

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0356.01 Jery Payne x2157

HOUSE BILL 26-1188

HOUSE SPONSORSHIP

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House Committees

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A BILL FOR AN ACT

101 CONCERNING THE CONTINUATION OF THE REGULATION OF SECURITIES,
102 AND, IN CONNECTION THEREWITH, IMPLEMENTING THE
103 RECOMMENDATIONS OF THE DEPARTMENT OF REGULATORY
104 AGENCIES IN THE DEPARTMENT'S **2025** SUNSET REPORT.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Sunset Process - House Finance Committee. The bill implements the recommendations of the department of regulatory agencies in its 2025 sunset review and report by continuing the division of securities and the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

securities board until 2037. In connection with continuing these entities, the bill:

- Clarifies that deficiency letters and communications concerning a deficiency letter are not public documents that may be inspected under the "Colorado Open Records Act";
- Requires that an investment adviser or an investment adviser representative doing business in Colorado must be licensed by the securities commissioner (commissioner) unless otherwise exempt;
- Specifies that the executive director of the department of regulatory agencies must consult with the securities board when appointing the commissioner; and
- Updates statutory language to be gender neutral.

The bill revises the process by which a cease-and-desist order is issued or a license is summarily suspended. Under current law, the commissioner issues a cease-and-desist order or conducts a summary license suspension by issuing an order to show cause as to why a cease-and-desist order or license suspension should not be issued. After appropriate notices are given, a hearing is scheduled with the securities board or an administrative law judge. At the hearing, it is determined whether to issue a cease-and-desist order or suspend the license and what form the order or suspension will take. The bill changes this process to authorize the commissioner to issue a preliminary cease-and-desist order or a summary license-suspension order. If the person that is the subject of the order disagrees with the order, the person may request a hearing to resolve the issue. The hearing must take place within 30 days after issuance of the order. If a hearing is not requested within 15 days after issuance of the order, the order becomes final. The person that is the subject of the order must obey the order until a hearing is requested.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 11-51-803 as
3 follows:

4 **11-51-803. Repeal of article - subject to review.**

5 ~~(1)~~ This ~~article~~ ARTICLE 51 is repealed, effective September 1,
6 2026 2037.

7 ~~(2) Prior to such~~ BEFORE THE repeal, the division of securities
8 ~~shall be reviewed as provided for in~~ IS SCHEDULED FOR REVIEW IN

1 ACCORDANCE WITH section 24-34-104. ~~C.R.S.~~

2 **SECTION 2.** In Colorado Revised Statutes, 11-51-702.5, **amend**
3 (7) as follows:

4 **11-51-702.5. Securities board - creation - duties - repeal -**
5 **subject to review.**

6 (7) ~~(a)~~ This section is repealed, effective September 1, ~~2026~~ 2037.

7 ~~(b) Prior to such~~ BEFORE THE repeal, ~~the functions of the~~
8 securities board ~~shall be reviewed as provided for in~~ IS SCHEDULED FOR
9 REVIEW IN ACCORDANCE WITH section 24-34-104. ~~C.R.S.~~

10 **SECTION 3.** In Colorado Revised Statutes, 24-34-104, **repeal**
11 (27)(a)(II) and (27)(a)(III); and **add** (38)(a)(II) and (38)(a)(III) as follows:

12 **24-34-104. General assembly review of regulatory agencies**
13 **and functions for repeal, continuation, or reestablishment - legislative**
14 **declaration - repeal.**

15 (27) (a) The following agencies, functions, or both, are scheduled
16 for repeal on September 1, 2026:

17 (II) ~~The division of securities created in section 11-51-701,~~
18 ~~C.R.S.;~~

19 (III) ~~The securities board created in section 11-51-702.5, C.R.S.;~~

20 (38) (a) The following agencies, functions, or both, are scheduled
21 for repeal on September 1, 2037:

22 (II) THE DIVISION OF SECURITIES CREATED IN SECTION 11-51-701;

23 (III) THE SECURITIES BOARD CREATED IN SECTION 11-51-702.5.

