

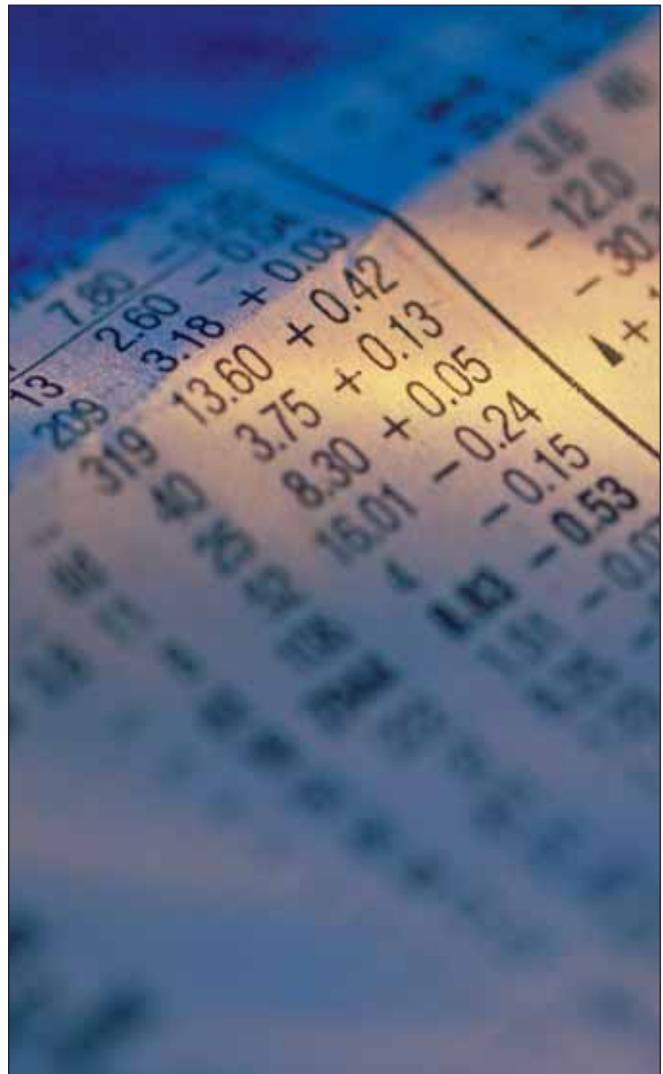
# The Georgia Uniform Securities Act of 2008:

## An Analysis of Significant Changes to Georgia's Blue Sky Law

by Keshawn Harry and Robert D. Terry

**D**uring the 2007-08 legislative session, the Georgia General Assembly repealed the Georgia Securities Act of 1973 and passed the Georgia Uniform Securities Act of 2008 (the Georgia Uniform Securities Act).<sup>1</sup> Gov. Sonny Perdue signed the Georgia Uniform Securities Act on May 12, 2008.<sup>2</sup> With the enactment of this legislation, Georgia became the 15th state to adopt a securities regulation regime based on the model act that the National Conference of Commissioners on Uniform State Laws promulgated in 2002 as the Uniform Securities Act of 2002.<sup>3</sup>

The Georgia Uniform Securities Act, which becomes effective on July 1, 2009, marks a significant effort by Georgia lawmakers to modernize securities regulation in Georgia. As commentators have noted, non-uniform securities laws are often impracticable both for the regulated entities and the regulators who work in modern, globalized securities markets.<sup>4</sup> State uniformity reduces the burdens of complying with two separate regulatory regimes at the federal and the state level while increasing the ability of those regimes to inte-



grate and enforce cohesive laws. Prior to Congress's enactment of the National Securities Markets Improvement Act of 1996,<sup>5</sup> the dual regulatory system led, in some instances, to perceived redundancies.<sup>6</sup> The National Securities Markets Improvement Act addressed this problem by exempting offerings of federal covered securities from state regulation, restricting states' abilities to impose different recordkeeping obligations and clearly bifurcating investment adviser regulation.<sup>7</sup> Paradoxically, this resolution had a uniform effect on state securities law—namely, preemption—while leaving the states on their own to handle the requisite amendments to their securities acts in an often non-uniform manner.<sup>8</sup> Although in 1998 the Georgia General Assembly amended the Georgia Securities Act of 1973 to achieve some level of consistency with the National Securities Markets Improvement Act, the Uniform Securities Act of 2002 and the Georgia Uniform Securities Act were purposely crafted to meet the National Securities Markets Improvement Act's mandates and objectives as well as to make other changes designed to create more consistency in state regulation of securities transactions.<sup>9</sup>

When the Georgia Uniform Securities Act becomes effective in July 2009, practitioners will notice that several significant changes accompany the benefits of diminished regulatory overlap and enhanced uniformity. Practitioners will find key differences, for instance, in the provisions governing registration exemptions for securities instruments and professionals, the statute of limitations for civil actions and enforcement administration.

