Notice filing effectiveness and renewal.** A notice filing under subsection (a) is

22.22 effective for one year commencing on the later of the notice filing or the effectiveness of

22.23 the offering filed with the Securities and Exchange Commission. On or before expiration,

22.24 the issuer may renew a notice filing by filing a copy of those records filed by the issuer with

22.25 the Securities and Exchange Commission that are required by rule or order under this chapter

22.26 to be filed. A previously filed consent to service of process complying with section 80A.88

22.27 may be incorporated by reference in a renewal. A renewed notice filing becomes effective

22.28 upon the expiration of the filing being renewed.

22.29 (3) **Notice filings for federal covered securities under section 18(b)(4)(D).** With

22.30 respect to a security that is a federal covered security under Section 18(b)(4)(D) of the

22.31 Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may

22.32 require a notice filing by or on behalf of an issuer to include a copy of Form D, including

22.33 the Appendix, as promulgated by the Securities and Exchange Commission, and a consent

23.1 to service of process complying with section 80A.88 signed by the issuer not later than 15

23.2 days after the first sale of the federal covered security in this state.

23.3 (4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the

23.4 Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is

39.18 **ARTICLE 5**

39.19 **SECURITIES**

39.20 Section 1. Minnesota Statutes 2024, section 80A.50, is amended to read:

39.21 **80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL**

39.22 **CORPORATE OFFERING REGISTRATION.**

39.23 (a) **Federal covered securities.**

39.24 (1) **Required filing of records.** With respect to a federal covered security, as defined

39.25 in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not

39.26 otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued

39.27 under this chapter may require the filing of any or all of the following records:

39.28 (A) before the initial offer of a federal covered security in this state, all records that are

39.29 part of a federal registration statement filed with the Securities and Exchange Commission

40.1 under the Securities Act of 1933 and a consent to service of process complying with section

40.2 80A.88 signed by the issuer;

40.3 (B) after the initial offer of the federal covered security in this state, all records that are

40.4 part of an amendment to a federal registration statement filed with the Securities and

40.5 Exchange Commission under the Securities Act of 1933; and

40.6 (C) to the extent necessary or appropriate to compute fees, a report of the value of the

40.7 federal covered securities sold or offered to persons present in this state, if the sales data

40.8 are not included in records filed with the Securities and Exchange Commission.

40.9 (2) **Notice filing effectiveness and renewal.** A notice filing under subsection (a) is

40.10 effective for one year commencing on the later of the notice filing or the effectiveness of

40.11 the offering filed with the Securities and Exchange Commission. On or before expiration,

40.12 the issuer may renew a notice filing by filing a copy of those records filed by the issuer with

40.13 the Securities and Exchange Commission that are required by rule or order under this chapter

40.14 to be filed. A previously filed consent to service of process complying with section 80A.88

40.15 may be incorporated by reference in a renewal. A renewed notice filing becomes effective

40.16 upon the expiration of the filing being renewed.

40.17 (3) **Notice filings for federal covered securities under section 18(b)(4)(D).** With

40.18 respect to a security that is a federal covered security under Section 18(b)(4)(D) of the

40.19 Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may

40.20 require a notice filing by or on behalf of an issuer to include a copy of Form D, including

40.21 the Appendix, as promulgated by the Securities and Exchange Commission, and a consent

40.22 to service of process complying with section 80A.88 signed by the issuer not later than 15

40.23 days after the first sale of the federal covered security in this state.

40.24 (4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the

40.25 Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is

23.5 a failure to comply with a notice or fee requirement of this section, the administrator may
23.6 issue a stop order suspending the offer and sale of a federal covered security in this state.
23.7 If the deficiency is corrected, the stop order is void as of the time of its issuance and no
23.8 penalty may be imposed by the administrator.

23.9 (b) **Small corporation offering registration.**

23.10 (1) **Registration required.** A security meeting the conditions set forth in this section
23.11 may be registered as set forth in this section.

23.12 (2) **Availability.** Registration under this section is available only to the issuer of securities
23.13 and not to an affiliate of the issuer or to any other person for resale of the issuer's securities.
23.14 The issuer must be organized under the laws of one of the states or possessions of the United
23.15 States. The securities offered must be exempt from registration under the Securities Act of
23.16 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

23.17 (3) **Disqualification.** Registration under this section is not available to any of the
23.18 following issuers:

23.19 (A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities
23.20 Exchange Act of 1934;

23.21 (B) an investment company;

23.22 (C) a development stage company that either has no specific business plan or purpose
23.23 or has indicated that its business plan is to engage in a merger or acquisition with an
23.24 unidentified company or companies or other entity or person;

23.25 (D) an issuer if the issuer or any of its predecessors, officers, directors, governors,
23.26 partners, ten percent stock or equity holders, promoters, or any selling agents of the securities
23.27 to be offered, or any officer, director, governor, or partner of the selling agent:

23.28 (i) has filed a registration statement that is the subject of a currently effective registration
23.29 stop order entered under a federal or state securities law within five years before the filing
23.30 of the small corporate offering registration application;

23.31 (ii) has been convicted within five years before the filing of the small corporate offering
23.32 registration application of a felony or misdemeanor in connection with the offer, purchase,
24.1 or sale of a security or a felony involving fraud or deceit, including, but not limited to,
24.2 forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to
24.3 defraud;

24.4 (iii) is currently subject to a state administrative enforcement order or judgment entered
24.5 by a state securities administrator or the Securities and Exchange Commission within five
24.6 years before the filing of the small corporate offering registration application, or is subject
24.7 to a federal or state administrative enforcement order or judgment in which fraud or deceit,
24.8 including, but not limited to, making untrue statements of material facts or omitting to state

40.26 a failure to comply with a notice or fee requirement of this section, the administrator may
40.27 issue a stop order suspending the offer and sale of a federal covered security in this state.
40.28 If the deficiency is corrected, the stop order is void as of the time of its issuance and no
40.29 penalty may be imposed by the administrator.

40.30 (b) **Small corporation offering registration.**

40.31 (1) **Registration required.** A security meeting the conditions set forth in this section
40.32 may be registered as set forth in this section.

41.1 (2) **Availability.** Registration under this section is available only to the issuer of securities
41.2 and not to an affiliate of the issuer or to any other person for resale of the issuer's securities.
41.3 The issuer must be organized under the laws of one of the states or possessions of the United
41.4 States. The securities offered must be exempt from registration under the Securities Act of
41.5 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

41.6 (3) **Disqualification.** Registration under this section is not available to any of the
41.7 following issuers:

41.8 (A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities
41.9 Exchange Act of 1934;

41.10 (B) an investment company;

41.11 (C) a development stage company that either has no specific business plan or purpose
41.12 or has indicated that its business plan is to engage in a merger or acquisition with an
41.13 unidentified company or companies or other entity or person;

41.14 (D) an issuer if the issuer or any of its predecessors, officers, directors, governors,
41.15 partners, ten percent stock or equity holders, promoters, or any selling agents of the securities
41.16 to be offered, or any officer, director, governor, or partner of the selling agent:

41.17 (i) has filed a registration statement that is the subject of a currently effective registration
41.18 stop order entered under a federal or state securities law within five years before the filing
41.19 of the small corporate offering registration application;

41.20 (ii) has been convicted within five years before the filing of the small corporate offering
41.21 registration application of a felony or misdemeanor in connection with the offer, purchase,
41.22 or sale of a security or a felony involving fraud or deceit, including, but not limited to,
41.23 forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to
41.24 defraud;

41.25 (iii) is currently subject to a state administrative enforcement order or judgment entered
41.26 by a state securities administrator or the Securities and Exchange Commission within five
41.27 years before the filing of the small corporate offering registration application, or is subject
41.28 to a federal or state administrative enforcement order or judgment in which fraud or deceit,
41.29 including, but not limited to, making untrue statements of material facts or omitting to state

24.9 material facts, was found and the order or judgment was entered within five years before
24.10 the filing of the small corporate offering registration application;

24.11 (iv) is currently subject to an order, judgment, or decree of a court of competent
24.12 jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or
24.13 decree of a court of competent jurisdiction permanently restraining or enjoining the party
24.14 from engaging in or continuing any conduct or practice in connection with the purchase or
24.15 sale of any security or involving the making of a false filing with a state or with the Securities
24.16 and Exchange Commission entered within five years before the filing of the small corporate
24.17 offering registration application; or

24.18 (v) is subject to a state's administrative enforcement order, or judgment that prohibits,
24.19 denies, or revokes the use of an exemption for registration in connection with the offer,
24.20 purchase, or sale of securities,

24.21 (I) except that clauses (i) to (iv) do not apply if the person subject to the disqualification
24.22 is duly licensed or registered to conduct securities-related business in the state in which the
24.23 administrative order or judgment was entered against the person or if the dealer employing
24.24 the party is licensed or registered in this state and the form BD filed in this state discloses
24.25 the order, conviction, judgment, or decree relating to the person, and

24.26 (II) except that the disqualification under this subdivision is automatically waived if the
24.27 state securities administrator or federal agency that created the basis for disqualification
24.28 determines upon a showing of good cause that it is not necessary under the circumstances
24.29 to deny the registration.

24.30 **(4) Filing and effectiveness of registration statement.** A small corporate offering
24.31 registration statement must be filed with the administrator. If no stop order is in effect and
24.32 no proceeding is pending under section 80A.54, such registration statement shall become
24.33 effective automatically at the close of business on the 20th day after filing of the registration
24.34 statement or the last amendment of the registration statement or at such earlier time as the
25.1 administrator may designate by rule or order. For the purposes of a nonissuer transaction,
25.2 other than by an affiliate of the issuer, all outstanding securities of the same class identified
25.3 in the small corporate offering registration statement as a security registered under this
25.4 chapter are considered to be registered while the small corporate offering registration
25.5 statement is effective. A small corporate offering registration statement is effective for one
25.6 year after its effective date or for any longer period designated in an order under this chapter.
25.7 A small corporate offering registration statement may be withdrawn only with the approval
25.8 of the administrator.

