



SPONSOR: Rep. George & Sen. Blevins;
Reps. Hudson, J. Johnson, Keeley, Manolakos, Miro,
Mitchell, Scott; Sen. Sokola

HOUSE OF REPRESENTATIVES
146th GENERAL ASSEMBLY

HOUSE BILL NO. 88

AN ACT TO AMEND TITLE 6 OF THE DELAWARE CODE RELATING TO THE REGULATION OF SECURITIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fifths of all members elected to each house thereof concurring therein):

1 Section 1. Amend § 7302(a)(16), Title 6 of the Delaware Code by striking said paragraph in its entirety and
2 inserting in lieu thereof the following:

3 “(16) ‘Securities Act of 1933’ means the federal statute of that name, 15 U.S.C. §77r, *et. seq.*”.

4 Section 2. Amend § 7302(a)(2), Title 6 of the Delaware Code by striking the phrase “(4)(D) of the Securities Act”
5 where it appears in said paragraph and inserting in lieu thereof the phrase “§ 18(b)(4)(D) of the Securities Act”.

6 Section 3. Amend § 7302(a)(17), Title 6 of the Delaware Code by inserting the following immediately after the
7 phrase “options on commodities”, the phrase “; annuity contract; advance fee agreement”.

8 Section 4. Amend § 7302(a)(17), Title 6 of the Delaware Code by striking the sentence “Security does not include
9 any insurance or endowment policy or annuity contract under which an insurance company promises to pay money either in
10 a lump sum or periodically for life or for some other specified period.”, where it appears in said paragraph.

11 Section 5. Amend § 7302(a), Title 6 of the Delaware Code by inserting the following new definitional paragraphs
12 in the appropriate locations to preserve the alphabetical order of the paragraphs in said subsection and by renumbering the
13 definitional paragraphs in said subsection accordingly:

14 “‘Investment Company Act of 1940’ means the federal statute of that name, 15 U.S.C. § 80a-1, *et. seq.*”.

15 “‘Securities Exchange Act of 1934’ means the federal statute of that name, 15 U.S.C. § 78a, *et. seq.*”.

16 “‘Public Utility Holding Company Act of 2005’ means the federal statute of that name, 15 U.S.C. § 16451, *et.*
17 *seq.*”.

18 Section 6. Amend § 7302(a), Title 6 of the Delaware Code by inserting a new definitional paragraph to read as
19 follows and by renumbering the definitional paragraphs in said subsection accordingly:

20 (19) ‘Viatical settlement contract’ means an agreement for the purchase, sale, assignment, transfer, devise
21 or bequest of any portion of the death benefit or ownership of a life insurance policy or certificate for

consideration that is less than the expected death benefit of the life insurance policy or certificate. ‘Viatical settlement contract’ does not include:

a. The assignment, transfer, sale, devise, or bequest of a death benefit, life insurance policy or certificate of insurance by the viator to the viatical settlement provider pursuant to the Delaware Viatical Settlements Act (18 Del. C. Chapter 75);

b. The assignment, transfer, sale, devise or bequest of a life insurance policy, for any value less than the expected death benefit, by the viator to a friend or family member who enters into no more than one such agreement in a calendar year;

c. An assignment of a life insurance policy to a bank, savings bank, savings and loan association, credit union or other licensed lending institution as collateral for a loan; or

d. The exercise of accelerated benefits pursuant to the terms of the life insurance policy.

Section 7. Amend § 7303, Title 6 of the Delaware Code by striking said Section in its entirety and inserting in lieu thereof the following new Section:

§ 73-201. Securities Fraud.

(a) It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:

(1) To employ (either recklessly or intentionally) any device, scheme, or artifice to defraud;

(2) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or

(3) To engage in any act, practice, or course of business (either recklessly or intentionally) which operates or would operate as a fraud or deceit upon any person.

(b) In any action brought by or in the name of the State of Delaware, the Attorney General, or the Commissioner alleging a violation of this section, the party bringing such action need not prove (i) loss, proximate cause, or reliance to establish a violation of any provision of this section nor (ii) scienter to establish a violation of paragraph (a)(2) of this section.”.

Section 8. Amend § 7304(2), Title 6 of the Delaware Code by striking the phrase “§ 7309” as it appears therein and substituting in lieu thereof the phrase “§ 73-207”.

Section 9. Amend § 7304(3), Title 6 of the Delaware Code by striking the phrase “§ 7309A” as it appears therein and substituting in lieu thereof the phrase “§ 73-208”.

51 Section 10. Amend § 7305(b), Title 6 of the Delaware Code by striking the phrase “§ 7307(b)” as it appears
52 therein and substituting in lieu thereof the phrase “§ 73-205(b)”.

53 Section 11. Amend § 7305(b), Title 6 of the Delaware Code by striking the phrase “§ 7327” as it appears therein
54 and substituting in lieu thereof the phrase “§ 73-702”.

55 Section 12. Amend § 7305(b), Title 6 of the Delaware Code by striking the phrase “§ 7306(e)” as it appears
56 therein and substituting in lieu thereof the phrase “§ 73-204(e)”.

57 Section 13. Amend § 7305(c)(1), Title 6 of the Delaware Code by striking the phrase “§ 7308” as it appears
58 therein and substituting in lieu thereof the phrase “§ 73-206”.

59 Section 14. Amend § 7305(c)(3), Title 6 of the Delaware Code by striking the phrase “this subsection” each time
60 it appears in said paragraph and inserting in lieu thereof the phrase “this paragraph”.

61 Section 15. Amend § 7305, Title 6 of the Delaware Code by striking the phrase “subsections (c)(2) and (c)(3) of
62 this section” where it appears in the undesignated paragraph immediately following paragraph (c)(3) and inserting in lieu
63 thereof the phrase “paragraphs (c)(2) and (c)(3) of this section.”.

64 Section 16. Amend § 7306(b), Title 6 of the Delaware Code by striking the phrase “§ 7307(b)” as it appears
65 therein and substituting in lieu thereof the phrase “§ 73-205(b)”.

66 Section 17. Amend § 7306(b), Title 6 of the Delaware Code by striking the phrase “§ 7327” as it appears therein
67 and substituting in lieu thereof the phrase “§ 73-702”.