24 **SECTION 4.** In Colorado Revised Statutes, 11-51-601, **add**
25 (5)(d) as follows:

26 **11-51-601. Investigations - subpoenas.**

27 (5) (d) A DEFICIENCY LETTER OR COMMUNICATION CONCERNING

1 A DEFICIENCY LETTER RESULTING FROM AN EXAMINATION CONDUCTED
2 UNDER SECTION 11-51-409 IS DEEMED TO BE INFORMATION HELD OR
3 OBTAINED IN CONNECTION WITH A PRIVATE INVESTIGATION WITHIN THE
4 MEANING OF SUBSECTION (5)(a) OF THIS SECTION AND, THEREFORE, IS
5 CONFIDENTIAL AND NOT SUBJECT TO DISCLOSURE UNDER THE "COLORADO
6 OPEN RECORDS ACT", PART 2 OF ARTICLE 72 OF TITLE 24.

7 **SECTION 5.** In Colorado Revised Statutes, 11-51-606, **amend**
8 (1.5)(a), (1.5)(c), (1.5)(d), (4), and (5) as follows:

9 **11-51-606. Conduct of proceedings - cease-and-desist orders**
10 **- consent orders - summary orders - issued by securities**
11 **commissioner - rules.**

12 (1.5) (a) (I) ~~Whenever it appears to~~ If the securities commissioner
13 DETERMINES, based upon sufficient evidence as presented in a petition by
14 an officer or employee of the division of securities, that a person has
15 committed or may commit ~~any of the acts or practices~~ AN ACT OR
16 PRACTICE listed in ~~paragraph (b) of this subsection (1.5)~~ SUBSECTION
17 (1.5)(b) OF THIS SECTION, then, in addition to any specific powers granted
18 under this ~~article~~ ARTICLE 51, the securities commissioner ~~in his or her~~
19 ~~discretion,~~ may issue to ~~such~~ THE person ~~an~~ A PRELIMINARY
20 CEASE-AND-DESIST order. ~~to show cause why the securities commissioner~~
21 ~~should not enter a final order directing such person to cease and desist~~
22 ~~from the unlawful act or practice, or impose such other sanctions as~~
23 ~~provided in subparagraph (IV) of paragraph (d) of this subsection (1.5).~~
24 ~~The securities commissioner shall, within two calendar days, notify the~~
25 ~~chairperson of the securities board or an administrative law judge that an~~
26 ~~order to show cause has been issued, and~~

27 (II) A PERSON THAT IS THE SUBJECT OF A PRELIMINARY

1 CEASE-AND-DESIST ORDER ISSUED PURSUANT TO SUBSECTION (1.5)(a)(I)
2 OF THIS SECTION MAY REQUEST A HEARING WITHIN FIFTEEN DAYS AFTER
3 THE ISSUANCE OF THE PRELIMINARY CEASE-AND-DESIST ORDER TO
4 DETERMINE IF THE ORDER SHOULD BE MADE FINAL. IF THE PERSON THAT
5 IS THE SUBJECT OF THE PRELIMINARY CEASE-AND-DESIST ORDER DOES NOT
6 REQUEST A HEARING WITHIN FIFTEEN DAYS AFTER THE DATE THE
7 PRELIMINARY CEASE-AND-DESIST ORDER WAS ISSUED, THE PRELIMINARY
8 CEASE-AND-DESIST ORDER BECOMES A FINAL CEASE-AND-DESIST ORDER.
9 IF THE PERSON THAT IS THE SUBJECT OF THE PRELIMINARY
10 CEASE-AND-DESIST ORDER TIMELY REQUESTS A HEARING, THE
11 COMMISSIONER SHALL NOTIFY the chairperson OF THE SECURITIES BOARD
12 OR AN administrative law judge, WHO shall set a date WITHIN THIRTY DAYS
13 AFTER THE ISSUANCE OF THE PRELIMINARY CEASE-AND-DESIST ORDER FOR
14 THE hearing on ~~such~~ THE PRELIMINARY CEASE-AND-DESIST ORDER BEFORE
15 THE securities board OR administrative law judge AS PROVIDED IN ~~paragraph~~
16 ~~(d) of this subsection (1.5)~~ SUBSECTION (1.5)(d) OF THIS SECTION.