## Securities Exemptions—Article 2

### Limited Offering Exemption

The Georgia Uniform Securities Act is divided into seven articles.<sup>10</sup>

Article 2 of the Act addresses registration exemptions that apply to securities and to securities transactions. Article 2 amends many of the exemptions that were available under the Georgia Securities Act of 1973. One of the most used exemptions for small companies, the limited offering exemption set forth in Section 10-5-9(13), has several noteworthy changes. This exemption is now contained in Section 10-5-11(14) in the Georgia Uniform Securities Act and differs from prior law in that the exemption no longer requires that complying issuers and non-issuers place legends on the securities instruments or that each Georgia purchaser execute a "purchase for investment" statement.<sup>11</sup> Section 10-5-11(14) keeps the prohibition against general solicitations and the 15 Georgia purchaser maximum requirement intact, but institutes a new prohibition against commissions for solicitation-related activities and a requirement that the sale and offer be "part of a single issue."<sup>12</sup> Although the "purchase for investment" statement is no longer required, Section 10-5-11(14) does require that the issuer or non-issuer reasonably believe that all Georgia purchasers are purchasing for investment.<sup>13</sup>

Based on these requirements, the popularity and utility of the limited offering exemption will likely continue to increase in Georgia. The changes to the instrument legend and executed purchaser statement requirements should especially lessen the administrative burden on issuers and non-issuers in Georgia that engage in exempt limited offerings and reduce inadvertent noncompliance by some entities. The changes will not, however, affect essential safeguards and limits (placing the burden of proof on those who assert exemptions, prohibitions against fraud, orders imposing restrictions on or revoking exemptions and well-established strict construction principles with regard to exemptions).<sup>14</sup> In addition, those attempting to rely

on the revised exemption will likely need substantive knowledge of what constitutes a single issue because integration of two separate securities issues can destroy the limited offering exemption.<sup>15</sup>

### Employee Benefit Plan Exemption

Another significant exemption change that practitioners may notice concerns securities transactions in connection with employee benefit plans. Under the Georgia Securities Act of 1973, securities transactions related to employee benefit plans are generally exempt from state registration requirements. Sections 10-5-9(7) and 10-5-9(9), for instance, exempt transactions involving securities sales related to employee pension plans, profit-sharing plans, stock bonus plans, stock purchase plans, retirement plans and stock option plans when certain requirements are met. The employee benefit plan exemption is an important exemption. The ESOP Association, which assists companies that provide stock ownership plans to their employees, estimates that in the United States 10 percent of the private sector workforce is compensated in part through employee stock ownership plans.<sup>16</sup> Indeed, many prominent companies count thousands of participants in their employee stock ownership plans.<sup>17</sup>

Given the prevalence of stock ownership plans, practitioners advising large and small corporations will likely find the Georgia Uniform Securities Act's revisions to the registration exemption provision on stock option plans remarkable.<sup>18</sup> Under prior law, a registration exemption was available for transactions involving stock option plans only if those plans were limited to employees of the issuer or employees of the issuer's affiliate.<sup>19</sup> Accordingly, stock option plans that included consultants or advisers were prohibited from using Section 10-5-9(9). This limitation was an effort to be consistent with the exemp-

tion's compensatory purpose. Nevertheless, the Securities and Exchange Commission (SEC) has emphasized that securities issuances to consultants and advisers also can be for compensatory and not capital raising purposes.<sup>20</sup> Acknowledging the validity of the SEC's reasoning, the Georgia Uniform Securities Act's employee benefit plan exemption set forth in Section 10-5-11(21) now allows consultants and advisers to participate in stock option plans. This is a significant expansion of the prior exemption for corporations that regularly retain consultants and advisers. The revised exemption, however, requires that the consultants and advisers be natural persons and provide services to the issuer at the time of offering.<sup>21</sup>