25.9 **(5) Contents of registration statement.** A small corporate offering registration statement
25.10 under this section shall be on Form U-7, including exhibits required by the instructions
25.11 thereto, as adopted by the North American Securities Administrators Association, or such
25.12 alternative form as may be designated by the administrator by rule or order and must include:

25.13 (A) a consent to service of process complying with section 80A.88;

41.30 material facts, was found and the order or judgment was entered within five years before
41.31 the filing of the small corporate offering registration application;

41.32 (iv) is currently subject to an order, judgment, or decree of a court of competent
41.33 jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or
42.1 decree of a court of competent jurisdiction permanently restraining or enjoining the party
42.2 from engaging in or continuing any conduct or practice in connection with the purchase or
42.3 sale of any security or involving the making of a false filing with a state or with the Securities
42.4 and Exchange Commission entered within five years before the filing of the small corporate
42.5 offering registration application; or

42.6 (v) is subject to a state's administrative enforcement order, or judgment that prohibits,
42.7 denies, or revokes the use of an exemption for registration in connection with the offer,
42.8 purchase, or sale of securities,

42.9 (I) except that clauses (i) to (iv) do not apply if the person subject to the disqualification
42.10 is duly licensed or registered to conduct securities-related business in the state in which the
42.11 administrative order or judgment was entered against the person or if the dealer employing
42.12 the party is licensed or registered in this state and the form BD filed in this state discloses
42.13 the order, conviction, judgment, or decree relating to the person, and

42.14 (II) except that the disqualification under this subdivision is automatically waived if the
42.15 state securities administrator or federal agency that created the basis for disqualification
42.16 determines upon a showing of good cause that it is not necessary under the circumstances
42.17 to deny the registration.

42.18 **(4) Filing and effectiveness of registration statement.** A small corporate offering
42.19 registration statement must be filed with the administrator. If no stop order is in effect and
42.20 no proceeding is pending under section 80A.54, such registration statement shall become
42.21 effective automatically at the close of business on the 20th day after filing of the registration
42.22 statement or the last amendment of the registration statement or at such earlier time as the
42.23 administrator may designate by rule or order. For the purposes of a nonissuer transaction,
42.24 other than by an affiliate of the issuer, all outstanding securities of the same class identified
42.25 in the small corporate offering registration statement as a security registered under this
42.26 chapter are considered to be registered while the small corporate offering registration
42.27 statement is effective. A small corporate offering registration statement is effective for one
42.28 year after its effective date or for any longer period designated in an order under this chapter.
42.29 A small corporate offering registration statement may be withdrawn only with the approval
42.30 of the administrator.

42.31 **(5) Contents of registration statement.** A small corporate offering registration statement
42.32 under this section shall be on Form U-7, including exhibits required by the instructions
42.33 thereto, as adopted by the North American Securities Administrators Association, or such
42.34 alternative form as may be designated by the administrator by rule or order and must include:

43.1 (A) a consent to service of process complying with section 80A.88;

25.14 (B) a statement of the type and amount of securities to be offered and the amount of
25.15 securities to be offered in this state;

25.16 (C) a specimen or copy of the security being registered, unless the security is
25.17 uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial
25.18 equivalents in effect, and a copy of any indenture or other instrument covering the security
25.19 to be registered;

25.20 (D) a signed or conformed copy of an opinion of counsel concerning the legality of the
25.21 securities being registered which states whether the securities, when sold, will be validly
25.22 issued, fully paid, and nonassessable and, if debt securities, binding obligations of the issuer;

25.23 (E) the states (i) in which the securities are proposed to be offered; (ii) in which a
25.24 registration statement or similar filing has been made in connection with the offering
25.25 including information as to effectiveness of each such filing; and (iii) in which a stop order
25.26 or similar proceeding has been entered or in which proceedings or actions seeking such an
25.27 order are pending;

25.28 (F) a copy of the offering document proposed to be delivered to offerees; and

25.29 (G) a copy of any other pamphlet, circular, form letter, advertisement, or other sales
25.30 literature intended as of the effective date to be used in connection with the offering and
25.31 any solicitation of interest used in compliance with section 80A.46(17)(B).

26.1 (6) **Copy to purchaser.** A copy of the offering document as filed with the administrator
26.2 must be delivered to each person purchasing the securities prior to sale of the securities to
26.3 such person.

26.4 (c) **Offering limit.** Offers and sales of securities under a small corporate offering
26.5 registration as set forth in this section are allowed up to the limit prescribed by Code of
26.6 Federal Regulations, title 17, part 230.504 (b)(2), as amended.

26.7 (d) **Regulation A - Tier 2 filing requirements.**

26.8 (1) **Initial filing.** An issuer planning to offer and sell securities in Minnesota in an
26.9 offering exempt under Tier 2 of federal Regulation A must, at least 21 calendar days before
26.10 the date of the initial sale of securities in Minnesota, submit to the administrator:

26.11 (A) a completed Regulation A - Tier 2 offering notice filing form or copies of all the
26.12 documents filed with the Securities Exchange Commission; and

26.13 (B) a consent to service of process on Form U-2, if consent to service of process is not
26.14 provided in the Regulation A - Tier 2 offering notice filing form.

26.15 The initial notice filing made in Minnesota is effective for 12 months after the date the
26.16 filing is made.

26.17 (2) **Renewal.** For each additional 12-month period in which the same offering is
26.18 continued, an issuer conducting a Tier 2 offering under federal Regulation A may renew

43.2 (B) a statement of the type and amount of securities to be offered and the amount of
43.3 securities to be offered in this state;

43.4 (C) a specimen or copy of the security being registered, unless the security is
43.5 uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial
43.6 equivalents in effect, and a copy of any indenture or other instrument covering the security
43.7 to be registered;

43.8 (D) a signed or conformed copy of an opinion of counsel concerning the legality of the
43.9 securities being registered which states whether the securities, when sold, will be validly
43.10 issued, fully paid, and nonassessable and, if debt securities, binding obligations of the issuer;

43.11 (E) the states (i) in which the securities are proposed to be offered; (ii) in which a
43.12 registration statement or similar filing has been made in connection with the offering
43.13 including information as to effectiveness of each such filing; and (iii) in which a stop order
43.14 or similar proceeding has been entered or in which proceedings or actions seeking such an
43.15 order are pending;

43.16 (F) a copy of the offering document proposed to be delivered to offerees; and

43.17 (G) a copy of any other pamphlet, circular, form letter, advertisement, or other sales
43.18 literature intended as of the effective date to be used in connection with the offering and
43.19 any solicitation of interest used in compliance with section 80A.46(17)(B).

43.20 (6) **Copy to purchaser.** A copy of the offering document as filed with the administrator
43.21 must be delivered to each person purchasing the securities prior to sale of the securities to
43.22 such person.

43.23 (c) **Offering limit.** Offers and sales of securities under a small corporate offering
43.24 registration as set forth in this section are allowed up to the limit prescribed by Code of
43.25 Federal Regulations, title 17, part 230.504 (b)(2), as amended.

43.26 (d) **Regulation A - Tier 2 filing requirements.**

43.27 (1) **Initial filing.** An issuer planning to offer and sell securities in Minnesota in an
43.28 offering exempt under Tier 2 of federal Regulation A must, at least 21 calendar days before
43.29 the date of the initial sale of securities in Minnesota, submit to the administrator:

43.30 (A) a completed Regulation A - Tier 2 offering notice filing form or copies of all the
43.31 documents filed with the Securities Exchange Commission; and

44.1 (B) a consent to service of process on Form U-2, if consent to service of process is not
44.2 provided in the Regulation A - Tier 2 offering notice filing form.

44.3 The initial notice filing made in Minnesota is effective for 12 months after the date the
44.4 filing is made.

44.5 (2) **Renewal.** For each additional 12-month period in which the same offering is
44.6 continued, an issuer conducting a Tier 2 offering under federal Regulation A may renew

26.19 the notice filing by filing (i) the Regulation A - Tier 2 offering notice filing form marked
26.20 "renewal," or (ii) a cover letter or other document requesting renewal. The renewal filing
26.21 must be made on or before the date notice filing expires.

26.22 (3) **Amendment.** An issuer may increase the amount of securities offered in Minnesota
26.23 by submitting a Regulation A - Tier 2 offering notice filing form or other document
26.24 describing the transaction.

26.25 (e) **Notice filing requirement for federal crowdfunding offerings.** This paragraph
26.26 applies to offerings made under Regulation Crowdfunding, Code of Federal Regulations,
26.27 title 17, part 227, and sections 4(a)(6) and 18(b)(4)(C) of the Securities Act of 1933, United
26.28 States Code, title 15, sections 77d(A)(6) and 77r(b)(4)(C).

26.29 (1) **Initial filing.** An issuer that (i) offers and sells securities in Minnesota in an offering
26.30 exempt under federal Regulation Crowdfunding, and (ii) has a principal place of business
26.31 in Minnesota or sells at least 50 percent of the offering's aggregate amount to Minnesota
26.32 residents, must file with the administrator:

27.1 (A) a completed Uniform Notice of Federal Crowdfunding Offering form or copies of
27.2 all documents filed with the Securities and Exchange Commission; and

27.3 (B) if the issuer is not filing on the Uniform Notice of Federal Crowdfunding Offering
27.4 form, consent to service of process on Form U-2.

