

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 7079
BILL NUMBER: HB 1336

NOTE PREPARED: Jan 5, 2026
BILL AMENDED:

SUBJECT: Securities and Investment Adviser Representatives.

FIRST AUTHOR: Rep. Carbaugh

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Mergers and Acquisitions* - This bill exempts a merger and acquisition broker from registering as a broker-dealer under certain circumstances.

FINRA Examinations - The bill requires an applicant seeking to register as an agent of a broker-dealer in Indiana to pass financial industry regulatory authority (FINRA) examinations unless certain exceptions apply. It also requires an applicant seeking to register as an investment adviser representative in Indiana to pass FINRA examinations unless certain exceptions apply. It also provides that under certain circumstances an agent of a broker-dealer or an investment adviser representative may have the validity of the individual's FINRA qualifying examinations extended.

Continuing Education - The bill requires an investment adviser representative to participate in a continuing education program.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Summary* - The bill could increase Secretary of State workload to (1) ensure broker-dealers and investment advisors pass FINRA examinations and participate in continuing education requirements and (2) process registrations from merger and acquisition brokers. Increases in workload are within the routine administrative function of the agency and are expected to be accomplished within existing resource and funding levels or from increases in civil penalty revenue deposited in the SOS Securities Division Enforcement Account collected from violators.

Additional Information - The bill exempts merger and acquisition (M&A) brokers from registering as a broker-dealer with the Secretary of State under certain circumstances, but requires registration outside of these exemptions. Federal law exempts M&A brokers from registration requirements for small-scale acquisitions under \$250 M as of 2023.

Indiana does not have regulations concerning registration for M&A brokers in the state. The bill would codify state registration requirements and would clarify when an M&A broker would be required to register

with the Secretary of State. As a result, Secretary of State workload would increase to process additional registrations. Increases in workload would be financed with the collection of registration fees paid by applicants.

Explanation of State Revenues: *Summary* - This bill could increase revenue to (1) the Secretary of State's Loan Broker Regulation Account from registration fees paid by M&A brokers, (2) the Securities Division Enforcement Account from civil penalties paid from violation of Indiana's Uniform Securities Act, and (3) the General Fund and State User Fee Fund from civil costs fees.

Additional Information -

Mergers and Acquisitions: The bill would increase revenue to the Secretary of State's Loan Broker Regulation Account from registration fees paid by certain M&A brokers. The initial fee is \$250 with renewals set at \$125. Increases in revenue to the Loan Broker Regulation Account are unknown, but expected to be minimal.

Civil Penalties: The bill could result in additional violations of Indiana's Uniform Securities Act, which are actionable by the Secretary of State. Current law allows for the Secretary of State to levy a maximum \$10,000 penalty per offense, which would benefit the SOS Securities Division Enforcement Account. The bill's impact on revenue to the SOS Securities Division Enforcement Account is indeterminable.

Court Fee Revenue: A civil costs fee of \$100 would be assessed when a civil case is filed. If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A portion of the fee revenue is deposited into the State User Fee Fund.

Additional fees may be collected at the discretion of the judge and depending upon the particular type of case. Violations of the bill's requirements would be actionable by the Secretary of State. To the extent individuals violate these provisions, the Securities Division Enforcement Account and the Securities Restitution Fund could receive additional revenue from penalties. Increases in revenue are indeterminable

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur and court fees are collected, local governments would receive additional revenue from both a portion of the civil costs fee and other fees that would be collected.

State Agencies Affected: Secretary of State.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources: <https://www.congress.gov/bill/117th-congress/house-bill/935/text>

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