In addition to its expansion of eligible participants in exempt stock option plans, the Georgia Uniform Securities Act also allows exemptions for employee benefit plans even if those plans require that participants pay to participate.<sup>22</sup> Under prior law, issuers offering exempt stock option plans and stock bonus plans to their employees could not require plan participants to pay to participate.<sup>23</sup> In the current marketplace, corporations often have to craft creative compensation packages to recruit and retain skilled workers. The Georgia Uniform Securities Act gives those corporations further flexibility to develop sustainable and attractive equity benefit plans for their employees. As with the limited offering exemption, the Georgia Uniform Securities Act retains essential safeguards and limits.<sup>24</sup> Additionally, interests in contributory or noncontributory pension or welfare plans that are subject to the Employee Retirement Income Security Act of 1974<sup>25</sup> are not considered securities under the Georgia Uniform Securities Act.<sup>26</sup>

Another notable feature of the Georgia Uniform Securities Act concerns employee pension, profit-sharing and benefit plans. Under Section 10-5-11(13)(A), sales or

offers to sell to institutional investors are exempt from the Georgia Uniform Securities Act's registration obligations. Employee pension, profit-sharing and benefit plans are deemed institutional investors when the particular plan

has total assets in excess of \$10 million or its investment decisions are made by a named fiduciary . . . that is a broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq., an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-1, et seq., an investment adviser registered under this chapter, a depository institution, or an insurance company.<sup>27</sup>

Pension, profit-sharing and benefit plans are similarly covered under the employee benefit plan exemption set forth in Section 10-5-11(21). Thus, employee pension, profit-sharing and benefit plans are exempt under two separate provisions of the Georgia Uniform Securities Act. Because Section 10-5-11(13), the institutional investor exemption, is restricted to plans that have total assets in excess of \$10 million or that have a named fiduciary making investment decisions, practitioners will likely find that Section 10-5-11(21) provides their business clients a relatively higher level of flexibility.

## Professional Exemptions—Article 4

Article 4 of the Georgia Uniform Securities Act covers professionals working in the securities industry—broker-dealers,<sup>28</sup> agents,<sup>29</sup> investment advisers, investment adviser representatives and federal covered investment advisers.<sup>30</sup> The Georgia Uniform Securities Act generally requires that broker-dealers, agents, investment advisers and investment adviser repre-

sentatives be registered in Georgia or be exempt from registration before transacting business in Georgia.<sup>31</sup> Generally, federal covered investment advisers (persons registered under the Investment Advisers Act of 1940),<sup>32</sup> must meet certain notice filing requirements and pay a fee unless they do not maintain a place of business in Georgia and have only certain types and numbers of clients.<sup>33</sup>

As with exemptions for securities, several exemptions for professionals are newly available under the Georgia Uniform Securities Act. Broker-dealers who deal solely in U.S. government securities, for example, have registration obligations under the Georgia Securities Act of 1973 but do not under the Georgia Uniform Securities Act if they are properly supervised.<sup>34</sup> Similarly, under the Georgia Uniform Securities Act, an agent who only effects transactions for exempt broker-dealers is itself exempt from registration.<sup>35</sup> Other exemptions, such as the permitted cross-border exemption, contain noteworthy modifications.

## Cross-Border Exemption—Broker-Dealers

Cross-border exemptions generally allow foreign-registered broker-dealers to continue previously-initiated brokerage activities for their customers who have relocated temporarily or permanently to a state if certain circumstances are present. Cross-border exemptions are practical given the "increasingly transnational nature of securities brokerage" and the mobility of modern investors.<sup>36</sup> The cross-border exemption under the Georgia Uniform Securities Act is a permitted exemption.<sup>37</sup> The Georgia Commissioner of Securities,<sup>38</sup> accordingly, may adopt rules that exempt broker-dealers from the Act's registration mandates if those broker-dealers are registered in Canada or another foreign jurisdiction, do not maintain a place of business in Georgia, and effect securities transactions with or for

individuals meeting specified requirements (e.g., an individual from Canada or other foreign jurisdiction who is temporarily in Georgia and has a pre-existing bona fide customer relationship with a foreign-registered broker-dealer).<sup>39</sup> In contrast, the cross-border exemption currently in effect exists only as set forth in Rule 590-4-2-19 and not by any act of the Georgia General Assembly. Indeed, the Georgia Securities Act of 1973 contains no explicit authorization like the authorization in the Georgia Uniform Securities Act for a cross-border registration exemption for foreign broker-dealers.<sup>40</sup> Practitioners who routinely counsel foreign brokerage professionals will probably find the Georgia General Assembly's decision to explicitly authorize a cross-border exemption a positive change to Georgia's blue sky law.<sup>41</sup> The change not only affirms the exemption, which must be strictly construed under Georgia law, but also,

