

GOVERNMENT CODE

TITLE 12. SECURITIES ACT

CHAPTER 4004. REGULATION OF DEALERS, INVESTMENT ADVISERS, DEALERS'  
AGENTS, AND INVESTMENT ADVISER REPRESENTATIVES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 4004.001. RULES FOR EXEMPTION FROM REGISTRATION REQUIREMENTS. The board may adopt rules that exempt certain classes of persons from the dealer, agent, investment adviser, and investment adviser representative registration requirements, or provide conditional exemptions from registration, if the board determines that the rules are consistent with the purposes of this title.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.002. CERTAIN DISPLAYS OR ADVERTISEMENT OF REGISTRATION PROHIBITED. Except as expressly provided by this title, a dealer, agent, investment adviser, or investment adviser representative may not by public display or advertisement use the fact that the person is registered under this title, the person's registration certificate or evidence of registration, or a certified copy of the certificate or evidence of registration in connection with any sale or effort to sell any security or any rendering of services as an investment adviser.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.003. DISPLAY OF INFORMATION REGARDING COMPLAINTS. A dealer, agent, investment adviser, or investment adviser representative regulated under this title shall prominently display at all times in the person's place of business:

(1) a sign containing the name, mailing address, and telephone number of the board; and

(2) a statement informing consumers that complaints against a dealer, agent, investment adviser, or investment adviser

representative may be directed to the board.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

#### SUBCHAPTER B. REGISTRATION OF DEALERS AND INVESTMENT ADVISERS

Sec. 4004.051. REGISTRATION OF DEALERS REQUIRED. Except as provided by Section 4001.056(d) or Subchapter A, Chapter 4005, a dealer or other person or company, including a corporation or firm, may not, directly or through the dealer's or other person's or company's agents, offer for sale, sell, or make a sale of any securities in this state unless the dealer or other person or company is first registered as provided by this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.052. REGISTRATION OF INVESTMENT ADVISERS REQUIRED. Except as provided by Subchapter A, Chapter 4005, a person may not, directly or through the person's investment adviser representative, render services as an investment adviser in this state unless the person:

- (1) is registered under this chapter;
- (2) submits a notice filing as provided by Subchapter G; or
- (3) is otherwise exempt under this title.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.053. APPLICATION FOR REGISTRATION. (a) To be registered, a dealer or investment adviser must submit to the commissioner a sworn application that must be in the form the commissioner prescribes and must state:

- (1) the applicant's principal place of business;
- (2) the location of the applicant's principal place of business and all branch offices of the applicant in this state;
- (3) the name or style of doing business and the address of the applicant;

(4) the name, residence, and business address of each person interested in the business as a principal, officer, director, or managing agent of the applicant's business, specified by capacity and title;

(5) the general plan and character of the applicant's business;

(6) the period the applicant has been engaged in the business; and

(7) the places at which the applicant has engaged in the business.

(b) An application filed under this section must contain additional information relating to the previous history, record, associations, and present financial condition of the applicant as the commissioner may require or as necessary to enable the commissioner to determine whether the sale of any securities the applicant proposes to issue or deal in would result in fraud.

(c) An application must be accompanied by a certificate or other evidence satisfactory to the commissioner that establishes the good reputation of:

(1) the applicant; and

(2) the directors, officers, copartners, or principals of the applicant.

(d) For an applicant that is a corporation organized under the laws of another state, territory, or government or that will have the applicant's principal place of business therein, the application must be accompanied by a copy of the corporation's:

(1) articles of incorporation or similar organizational instrument, and all amendments to the document or instrument, as applicable, certified by the appropriate officer of the corporation or of the state or other jurisdiction in which the corporation is organized;

(2) regulations; and

(3) bylaws.

(e) For an applicant that is a limited partnership, the application must be accompanied by either:

(1) a copy of the articles of copartnership or similar organizational instrument of the partnership; or

(2) a verified statement of the partnership's plan of doing business.

(f) For an applicant that is an unincorporated association or organization under the laws of another state, territory, or government or is an unincorporated association or organization that has its principal place of business therein, the application must be accompanied by a copy of the association's or organization's articles of association, trust agreement, or other form of organization.