68 Section 18. Amend § 7306(b), Title 6 of the Delaware Code by striking the phrase “subsection (b)(2) of this
69 section” each time it appears in paragraphs (3), (4) and (5) of said subsection and inserting in lieu thereof the phrase
70 “paragraph (b)(2) of this section”.

71 Section 19. Amend § 7306(b), Title 6 of the Delaware Code by striking the word “subsection” where it appears in
72 paragraph (10) and inserting in lieu thereof the word “paragraphs”.

73 Section 20. Amend § 7306(d)(4), Title 6 of the Delaware Code by striking the phrase “subsection (d)(1) of the
74 section” and inserting in lieu thereof the phrase “paragraph (d)(1) of this section” and by striking the phrase “subsection
75 (d)(2)” and inserting in lieu thereof the phrase “paragraphs (d)(2)”.

76 Section 21. Amend § 7306(e), Title 6 of the Delaware Code by striking the phrase “§ 7305” as it appears therein
77 and substituting in lieu thereof the phrase “§ 73-203”.

78 Section 22. Amend § 7306(e), Title 6 of the Delaware Code by striking the phrase “\$200” as it appears therein
79 and substituting in lieu thereof the phrase “\$500” and by striking the phrase “\$1,000” as it appears therein and substituting
80 in lieu thereof the phrase “\$1,500”.

81 Section 23. Amend § 7306(f), Title 6 of the Delaware Code by striking the phrase “§ 7325(b)” as it appears
82 therein and substituting in lieu thereof the phrase “§ 73-102(b)”.

83 Section 24. Amend § 7307(f)(1), Title 6 of the Delaware Code by striking the phrase “§ 7306(e)” as it appears
84 therein and substituting in lieu thereof the phrase “§ 73-204(e)”.

85 Section 25. Amend § 7307(g), Title 6 of the Delaware Code by striking the phrase “§ 7309” as it appears therein
86 and substituting in lieu thereof the phrase “§ 73-207”.

87 Section 26. Amend § 7308(a), Title 6 of the Delaware Code by striking the phrase “§ 7309A(e)” as it appears
88 therein and substituting in lieu thereof the phrase “§ 73-208(e)”.

89 Section 27. Amend § 7308(a)(1), Title 6 of the Delaware Code by inserting the phrase “or renewal” in between
90 the phrases “any amendment” and “under § 7307(f)” as they appear therein.

91 Section 28. Amend § 7308(a)(1), Title 6 of the Delaware Code by striking the phrase “§ 7307(f)” as it appears
92 therein and substituting in lieu thereof the phrase “§ 73-205(f)”.

93 Section 29. Amend § 7308(a)(1), Title 6 of the Delaware Code by striking the phrase “§ 7307(e)” as it appears
94 therein and substituting in lieu thereof the phrase “§ 73-205(e)”.

95 Section 30. Amend § 7308(a)(8), Title 6 of the Delaware Code by striking the phrase “§ 7305(b)(4)” as it appears
96 therein and substituting in lieu thereof the phrase “§ 73-203(b)(4)”.

97 Section 31. Amend § 7309(a)(7), Title 6 of the Delaware Code by striking the phrase “Public Utility Holding
98 Company Act of 1935” [15 U.S.C. § 79 et seq.] and inserting in lieu thereof the phrase “Public Utility Holding Company
99 Act of 2005”.

100 Section 32. Amend § 7309(a)(11), Title 6 of the Delaware Code by striking the following clause as it appears in
101 said paragraph:

102 “if the Commissioner is notified in writing 30 days before the inception of the plan, or, with respect to plans which
103 are in effect on July 1, 1973, within 60 days, thereafter (or within 30 days before they are reopened if they are closed on
104 July 1, 1973)”.

105 Section 33. Amend § 7309(a), Title 6 of the Delaware Code by striking the phrase “§ 7304” as it appears therein
106 and substituting in lieu thereof the phrase “§ 73-202”.

107 Section 34. Amend § 7309(a), Title 6 of the Delaware Code by striking the phrase “§ 7309A” as it appears therein
108 and substituting in lieu thereof the phrase “§ 73-208”.

109 Section 35. Amend § 7309(a), Title 6 of the Delaware Code by striking the phrase “§ 7312” as it appears therein
110 and substituting in lieu thereof the phrase “§ 73-211”.

Section 36. Further amend § 7309(a), Title 6 of the Delaware Code by striking the phrase “§ 7304” as it appears therein and substituting in lieu thereof the phrase “§ 73-202”.

Section 37. Amend § 7309(a), Title 6 of the Delaware Code by striking the phrase “§ 7309A” as it appears therein and substituting in lieu thereof the phrase “§ 73-208”.

Section 38. Amend § 7309(b), Title 6 of the Delaware Code by striking the phrase “§ 7304” as it appears therein and substituting in lieu thereof the phrase “§ 73-202”.

Section 39. Amend § 7309(b), Title 6 of the Delaware Code by striking the phrase “§ 7309A” as it appears therein and substituting in lieu thereof the phrase “§ 73-208”.

Section 40. Amend § 7309(b), Title 6 of the Delaware Code by striking the phrase “§ 7312” as it appears therein and substituting in lieu thereof the phrase “§ 73-211”.

Section 41. Amend § 7309(b)(12), Title 6 of the Delaware Code by striking the phrase “§ 7306(d)” as it appears therein and substituting in lieu thereof the phrase “§ 73-204(d)”.

Section 42. Amend § 7309(b), Title 6 of the Delaware Code by inserting a new paragraph (14) reading as follows:

“(14) Any offer or sale of a viatical settlement contract, if:

(A) The underlying viatical settlement transaction with the viator was not in violation of the Delaware Viatical Settlements Act (18 Del. C., Ch. 75);

(B) Such disclosure documents as the Commissioner, by rule or order, requires are delivered to each offeree or purchaser; and

(C) The Commissioner is notified in writing of the offer at least thirty days before the offer is made.”.

Section 43. Amend § 7309(c), Title 6 of the Delaware Code by striking the phrase “§ 7304” as it appears therein and substituting in lieu thereof the phrase “§ 73-202”.

Section 44. Amend § 7309(c), Title 6 of the Delaware Code by striking the phrase “§ 7312” as it appears therein and substituting in lieu thereof the phrase “§ 73-211”.