27.5 If the issuer's principal place of business is in Minnesota, the initial filing must be submitted
27.6 with the administrator when the issuer makes the issuer's initial Form C filing concerning
27.7 the offering with the Securities and Exchange Commission. If the issuer's principal place
27.8 of business is not in Minnesota but Minnesota residents have purchased at least 50 percent
27.9 of the aggregate amount of the offering, the filing must be submitted when the issuer becomes
27.10 aware that the aggregate purchases made by Minnesota residents meets the threshold, but
27.11 no later than 30 days after the date the offering is complete. The initial notice filing is
27.12 effective for a 12-month period beginning on the date the initial filing is submitted to the
27.13 administrator.

27.14 (2) **Renewal.** For each additional 12-month period in which a single offering is continued,
27.15 an issuer conducting an offering under federal Regulation Crowdfunding may renew the
27.16 issuer's notice filing by filing with the administrator on or before the date the current notice
27.17 filing expires;

27.18 (A) a completed Uniform Notice of Federal Crowdfunding Offering form that is marked
27.19 "renewal"; or

27.20 (B) a cover letter or other document requesting renewal.

27.21 (3) **Amendment.** An issuer may increase the amount of securities offered in Minnesota
27.22 by submitting (i) a completed Uniform Notice of Federal Crowdfunding Offering form that
27.23 is marked "amendment," or (ii) another document that describes the modified transaction.

44.7 the notice filing by filing (i) the Regulation A - Tier 2 offering notice filing form marked
44.8 "renewal," or (ii) a cover letter or other document requesting renewal. The renewal filing
44.9 must be made on or before the date notice filing expires.

44.10 (3) **Amendment.** An issuer may increase the amount of securities offered in Minnesota
44.11 by submitting a Regulation A - Tier 2 offering notice filing form or other document
44.12 describing the transaction.

44.13 (e) **Notice filing requirement for federal crowdfunding offerings.** This paragraph
44.14 applies to offerings made under Regulation Crowdfunding, Code of Federal Regulations,
44.15 title 17, part 227, and sections 4(a)(6) and 18(b)(4)(C) of the Securities Act of 1933, United
44.16 States Code, title 15, sections 77d(A)(6) and 77r(b)(4)(C).

44.17 (1) **Initial filing.** An issuer that (i) offers and sells securities in Minnesota in an offering
44.18 exempt under federal Regulation Crowdfunding, and (ii) has a principal place of business
44.19 in Minnesota or sells at least 50 percent of the offering's aggregate amount to Minnesota
44.20 residents, must file with the administrator:

44.21 (A) a completed Uniform Notice of Federal Crowdfunding Offering form or copies of
44.22 all documents filed with the Securities and Exchange Commission; and

44.23 (B) if the issuer is not filing on the Uniform Notice of Federal Crowdfunding Offering
44.24 form, consent to service of process on Form U-2.

44.25 If the issuer's principal place of business is in Minnesota, the initial filing must be submitted
44.26 with the administrator when the issuer makes the issuer's initial Form C filing concerning
44.27 the offering with the Securities and Exchange Commission. If the issuer's principal place
44.28 of business is not in Minnesota but Minnesota residents have purchased at least 50 percent
44.29 of the aggregate amount of the offering, the filing must be submitted when the issuer becomes
44.30 aware that the aggregate purchases made by Minnesota residents meets the threshold, but
44.31 no later than 30 days after the date the offering is complete. The initial notice filing is
44.32 effective for a 12-month period beginning on the date the initial filing is submitted to the
44.33 administrator.

45.1 (2) **Renewal.** For each additional 12-month period in which a single offering is continued,
45.2 an issuer conducting an offering under federal Regulation Crowdfunding may renew the
45.3 issuer's notice filing by filing with the administrator on or before the date the current notice
45.4 filing expires;

45.5 (A) a completed Uniform Notice of Federal Crowdfunding Offering form that is marked
45.6 "renewal"; or

45.7 (B) a cover letter or other document requesting renewal.

45.8 (3) **Amendment.** An issuer may increase the amount of securities offered in Minnesota
45.9 by submitting (i) a completed Uniform Notice of Federal Crowdfunding Offering form that
45.10 is marked "amendment," or (ii) another document that describes the modified transaction.

27.24 Sec. 2. Minnesota Statutes 2025 Supplement, section 80A.66, is amended to read:

27.25 **80A.66 SECTION 411; POSTREGISTRATION REQUIREMENTS.**

27.26 (a) **Financial requirements.** Subject to Section 15(h) of the Securities Exchange Act
27.27 of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940
27.28 (15 U.S.C. Section 80b-22), a rule adopted or order issued under this chapter may establish
27.29 minimum financial requirements for broker-dealers registered or required to be registered
27.30 under this chapter and investment advisers registered or required to be registered under this
27.31 chapter.

28.1 (b) **Financial reports.** Subject to Section 15(h) of the Securities Exchange Act of 1934
28.2 (15 U.S.C. Section 78o(h)) or Section 222(b) of the Investment Advisers Act of 1940 (15
28.3 U.S.C. Section 80b-22), a broker-dealer registered or required to be registered under this
28.4 chapter and an investment adviser registered or required to be registered under this chapter
28.5 shall file such financial reports as are required by a rule adopted or order issued under this
28.6 chapter. If the information contained in a record filed under this subsection is or becomes
28.7 inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting
28.8 amendment.

28.9 (c) **Record keeping.** Subject to Section 15(h) of the Securities Exchange Act of 1934
28.10 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15
28.11 U.S.C. Section 80b-22):

28.12 (1) a broker-dealer registered or required to be registered under this chapter and an
28.13 investment adviser registered or required to be registered under this chapter shall make and
28.14 maintain the accounts, correspondence, memoranda, papers, books, and other records
28.15 required by rule adopted or order issued under this chapter;

28.16 (2) broker-dealer records required to be maintained under paragraph (1) may be
28.17 maintained in any form of data storage acceptable under Section 17(a) of the Securities
28.18 Exchange Act of 1934 (15 U.S.C. Section 78q(a)) if they are readily accessible to the
28.19 administrator; ~~and~~

28.20 (3) a broker-dealer must establish and maintain: (i) a set of written supervisory procedures
28.21 that reasonably prevent and detect violations of chapter 80A; Minnesota Rules, chapter
28.22 2876; or related orders issued by the commissioner; and (ii) a system to apply the procedures
28.23 established under this clause. The procedures must designate by name or title a number of
28.24 supervisory employees that is reasonable relative to the number of the broker-dealer's
28.25 registered agents, offices, and transactions in Minnesota. A copy of the written procedures
28.26 and the system to apply the procedures must be kept and maintained at each branch office
28.27 affiliated with the broker-dealer. A broker-dealer may use electronic media in accordance
28.28 with FINRA Rule 3110.11, or any successor federal law, to satisfy its obligation under this
28.29 paragraph; and

45.11 Sec. 2. Minnesota Statutes 2025 Supplement, section 80A.66, is amended to read:

45.12 **80A.66 SECTION 411; POSTREGISTRATION REQUIREMENTS.**

45.13 (a) **Financial requirements.** Subject to Section 15(h) of the Securities Exchange Act
45.14 of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940
45.15 (15 U.S.C. Section 80b-22), a rule adopted or order issued under this chapter may establish
45.16 minimum financial requirements for broker-dealers registered or required to be registered
45.17 under this chapter and investment advisers registered or required to be registered under this
45.18 chapter.

45.19 (b) **Financial reports.** Subject to Section 15(h) of the Securities Exchange Act of 1934
45.20 (15 U.S.C. Section 78o(h)) or Section 222(b) of the Investment Advisers Act of 1940 (15
45.21 U.S.C. Section 80b-22), a broker-dealer registered or required to be registered under this
45.22 chapter and an investment adviser registered or required to be registered under this chapter
45.23 shall file such financial reports as are required by a rule adopted or order issued under this
45.24 chapter. If the information contained in a record filed under this subsection is or becomes
45.25 inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting
45.26 amendment.

45.27 (c) **Record keeping.** Subject to Section 15(h) of the Securities Exchange Act of 1934
45.28 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15
45.29 U.S.C. Section 80b-22):

45.30 (1) a broker-dealer registered or required to be registered under this chapter and an
45.31 investment adviser registered or required to be registered under this chapter shall make and
45.32 maintain the accounts, correspondence, memoranda, papers, books, and other records
45.33 required by rule adopted or order issued under this chapter;

46.1 (2) broker-dealer records required to be maintained under paragraph (1) may be
46.2 maintained in any form of data storage acceptable under Section 17(a) of the Securities
46.3 Exchange Act of 1934 (15 U.S.C. Section 78q(a)) if they are readily accessible to the
46.4 administrator; ~~and~~

46.5 (3) an investment adviser who does not have any employees is exempt from the written
46.6 supervisory procedures required by this section and Minnesota Rules, chapter 2876. An
46.7 investment adviser who hires an employee must establish and maintain a set of written
46.8 supervisory procedures that are in compliance with this section and Minnesota Rules, chapter
46.9 2876, within 30 days of hiring the employee; and

28.30 ~~(3)~~ (4) investment adviser records required to be maintained under paragraph (d)(1) may
28.31 be maintained in any form of data storage required by rule adopted or order issued under
28.32 this chapter.

28.33 (d) **Records and reports of private funds.**

29.1 (1) **In general.** An investment adviser to a private fund shall maintain such records of,
29.2 and file with the administrator such reports and amendments thereto, that an exempt reporting
29.3 adviser is required to file with the Securities and Exchange Commission pursuant to SEC
29.4 Rule 204-4, Code of Federal Regulations, title 17, section 275.204-4.

29.5 (2) **Treatment of records.** The records and reports of any private fund to which an
29.6 investment adviser provides investment advice shall be deemed to be the records and reports
29.7 of the investment adviser.