17 (III) A PERSON THAT IS THE SUBJECT OF A PRELIMINARY
18 CEASE-AND-DESIST ORDER ISSUED PURSUANT TO SUBSECTION (1.5)(a)(I)
19 OF THIS SECTION SHALL OBEY THE ORDER UNTIL THE ORDER EITHER
20 BECOMES FINAL IN ACCORDANCE WITH SUBSECTION (1.5)(a)(II) OF THIS
21 SECTION OR IS VACATED. THE PERSON THAT IS THE SUBJECT OF A FINAL
22 CEASE-AND-DESIST ORDER SHALL OBEY THE ORDER.

23 (c) ~~Any~~ A person ~~against~~ TO WHOM ~~an order to show cause~~ A
24 PRELIMINARY CEASE-AND-DESIST ORDER HAS BEEN ENTERED PURSUANT TO
25 ~~paragraph (a) of this subsection (1.5)~~ SUBSECTION (1.5)(a) OF THIS
26 SECTION SHALL BE PROMPTLY NOTIFIED BY THE ~~securities~~ DIVISION OF
27 SECURITIES OF THE ENTRY OF THE ORDER, ALONG WITH A COPY OF THE ORDER, THE

1 factual and legal basis for the order, and ~~the date set by the chairperson~~
2 ~~of the securities board or an administrative law judge for hearing on such~~
3 ~~order. Such~~ A NOTICE THAT THE ORDER WILL BECOME FINAL IF THE PERSON
4 DOES NOT REQUEST A HEARING WITHIN FIFTEEN DAYS AFTER THE ORDER
5 IS ISSUED. THE SECURITIES COMMISSIONER MAY SERVE THE notice ~~may be~~
6 ~~served~~ TO THE PERSON THAT IS THE SUBJECT OF THE ORDER by United
7 States mail, postage prepaid, to the last-known address of ~~such~~ THE
8 person, by personal service; by facsimile transmission; or as may be
9 practicable. ~~upon any person against whom such order is entered.~~ Mailing
10 or facsimile transmission of an order or other documents under this
11 subsection (1.5), or personal service of ~~such orders~~ THE ORDER or
12 ASSOCIATED documents, ~~shall constitute~~ CONSTITUTES notice ~~thereof~~ OF
13 THE PRELIMINARY CEASE-AND-DESIST ORDER to the person.

14 (d) (I) ~~The~~ IF TIMELY REQUESTED, A hearing on ~~an order to show~~
15 ~~cause~~ A PRELIMINARY CEASE-AND-DESIST ORDER shall be commenced ~~no~~
16 ~~sooner than ten nor later than twenty-one~~ WITHIN THIRTY calendar days
17 following the date of ~~transmission or service of the notification by the~~
18 ~~securities division as provided in paragraph (c) of this subsection (1.5)~~
19 THE PRELIMINARY CEASE-AND-DESIST ORDER. The hearing may be
20 continued by agreement of all of the parties based upon the complexity of
21 the matter, number of parties to the matter, and legal issues presented in
22 the matter, but ~~in no event shall~~ the hearing MUST commence NO later
23 than thirty-five calendar days following the ~~date of transmission or~~
24 ~~service of the notification~~ REQUEST FOR A HEARING.