Section 45. Amend § 7312, Title 6 of the Delaware Code by striking the phrase “§ 7309” as it appears therein and substituting in lieu thereof the phrase “§ 73-207”.

Section 46. Amend § 7313(g), Title 6 of the Delaware Code by striking the phrase “§ 7314(b)” as it appears therein and substituting in lieu thereof the phrase “§ 73-302(g) through (k)”.

Section 47. Amend § 7313(g), Title 6 of the Delaware Code by striking the phrase “§ 7314” as it appears therein and substituting in lieu thereof the phrase “§ 73-302”.

Section 48. Amend § 7313(b), Title 6 of the Delaware Code by striking the following sentences therefrom:

141 “When an agent begins or terminates a connection with a broker dealer or issuer, or begins or terminates those
142 activities which make him or her an agent, the agent as well as the broker dealer or issuer shall promptly notify the
143 Commissioner. Every registration of an agent expires when the agent terminates the agent’s connection with a broker
144 dealer or issuer, though the person may still be subject to disciplinary action by the Commissioner under § 7316(e) of this
145 title. When such an agent begins a connection with another broker dealer or another issuer, the agent shall file an
146 application for initial registration as provided in § 7314(a) of this title and shall pay a filing fee prescribed by § 7314(c) of
147 this title. Unless the Commissioner takes action under § 7316 or § 7315 of this title, the said agent registration shall
148 become effective 30 days after receipt of a complete application by the Commissioner (or by the Commissioner’s designee)
149 and shall continue in effect until it expires under the provisions of subsection (f) of this section, or under the provisions of
150 this subsection, whichever would earlier occur. The Commissioner shall be empowered to waive the 30 day period at the
151 Commissioner’s discretion.”

152 Section 49. Amend § 7313(d), Title 6 of the Delaware Code by striking the following sentences therefrom:

153 “When an investment adviser representative begins or terminates employment with an investment adviser, the
154 investment adviser representative as well as the investment adviser shall promptly notify the Commissioner. Every
155 registration of an investment adviser representative expires when the investment adviser representative terminates his or her
156 connection with an investment adviser, though the person may still be subject to disciplinary action by the Commissioner
157 under § 7316(e) of this title. When such an investment adviser representative begins a connection with another investment
158 adviser or federal covered adviser, the representative shall, unless exempt from registration, file an application for initial
159 registration as provided in § 7314(a) of this title and shall pay a filing fee prescribed by § 7314(c) of this title. Unless the
160 Commissioner takes action under § 7316 or § 7315 of this title, the said investment adviser representative registration shall
161 become effective 30 days after receipt of a complete application by the Commissioner (or by the Commissioner’s designee)
162 and shall continue in effect until it expires under the provisions of subsection (f) of this section, or under the provisions of
163 this subsection, whichever would earlier occur. The Commissioner shall be empowered to waive the 30 day period at the
164 Commissioner’s discretion.”.

165 Section 50. Amend § 7313(e), Title 6 of the Delaware Code by striking the following sentences therefrom:

166 “When such an investment adviser representative begins or terminates employment with a federal covered adviser,
167 the investment adviser representative shall promptly notify the Commissioner. Every registration of such an investment
168 adviser representative expires when the investment adviser representative terminates that investment advisor
169 representative’s connection with the federal covered adviser, though the person may still be subject to disciplinary action by
170 the Commissioner under § 7316(e) of this title. When such an investment adviser representative begins a connection with

another federal covered adviser or investment adviser, the representative shall, unless exempt from registration, file an application for initial registration as provided in § 7314(a) of this title and shall pay a filing fee prescribed by § 7314(c) of this title. Unless the Commissioner takes action under § 7316 or § 7315 of this title, the said investment adviser representative registration shall become effective 30 days after receipt of a complete application by the Commissioner (or by the Commissioner's designee) and shall continue in effect until it expires under the provisions of subsection (f) of this section, or under the provisions of this subsection, whichever would earlier occur. The Commissioner shall be empowered to waive the 30 day period at the Commissioner's discretion."

Section 51. Amend § 7313(f), Title 6 of the Delaware Code by striking said subsection in its entirety.

Section 52. Amend § 7313, Title 6 of the Delaware Code by re-designating subsection (g) as subsection (f).

Section 53. Amend § 7313, Title 6 of the Delaware Code by striking the phrase "Registration and notice filing requirements for broker-dealers, agents, investment advisers, federal covered advisers and investment adviser representatives" where it appears in the title of said Section and substituting in lieu thereof the phrase "Unlawful conduct for broker-dealers, agents, investment advisers, federal covered advisers and investment adviser representatives".

Section 54. Amend § 7313, Title 6 of the Delaware Code by inserting a new subsection (g) to read as follows:

(g) It is unlawful for any broker-dealer; broker-dealer agent; investment adviser; investment adviser representative; any person required to be registered as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative; any partner, officer, or director of a broker-dealer or an investment adviser, or any person occupying a similar status or performing similar functions with a broker-dealer or investment adviser; or any person directly or indirectly controlling a broker-dealer or investment adviser to:

(1) file an application for registration which contains any statement which is, in light of the circumstances under which it is made, false or misleading with respect to any material fact;

(2) engage in any dishonest or unethical practices; or

(3) fail reasonably to supervise (a) the person's agents or employees if the person is a broker-dealer or broker-dealer agent with supervisory responsibilities, or (b) the person's adviser representatives or employees if the person is an investment adviser or investment adviser representative with supervisory responsibilities, and the Commissioner may infer such failure from an agent's, investment adviser representative's, or employee's violations."

Section 55. Amend § 7314(a)(1), Title 6 of the Delaware Code by striking the phrase "§ 7327" as it appears therein and substituting in lieu thereof the phrase "§ 73-702".

200 Section 56. Amend § 7314(a)(1), Title 6 of the Delaware Code by striking the phrase “§ 7316” as it appears
201 therein and substituting in lieu thereof the phrase “§ 73-304”.

202 Section 57. Amend § 7314(b)(1), Title 6 of the Delaware Code by striking the phrase “§ 7313(c)(2)” as it appears
203 therein and substituting in lieu thereof the phrase “§ 73-301(c)(2)”.