29.8 (3) **Required information.** The records and reports required to be maintained by an
29.9 investment adviser, which are subject to inspection by a representative of the administrator
29.10 at any time, shall include for each private fund advised by the investment adviser, a
29.11 description of:

29.12 (A) the amount of assets under management;

29.13 (B) the use of leverage, including off-balance-sheet leverage, as to the assets under
29.14 management;

29.15 (C) counterparty credit risk exposure;

29.16 (D) trading and investment positions;

29.17 (E) valuation policies and practices of the fund;

29.18 (F) types of assets held;

29.19 (G) side arrangements or side letters, whereby certain investors in a fund obtain more
29.20 favorable rights or entitlements than other investors;

29.21 (H) trading practices; and

29.22 (I) such other information as the administrator determines is necessary and appropriate
29.23 in the public interest and for the protection of investors, which may include the establishment
29.24 of different reporting requirements for different classes of fund advisers, based on the type
29.25 or size of the private fund being advised.

29.26 (4) **Filing of records.** A rule or order under this chapter may require each investment
29.27 adviser to a private fund to file reports containing such information as the administrator
29.28 deems necessary and appropriate in the public interest and for the protection of investors.

29.29 (e) **Audits or inspections.** The records of a broker-dealer registered or required to be
29.30 registered under this chapter and of an investment adviser registered or required to be
29.31 registered under this chapter, including the records of a private fund described in paragraph

46.10 ~~(3)~~ (4) investment adviser records required to be maintained under paragraph (d)(1) may
46.11 be maintained in any form of data storage required by rule adopted or order issued under
46.12 this chapter.

46.13 (d) **Records and reports of private funds.**

46.14 (1) **In general.** An investment adviser to a private fund shall maintain such records of,
46.15 and file with the administrator such reports and amendments thereto, that an exempt reporting
46.16 adviser is required to file with the Securities and Exchange Commission pursuant to SEC
46.17 Rule 204-4, Code of Federal Regulations, title 17, section 275.204-4.

46.18 (2) **Treatment of records.** The records and reports of any private fund to which an
46.19 investment adviser provides investment advice shall be deemed to be the records and reports
46.20 of the investment adviser.

46.21 (3) **Required information.** The records and reports required to be maintained by an
46.22 investment adviser, which are subject to inspection by a representative of the administrator
46.23 at any time, shall include for each private fund advised by the investment adviser, a
46.24 description of:

46.25 (A) the amount of assets under management;

46.26 (B) the use of leverage, including off-balance-sheet leverage, as to the assets under
46.27 management;

46.28 (C) counterparty credit risk exposure;

46.29 (D) trading and investment positions;

46.30 (E) valuation policies and practices of the fund;

46.31 (F) types of assets held;

47.1 (G) side arrangements or side letters, whereby certain investors in a fund obtain more
47.2 favorable rights or entitlements than other investors;

47.3 (H) trading practices; and

47.4 (I) such other information as the administrator determines is necessary and appropriate
47.5 in the public interest and for the protection of investors, which may include the establishment
47.6 of different reporting requirements for different classes of fund advisers, based on the type
47.7 or size of the private fund being advised.

47.8 (4) **Filing of records.** A rule or order under this chapter may require each investment
47.9 adviser to a private fund to file reports containing such information as the administrator
47.10 deems necessary and appropriate in the public interest and for the protection of investors.

47.11 (e) **Audits or inspections.** The records of a broker-dealer registered or required to be
47.12 registered under this chapter and of an investment adviser registered or required to be
47.13 registered under this chapter, including the records of a private fund described in paragraph

29.32 (d) and the records of investment advisers to private funds, are subject to such reasonable
30.1 periodic, special, or other audits or inspections by a representative of the administrator,
30.2 within or without this state, as the administrator considers necessary or appropriate in the
30.3 public interest and for the protection of investors. An audit or inspection may be made at
30.4 any time and without prior notice. The administrator may copy, and remove for audit or
30.5 inspection copies of, all records the administrator reasonably considers necessary or
30.6 appropriate to conduct the audit or inspection. The administrator may assess a reasonable
30.7 charge for conducting an audit or inspection under this subsection.

30.8 (f) **Custody and discretionary authority bond or insurance.** Subject to Section 15(h)
30.9 of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the
30.10 Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a rule adopted or order issued
30.11 under this chapter may require a broker-dealer or investment adviser that has custody of or
30.12 discretionary authority over funds or securities of a customer or client to obtain insurance
30.13 or post a bond or other satisfactory form of security in an amount of at least \$25,000, but
30.14 not to exceed \$100,000. The administrator may determine the requirements of the insurance,
30.15 bond, or other satisfactory form of security. Insurance or a bond or other satisfactory form
30.16 of security may not be required of a broker-dealer registered under this chapter whose net
30.17 capital exceeds, or of an investment adviser registered under this chapter whose minimum
30.18 financial requirements exceed, the amounts required by rule or order under this chapter.
30.19 The insurance, bond, or other satisfactory form of security must permit an action by a person
30.20 to enforce any liability on the insurance, bond, or other satisfactory form of security if
30.21 instituted within the time limitations in section 80A.76(j)(2).

30.22 (g) **Requirements for custody.** Subject to Section 15(h) of the Securities Exchange Act
30.23 of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940
30.24 (15 U.S.C. Section 80b-22), an agent may not have custody of funds or securities of a
30.25 customer except under the supervision of a broker-dealer and an investment adviser
30.26 representative may not have custody of funds or securities of a client except under the
30.27 supervision of an investment adviser or a federal covered investment adviser. A rule adopted
30.28 or order issued under this chapter may prohibit, limit, or impose conditions on a broker-dealer
30.29 regarding custody of funds or securities of a customer and on an investment adviser regarding
30.30 custody of securities or funds of a client.

30.31 (h) **Investment adviser brochure rule.** With respect to an investment adviser registered
30.32 or required to be registered under this chapter, a rule adopted or order issued under this
30.33 chapter may require that information or other record be furnished or disseminated to clients
30.34 or prospective clients in this state as necessary or appropriate in the public interest and for
30.35 the protection of investors and advisory clients.

31.1 (i) **Continuing education.** A rule adopted or order issued under this chapter may require
31.2 an individual registered under section 80A.57 or 80A.58 to participate in a continuing
31.3 education program approved by the Securities and Exchange Commission and administered
31.4 by a self-regulatory organization, the North American Securities Administrators Association,
31.5 or the commissioner.

47.14 (d) and the records of investment advisers to private funds, are subject to such reasonable
47.15 periodic, special, or other audits or inspections by a representative of the administrator,
47.16 within or without this state, as the administrator considers necessary or appropriate in the
47.17 public interest and for the protection of investors. An audit or inspection may be made at
47.18 any time and without prior notice. The administrator may copy, and remove for audit or
47.19 inspection copies of, all records the administrator reasonably considers necessary or
47.20 appropriate to conduct the audit or inspection. The administrator may assess a reasonable
47.21 charge for conducting an audit or inspection under this subsection.

47.22 (f) **Custody and discretionary authority bond or insurance.** Subject to Section 15(h)
47.23 of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the
47.24 Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a rule adopted or order issued
47.25 under this chapter may require a broker-dealer or investment adviser that has custody of or
47.26 discretionary authority over funds or securities of a customer or client to obtain insurance
47.27 or post a bond or other satisfactory form of security in an amount of at least \$25,000, but
47.28 not to exceed \$100,000. The administrator may determine the requirements of the insurance,
47.29 bond, or other satisfactory form of security. Insurance or a bond or other satisfactory form
47.30 of security may not be required of a broker-dealer registered under this chapter whose net
47.31 capital exceeds, or of an investment adviser registered under this chapter whose minimum
47.32 financial requirements exceed, the amounts required by rule or order under this chapter.
47.33 The insurance, bond, or other satisfactory form of security must permit an action by a person
48.1 to enforce any liability on the insurance, bond, or other satisfactory form of security if
48.2 instituted within the time limitations in section 80A.76(j)(2).

48.3 (g) **Requirements for custody.** Subject to Section 15(h) of the Securities Exchange Act
48.4 of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940
48.5 (15 U.S.C. Section 80b-22), an agent may not have custody of funds or securities of a
48.6 customer except under the supervision of a broker-dealer and an investment adviser
48.7 representative may not have custody of funds or securities of a client except under the
48.8 supervision of an investment adviser or a federal covered investment adviser. A rule adopted
48.9 or order issued under this chapter may prohibit, limit, or impose conditions on a broker-dealer
48.10 regarding custody of funds or securities of a customer and on an investment adviser regarding
48.11 custody of securities or funds of a client.

48.12 (h) **Investment adviser brochure rule.** With respect to an investment adviser registered
48.13 or required to be registered under this chapter, a rule adopted or order issued under this
48.14 chapter may require that information or other record be furnished or disseminated to clients
48.15 or prospective clients in this state as necessary or appropriate in the public interest and for
48.16 the protection of investors and advisory clients.

48.17 (i) **Continuing education.** A rule adopted or order issued under this chapter may require
48.18 an individual registered under section 80A.57 or 80A.58 to participate in a continuing
48.19 education program approved by the Securities and Exchange Commission and administered
48.20 by a self-regulatory organization, the North American Securities Administrators Association,
48.21 or the commissioner.

31.6 (j) Business continuity and succession plan. An investment adviser registered or
31.7 required to be registered under this chapter must establish, maintain, and enforce written
31.8 policies and procedures relating to business continuity and succession planning. At a
31.9 minimum, the policies and procedures under this paragraph must provide:

31.10 (1) a means to protect, back up, and recover books and records;

31.11 (2) an alternate method to provide notice to customers; key personnel; employees;
31.12 vendors; service providers, including third-party custodians; and regulators, regarding issues
31.13 pertaining to the investment adviser's business operations, including but not limited to
31.14 significant business interruption, the death or unavailability of key personnel, other disruption
31.15 to business activities, or ceasing business operations;

31.16 (3) a plan to relocate the office space for a principal place of business that is subject to
31.17 a temporary or permanent loss;

31.18 (4) a plan to assign duties to qualified responsible persons if key personnel die or are
31.19 otherwise unavailable; and

31.20 (5) a plan to otherwise minimize service disruption and client harm that might result
31.21 from sudden and significant business interruption.