25 (II) If a person against whom ~~an order to show cause entered~~ A
26 PRELIMINARY CEASE-AND-DESIST ORDER HAS BEEN ISSUED pursuant to
27 ~~paragraph (a) of this subsection (1.5)~~ SUBSECTION (1.5)(a) OF THIS

1 SECTION does not appear at the A hearing, the ~~securities division may~~
2 ~~present evidence that notification was properly sent or served upon such~~
3 ~~person pursuant to paragraph (c) of this subsection (1.5) and such other~~
4 ~~evidence related to the matter as the securities board or administrative law~~
5 ~~judge deems appropriate. In the case where such person does not appear,~~
6 ~~the securities commissioner may not issue an order unless there is a~~
7 ~~finding by the securities board or administrative law judge that there is a~~
8 ~~reasonable basis to believe such notification was actually received or~~
9 ~~served, or, after reasonable search by the securities division, the person~~
10 ~~against whom the order was entered cannot be located. The securities~~
11 ~~commissioner shall enter such order within ten days after his or her~~
12 ~~determination related to reasonable attempts of notification of the~~
13 ~~respondent, and the order shall become final as to that person by~~
14 ~~operation of law~~ PRELIMINARY CEASE-AND-DESIST ORDER BECOMES FINAL
15 WITHOUT ENTERING FINDINGS OF FACT OR MAKING CONCLUSIONS OF LAW.

16 (III) At any A hearing HELD pursuant to this ~~paragraph (d)~~
17 SUBSECTION (1.5)(d), the securities board or AN administrative law judge
18 shall, PURSUANT TO THE RULES AND PROCEDURES ADOPTED BY THE
19 SECURITIES COMMISSIONER, take evidence and hear arguments from the
20 ~~securities~~ division OF SECURITIES and the person against whom the
21 PRELIMINARY CEASE-AND-DESIST order ~~to show cause has been entered,~~
22 ~~pursuant to such rules and procedures as may be adopted by the securities~~
23 ~~commissioner~~ HAS BEEN ISSUED. Based on the evidence entered and
24 arguments heard at the hearing, the securities board or administrative law
25 judge shall enter findings of fact, conclusions of law, and an initial
26 decision recommending to the securities commissioner that a final order
27 be entered affirming, denying, vacating, or otherwise modifying the order

1 ~~to show cause~~ PRELIMINARY CEASE-AND-DESIST ORDER. The initial
2 decision ~~shall~~ MUST be issued within ten days after the conclusion of the
3 hearing provided pursuant to this ~~paragraph (d)~~ SUBSECTION (1.5)(d) and
4 ~~shall~~ MUST be promptly delivered to the securities commissioner.

5 (IV) ~~If the securities commissioner reasonably finds that the~~
6 ~~person against whom the order to show cause was entered has engaged,~~
7 ~~or is about to engage, in acts or practices constituting violations as set~~
8 ~~forth in paragraph (b) of this subsection (1.5) and makes the findings~~
9 ~~required by section 11-51-704 (2), he or she may issue a final~~
10 ~~cease-and-desist order imposing one or more of the following sanctions:~~

11 (A) ~~Directing such person to cease and desist from further~~
12 ~~unlawful acts or practices;~~

13 (B) ~~Censuring the person, if the person is a licensed broker-dealer,~~
14 ~~sales representative, investment adviser, or investment adviser~~
15 ~~representative; or~~

16 (C) ~~Requiring such person to undertake or comply with conditions~~
17 ~~or limitations placed upon the activities, functions, or operations of such~~
18 ~~person, within such reasonable time period as may be imposed by the~~
19 ~~securities commissioner.~~

20 (V) The securities commissioner shall provide notice of ~~the~~ A final
21 order within ten calendar days after receiving the initial decision, in the
22 manner set forth in ~~paragraph (c) of this subsection (1.5)~~ SUBSECTION
23 (1.5)(c) OF THIS SECTION, to each person against whom ~~such~~ THE order
24 has been entered. The final order entered pursuant to ~~subparagraph (IV)~~
25 ~~of this paragraph (d) shall be~~ THIS SUBSECTION (1.5)(d) IS effective when
26 issued and ~~shall be~~ IS a final order for purposes of judicial review
27 pursuant to section 11-51-607.