204 Section 58. Amend § 7314(f), Title 6 of the Delaware Code by striking the phrase “§ 7323” as it appears therein
205 and substituting in lieu thereof the phrase “§ 73-605”.

206 Section 59. Amend § 7314(f), Title 6 of the Delaware Code by striking the phrase “§ 7323(e)” as it appears
207 therein and substituting in lieu thereof the phrase “§ 73-605(e)”.

208 Section 60. Amend § 7314(c), Title 6 of the Delaware Code by striking the phrase “§ 7323” as it appears therein
209 and substituting in lieu thereof the phrase “§ 73-605”.

210 Section 61. Amend § 7314(a)(1), Title 6 of the Delaware Code by striking the following sentences therefrom:

211 “Registration of a broker dealer automatically constitutes registration of any agent who is a partner, officer or
212 director, or a person occupying a similar status or performing similar functions. Registration of an investment adviser
213 automatically constitutes registration of any investment adviser representative who is a partner, officer or director, or a
214 person occupying a similar status or performing similar functions.”

215 Section 62. Amend § 7314(c)(1), Title 6 of the Delaware Code by striking the phrase “\$250” as it appears therein
216 and substituting in lieu thereof the phrase “\$300” and striking the phrase “\$50” as it appears therein and substituting in lieu
217 thereof the phrase “\$75”.

218 Section 63. Amend § 7314(c)(2), Title 6 of the Delaware Code by striking the phrase “\$250” as it appears therein
219 and substituting in lieu thereof the phrase “\$300” and striking the phrase “\$50” as it appears therein and substituting in lieu
220 thereof the phrase “\$75”.

221 Section 64. Amend § 7314(c)(3), Title 6 of the Delaware Code by striking the phrase “\$250” as it appears therein
222 and substituting in lieu thereof the phrase “\$300”.

223 Section 65. Amend § 7314(a), Title 6 of the Delaware Code by re-designating paragraph (a)(1) thereof as
224 subsection (a) and by re-designating paragraph (a)(2) thereof as subsection (f).

225 Section 66. Amend § 7314(b), Title 6 of the Delaware Code by re-designating paragraph (b)(1) thereof as
226 subsection (g), paragraph (b)(2) thereof as subsection (h), paragraph (b)(3) thereof as subsection (i), paragraph (b)(4)
227 thereof as subsection (j), and paragraph (b)(5) thereof as subsection (k).

228 Section 67. Amend § 7314, Title 6 of the Delaware Code by re-designating subsection (c) thereof as subsection
229 (l).

Section 68. Amend § 7314, Title 6 of the Delaware Code by re-designating subsection (d) thereof as subsection (m).

Section 69. Amend § 7314, Title 6 of the Delaware Code by re-designating subsection (e) thereof as subsection (n).

Section 70. Amend § 7314, Title 6 of the Delaware Code by re-designating subsection (f) thereof as subsection (o).

Section 71. Amend § 7314, Title 6 of the Delaware Code by inserting a new subsection (b) thereof to read as follows:

“(b) When an agent begins or terminates a connection with a broker-dealer or issuer, or begins or terminates those activities which make said person an agent, the agent as well as the broker-dealer or issuer shall promptly notify the Commissioner. Every registration of an agent expires when the agent terminates the agent’s connection with a broker-dealer or issuer, though the person may still be subject to disciplinary action by the Commissioner under § 73-304(e) of this title. When such an agent begins a connection with another broker-dealer or another issuer, the agent shall file an application for initial registration as provided in subsection (a) of this section and shall pay a filing fee prescribed by subsection (l) of this section. Unless the Commissioner takes action under § 73-303 or § 73-304 of this title, the agent’s registration shall become effective 30 days after receipt of a complete application by the Commissioner (or by the Commissioner’s designee) and shall continue in effect until it expires under the provisions of subsection (e) of this section, or under the provisions of this subsection, whichever would earlier occur. The Commissioner shall be empowered to waive the 30- day period at the Commissioner’s discretion.”.

Section 72. Amend § 7314, Title 6 of the Delaware Code by inserting a new subsection (c) thereof to read as follows:

“(c) When an investment adviser representative begins or terminates employment with an investment adviser, the investment adviser representative as well as the investment adviser shall promptly notify the Commissioner. Every registration of an investment adviser representative expires when the investment adviser representative terminates the investment adviser’s connection with an investment adviser, though the person may still be subject to disciplinary action by the Commissioner under §73-304(e) of this title. When such an investment adviser representative begins a connection with another investment adviser or federal covered adviser, the representative shall, unless exempt from registration, file an application for initial registration as provided in subsection (a) of this section and shall pay a filing fee prescribed by subsection (l) of this section. Unless the Commissioner takes action under § 73-303 or § 73-304 of this title, the said investment adviser representative registration shall become effective 30 days after receipt of a complete application by the

Commissioner (or by the Commissioner's designee) and shall continue in effect until it expires under the provisions of subsection (e) of this section, or under the provisions of this subsection, whichever would earlier occur. The Commissioner shall be empowered to waive the 30-day period at the Commissioner's discretion."

Section 73. Amend § 7314, Title 6 of the Delaware Code by inserting a new subsection (d) thereof to read as follows:

"(d) When an investment adviser representative for a federal covered adviser begins or terminates employment with the federal covered adviser, the investment adviser representative shall promptly notify the Commissioner. Every registration of such an investment adviser representative expires when the investment adviser representative terminates his or her connection with the federal covered adviser, though the person may still be subject to disciplinary action by the Commissioner under § 73-304(e) of this title. When such an investment adviser representative begins a connection with another federal covered adviser or investment adviser, the representative shall, unless exempt from registration, file an application for initial registration as provided in subsection (a) of this section and shall pay a filing fee prescribed by subsection (l) of this section. Unless the Commissioner takes action under § 73-303 or § 73-304 of this title, the said investment adviser representative registration shall become effective 30 days after the receipt of a complete application by the Commissioner (or by the Commissioner's designee) and shall continue in effect until it expires under the provisions of subsection (e) of this section, or under the provisions of this subsection, whichever would earlier occur. The Commissioner shall be empowered to waive the 30-day period at the Commissioner's discretion."