31.22 (k) Physical security and cybersecurity policies and procedures. An investment
31.23 adviser registered or required to be registered under this chapter must establish, implement,
31.24 update, and enforce written physical security and cybersecurity policies and procedures that
31.25 are designed to ensure the confidentiality, integrity, and availability of physical and electronic
31.26 records and information. The policies and procedures must be tailored to the investment
31.27 adviser's business model and must take into account the investment adviser's business size,
31.28 type of service provided, and number of locations.

31.29 (1) The physical security and cybersecurity policies and procedures must:

31.30 (A) protect against reasonably anticipated threats or hazards to the security or integrity
31.31 of client records and information;

31.32 (B) ensure that the investment adviser protects confidential client records and information;
31.33 and

32.1 (C) protect client records and information that, if released, might result in harm or
32.2 inconvenience to the client.

32.3 (2) At a minimum, the physical security and cybersecurity policies and procedures must
32.4 develop and implement:

32.5 (A) an organizational understanding to manage information security risk with respect
32.6 to systems, assets, data, and capabilities;

32.7 (B) safeguards to ensure delivery of critical infrastructure services;

48.22 (j) Business continuity and succession plan. An investment adviser registered or
48.23 required to be registered under this chapter must establish, maintain, and enforce written
48.24 policies and procedures relating to business continuity and succession planning. At a
48.25 minimum, the policies and procedures under this paragraph must provide:

48.26 (1) a means to protect, back up, and recover books and records;

48.27 (2) an alternate method to provide notice to customers; key personnel; employees;
48.28 vendors; service providers, including third-party custodians; and regulators, regarding issues
48.29 pertaining to the investment adviser's business operations, including but not limited to
48.30 significant business interruption, the death or unavailability of key personnel, other disruption
48.31 to business activities, or ceasing business operations;

48.32 (3) a plan to relocate the office space for a principal place of business that is subject to
48.33 a temporary or permanent loss;

49.1 (4) a plan to assign duties to qualified responsible persons if key personnel die or are
49.2 otherwise unavailable; and

49.3 (5) a plan to otherwise minimize service disruption and client harm that might result
49.4 from sudden and significant business interruption.

49.5 (k) Physical security and cybersecurity policies and procedures. An investment
49.6 adviser registered or required to be registered under this chapter must establish, implement,
49.7 update, and enforce written physical security and cybersecurity policies and procedures that
49.8 are designed to ensure the confidentiality, integrity, and availability of physical and electronic
49.9 records and information. The policies and procedures must be tailored to the investment
49.10 adviser's business model and must take into account the investment advisor's business size,
49.11 type of service provided, and number of locations.

49.12 (1) The physical security and cybersecurity policies and procedures must:

49.13 (A) protect against reasonably anticipated threats or hazards to the security or integrity
49.14 of client records and information;

49.15 (B) ensure that the investment adviser protects confidential client records and information;
49.16 and

49.17 (C) protect client records and information that, if released, might result in harm or
49.18 inconvenience to the client.

49.19 (2) At a minimum, the physical security and cybersecurity policies and procedures must
49.20 develop and implement:

49.21 (A) an organizational understanding to manage information security risk with respect
49.22 to systems, assets, data, and capabilities;

49.23 (B) safeguards to ensure delivery of critical infrastructure services;

32.8 (C) actions and tools to identify when an information security event occurs;
32.9 (D) actions to take when **an** information security event is detected; and
32.10 (E) plans for security and system resilience, and to restore capabilities or services that
32.11 are impaired due to an information security event.
32.12 (3) At the time a client engages an investment adviser and on an annual basis thereafter,
32.13 an investment adviser must deliver to the client a privacy policy that is reasonably designed
32.14 to assist the client understand how the investment adviser collects and shares, to the extent
32.15 permitted by state and federal law, nonpublic personal information. If information in the
32.16 policy becomes materially inaccurate, the investment adviser must promptly update and
32.17 deliver an amended privacy policy to the client.
32.18 (l) **Written confirmation.** A broker-dealer must promptly provide to the customer a
32.19 written confirmation at or before completing a transaction in accordance with **FINRA** Rule
32.20 2232, or any successor federal law. The confirmation must:
32.21 (1) describe the security purchased or sold, the date of the transaction, the price of the
32.22 security purchased or sold, and any commission charged;
32.23 (2) indicate whether the broker-dealer acted for the broker-dealer's account, as an agent
32.24 for a customer, as an agent for another person, or **as** an agent for both a customer and another
32.25 person;
32.26 (3) if the broker-dealer is acting as an agent for a customer, include (i) the name of the
32.27 person who purchased the security, (ii) the name of the person who sold the security, or (iii)
32.28 a statement that the information in item (i) or (ii) is available to a customer on request if
32.29 the broker-dealer knows the information or is able to ascertain the information with
32.30 reasonable diligence;
32.31 (4) indicate whether the transaction was unsolicited; and
32.32 (5) indicate the name of the agent that executed the transaction.
33.1 A broker-dealer that complies with Securities and Exchange Commission Rule 10b-10,
33.2 Code of Federal Regulations, title 17, part 240.10b-10, or article III, section 12, of the
33.3 Financial Industry Regulatory Authority Rules of Fair Practice, complies with this paragraph.
33.4 (m) **Conditions; stipulations; provisions.** A broker-dealer is prohibited from entering
33.5 into a contract with a customer if the contract contains a condition, stipulation, or provision
33.6 that binds the customer to waive rights under chapter 80A; Minnesota Rules, chapter 2876;
33.7 or an order issued by the commissioner. A condition, stipulation, or provision included in
33.8 a contract subject to this paragraph is void.
33.9 (n) **Principal office; employment.** A broker-dealer whose principal office is located in
33.10 Minnesota must have at least one registered person employed on a full-time basis at the

49.24 (C) actions and tools to identify when an information security event occurs;
49.25 (D) actions to take when **a** information security event is detected; and
49.26 (E) plans for security and system resilience, and to restore capabilities or services that
49.27 are impaired due to an information security event.
49.28 (3) At the time a client engages an investment adviser and on an annual basis thereafter,
49.29 an investment adviser must deliver to the client a privacy policy that is reasonably designed
49.30 to assist the client understand how the investment adviser collects and shares, to the extent
49.31 permitted by state and federal law, nonpublic personal information. If information in the
50.1 policy becomes materially inaccurate, the investment adviser must promptly update and
50.2 deliver an amended privacy policy to the client.
50.3 (l) **Written confirmation.** A broker-dealer must promptly provide to the customer a
50.4 written confirmation at or before completing a transaction in accordance with **the Financial**
50.5 **Industry Regulatory Authority** Rule 2232, or any successor federal law. The confirmation
50.6 must:
50.7 (1) describe the security purchased or sold, the date of the transaction, the price of the
50.8 security purchased or sold, and any commission charged;
50.9 (2) indicate whether the broker-dealer acted for the broker-dealer's account, as an agent
50.10 for a customer, as an agent for another person, or an agent for both a customer and another
50.11 person;
50.12 (3) if the broker-dealer is acting as an agent for a customer, include (i) the name of the
50.13 person who purchased the security, (ii) the name of the person who sold the security, or (iii)
50.14 a statement that the information in item (i) or (ii) is available to a customer on request if
50.15 the broker-dealer knows the information or is able to ascertain the information with
50.16 reasonable diligence;
50.17 (4) indicate whether the transaction was unsolicited; and
50.18 (5) indicate the name of the agent that executed the transaction.
50.19 A broker-dealer that complies with Securities and Exchange Commission Rule 10b-10,
50.20 Code of Federal Regulations, title 17, part 240.10b-10, or article III, section 12, of the
50.21 Financial Industry Regulatory Authority Rules of Fair Practice, complies with this paragraph.
50.22 (m) **Conditions; stipulations; provisions.** A broker-dealer is prohibited from entering
50.23 into a contract with a customer if the contract contains a condition, stipulation, or provision
50.24 that binds the customer to waive rights under chapter 80A; Minnesota Rules, chapter 2876;
50.25 or an order issued by the commissioner. A condition, stipulation, or provision included in
50.26 a contract subject to this paragraph is void.
50.27 (n) **Principal office; employment.** A broker-dealer whose principal office is located in
50.28 Minnesota must have at least one registered person employed on a full-time basis at the

33.11 principal office located in Minnesota. This paragraph does not apply to a broker-dealer
33.12 engaged solely in offering and selling:

33.13 (1) interests in a direct participation program; or

33.14 (2) securities issued by open-end investment companies, face amount certificate
33.15 companies, or unit investment trusts registered under the Investment Company Act of 1940,
33.16 United States Code, title 15, sections 80a-1 to 80a-64.

33.17 Sec. 3. Minnesota Statutes 2024, section 80A.69, is amended to read:

33.18 **80A.69 SECTION 502; PROHIBITED CONDUCT IN PROVIDING INVESTMENT**
33.19 **ADVICE.**

33.20 **(a) Fraud in providing investment advice.** It is unlawful for a person that advises
33.21 others for compensation, either directly or indirectly or through publications or writings, as
33.22 to the value of securities or the advisability of investing in, purchasing, or selling securities
33.23 or that, for compensation and as part of a regular business, issues or promulgates analyses
33.24 or reports relating to securities:

33.25 (1) to employ a device, scheme, or artifice to defraud another person; or

33.26 (2) to engage in an act, practice, or course of business that operates or would operate as
33.27 a fraud or deceit upon another person.