1 (4) (a) (I) ~~If it appears to the securities commissioner based upon~~
2 ~~sufficient evidence as presented in a petition by an officer or employee of~~
3 ~~the division of securities,~~ DETERMINES that any of the grounds specified
4 in section 11-51-410 (1) exist as to ~~any~~ A licensed person or, in the case
5 of a licensed broker-dealer, a partner, officer, director, person occupying
6 a similar status or performing similar functions, or a person directly or
7 indirectly controlling a broker-dealer, the securities commissioner may
8 issue ~~to such person~~ PURSUANT TO SECTION 24-4-104 (4) an order to ~~show~~
9 ~~cause why the securities commissioner should not~~ summarily suspend the
10 license of that person or limit or impose conditions on the securities
11 activities of that person. ~~pending final determination of a proceeding~~
12 ~~under sections 24-4-104 and 24-4-105, C.R.S.~~

13 (II) A PERSON THAT IS THE SUBJECT OF A SUMMARY SUSPENSION
14 MAY REQUEST A HEARING TO DETERMINE IF THE SUSPENSION SHOULD BE
15 MADE A FINAL ORDER OF SUSPENSION IF THE REQUEST IS MADE WITHIN
16 FIFTEEN DAYS AFTER THE DATE THE LICENSE WAS SUMMARILY SUSPENDED.
17 IF THE PERSON THAT IS THE SUBJECT OF THE SUMMARY SUSPENSION DOES
18 NOT REQUEST A HEARING WITHIN FIFTEEN DAYS AFTER THE DATE THE
19 LICENSE WAS SUMMARILY SUSPENDED, THE SUMMARY SUSPENSION
20 BECOMES A FINAL ORDER OF SUSPENSION. IF THE PERSON THAT IS THE
21 SUBJECT OF THE SUMMARY SUSPENSION TIMELY REQUESTS A HEARING, the
22 securities commissioner shall promptly notify the chairperson of the
23 securities board that ~~an order to show cause has been issued~~ A LICENSE
24 HAS BEEN SUMMARILY SUSPENDED AND A HEARING HAS BEEN REQUESTED,
25 and the chairperson shall set a date for A hearing on ~~such~~ THE order
26 before the securities board.

27 (III) THE PERSON THAT IS THE SUBJECT OF AN ORDER SUMMARILY

1 SUSPENDING A LICENSE SHALL OBEY THE ORDER UNTIL THE ORDER EITHER
2 BECOMES FINAL IN ACCORDANCE WITH SUBSECTION (4)(a)(II) OF THIS
3 SECTION OR IS VACATED. THE PERSON THAT IS THE SUBJECT OF A FINAL
4 ORDER OF SUSPENSION SHALL OBEY THE ORDER.

5 (b) ~~Any~~ A person ~~against whom an order to show cause has been~~
6 ~~entered~~ WHOSE LICENSE HAS BEEN SUMMARILY SUSPENDED shall be
7 promptly notified by the ~~securities~~ division OF SECURITIES of the ~~entry of~~
8 ~~such order~~ SUSPENSION and the basis ~~therefor. Such~~ FOR THE SUSPENSION.
9 THE notice ~~shall~~ MUST include a copy of the SUMMARY SUSPENSION order
10 and ~~shall include the date set by the chairperson of the securities board for~~
11 ~~hearing on such order~~ A STATEMENT THAT THE ORDER WILL BECOME FINAL
12 IF THE PERSON THAT IS THE SUBJECT OF THE ORDER DOES NOT REQUEST A
13 HEARING WITHIN FIFTEEN DAYS AFTER THE ORDER IS ISSUED. In the case
14 of a broker-dealer, the notification shall be sent both to the broker-dealer's
15 last-known mailing address and, if different, the most current mailing
16 address the broker-dealer has on file with the securities commissioner as
17 required in section 11-51-407 (3). In the case of a sales representative,
18 THE notification ~~shall~~ MUST be sent to the sales representative's
19 last-known mailing address, the most current mailing address the sales
20 representative has on file with the securities commissioner as required in
21 section 11-51-407 (3), and the last-known mailing address of the
22 broker-dealer or issuer for which the sales representative is licensed to
23 act.