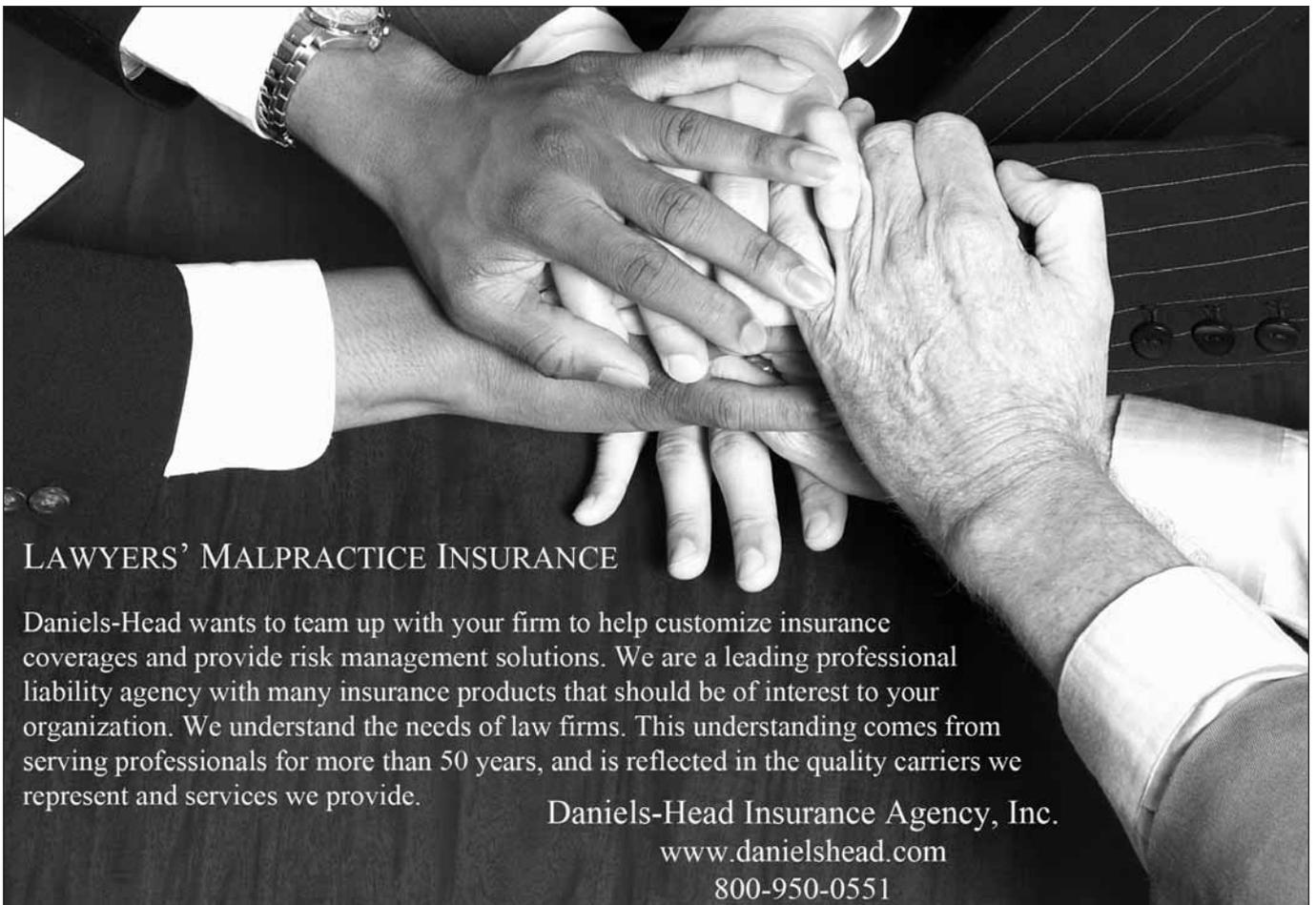
since the change is uniform, makes other uniform act states a reference for Georgia.<sup>42</sup>