33.28 **(b) Rules defining fraud.** A rule adopted under this chapter may define an act, practice,
33.29 or course of business of an investment adviser or an investment adviser representative, other
33.30 than a supervised person of a federal covered investment adviser, as fraudulent, deceptive,
33.31 or manipulative, and prescribe means reasonably designed to prevent investment advisers
33.32 and investment adviser representatives, other than supervised persons of a federal covered
34.1 investment adviser, from engaging in acts, practices, and courses of business defined as
34.2 fraudulent, deceptive, or manipulative.

34.3 **(c) Rules specifying contents of advisory contract.** A rule adopted under this chapter
34.4 may specify the contents of an investment advisory contract entered into, extended, or
34.5 renewed by an investment adviser.

34.6 Sec. 4. **[80A.691] BROKER-DEALERS; AGENTS; DISHONEST OR UNETHICAL**
34.7 **BUSINESS PRACTICES.**

34.8 Subdivision 1. **Broker-dealers; standards and principles.** A broker-dealer must observe
34.9 high standards of commercial honor and just and equitable principles of trade when
34.10 conducting the broker-dealer's business. An act or practice that is contrary to the standards
34.11 constitutes grounds for the administrator to deny, suspend, or revoke the broker-dealer's
34.12 registration or to take other action authorized by statute. For purposes of this subdivision,
34.13 an act or practice that is contrary to the standards includes:

50.29 principal office located in Minnesota. This paragraph does not apply to a broker-dealer
50.30 engaged solely in offering and selling:

50.31 (1) interests in a direct participation program; or

51.1 (2) securities issued by open-end investment companies, face amount certificate
51.2 companies, or unit investment trusts registered under the Investment Company Act of 1940,
51.3 United States Code, title 15, sections 80a-1 to 80a-64.

51.4 Sec. 3. **[80A.691] BROKER-DEALERS; AGENTS; DISHONEST OR UNETHICAL**
51.5 **BUSINESS PRACTICES.**

51.6 Subdivision 1. **Broker-dealers; standards and principles.** A broker-dealer must observe
51.7 high standards of commercial honor and just and equitable principles of trade when
51.8 conducting the broker-dealer's business. An act or practice that is contrary to the standards
51.9 constitutes grounds for the administrator to deny, suspend, or revoke the broker-dealer's
51.10 registration or to take other action authorized by statute. For purposes of this subdivision,
51.11 an act or practice that is contrary to the standards includes:

34.14 (1) engaging in a pattern of unreasonable and unjustifiable delays with respect to: (i)
34.15 delivering securities purchased by a customer; or (ii) upon request, paying free credit balances
34.16 reflecting a customer's completed transactions;

34.17 (2) inducing trading in a customer's account that is excessive in size or frequency
34.18 considering the account's financial resources and character;

34.19 (3) recommending that a customer purchase, sell, or exchange a security without
34.20 reasonable grounds to believe the transaction or recommendation is suitable for the customer,
34.21 based on: (i) a reasonable inquiry regarding the customer's investment objectives, financial
34.22 situation, and needs; and (ii) other relevant information known by the broker-dealer;

34.23 (4) making a recommendation of any security transaction or investment strategy involving
34.24 securities, including account recommendations, to a retail customer if the recommendation
34.25 does not comply with the obligations set forth in Code of Federal Regulations, title 17,
34.26 section 240.151-1;

34.27 (5) executing a transaction on behalf of a customer without the customer's authorization;

34.28 (6) exercising discretionary power to effect a transaction for a customer's account without
34.29 first obtaining written discretionary authority from the customer, unless the discretionary
34.30 power relates solely to the time the order is executed or the order's price;

34.31 (7) executing a transaction in a margin account without securing from the customer a
34.32 properly executed written margin agreement promptly after the account's initial transaction;

35.1 (8) failing to segregate customers' free securities or securities held in safekeeping;

35.2 (9) hypothecating a customer's securities without having a lien on the customer's
35.3 securities, unless the broker-dealer secures the customer's properly executed written consent
35.4 promptly after the initial transaction, except as permitted by Securities and Exchange
35.5 Commission regulations;

35.6 (10) entering into a transaction with or for a customer at a price that is not reasonably
35.7 related to the security's current market price, or receiving an unreasonable commission or
35.8 profit;

35.9 (11) failing to furnish to a customer purchasing securities in an offering, no later than
35.10 the due date for the transaction's confirmation: (i) a final prospectus; or (ii) a preliminary
35.11 prospectus and an additional document that, when combined with the preliminary prospectus,
35.12 includes all of the information included in the final prospectus;

35.13 (12) charging an unreasonable or inequitable fee for services performed, including: (i)
35.14 miscellaneous services that include but are not limited to collecting money due for principal,
35.15 dividends or interest, exchanging or transferring securities, appraisals, safekeeping, or
35.16 maintaining custody of securities; and (ii) other services related to the broker-dealer's
35.17 securities business;

51.12 (1) engaging in a pattern of unreasonable and unjustifiable delays with respect to: (i)
51.13 delivering securities purchased by a customer; or (ii) upon request, paying free credit balances
51.14 reflecting a customer's completed transactions;

51.15 (2) inducing trading in a customer's account that is excessive in size or frequency
51.16 considering the account's financial resources and character;

51.17 (3) recommending that a customer purchase, sell, or exchange a security without
51.18 reasonable grounds to believe the transaction or recommendation is suitable for the customer,
51.19 based on: (i) a reasonable inquiry regarding the customer's investment objectives, financial
51.20 situation, and needs; and (ii) other relevant information known by the broker-dealer;

51.21 (4) recommending a security transaction or investment strategy involving securities,
51.22 including account recommendations, to a retail customer if the recommendation does not
51.23 comply with the obligations set forth in Code of Federal Regulations, title 17, section
51.24 240.151-1;

51.25 (5) executing a transaction on behalf of a customer without the customer's authorization;

51.26 (6) exercising discretionary power to effect a transaction for a customer's account without
51.27 first obtaining written discretionary authority from the customer, unless the discretionary
51.28 power relates solely to the time the order is executed or the order's price;

51.29 (7) executing a transaction in a margin account without securing from the customer a
51.30 properly executed written margin agreement promptly after the account's initial transaction;

51.31 (8) failing to segregate customers' free securities or securities held in safekeeping;

52.1 (9) hypothecating a customer's securities without having a lien on the customer's
52.2 securities, unless the broker-dealer secures the customer's properly executed written consent
52.3 promptly after the initial transaction, except as permitted by Securities and Exchange
52.4 Commission regulations;

52.5 (10) entering into a transaction with or for a customer at a price that is not reasonably
52.6 related to the security's current market price, or receiving an unreasonable commission or
52.7 profit;

52.8 (11) failing to furnish to a customer purchasing securities in an offering, no later than
52.9 the due date for the transaction's confirmation: (i) a final prospectus; or (ii) a preliminary
52.10 prospectus and an additional document that, when combined with the preliminary prospectus,
52.11 includes all of the information included in the final prospectus;

52.12 (12) charging an unreasonable or inequitable fee for services performed, including: (i)
52.13 miscellaneous services that include but are not limited to collecting money due for principal,
52.14 dividends or interest, exchanging or transferring securities, appraisals, safekeeping, or
52.15 maintaining custody of securities; and (ii) other services related to the broker-dealer's
52.16 securities business;

35.18 (13) offering to buy or sell a security at a stated price if the broker-dealer is not prepared
35.19 to purchase or sell at the stated price and under the stated conditions at the time the offer
35.20 to buy or sell is made;

35.21 (14) representing that a security is being offered to a customer "at the market" or at a
35.22 price relevant to the market price, unless the broker-dealer knows or has reasonable grounds
35.23 to believe a market for the security exists other than the market made, created, or controlled
35.24 by: (i) the broker-dealer; (ii) a person for whom the broker-dealer is acting or with whom
35.25 the broker-dealer is associated with respect to the security's distribution; or (iii) a person
35.26 controlled by, controlling, or under common control with the broker-dealer;

35.27 (15) effecting a transaction in, or inducing the purchase or sale of, a security using a
35.28 manipulative, deceptive, or fraudulent device, practice, plan, program, design, or contrivance,
35.29 which includes but is not limited to:

35.30 (i) effecting a transaction in a security that involves no change in the security's beneficial
35.31 ownership;

35.32 (ii) entering an order to purchase or sell a security with the knowledge that at least one
35.33 other order for the same security that is substantially the same size, entered at substantially
36.1 the same time, and for substantially the same price as the order has been or will be entered
36.2 by or for the same or a different party to create (A) a false or misleading appearance of
36.3 active trading in the security, or (B) a false or misleading appearance with respect to the
36.4 market for the security. This item does not prohibit a broker-dealer from entering bona fide
36.5 agency cross transactions for the broker-dealer's customers; or

36.6 (iii) effecting, alone or with another person, a series of transactions in a security that
36.7 creates actual or apparent active trading in the security, or raises or reduces the price of the
36.8 security, to induce others to purchase or sell the security;

36.9 (16) guaranteeing a customer against loss in: (i) a securities account the broker-dealer
36.10 carries for the customer; (ii) a securities transaction effected by the broker-dealer; or (iii) a
36.11 securities transaction effected by the broker-dealer with or for the customer;

36.12 (17) publishing or circulating, or causing to be published or circulated, a notice, circular,
36.13 advertisement, newspaper article, investment service, or communication of any kind that
36.14 purports to: (i) report a transaction as a purchase or sale of a security, unless the broker-dealer
36.15 believes that the transaction was a bona fide purchase or sale of the security; or (ii) quote
36.16 the bid price or asked price for a security, unless the broker-dealer believes the quote
36.17 represents a bona fide bid for or offer of the security;