24 (c) (I) ~~The~~ IF REQUESTED, A hearing on ~~the order to show cause~~
25 ~~shall~~ A SUMMARY SUSPENSION SHALL be commenced ~~no sooner than~~
26 ~~seven, nor later than twenty,~~ WITHIN THIRTY calendar days following the
27 date of transmission of notification of the respondent by the division of

1 ~~securities as provided in paragraph (b) of this subsection (4)~~ THE ORDER
2 WAS ISSUED.

3 (II) The securities board shall take evidence and hear arguments
4 from the ~~securities~~ division OF SECURITIES and the ~~respondent~~. If the
5 ~~respondent does not appear, the securities division may provide evidence~~
6 ~~that notification was promptly sent by the securities division to the~~
7 ~~respondent pursuant to paragraph (b) of this subsection (4).~~ In the case
8 ~~where the respondent~~ PERSON WHOSE LICENSE HAS BEEN SUMMARILY
9 SUSPENDED PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION. IF THE
10 PERSON THAT IS THE SUBJECT OF A SUMMARY SUSPENSION ORDER does not
11 appear ~~the securities commissioner may not issue an order unless there is~~
12 ~~a finding by the securities board that there is reasonable basis to believe~~
13 ~~the respondent either received actual notice, or, after reasonable search~~
14 ~~by the securities division, cannot be located~~ AT THE SUMMARY
15 SUSPENSION HEARING, THE ORDER BECOMES FINAL WITHOUT ENTERING
16 FINDINGS OF FACT OR MAKING CONCLUSIONS OF LAW.

17 (III) Based on the evidence entered and arguments heard at the
18 hearing HELD PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION, the
19 securities board shall enter findings of fact, conclusions of law, and its
20 initial decision recommending to the securities commissioner that ~~an~~ A
21 FINAL order be entered ~~either denying the petition of the securities~~
22 ~~division for summary order or suspending the license of that person~~
23 VACATING THE SUMMARY SUSPENSION, CONVERTING IT TO A FINAL
24 SUSPENSION, or otherwise limiting or imposing conditions on the
25 securities activities of that person. ~~pending final determination of a~~
26 ~~proceeding under sections 24-4-104 and 24-4-105, C.R.S.~~ Exceptions to
27 the initial decision of the securities board must be filed with the securities

1 commissioner within ten calendar days ~~of~~ AFTER the date of entry of ~~such~~
2 ~~order~~ THE SECURITIES BOARD'S INITIAL DECISION. The securities
3 commissioner shall then issue an order, which ~~shall be~~ IS a final order for
4 purposes of judicial review pursuant to section 11-51-607.

5 (d) ~~Any~~ A FINAL order entered under ~~paragraph (c)(III) of this~~
6 ~~subsection (4)~~ SUBSECTION (4)(c)(III) OF THIS SECTION suspending a
7 license or otherwise limiting or imposing conditions on the securities
8 activities of ~~the~~ A licensed person ~~shall remain~~ REMAINS in effect during
9 the pendency of a proceeding under sections 24-4-104 and 24-4-105,
10 C.R.S., unless vacated or modified on judicial review pursuant to section
11 11-51-607 or by subsequent order of the securities commissioner after
12 notice and opportunity for hearing.

13 (5) ~~No order under subsection (3)(b), (3)(c), or (4)(a) of this~~
14 ~~section may be entered by the securities commissioner unless a~~
15 ~~proceeding under sections 24-4-104 and 24-4-105, C.R.S., either has been~~
16 ~~commenced, or is commenced promptly following or contemporaneously~~
17 ~~with the entry of such an order~~ THE SECURITIES COMMISSIONER SHALL
18 COMMENCE A PROCEEDING UNDER SECTIONS 24-4-104 AND 24-4-105
19 PROMPTLY FOLLOWING THE ENTRY OF AN ORDER UNDER SUBSECTION
20 (3)(b) OR (3)(c) OF THIS SECTION OR OF A FINAL SUMMARY SUSPENSION
21 ORDER UNDER SUBSECTION (4)(a) OF THIS SECTION.