Section 74. Amend § 7314, Title 6 of the Delaware Code by inserting a new subsection (e) thereof to read as follows:

"(e) Every registration or notice filing under this section expires December 31st unless renewed."

Section 75. Amend § 7315(d), Title 6 of the Delaware Code by striking the phrase "§ 7313(b), (d), or (e) of this title" as it appears therein and substituting in lieu thereof the phrase "§ 73-302(b), (c) or (d)".

Section 76. Amend § 7316, Title 6 of the Delaware Code by striking subsection (g) in its entirety.

Section 77. Amend § 7317, Title 6 of the Delaware Code by re-designating paragraph (a)(1) as subsection (a), by re-designating paragraph (a)(2) as subsection (b), by re-designating subsection (b) as subsection (c), and re-designating subsection (c) as subsection (e).

Section 78. Amend § 7317(b)(3), Title 6 of the Delaware Code by striking the following clause from said paragraph:

"subsection (b)(1) of this section does not prohibit an investment advisory contract which provides for compensation based upon the total value of a fund averaged over a definite period, or as of definite dates or taken as of a

definite date. 'Assignment,' as used in subsection (b)(2) of this section, includes any direct or indirect transfer or hypothecation of an investment advisory contract by the assignor or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor; but if the investment adviser is a partnership, no assignment of an investment contract is considered to result from the death or withdrawal of a minority of the members of the investment adviser having only a minority interest in the business of the investment adviser, or from the admission to the investment adviser of one or more members who, after admission, will be only a minority of the members and will have only a minority interest in the business."

Section 79. Amend § 7317, Title 6 of the Delaware Code by inserting a new subsection (d) to read as follows:

"(d) Subsection (c) of this section does not prohibit an investment advisory contract which provides for compensation based upon the total value of a fund averaged over a definite period, or as of definite dates or taken as of a definite date. 'Assignment,' as used in subsection (c) of this section, includes any direct or indirect transfer or hypothecation of an investment advisory contract by the assignor or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor; but if the investment adviser is a partnership, no assignment of an investment contract is considered to result from the death or withdrawal of a minority of the members of the investment adviser having only a minority interest in the business of the investment adviser, or from the admission to the investment adviser of one or more members who, after admission, will be only a minority of the members and will have only a minority interest in the business."

Section 80. Amend Title 6 of the Delaware Code by striking § 7319 in its entirety.

Section 81. Amend § 7322(a), Title 6 of the Delaware Code by striking the phrase "class E felony" as it appears in the title thereto; striking the phrase "§ 7303" as it appears therein and substituting in lieu thereof the phrase "§ 73-201(a)"; inserting the phrase "shall be guilty of a class E felony and" in between the phrases "\$50,000 or more," and "shall upon conviction"; and by inserting the following clause immediately after the phrase "per violation":

" , provided, however, that where the victim is 62 years of age or older, or an "infirm adult" as defined in 31 Del. C. § 3902(12), or a "disabled person" as defined in 12 Del. C. § 3901(a)(1)-(2), the person so convicted shall be guilty of a class D felony and shall be fined not more than \$500,000 or imprisoned not more than 8 years at Level V incarceration, or both, per violation".

Section 82. Amend § 7322(b), Title 6 of the Delaware Code by striking the phrase "class F felony" as it appears in the title thereto; striking the phrase "§ 7303" as it appears therein and substituting in lieu thereof the phrase "§ 73-201(a)"; inserting the phrase "shall be guilty of a class F felony and" in between the phrases "less than \$50,000," and "shall upon conviction"; and inserting the following clause immediately after the phrase "per violation":

320 “, provided, however, that where the victim is 62 years of age or older, or an “infirm adult” as defined in 31 Del.
321 C. § 3902(1), or a “disabled person” as defined in 12 Del. C. § 3901(a)(2), the person so convicted shall be guilty of a class
322 E felony and shall be fined not more than \$200,000 or imprisoned not more than 5 years at Level V incarceration, or both,
323 per violation”.

324 Section 83. Amend § 7322(c), Title 6 of the Delaware Code by striking the phrase “class G felony” as it appears
325 in the title thereto; inserting the phrase “with the exception of § 73-301(g),” in between the phrases “of this chapter,” and
326 “and whose offense”; inserting the phrase “shall be guilty of a class G felony and” in between the phrases “not covered by
327 subsection (a) or (b) of this section,” and “shall upon conviction”; and inserting the following clause immediately after the
328 phrase “per violation”:

329 “, provided, however, that where the victim is 62 years of age or older, or an “infirm adult” as defined in 31 Del.
330 C. § 3902(1), or a “disabled person” as defined in 12 Del. C. § 3901(a)(2), the person so convicted shall be guilty of a class
331 F felony and shall be fined not more than \$100,000 or imprisoned not more than 3 years at Level V incarceration, or both,
332 per violation”.

333 Section 84. Amend § 7323(a)(1), Title 6 of the Delaware Code by striking the phrase “§ 7313” as it appears
334 therein and substituting in lieu thereof the phrase “§ 73-302”; striking the phrase “§ 7304” as it appears therein and
335 substituting in lieu thereof the phrase “§ 73-301”; striking the phrase § 7311(b)” as it appears therein and substituting in
336 lieu thereof the phrase § 73-210(b)”); striking the phrase § 7312” as it appears therein and substituting in lieu thereof the
337 phrase § 73-211”; and striking the phrase § 7306(d)” as it appears therein and substituting in lieu thereof the phrase § 73-
338 204(d)”.

339 Section 85. Amend § 7324, Title 6 of the Delaware Code by striking subsection (a) in its entirety and inserting in
340 lieu thereof the following:

341 “(a) Any party aggrieved by an order of the Commissioner may appeal such order to the Court of Chancery as
342 follows:

343 (1) The party must file a notice of appeal with the Court, and serve a copy thereof on the Commissioner,
344 within 30 days of the date the notice of the order was sent to the party.

345 (2) Upon receiving service of a copy of the notice of appeal, the Commissioner shall cause a
346 transcription of the record to be prepared. Upon the completion of the transcription of the record, the
347 Commissioner shall present to the appellant or appellants a demand for the payment of the cost of transcribing the
348 record. Where there are multiple appellants, the cost of transcribing the record shall be charged to the appellants
349 on a pro rata basis.