### National De Minimis Standard—Investment Advisers

The National Securities Markets Improvement Act, as mentioned previously, bifurcated investment adviser regulation between the federal and state regulatory regimes.<sup>43</sup> In sum, investment advisers with assets under management of \$25,000,000 or more or that advise registered investment companies are subject to the SEC's registration authority exclusively. Investment advisers that do not meet these standards are subject to the registration authority of each state where they do business unless they meet the national de minimis standard.<sup>44</sup> The national de minimis standard under the National Securities Markets Improvement Act provides as follows:

No law of any state or political subdivision thereof requiring the registration, licensing, or qualification as an investment adviser shall require an investment adviser to register with the securities commissioner of the state (or any agency or officer performing like functions) or to comply with such law (other than any provision thereof prohibiting fraudulent conduct) if the investment adviser—(1) does not have a place of business located within the state; and (2) during the preceding 12-month period, has had fewer than six clients who are residents of that state.<sup>45</sup>

The standard, therefore, exempts an investment adviser from a state's registration requirements if the investment adviser does not maintain a place of business in the state and if the investment adviser had fewer than six resident clients during the preceding 12 months.



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The Georgia Uniform Securities Act includes the national de minimis standard exemption in Section 10-5-32(b)(2) and thus mirrors the National Securities Markets Improvement Act.<sup>46</sup> The Georgia Securities Act of 1973, on the other hand, does not explicitly include the national de minimis standard exemption. The Georgia Securities Act of 1973 instead exempts investment advisers transacting business within or from Georgia that had fewer than six Georgia clients in the preceding 12 months regardless of the investment adviser's place of business.<sup>47</sup> The only scenario in which this difference creates dissimilar registration mandates is where the investment adviser maintains a place of business in Georgia but has fewer than six resident clients. In this situation, the investment adviser would have no registration obligation under the Georgia Securities Act of 1973 but would be required to register under the Georgia Uniform Securities Act unless the investment adviser is exempt under a separate provision. This difference is permissible because the National Securities Markets Improvement Act is a preemptive act and thus has no effect on state securities laws that are more lenient than federal secu-

rities laws. In any event, the Georgia Uniform Securities Act ends the looser de minimis exemption requirement in Section 10-5-3(b)(2) of the Georgia Securities Act of 1973. Georgia's revised de minimis exemption for investment advisers will exempt investment advisers only in situations where the National Securities Markets Improvement Act also does so.

## Fraud and Liabilities— Article 5

Article 5 of the Georgia Uniform Securities Act contains two significant provisions that differ from both the Georgia Securities Act of 1973 and the Uniform Securities Act of 2002.

### Statute of Limitations

Under Section 10-5-14(d) of the Georgia Securities Act of 1973, the statute of limitations for all civil disputes regarding securities transactions is "two years from the date of the contract for sale or sale, if there is no contract for sale."<sup>48</sup> A plaintiff filing suit under the Georgia Securities Act of 1973, consequently, must initiate the action within a two-year period that does not vary depending on the type of claim at issue. In contrast, Section 509(j) of the Uniform Securities Act of 2002 contains a one-year statute of limitations for registration-related claims and a two-year statute of limitations for fraud-related claims with a five-year statute of repose (two years after discovery or five years after the violation). Section 10-5-58(j) of the Georgia Uniform Securities Act is modeled after Section 509(j) of the Uniform Securities Act of 2002 but differs from Section 509(j) by extending the statute of limitations for registration-related claims to two years. Section 10-5-58(j) differs from Section 10-5-14(d) of the Georgia Securities Act of 1973 by including a statute of repose for fraud-related claims and changing the events that trigger the start of the limitations period.<sup>49</sup>