22 **SECTION 6.** In Colorado Revised Statutes, 11-51-201, **amend**
23 the introductory portion and (9.6)(b) as follows:

24 **11-51-201. Definitions.**

25 As used in this ~~article~~ ARTICLE 51, unless the context otherwise
26 requires:

27 (9.6) (b) "Investment adviser representative" for a federal covered

1 adviser means any individual ~~with a place of business in this state~~ who is
2 an "investment adviser representative" as defined by the securities and
3 exchange commission in rule 203A-3 promulgated under the federal
4 "Investment Advisers Act of 1940", 15 U.S.C. SEC. 80b-1 ET SEQ.

5 **SECTION 7.** In Colorado Revised Statutes, 11-51-401, **amend**
6 (1.5), (1.6), and (2.5) as follows:

7 **11-51-401. Licensing and notice filing requirements.**

8 (1.5) A person ~~with a place of business in this state~~ shall not
9 transact business in this state as an investment adviser or investment
10 adviser representative unless ~~such~~ THE person is licensed ~~as such~~ or
11 exempt from licensing under section 11-51-402.

12 (1.6) A federal covered adviser ~~either with a place of business in~~
13 ~~this state or who employs or otherwise engages an individual with a place~~
14 ~~of business in this state to act as an investment adviser representative~~
15 shall not transact business in this state as a federal covered adviser unless
16 ~~such~~ THE adviser:

17 (a) Has filed with the securities commissioner the notice and fee
18 required in sections 11-51-403 and 11-51-404; OR

19 (b) IS NOT REQUIRED TO FILE PURSUANT TO SECTION 11-51-402(5).

20 (2.5) An investment adviser OR FEDERAL COVERED ADVISER shall
21 not employ or otherwise engage any individual ~~with a place of business~~
22 ~~in this state~~ to act as an investment adviser representative in this state
23 unless ~~such~~ THE individual is licensed in accordance with section
24 11-51-403 or is exempt from licensing under section 11-51-402. ~~(+)~~.

25 **SECTION 8.** In Colorado Revised Statutes, 11-51-402, **amend**
26 (5) introductory portion, (5)(a) introductory portion, and (6) as follows:

27 **11-51-402. Exempt broker-dealers, sales representatives -**

1 **sanctions - exempt investment advisers, federal covered advisers, and**
2 **investment adviser representatives.**

3 (5) The following investment advisers AND FEDERAL COVERED
4 ADVISERS with no place of business in this state are exempt from the
5 license requirement of section 11-51-401 (1.5) AND THE NOTICE FILING
6 REQUIREMENTS OF SECTION 11-51-401 (1.6):

7 (a) An investment adviser OR A FEDERAL COVERED ADVISER who:

8 (6) Investment adviser representatives employed by or otherwise
9 associated with an investment adviser OR FEDERAL COVERED ADVISER, IF
10 EITHER IS exempt under subsection (5) of this section, are exempt from
11 the license requirement of section 11-51-401 (1.5) AND THE NOTICE FILING
12 REQUIREMENTS OF SECTION 11-51-401 (1.6).

13 **SECTION 9.** In Colorado Revised Statutes, 11-51-403, **amend**
14 (3)(a); and **repeal** (3)(b) as follows:

15 **11-51-403. Application for license - notice filing requirements.**

16 (3) (a) A federal covered adviser who ~~during any calendar year,~~
17 ~~either has a place of business in this state or employs or engages an~~
18 ~~investment adviser representative with a place of business in this state~~ IS
19 REQUIRED TO FILE A NOTICE BY SECTION 11-51-401 (1.6) shall file with the
20 securities commissioner annually a consent to service of process and such
21 OTHER documents as are filed by ~~such~~ THE adviser with the securities and
22 exchange commission that the commissioner may require by rule or order.