36.18 (18) using an advertising or sales presentation in a manner that is deceptive or misleading,
36.19 including but not limited to distributing: (i) nonfactual data, material, or a presentation based
36.20 on conjecture, unfounded **claims**, or unrealistic claims; or (ii) assertions in a brochure, flyer,
36.21 or display using words, pictures, graphs, or other representations that are designed to
36.22 supplement, detract from, supersede, or defeat a prospectus' or disclosure's purpose or effect;

52.17 (13) offering to buy or sell a security at a stated price if the broker-dealer is not prepared
52.18 to purchase or sell at the stated price and under the stated conditions at the time the offer
52.19 to buy or sell is made;

52.20 (14) representing that a security is being offered to a customer "at the market" or at a
52.21 price relevant to the market price, unless the broker-dealer knows or has reasonable grounds
52.22 to believe a market for the security exists other than the market made, created, or controlled
52.23 by: (i) the broker-dealer; (ii) a person for whom the broker-dealer is acting or with whom
52.24 the broker-dealer is associated with respect to the security's distribution; or (iii) a person
52.25 controlled by, controlling, or under common control with the broker-dealer;

52.26 (15) effecting a transaction in, or inducing the purchase or sale of, a security using a
52.27 manipulative, deceptive, or fraudulent device, practice, plan, program, design, or contrivance,
52.28 which includes but is not limited to:

52.29 (i) effecting a transaction in a security that involves no change in the security's beneficial
52.30 ownership;

52.31 (ii) entering an order to purchase or sell a security with the knowledge that at least one
52.32 other order for the same security that is substantially the same size, entered at substantially
52.33 the same time, and for substantially the same price as the order has been or will be entered
53.1 by or for the same or a different party to create (A) a false or misleading appearance of
53.2 active trading in the security, or (B) a false or misleading appearance with respect to the
53.3 market for the security. This item does not prohibit a broker-dealer from entering bona fide
53.4 agency cross transactions for the broker-dealer's customers; or

53.5 (iii) effecting, alone or with another person, a series of transactions in a security that
53.6 creates actual or apparent active trading in the security, or raises or reduces the price of the
53.7 security, to induce others to purchase or sell the security;

53.8 (16) guaranteeing a customer against loss in: (i) a securities account the broker-dealer
53.9 carries for the customer; (ii) a securities transaction effected by the broker-dealer; or (iii) a
53.10 securities transaction effected by the broker-dealer with or for the customer;

53.11 (17) publishing or circulating, or causing to be published or circulated, a notice, circular,
53.12 advertisement, newspaper article, investment service, or communication of any kind that
53.13 purports to: (i) report a transaction as a purchase or sale of a security, unless the broker-dealer
53.14 believes that the transaction was a bona fide purchase or sale of the security; or (ii) quote
53.15 the bid price or asked price for a security, unless the broker-dealer believes the quote
53.16 represents a bona fide bid for or offer of the security;

53.17 (18) using an advertising or sales presentation in a manner that is deceptive or misleading,
53.18 including but not limited to distributing: (i) nonfactual data, material, or a presentation based
53.19 on conjecture, unfounded or unrealistic claims; or (ii) assertions in a brochure, flyer, or
53.20 display using words, pictures, graphs, or other representations that are designed to
53.21 supplement, detract from, supersede, or defeat a prospectus' or disclosure's purpose or effect;

36.23 (19) failing to disclose to a customer, before entering into a contract with or for a customer
36.24 to purchase or sell a security, that the broker-dealer is controlled by, controlling, affiliated
36.25 with, or under common control with the security's issuer. If a disclosure under this clause
36.26 is not made in writing, the disclosure must be supplemented by giving or sending written
36.27 disclosure before or at the time the transaction is completed;

36.28 (20) failing to make a bona fide public offering of all of the securities allotted to a
36.29 broker-dealer for distribution, whether the securities are acquired as an underwriter, as a
36.30 selling group member, or from a member participating in the distribution as an underwriter
36.31 or selling group member;

36.32 (21) failing or refusing to: (i) furnish a customer, upon reasonable request, information
36.33 the customer is entitled to; or (ii) respond to a formal written request or complaint;

37.1 (22) failing to pay and fully satisfy a final judgment or arbitration award resulting from
37.2 an arbitration or court proceeding relating to an investment and initiated by the customer,
37.3 unless: (i) the customer and broker-dealer, or broker-dealer's agent, agree in writing to an
37.4 alternative payment arrangement; and (ii) the broker-dealer or broker-dealer's agent complies
37.5 with the terms of the alternative payment arrangement;

37.6 (23) attempting to avoid paying a final judgment or arbitration award resulting from an
37.7 arbitration or court proceeding relating to an investment and initiated by the customer,
37.8 unless: (i) the customer and broker-dealer, or broker-dealer's agent, agree in writing to an
37.9 alternative payment arrangement; and (ii) the broker-dealer or broker-dealer's agent complies
37.10 with the terms of the alternative payment arrangement;

37.11 (24) failing to pay and fully satisfy a fine, civil penalty, order of restitution, order of
37.12 disgorgement, or similar monetary payment obligation imposed upon the broker-dealer or
37.13 broker-dealer's agent by the Securities and Exchange Commission, a state or provincial
37.14 securities or other financial services regulator, or a self-regulatory organization;

37.15 (25) accessing a client's account by using the client's unique identifying information,
37.16 including but not limited to the client's username and password;

37.17 (26) in connection with soliciting a sale or purchase of an over-the-counter non-NASDAQ
37.18 security, failing to promptly provide the most current prospectus or the most recently filed
37.19 periodic report filed under Section 13 of the Securities Exchange Act of 1934, United States
37.20 Code, title 15, section 78m, as amended, if the broker-dealer receives a request from a
37.21 customer;

37.22 (27) marking an order ticket or confirmation as unsolicited if the transaction is solicited;

37.23 (28) for each month in which activity has occurred in a customer's account and no less
37.24 frequently than once every three months regardless of whether customer account activity
37.25 has occurred, failing to provide the customer with an account statement that, with respect
37.26 to all over-the-counter non-NASDAQ equity securities in the account, contains a value for
37.27 each security based on the closing market bid on a date certain. This clause applies only if

53.22 (19) failing to disclose to a customer, before entering into a contract with or for a customer
53.23 to purchase or sell a security, that the broker-dealer is controlled by, controlling, affiliated
53.24 with, or under common control with the security's issuer. If a disclosure under this clause
53.25 is not made in writing, the disclosure must be supplemented by giving or sending written
53.26 disclosure before or at the time the transaction is completed;

53.27 (20) failing to make a bona fide public offering of all of the securities allotted to a
53.28 broker-dealer for distribution, whether the securities are acquired as an underwriter, a selling
53.29 group member, or from a member participating in the distribution as an underwriter or
53.30 selling group member;

53.31 (21) failing or refusing to: (i) furnish a customer, upon reasonable request, information
53.32 the customer is entitled to; or (ii) respond to a formal written request or complaint;

54.1 (22) failing to pay and fully satisfy a final judgment or arbitration award resulting from
54.2 an arbitration or court proceeding relating to an investment and initiated by the customer,
54.3 unless: (i) the customer and broker-dealer, or broker-dealer's agent, agree in writing to an
54.4 alternative payment arrangement; and (ii) the broker-dealer or broker-dealer's agent complies
54.5 with the terms of the alternative payment arrangement;

54.6 (23) attempting to avoid paying a final judgment or arbitration award resulting from an
54.7 arbitration or court proceeding relating to an investment and initiated by the customer,
54.8 unless: (i) the customer and broker-dealer, or broker-dealer's agent, agree in writing to an
54.9 alternative payment arrangement; and (ii) the broker-dealer or broker-dealer's agent complies
54.10 with the terms of the alternative payment arrangement;

54.11 (24) failing to pay and fully satisfy a fine, civil penalty, order of restitution, order of
54.12 disgorgement, or similar monetary payment obligation imposed upon the broker-dealer or
54.13 broker-dealer's agent by the Securities and Exchange Commission, a state or provincial
54.14 securities or other financial services regulator, or a self-regulatory organization;

54.15 (25) accessing a client's account by using the client's unique identifying information,
54.16 including but not limited to the client's username and password;

54.17 (26) in connection with soliciting a sale or purchase of an over-the-counter non-NASDAQ
54.18 security, failing to promptly provide the most current prospectus or the most recently filed
54.19 periodic report filed under Section 13 of the Securities Exchange Act of 1934, United States
54.20 Code, title 15, section 78m, as amended, if the broker-dealer receives a request from a
54.21 customer;

54.22 (27) marking an order ticket or confirmation as unsolicited if the transaction is solicited;

54.23 (28) for each month in which activity has occurred in a customer's account and no less
54.24 frequently than once every three months regardless of whether customer account activity
54.25 has occurred, failing to provide the customer with an account statement that, with respect
54.26 to all over-the-counter non-NASDAQ equity securities in the account, contains a value for
54.27 each security based on the closing market bid on a date certain. This clause applies only if

37.28 the broker-dealer has been a market maker in the security at any time during the month in
37.29 which the monthly or quarterly statement is issued; or

37.30 (29) failing to comply with an applicable provision of the Financial Industry Regulatory
37.31 Authority conduct rules or an applicable fair practice or ethical standard promulgated by
37.32 the Securities and Exchange Commission or a self-regulatory organization approved by the
37.33 Securities and Exchange Commission.

