

Date of Hearing: May 19, 2020

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Monique Limón, Chair

AB 2637 (Limón) – As Amended May 4, 2020

**SUBJECT:** Broker-dealers: exemptions: finders: filings

**SUMMARY:** Modifies the deadline for a finder to submit its annual renewal statement of information under the Corporate Securities Law of 1968 and gives the Commissioner of Business Oversight authority to require finders to include on that statement of information any information the commissioner reasonably determines is necessary, as specified.

Specifically, **this bill:**

- 1) Requires finders to submit their annual renewal statements of information on or before December 31 following the anniversary of their initial statements of information filings.
- 2) Adds “any other information the commissioner, by rule or order, reasonably determines is necessary” to the list of information that must be included in a finder’s renewal statement of information.

**EXISTING LAW:**

- 1) Defines finders, as specified, under the Corporate Securities Law of 1968 and exempts finders from the requirement to be registered as a broker-dealers, as long as they adhere to several requirements and refrain from engaging in several prohibited acts. Among the requirements, each finder must submit a statement of information about him or herself; pay a filing fee to the Department of Business Oversight (DBO); and submit an annual renewal statement of information to DBO within 30 days of the anniversary of the finder’s initial statement of information.

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

The purpose of this bill is to reduce the administrative burden on DBO related to tracking the annual report deadlines for finders under the Corporate Securities Law. A finder is a natural person who engages in the business of connecting accredited investors with issuers of securities. Among other requirements, a finder must submit an annual renewal statement of information to DBO within 30 days of the anniversary of the finder’s initial statement of information. This means that the due dates for finders are scattered throughout the year, which requires that DBO track each due date individually and follow-up with finders throughout the year if they miss the due date. This bill would change the due date to December 31 for all finders, which will simplify the administrative processes related to tracking compliance with the annual reporting requirement.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None received.

**Opposition**

None received.

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