(3) Within 10 days of receipt of the demand for payment of the cost of transcribing the record, each appellant shall present to the Commissioner the payment demanded. If any appellant fails within the 10 day period to present such payment, the Court shall dismiss that appellant's appeal for lack of jurisdiction.

(4) Within 20 days of receipt of a payment required by paragraph (3) from any appellant, the Commissioner shall certify and file the record with the Court."

Section 86. Amend § 7325, Title 6 of the Delaware Code by striking the phrase "; remedial powers" where it appears in the title thereof.

Section 87. Amend § 7325(b), Title 6 of the Delaware Code by striking the following sentences therefrom:

"Such orders may provide for fines, assessment of costs, restitution to investors, conditional or probationary registration, censure or reprimand, special reporting requirements, or other provisions which the Commissioner determines to be in the public interest. Any person, whether registered or not, who willfully violates any provision of this chapter, or who aids and abets any person who willfully violates any provision of this chapter, may be fined in accordance with § 7316(g) of this title and ordered to pay restitution and costs (or to rescind the transaction or transactions and pay costs) if the Commissioner finds it in the public interest, and may be criminally prosecuted under § 7322 of this title."

Section 88. Amend § 7325, Title 6 of the Delaware Code by striking subsections (c) and (d) therefrom.

Section 89. Amend § 7325(b), Title 6 of the Delaware Code by adding the following sentence at the end of said subsection:

"The Commissioner shall publish such rules, regulations, forms and orders as such rules specify."

Section 90. Amend § 7329(b), Title 6 of the Delaware Code by striking the phrase "consist of" as it appears therein and substituting in lieu thereof the following phrase: "be funded as follows".

Section 91. Amend § 7329(b), Title 6 of the Delaware Code by re-designating paragraph (1) thereof as paragraph (2), striking the phrase "Monies transferred to the revolving fund" as it appears therein and substituting in lieu thereof the phrase "Any monies paid"; and inserting in between the word "chapter" and ";," the phrase "shall be credited to the Investor Protection Fund".

Section 92. Amend § 7329(b), Title 6 of the Delaware Code by re-designating paragraph (2) thereof as paragraph (3), striking the word "Monies" as it appears therein and substituting in lieu thereof the phrase "Any monies"; and inserting in between the phrase "settlement agreement" and "." the phrase "shall be credited to the Investor Protection Fund".

Section 93. Amend § 7329(b), Title 6 of the Delaware Code by inserting the following new paragraph:

378 “(1) Beginning on July 1 of each year, any fee payments made by persons registering as broker-dealers,
379 investment advisers, or agents under the Act shall be credited to the Investor Protection Fund and shall continue to
380 be credited to the fund until such time as the amount so credited to the fund equals \$100,000.00;”.

381 Section 94. Amend § 7329(d), Title 6 of the Delaware Code by striking the phrase “\$100,000” as it appears
382 therein and substituting in lieu thereof the phrase “\$300,000”.

383 Section 95. Amend § 7330, Title 6 of the Delaware Code by striking subsections (a) and (b) from said Section in
384 their entirety and inserting in lieu thereof the following:

385 “(a) No criminal action, and no civil or administrative action by the Commissioner seeking registration suspension
386 or revocation, fines, costs, or restitution, may be commenced under the provisions of this chapter unless brought within five
387 years of the date of the violation.

388 (b) If the period prescribed by subsection (a) of this section has expired, and the person alleged to have violated
389 the act has engaged in any act or practice that has concealed the violation from discovery, any action referred to in
390 subsection (a) may be commenced within two years after discovery of the violation has been made or should have been
391 made in the exercise of ordinary diligence by an aggrieved party or by an authorized agent, fiduciary, guardian, personal
392 representative or parent (in the case of an infant) of an aggrieved party who is not a party to the violation. In no case shall
393 this provision extend the period of limitations otherwise applicable by more than an additional three years beyond the
394 period specified in subsection (a) of this Section.”.

395 Section 96. Amend § 7301, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-101”.

396 Section 97. Amend § 7302, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-103”.

397 Section 98. Amend § 7304, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-202”.

398 Section 99. Amend § 7305, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-203”.

399 Section 100. Amend § 7306, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
400 204”.

401 Section 101. Amend § 7307, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
402 205”.

403 Section 102. Amend § 7308, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
404 206”.

405 Section 103. Amend § 7309, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
406 207”.

407 Section 104. Amend § 7309A, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
408 208".

409 Section 105. Amend § 7310, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
410 209".

411 Section 106. Amend § 7311, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
412 210".

413 Section 107. Amend § 7312, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
414 211".

415 Section 108. Amend § 7313, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
416 301".

417 Section 109. Amend § 7314, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
418 302".

419 Section 110. Amend § 7315, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
420 303".

421 Section 111. Amend § 7316, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
422 304".

423 Section 112. Amend § 7317, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
424 305".

425 Section 113. Amend § 7318, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
426 306".

427 Section 114. Amend § 7320, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
428 602".

429 Section 115. Amend § 7321, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
430 603".

431 Section 116. Amend § 7322, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
432 604".

433 Section 117. Amend § 7323, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
434 605".

435 Section 118. Amend § 7324, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-
436 503".

Section 119. Amend § 7325, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-102”.

Section 120. Amend § 7326, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-701”.

Section 121. Amend § 7327, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-702”.

Section 122. Amend § 7328, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-704”.

Section 123. Amend § 7329, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-703”.

Section 124. Amend § 7330, Chapter 73, Title 6 of the Delaware Code by re-designating that section as § 73-504”.

Section 125. Amend Title 6 of the Delaware Code by inserting new §§ 73-401, 73-402, 73-403, and 73-404 to read as follows:

§ 73-401. Authority to investigate.

The Commissioner, in the Commissioner’s own discretion, may make such public or private investigations within or outside of this State as the Commissioner deems necessary to determine whether any person has violated or is about to violate any provision of this chapter or any rule or order hereunder, or to aid in the enforcement of this chapter or in the prescribing of rules and forms hereunder, may require or permit any person to file a statement in writing, under oath or otherwise as the Commissioner determines, as to all the facts and circumstances concerning the matter to be investigated, and may publish information concerning any violation of this chapter or any rule or order hereunder.