38.1 Subd. 2. **Broker-dealer's agents; standards and principles.** A broker-dealer's agent
38.2 must observe high standards of commercial honor and just and equitable principles of trade
38.3 when conducting the broker-dealer's agent's business. An act or practice that is contrary to
38.4 the standards constitutes grounds for the administrator to deny, suspend, or revoke the
38.5 broker-dealer's agent's registration or to take other action authorized by statute. For purposes
38.6 of this subdivision, an act or practice that is contrary to the standards includes:

38.7 (1) lending to or borrowing from a customer money or securities, or acting as a custodian
38.8 for a customer's money, securities, or executed stock power, unless otherwise permissible
38.9 under FINRA Rule 3240 or any successor federal law;

38.10 (2) effecting securities transactions that are not recorded on the regular books or records
38.11 maintained by the broker-dealer the broker-dealer's agent represents, unless the transactions
38.12 are authorized in writing by the broker-dealer before executing the transaction or exempt
38.13 as subscription-way transactions under Rule 17a-3 of the Securities Exchange Act of 1934
38.14 or any successor federal law;

38.15 (3) establishing or maintaining an account that contains fictitious information in order
38.16 to execute transactions that are otherwise prohibited;

38.17 (4) sharing directly or indirectly in profits or losses in a customer account without the
38.18 written authorization from the customer and the broker-dealer the broker-dealer's agent
38.19 represents;

38.20 (5) dividing or otherwise splitting the broker-dealer's agent's commissions, profits, or
38.21 other compensation from purchasing or selling securities with a person who is not also
38.22 registered as a broker-dealer's agent for the same broker-dealer or for a broker-dealer under
38.23 direct or indirect common control or unless otherwise allowed under Securities and Exchange
38.24 Commission rules, guidance, or authorization; or

38.25 (6) engaging in the conduct specified under subdivision 1, clause (2), (3), (4), (5), (6),
38.26 (7), (10), (11), (15), (16), (17), (18), (22), (23), (24), (25), (26), (27), (28), or (29).

38.27 Subd. 3. **Conduct specified not exclusive.** The conduct identified as a violation under
38.28 subdivisions 1 and 2 is not exclusive. A broker-dealer or broker-dealer's agent that engages
38.29 in other conduct, including but not limited to forgery, embezzlement, nondisclosure,
38.30 incomplete disclosure, misstatement of material facts, or manipulative or deceptive practices,
38.31 is also subject to denial, suspension, or revocation of registration.

54.28 the broker-dealer has been a market maker in the security at any time during the month in
54.29 which the monthly or quarterly statement is issued; or

54.30 (29) failing to comply with an applicable provision of the Financial Industry Regulatory
54.31 Authority conduct rules or an applicable fair practice or ethical standard promulgated by
54.32 the Securities and Exchange Commission or a self-regulatory organization approved by the
54.33 Securities and Exchange Commission.

55.1 Subd. 2. **Broker-dealer's agents; standards and principles.** A broker-dealer's agent
55.2 must observe high standards of commercial honor and just and equitable principles of trade
55.3 when conducting the broker-dealer's agent's business. An act or practice that is contrary to
55.4 the standards constitutes grounds for the administrator to deny, suspend, or revoke the
55.5 broker-dealer's agent's registration or to take other action authorized by statute. For purposes
55.6 of this subdivision, an act or practice that is contrary to the standards includes:

55.7 (1) lending to or borrowing from a customer money or securities, or acting as a custodian
55.8 for a customer's money, securities, or executed stock power, unless otherwise permissible
55.9 under the Financial Industry Regulatory Authority Rule 3240, or any successor federal law;

55.10 (2) effecting securities transactions that are not recorded on the regular books or records
55.11 maintained by the broker-dealer the broker-dealer's agent represents, unless the transactions
55.12 are authorized in writing by the broker-dealer before executing the transaction or exempt
55.13 as subscription-way transactions under Code of Federal Regulations, title 17, section
55.14 240.17a-3, or any successor federal law;

55.15 (3) establishing or maintaining an account that contains fictitious information in order
55.16 to execute transactions that are otherwise prohibited;

55.17 (4) sharing directly or indirectly in profits or losses in a customer account without the
55.18 written authorization from the customer and the broker-dealer the broker-dealer's agent
55.19 represents;

55.20 (5) dividing or otherwise splitting the broker-dealer's agent's commissions, profits, or
55.21 other compensation from purchasing or selling securities with a person who is not also
55.22 registered as a broker-dealer's agent for the same broker-dealer or for a broker-dealer under
55.23 direct or indirect common control or unless otherwise allowed under the Security Exchange
55.24 Act of 1934 rules, guidance, or authorization; or

55.25 (6) engaging in the conduct specified under subdivision 1, clause (2), (3), (4), (5), (6),
55.26 (7), (10), (11), (15), (16), (17), (18), (22), (23), (24), (25), (26), (27), (28), or (29).

55.27 Subd. 3. **Conduct specified not exclusive.** The conduct identified as a violation under
55.28 subdivisions 1 and 2 is not exclusive. A broker-dealer or broker-dealer's agent that engages
55.29 in other conduct, including but not limited to forgery, embezzlement, nondisclosure,
55.30 incomplete disclosure or misstatement of material facts, or manipulative or deceptive
55.31 practices, is also subject to denial, suspension, or revocation of registration.

39.1 Sec. 5. Minnesota Statutes 2024, section 80C.12, subdivision 1, is amended to read:

39.2 Subdivision 1. **Grounds.** The commissioner, with or without prior notice or hearing,
39.3 may issue a cease and desist order and may issue an order denying, suspending or revoking
39.4 any registration, amendment or exemption on finding any of the following:

39.5 ~~(a)~~ (1) that the applicant, registrant or franchisor or any officer, director, agent or
39.6 employee thereof or any other person has violated or failed to comply with any provision
39.7 of sections 80C.01 to 80C.22 or any rule or order of the commissioner;

39.8 ~~(b)~~ (2) that the offer, sale, or purchase of the franchise would constitute misrepresentation
39.9 to or deceit or fraud upon purchasers thereof, or has worked or tended to work a fraud upon
39.10 purchasers or would so operate;

39.11 ~~(c)~~ (3) that the applicant, registrant or franchisor or any officer, director, agent or
39.12 employee thereof or any other person is engaging or about to engage in false, fraudulent or
39.13 deceptive practices in connection with the offer and sale of a franchise;

39.14 ~~(d)~~ (4) that any person identified in a public offering statement has been: (i) convicted
39.15 of an offense or held liable in a civil action by final judgment described in section 80C.04,
39.16 subdivision 1, paragraph (e), clause ~~(5)~~ (1), has a civil or criminal action pending as described
39.17 in section 80C.04, subdivision 1, paragraph (e), clause (5), or is subject to an order, ~~or has~~
39.18 had a civil judgment entered against the person as described in section 80C.04, clause (5),
39.19 described in section 80C.04, subdivision 1, paragraph (e), clauses (2) to (4); and (ii) the
39.20 involvement of the person in the business of the applicant or franchisor creates a substantial
39.21 risk to prospective franchisees;

39.22 ~~(e)~~ (5) that the financial condition of the franchisor adversely affects or would adversely
39.23 affect the ability of the franchisor to fulfill its obligations under the franchise agreement;

39.24 ~~(f)~~ (6) that the franchisor's enterprise or method of business includes or would include
39.25 activities which are illegal where performed; or

39.26 ~~(g)~~ (7) that the method of sale or proposed method of sale of franchises or the operation
39.27 of the business of the franchisor or any term or condition of the franchise agreement or any
39.28 practice of the franchisor is or would be unfair or inequitable to franchisees.

56.1 Sec. 4. Minnesota Statutes 2024, section 80C.12, subdivision 1, is amended to read:

56.2 Subdivision 1. **Grounds.** The commissioner, with or without prior notice or hearing,
56.3 may issue a cease and desist order and may issue an order denying, suspending or revoking
56.4 any registration, amendment or exemption on finding any of the following:

56.5 ~~(a)~~ (1) that the applicant, registrant or franchisor or any officer, director, agent or
56.6 employee thereof or any other person has violated or failed to comply with any provision
56.7 of sections 80C.01 to 80C.22 or any rule or order of the commissioner;

56.8 ~~(b)~~ (2) that the offer, sale, or purchase of the franchise would constitute misrepresentation
56.9 to or deceit or fraud upon purchasers thereof, or has worked or tended to work a fraud upon
56.10 purchasers or would so operate;

56.11 ~~(c)~~ (3) that the applicant, registrant or franchisor or any officer, director, agent or
56.12 employee thereof or any other person is engaging or about to engage in false, fraudulent or
56.13 deceptive practices in connection with the offer and sale of a franchise;

56.14 ~~(d)~~ (4) that any person identified in a public offering statement has been: (i) convicted
56.15 of an offense or held liable in a civil action by final judgment described in section 80C.04,
56.16 subdivision 1, paragraph (e), clause ~~(5)~~ (1), has a civil or criminal action pending as described
56.17 in section 80C.04, subdivision 1, paragraph (e), clause (5), or is subject to an order, ~~or has~~
56.18 had a civil judgment entered against the person as described in section 80C.04, clause (5),
56.19 described in section 80C.04, subdivision 1, paragraph (e), clauses (2) to (4); and (ii) the
56.20 involvement of the person in the business of the applicant or franchisor creates a substantial
56.21 risk to prospective franchisees;

56.22 ~~(e)~~ (5) that the financial condition of the franchisor adversely affects or would adversely
56.23 affect the ability of the franchisor to fulfill its obligations under the franchise agreement;

56.24 ~~(f)~~ (6) that the franchisor's enterprise or method of business includes or would include
56.25 activities which are illegal where performed; or

56.26 ~~(g)~~ (7) that the method of sale or proposed method of sale of franchises or the operation
56.27 of the business of the franchisor or any term or condition of the franchise agreement or any
56.28 practice of the franchisor is or would be unfair or inequitable to franchisees.