## Defamation Liability

The issue of employer liability for defamatory statements in records that regulatory entities require be posted to the Central Registration Depository, a depository system operated by the Financial Industry Regulatory Authority, has lately been a topic of growing interest among securities firms and professionals. A widely discussed recent opinion of the Court of Appeals of New York, for example, concluded that an employer that made certain statements on an employee's termination notice filed with the National Association of Securities Dealers (now the Financial Industry Regulatory Authority) enjoyed absolute immunity from defamation liability.<sup>50</sup> In contrast to the absolute immunity approach, the Uniform Securities Act of 2002 provides in Section 507 that the entity filing the record is immune to defamation claims unless the filing entity knew or should have known that the statement was false or acted recklessly regarding the statement's truth or falsity. The Georgia Uniform Securities Act similarly provides for limited immunity in this situation but does not contain the "should have known" objective standard.<sup>51</sup> In contrast, the Georgia Securities Act of 1973 is completely silent on the subject of defamation liability for statements posted to the Central Registration Depository. Allowing filing entities only limited immunity against defamation claims encourages these entities to confirm the truth and validity of the statements that they post to the Central Registration Depository.

## Administration— Article 6

In addition to the changes that the new legislation makes regarding exemptions for instruments and professionals and the clarifications in Article 5, the Georgia Uniform Securities Act also makes several changes to blue sky law administration.

## Offers in Georgia

Sections 10-5-79(c) and (d) of the Georgia Uniform Securities Act clarify when an offer to sell or to purchase is made and accepted in Georgia. These clarifications significantly modernize Georgia blue sky law by creating an analytical framework for the difficult jurisdictional questions that electronic commerce sometimes produces. As the Georgia Uniform Securities Act provides, an offer is made in Georgia, whether or not either party is present in Georgia, if the offer “[o]riginates from within” Georgia or the offeror successfully directs the offer to a place in Georgia.<sup>52</sup> An offer is accepted in Georgia, whether or not either party is present in Georgia, if the acceptance “[i]s communicated to the offeror in this state and the offeree reasonably believes the offeror to be present in this state and the acceptance is received at the place in this state to which it is directed” and the acceptance has not already been communicated to the offeror outside of Georgia.<sup>53</sup> These clarifications are not in the Georgia Securities Act of 1973, although identical provisions are currently effective pursuant to Rule 590-4-1-.01(19)(a)-(b).

## Service of Process

Under prior law, the Georgia Commissioner of Securities was obligated to serve respondents with a notice of opportunity for hearing.<sup>54</sup> The Commissioner, in some instances, was obligated to send the respondent a notice of opportunity for hearing before entering the order.<sup>55</sup> The Commissioner’s power to issue a cease and desist order under the Georgia Securities Act of 1973, for example, was “[s]ubject to notice and opportunity for hearing.”<sup>56</sup> The Georgia Uniform Securities Act adopts a different approach. It instead provides that a cease and desist order issued by the Commissioner is “effective on the date

of issuance.”<sup>57</sup> The Georgia Uniform Securities Act of 2008 further provides as follows:

Upon issuance of the order, the Commissioner shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the Commissioner will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within 30 days after receipt of a request in a record from the person, the matter will be scheduled for a hearing. If a person subject to the order does not request a hearing and none is ordered by the Commissioner within 30 days after the date of service of the order, the order becomes final as to that person by operation of law. If a hearing is requested or ordered, the Commissioner, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.<sup>58</sup>

A cease and desist order, consequently, is effective before the

respondent receives the notice of opportunity for hearing and is final 30 days after the respondent receives notice unless that person requests a hearing. A related provision, Section 10-5-80(b), appoints the Georgia Commissioner of Securities as the agent for service of process for any person who engages in prohibited conduct in noncriminal actions or proceedings. Service is not effective, though, until:

(1) The plaintiff, which may be the Commissioner, promptly sends notice of the service and a copy of the process, return receipt requested, to the defendant or respondent at the address set forth in the consent to service of process or, if a consent to service of process has not been filed, at the last known address or takes other reasonable steps to give notice; and

(2) The plaintiff files an affidavit of compliance with this subsection in the action or proceeding on or before the return day of the process, if any, or within the time that the court, or the Commissioner in a proceeding before the Commissioner, allows.<sup>59</sup>



This represents a significant change in how Georgia blue sky law addresses service of process in administrative cease and desist actions by providing a means for the Commissioner's staff to proceed in situations where the respondent is purposely absent or actively avoiding service.

## Conclusion

With all of these changes, the Georgia General Assembly has significantly updated state securities regulation in Georgia. The changes concerning exempt securities and professionals are critical to reducing the burdens on issuers and professionals who are legitimate and necessary actors in modern securities markets. The fraud and liability changes clarify important topics to practitioners, and the administrative changes allow the Commissioner to effectively address improper conduct in Georgia's securities marketplace. 