“§ 73-402. Subpoena power.

For the purpose of any investigation or proceeding under this chapter, the Commissioner, or any officer designated by the Commissioner, may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which the Commissioner deems relevant or material to the inquiry. The Commissioner’s authority to subpoena witnesses and documents outside the State shall exist to the maximum extent permissible under federal constitutional law.

§ 73-403. Failure to comply with subpoena.

In case of contumacy by, or refusal to obey a subpoena issued to, any person, the Court of Chancery, upon application by the Commissioner, may issue to the person an order requiring that person to appear before the Court of

Chancery or the designated officer, there to produce documentary evidence if so ordered or to give evidence touching the matter under investigation or in question. Failure to obey the order of the Court may be punished by the Court as a contempt of court.

§ 73-404. Immunity from prosecution.

No person is excused from attending and testifying or from producing any document or record before the Commissioner, or in obedience to the subpoena of the Commissioner or any designated officer or in any proceeding instituted by the Commissioner, on the ground that the testimony or evidence (documentary or otherwise) required of that person may tend to incriminate or subject that person to penalty or forfeiture; but no individual may be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which the person is compelled, after claiming privilege against self-incrimination, to testify or produce evidence (documentary or otherwise), except that the individual testifying is not exempt from prosecution and punishment for perjury or contempt committed in testifying.”.

Section 126. Amend Title 6 of the Delaware Code by inserting new §§ 73-501 and 73-502 to read as follows:

“§ 73-501. Authority to Prosecute Administrative Enforcement Proceedings.

The Division of Securities, under the direction of the Commissioner, shall have the authority to prosecute administrative proceedings to enforce the provisions of this chapter.

§ 73-502. Administrative hearing officer.

The Attorney General may delegate to an administrative hearing officer the authority to preside in any administrative proceeding brought under the Securities Act.”.

Section 127. Amend Title 6 of the Delaware Code by inserting a new § 73-601, to read as follows:

“§ 73-601. Administrative remedies.

(a) In any administrative proceeding before the Commissioner, the Commissioner may issue orders providing for the following remedies: cease and desist, fine, assessment of costs, restitution to investors, conditional or probationary registration, censure or reprimand, special reporting requirements, or other remedies which the Commissioner determines to be in the public interest.

(b) The Commissioner may order the payment of fines and other monetary sanctions as follows:

(1) For any violation of § 73-301(g)(3), a fine in an amount not to exceed \$500,000, plus the costs of investigation and prosecution; and

(2) For any violation of any provision of this chapter other than § 73-301(g)(3), a fine in an amount not to exceed \$10,000 for each and every violation, plus the costs of investigation and prosecution; provided, however,

that where the violation involves a continuous course of conduct, the Commissioner may order a fine in an amount not to exceed \$500,000, plus the costs of investigation and prosecution.

(c) Whenever it appears that a person has violated or is about to violate this chapter by failing to register or engaging in fraud or other prohibited conduct, the Commissioner may summarily issue a cease and desist order against that person.

(1) Any person who is the subject of such an order shall be given notice of it as soon as practicable and may request a hearing before the Commissioner, which hearing shall be scheduled within 15 days from the date the request is received.

(2) If any person who is the subject of a cease and desist order, or any agent or employee of such person, subsequent to the issuance of the order engages in the prohibited conduct, the Commissioner may certify the facts and apply for a contempt order to any Judge of the Superior Court, who shall upon such application hear the evidence as to the acts complained of. If the evidence warrants, the Judge shall punish such person in the same manner and to the same extent as for a contempt committed before the Superior Court, or shall commit such person upon the same conditions as if the doing of the forbidden act had occurred with reference to the process of, or in the presence of, the Superior Court.”.

Section 128. Amend Chapter 73, Title 6 of the Delaware Code by inserting new §§ 73-606 and 73-607 to read as follows:

“§ 73-606. Right to rescission of viatical settlement contract transactions.

(a) In addition to any other rights provided for under this chapter or otherwise, an investor (other than an institutional buyer or an accredited investor) who purchases a viatical settlement contract may rescind the investment by giving written notice of rescission to the entity designated for such notice in the disclosure documents, by ordinary mail postage prepaid, within 30 business days following the later of:

(1) The day on which the investor received the final disclosure document pertaining to the transaction as required under section 73-207(b)(14)(B) of this title and the rules of orders under this chapter; or

(2) The day on which the investor paid the required consideration for the purchase of the viatical settlement contract.

(b) The notice referred to in subsection (a) is sufficient if addressed to the entity designated for such notice at the address given in the disclosure statement pertaining to the transaction. Notice of rescission is effective upon deposit in the United States mail. The notice of rescission need not take a particular form and is sufficient if it expresses the intention of the purchaser to rescind the transaction.

§ 73-607. Filing an Administrative Order with a Prothonotary.

A true copy of any administrative order under this chapter that includes an order to pay money, along with a true copy of the return of service, may be filed with the Prothonotary in any county of the State of Delaware. Upon filing, the Prothonotary shall enter the order in the judgment docket. Upon docketing, the order shall have all the force, effect, and attributes of a docketed order or decree of the Superior Court, including, but not limited to, lien effect and enforceability by supplementary proceedings, contempt of court, execution and garnishment.”.

Section 129. Amend Chapter 73, Title 6 of the Delaware Code by inserting a new § 73-705 to read as follows:

“§ 73-705. Aiding and abetting.

It is unlawful for any person, whether registered or not, to aid or abet any person in the violation of any provision of this chapter.”.

Section 130. Amend Chapter 73, Title 6 of the Delaware Code by striking the table of contents for said Chapter and substituting in lieu thereof the following table of contents and by inserting the newly-designated Subchapter headings set forth in the following table of contents into the appropriate locations in Chapter 73:

“Subchapter I. Introductory provisions.

Sec. 73-101 Short title; purpose.

73-102 Administration of chapter.

73-103 Definitions.

Subchapter II. Provisions relating to the offer, sale, and purchase of securities.

Sec. 73-201 Securities fraud.

73-202 Registration of and notice filing for securities.

73-203 Registration of securities by coordination.

73-204 Registration of securities by qualification.

73-205 Provisions applicable to registration of securities generally.

73-206 Stop orders.

73-207 Exemptions.