23 (b) ~~The notice filing requirement described in paragraph (a) of this~~
24 ~~subsection (3) does not apply to any federal covered adviser who, during~~
25 ~~such calendar year, neither has a place of business in this state nor~~
26 ~~employs nor engages an investment adviser representative with a place of~~
27 ~~business in this state.~~

1 **SECTION 10.** In Colorado Revised Statutes, **amend** 11-51-701
2 as follows:

3 **11-51-701. Division of securities - creation - powers and duties.**

4 ~~There is created~~ The division of securities IS CREATED in the
5 department of regulatory agencies. The head of ~~which~~ THE DIVISION is the
6 ~~commissioner of securities~~ COMMISSIONER, who shall be appointed by the
7 executive director of the department of regulatory agencies, pursuant to
8 section 13 of article XII of the state constitution, ~~and~~ IN CONSULTATION
9 WITH the securities board. The division of securities and the office of
10 ~~commissioner of~~ THE securities COMMISSIONER are **type 1** entities, as
11 defined in section 24-1-105. The division OF SECURITIES is responsible for
12 the administration of ~~the provisions of~~ articles 51, 53, and 59 of this title
13 11 and part 7 of article 75 of title 24 and shall perform such other duties
14 as are imposed upon it by law.

15 **SECTION 11.** In Colorado Revised Statutes, 11-51-304, **amend**
16 (2) introductory portion and (2)(o) as follows:

17 **11-51-304. Registration by qualification.**

18 (2) A registration statement MADE under this section ~~shall~~ MUST
19 contain full and fair disclosure of all material facts respecting the
20 investment offered, including the following information, ~~shall~~ MUST state
21 the title of the security and the number or amount being registered under
22 this ~~article~~ ARTICLE 51, and ~~shall~~ MUST be accompanied by the following
23 documents in addition to the consent to service of process required by
24 section 11-51-706:

25 (o) The written consent of any accountant, engineer, appraiser, or
26 other person whose profession gives authority to a statement made by ~~him~~
27 THEM, if any such person is named as having prepared or certified a report

1 or valuation other than a public and official document or statement ~~which~~
2 THAT is used in connection with the registration statement;

3 **SECTION 12.** In Colorado Revised Statutes, 11-51-1002, **amend**
4 (2)(b) as follows:

5 **11-51-1002. Definitions.**

6 As used in this part 10, unless the context otherwise requires:

7 (2) "Eligible adult" means:

8 (b) An individual eighteen years ~~of age~~ OLD or older who is
9 susceptible to mistreatment or self-neglect because the individual is
10 unable to perform or obtain services necessary for ~~his or her~~ THEIR health,
11 safety, or welfare or lacks sufficient understanding or capacity to make
12 or communicate responsible decisions concerning ~~his or her~~ THEIR person
13 or affairs.

14 **SECTION 13.** In Colorado Revised Statutes, **amend** 11-51-1006
15 as follows:

16 **11-51-1006. Immunity for nondisclosure.**

17 A qualified individual who, in good faith and exercising
18 reasonable care, fails to report pursuant to this part 10 is immune from
19 any administrative, criminal, or civil liability for ~~his or her~~ THEIR failure
20 to report.

21 **SECTION 14. Act subject to petition - effective date -**
22 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
23 the expiration of the ninety-day period after final adjournment of the
24 general assembly (August 12, 2026, if adjournment sine die is on May 13,
25 2026); except that, if a referendum petition is filed pursuant to section 1
26 (3) of article V of the state constitution against this act or an item, section,
27 or part of this act within such period, then the act, item, section, or part

1 will not take effect unless approved by the people at the general election
2 to be held in November 2026 and, in such case, will take effect on the
3 date of the official declaration of the vote thereon by the governor.

4 (2) This act applies to cease-and-desist orders and summary
5 suspension orders issued on or after the applicable effective date of this
6 act.