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## Endnotes

1. S.B. 358, 2007-2008 Legis. Sess. (Ga. 2008), available at [http://www.legis.ga.gov/legis/2007\\_08/sum/sb358.htm](http://www.legis.ga.gov/legis/2007_08/sum/sb358.htm) (last visited on Feb. 18, 2009).
2. *Id.*
3. See Richard B. Smith, *A New*

*Uniform Securities Act*, WALL ST. LAW., Feb. 2003, at 8.

4. JOEL SELIGMAN, *THE NEW UNIFORM SECURITIES ACT* xxi-xxiii (2003). Professor Seligman served as the Reporter for the revisions that resulted in the Uniform Securities Act of 2002.
5. Pub. L. No. 104-290, 110 Stat. 3,416 (1996) (codified as amended in scattered sections of 15 U.S.C.).
6. Smith, *supra* note 3. President William J. Clinton, upon signing the National Securities Markets Improvement Act into law, remarked that it was "the most significant overhaul of the securities regulatory structure in decades." President William J. Clinton, Statement on Signing the National Securities Markets Improvement Act of 1996 (Oct. 11, 1996) (available at [http://findarticles.com/p/articles/mi\\_m2889/is\\_n41\\_v32/ai\\_18920481](http://findarticles.com/p/articles/mi_m2889/is_n41_v32/ai_18920481)).
7. 15 U.S.C. § 77r(a) (2000).
8. Although 37 jurisdictions adopted the Uniform Securities Act of 1956, each state has naturally developed its own solutions to various securities issues. See SELIGMAN, *supra* note 4, at xxii.
9. SELIGMAN, *supra* note 4.
10. Professor Seligman describes the articles in the Uniform Securities Act of 2002 as follows: "1. General Provisions; 2. Exemptions from Registration of Securities; 3. Registration of Securities and Notice Filing of Federal Covered Securities; 4. Broker-Dealers, Agents, Investment Advisers, Investment Adviser Representatives, and Federal Covered Investment Advisers; 5. Fraud and Liabilities; 6. Administration and Judicial Review; 7. Transition." SELIGMAN, *supra* note 4, at xxiii. The Georgia General Assembly chose not to adopt the Uniform Securities Act of 2002 code section numbering scheme, which the National Conference of Commissioners on Uniform State Laws uses in its model legislation including the Uniform Commercial Code. The Georgia General Assembly instead used a code section numbering scheme that is similar to the one that it used in the Georgia Securities Act of 1973. The Georgia Uniform Securities Act is otherwise structured and organized similarly to the Uniform Securities Act of 2002.
11. O.C.G.A. § 10-5-11(14) (Supp. 2008).
12. *Id.* Under the Uniform Securities Act of 2002, the limited offering exemption is available for offerings limited to 25 in-state purchasers.
13. *Id.*
14. See, e.g., *id.* §§ 10-5-13(a), 10-5-50, 10-5-52; *Blau v. Redmond*, 143 Ga. App. 897, 902, 240 S.E.2d 273, 277 (1977).
15. SELIGMAN, *supra* note 4, at 52; see also JAMES D. COX ET AL., *SECURITIES REGULATION: CASES AND MATERIALS* 429 (2d ed. 1997) (analyzing offering integration under federal securities laws).
16. ESOP Statistics: Industry Statistics, available at [http://www.esopassociation.org/media/media\\_statistics.asp](http://www.esopassociation.org/media/media_statistics.asp) (last visited on Feb. 18, 2009).
17. ESOP Statistics: Top ESOPs, available at [http://www.esopassociation.org/media/media\\_topten.asp](http://www.esopassociation.org/media/media_topten.asp) (last visited on Feb. 18, 2009).
18. A stock option is a derivative instrument (i.e., its value depends on the price of an underlying instrument) that gives its owner the right to buy (call option) or sell (put option) a security at a predetermined price and date. Cox, *supra* note 15, at 1080.
19. O.C.G.A. § 10-5-9(9)(C) (2000). The exemption also prohibited employees from paying any consideration other than services to participate in the stock option plan.
20. Compensatory Benefit Plans and Contracts, 1933 Act Release No. 33-6768 (Apr. 14, 1988).
21. O.C.G.A. § 10-5-11(21)(C) (Supp. 2008). As Professor Seligman notes, the Section 10-5-11(21) exemption is partly modeled on Securities and Exchange Commission Rule 701(c), and compliance with Rule 701 constitutes compliance with Section 10-5-11(21). SELIGMAN, *supra* note 4, at 55.
22. O.C.G.A. § 10-5-11(21) (Supp. 2008).
23. *Id.* §§ 10-5-9(9)(A), (C) (2000).
24. See, e.g., *id.* §§ 10-5-13(a), 10-5-50, 10-5-52 (Supp. 2008); *Blau v. Redmond*, 143 Ga. App. 897, 902, 240 S.E.2d 273, 277 (1977).