73-208 Federal covered securities.

73-209 Misleading filings.

73-210 Unlawful representations concerning registration, notice filing or exemption.

73-211 Filing of sales and advertising literature.

Subchapter III. Provisions relating to broker-dealers, broker-dealer agents, issuer agents, investment advisers,

557 federal covered advisers, and investment adviser representatives.

558 Sec. 73-301 Unlawful conduct for broker-dealers, agents, investment advisers, federal covered advisers, and
559 investment adviser representatives.

560 73-302 Registration and notice filing procedure for broker-dealers, agents, investment advisers, federal covered
561 advisers, and investment adviser representatives.

562 73-303 Post-registration provisions for broker-dealers, investment advisers, and federal covered advisers.

563 73-304 Denial, revocation, suspension, cancellation and withdrawal of registration of broker-dealers, agents,
564 investment advisers, and investment adviser representatives.

565 73-305 Advisory activities.

566 73-306 Trading markets.

567 Subchapter IV. Provisions relating to investigations.

568 Sec. 73-401 Authority to investigate.

569 73-402 Subpoena power .

570 73-403 Failure to comply with subpoena.

571 73-404 Immunity from prosecution.

572 Subchapter V. Administrative Enforcement Proceedings.

573 Sec. 73-501 Authority to prosecute administrative enforcement proceedings.

574 73-502 Administrative hearing officer.

575 73-503 Judicial review.

576 73-504 Statute of limitations.

577 Subchapter VI. Remedies for Violations.

578 Sec. 73-601 Administrative remedies.

579 73-602 Injunctions.

580 73-603 Escrow of funds.

581 73-604 Criminal penalties.

582 73-605 Civil Liabilities.

583 73-606 Right to rescission of viatical settlement contract transactions.

584 73-607 Filing an Administrative Order with a Prothonotary.

585 Subchapter VII. Miscellaneous provisions.

586 Sec. 73-701 Administrative files.

587 73-702 Service of process.
588 73-703 Investor protection fund.
589 73-704 Liability of Attorney General.
590 73-705 Aiding and abetting.”.

591 Section 131. Any action, case prosecution, trial or any other legal proceeding in progress under or pursuant to the
592 previous wording of the statutory sections amended by this Act, no matter what the stage of the proceeding, shall be
593 preserved and shall not become illegal or terminated upon the effective date of this Act. Further, prior law exclusively
594 governs all suits, actions, prosecutions, or proceedings which are pending or may be initiated on the basis of facts or
595 circumstances occurring before the effective date of this act, except that no civil suit or action may be maintained to enforce
596 any liability under prior law unless brought within any period of limitation which applied when the cause of action accrued.

597 Section 132. If any provision of this act or the application thereof to any person or circumstance is held invalid,
598 the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid
599 provision or application, and to this end the provisions of this act are severable.

600 Section 133. This Act shall take effect thirty days after its enactment into law.

601 Section 134. This Act shall be known as the “Delaware Investor Protection Act.”

602

SYNOPSIS

This bill, named the “Delaware Investor Protection Act,” re-organizes the provisions of the Delaware Securities Act (6 Del. C., Ch. 73) into seven subchapters and makes the following substantive amendments to the Act:

(1) The definition of the word “security” is amended to make clear that a viatical settlement contract is a security under the Act.

(2) The definition of the word “security” is amended to make clear that an annuity contract is a security under the Act.

(3) The definition of the word “security” is amended to make clear that an advance fee agreement is a security under the Act.

(4) A definition of the term “viatical settlement contract” is added to the Act.

(5) The anti-fraud provision under the Act is amended to make clear that (a) where scienter is an element of the offense, reckless conduct will satisfy the scienter requirement; and (b) in a government enforcement action brought under the anti-fraud provision, the government need not prove loss, proximate cause, or reliance in order to establish a violation of any part of the provision, nor scienter to establish that a violation has occurred through the making of a materially false statement or omission.

(6) The permissible range for filing fees payable for securities registrations and notice filings is amended to establish a minimum payment of \$500.00 and a maximum payment of \$1,500.00.

(7) The statutory registration exemption for any investment contract issued in connection with an employee’s stock purchase, savings, pension, profit-sharing or similar benefit plan is amended to eliminate the requirement that the Commissioner be notified in writing of the offering of any such security.

(8) A securities registration exemption for viatical settlement contracts is added to the Act.

(9) The Act is amended to make it unlawful for persons registered under the Act (or persons who are required to be registered under the Act) to make false or misleading filings with the Commissioner, to engage in any dishonest or unethical conduct, or to fail reasonably to supervise persons for whom he or she has supervisory responsibilities.

(10) The Act is amended to strike a provision that provides for automatic registration of the partners, officers, and directors of a broker-dealer or investment adviser.

- (11) The Act is amended to increase the registration fees for broker-dealers, broker-dealer agents, investment advisers, investment adviser representatives, and issuer agents.
- (12) The Act is amended to increase the notice filing fee for federal covered advisers.
- (13) The Act is amended to clarify that the Attorney General may delegate to an administrative hearing officer the authority to preside in any administrative proceeding under the Act.
- (14) The statute of limitations in the Act is amended to provide an extension of the existing 5-year statute of limitations for two additional years in the event of fraudulent concealment, but in no event will the applicable statute of limitations be extended for more than 3 years beyond the 5-year period.
- (15) The Act is amended to increase the fine that may be imposed for a failure reasonably to supervise an agent or employee.
- (16) The Act is amended to increase the fine that may be imposed for a violation of the Act involving a continuous course of conduct.
- (17) The Act is amended to create enhanced criminal penalties for persons who commit violations of the Act that injure elderly, infirm or disabled persons.
- (18) The Act is amended to create a right to rescind a viatical settlement contract for a limited period of time following the occurrence of the viatical settlement contract transaction. This right of rescission does not apply to institutional buyers or accredited investors.
- (19) The Act is amended to create a mechanism by which an administrative order of the Commissioner can be filed with and given the full force and effect of a judgment of the Superior Court for the State of Delaware.
- (20) The Act is amended to enhance funding for the Investor Protection Fund.
- (21) The Act is amended to make aiding and abetting conduct a violation of the Act.
- (22) The Act is amended to update statutory references and make minor technical corrections.