25. 29 U.S.C. §§ 1001-1461 (2000).
26. O.C.G.A. § 10-5-2(31)(C) (Supp. 2008).
27. *Id.* § 10-5-2(13)(F).
28. The Georgia Uniform Securities Act provides that a broker-dealer is "a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account." *Id.* § 10-5-2(3). As Professor Cox explains, a broker effects transactions for the account of others, and a dealer effects transactions for its own account. Firms in the business are referred to as broker-dealers because most securities firms act as brokers and dealers. COX, *supra* note 15, at 1082.
29. O.C.G.A. § 10-5-2(1) (Supp. 2008). Instead of the term "salesperson," which the Georgia Securities Act of 1973 uses, the Georgia Uniform Securities Act uses the term "agent."
30. *See id.* §§ 10-5-30, 10-5-31, 10-5-32, 10-5-33, 10-5-34.
31. *Id.* §§ 10-5-30(a), 10-5-31(a), 10-5-32(a), 10-5-33(a).
32. *Id.* § 10-5-2(8).
33. *Id.* § 10-5-34(a), (b), (c).
34. *Id.* § 10-5-30(b)(2). Although securities issued by the United States were exempt under Section 10-5-8(1) of the Georgia Securities Act of 1973, Section 10-5-3(a) of that Act still required the professionals involved in transacting those securities to be registered.
35. *Id.* § 10-5-31(b)(2).
36. SELIGMAN, *supra* note 4, at 86.
37. O.C.G.A. § 10-5-30(d) (Supp. 2008).
38. The Georgia Uniform Securities Act grants administrative powers to the Secretary of State and designates the Secretary of State as Commissioner of Securities. *Id.* § 10-5-70(a).
39. *Id.* § 10-5-30(d).
40. Rule 590-4-2-.19 of the Rules of Office of Georgia Secretary of State.
41. Because the cross-border exemption under the Georgia Uniform Securities Act is a permitted exemption, practitioners will need to consult the revised Rules of Office of Secretary of State to confirm the effectiveness of the cross-border exemption when the Georgia Uniform Securities Act becomes effective on July 1, 2009.
42. *See Blau v. Redmond*, 143 Ga. App. 897, 902, 240 S.E.2d 273, 277 (1977).
43. 15 U.S.C. § 80b-3a(a), (b) (2000).
44. *Id.*
45. *Id.* § 80b-18a(d).
46. Careful readers will note that both the Uniform Securities Act of 2002 and the Georgia Uniform Securities Act use the phrase "not more than five clients" rather than "fewer than 6 clients," which is the phrase that the drafters used in the National Securities Markets Improvement Act. The phrasing change is non-substantive and appears to be a stylistic or grammatical preference on behalf of the National Conference of Commissioners on Uniform State Laws.
47. O.C.G.A. § 10-5-3(a), (b)(2) (2000).
48. *Id.* § 10-5-14(d).
49. *Compare id. with id.* § 10-5-58(j) (Supp. 2008).
50. *Rosenberg v. MetLife, Inc.*, 866 N.E.2d 439, 444-45 (N.Y. 2007).
51. O.C.G.A. § 10-5-56 (Supp. 2008).
52. *Id.* § 10-5-79(c).
53. *Id.* § 10-5-79(d).
54. *Id.* § 10-5-16(a), (b) (2000).
55. *Id.*
56. *Id.* § 10-5-13(a)(1)(A).
57. *Id.* § 10-5-73(b) (Supp. 2008).
58. *Id.*
59. *Id.* § 10-5-80(c).



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