(g) The commissioner shall:

(1) prescribe the application form to be used by an applicant under this section; and

(2) provide copies of the application form for registration to all persons who seek to submit an application to register as a dealer or investment adviser.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.054. ISSUANCE OF REGISTRATION CERTIFICATE. The commissioner shall issue a certificate of registration to an applicant for registration as a dealer or investment adviser if:

(1) the commissioner is satisfied that the applicant has complied with the requirements of this chapter; and

(2) the applicant:

(A) if applicable, has filed a written consent to service that complies with Section [4001.102](#); and

(B) has paid the fees required by Chapter [4006](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.055. FORM AND CONTENTS OF REGISTRATION CERTIFICATE. The registration certificate must be in the form the commissioner prescribes and must state:

(1) the principal place of business and address of the dealer or investment adviser;

(2) the name and business address of each person interested in the business as a principal, officer, director, or

managing agent of the dealer or investment adviser; and

(3) that the dealer or investment adviser has been registered for a current calendar year as a dealer in securities or as an investment adviser, as appropriate.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.056. TEMPORARY PERMISSION TO ENGAGE IN BUSINESS AS DEALER OR INVESTMENT ADVISER. (a) Pending final disposition of an application under this subchapter, the commissioner may, for special cause shown, grant an applicant temporary permission to engage in business as a dealer or investment adviser under this title, subject to any terms and conditions that the commissioner prescribes.

(b) Temporary permission granted by the commissioner under this section may be revoked at any time.

(c) A dealer or investment adviser acting under temporary permission granted under this section is considered to be a registered dealer or registered investment adviser for any purpose of this title.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.057. AMENDMENT OF REGISTRATION CERTIFICATE. (a) A dealer or investment adviser shall immediately certify under oath to the commissioner any change in the personnel of a partnership or in the principals, officers, directors, or managing agents of the dealer or investment adviser.

(b) A change in the registration certificate required as the result of a change described by Subsection (a) may be made at any time by submitting to the commissioner a written application that specifies the reason for the change.

(c) On the issuance of an amended registration certificate, the dealer or investment adviser shall promptly surrender the original certificate and any outstanding certified copies of the original certificate to the commissioner.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01,

eff. January 1, 2022.

Sec. 4004.058. POSTING REGISTRATION CERTIFICATES. On receipt of a registration certificate issued under this chapter, the dealer or investment adviser named in the certificate shall immediately post and conspicuously display the certificate at all times in the dealer's or investment adviser's principal place of business, if the dealer's or investment adviser's principal place of business is maintained in this state. The dealer or investment adviser shall similarly post and conspicuously display a duplicate copy of the dealer's or investment adviser's certificate in each branch office located in this state.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

#### SUBCHAPTER C. REGISTRATION OF AGENTS AND INVESTMENT ADVISER REPRESENTATIVES

Sec. 4004.101. REGISTRATION OF AGENTS. (a) An agent may not, on behalf of a registered dealer, sell, offer for sale, or make a sale of any securities in this state unless the agent is registered as an agent for that particular registered dealer under this chapter.

(b) On written application by a registered dealer, and on satisfactory compliance with the requirements of this title, the commissioner shall register a person as an agent of the registered dealer.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.102. REGISTRATION OF INVESTMENT ADVISER REPRESENTATIVES. (a) A person may not act or render services as an investment adviser representative for an investment adviser in this state unless the person is registered or submits a notice filing as an investment adviser representative for that particular investment adviser as provided by this subchapter and Subchapter G.

(b) On written application by an investment adviser and on

satisfactory compliance with the requirements of this title, the commissioner shall register a person as an investment adviser representative of that investment adviser.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.103. APPLICATION FOR REGISTRATION. The application described by Sections [4004.101](#) and [4004.102](#) must:

(1) be in the form the commissioner prescribes;

(2) state:

(A) the residence and address of the person whose registration as an agent or investment adviser representative is requested through the application; and

(B) any other information relating to that person's previous history, record, and associations that the commissioner may require; and

(3) be signed and sworn to by the person whose registration as an agent or investment adviser representative is requested through the application.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.104. ISSUANCE OF EVIDENCE OF REGISTRATION. For each person registered under this subchapter, the commissioner shall issue evidence of registration of the agent or investment adviser representative to the registered dealer or investment adviser who requested the person's registration, as appropriate. The registered dealer or investment adviser who requested the person's registration shall retain the evidence of registration for the dealer's agents or investment adviser's representatives, as appropriate.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.105. FORM AND CONTENTS OF EVIDENCE OF REGISTRATION. The evidence of registration described by Section [4004.104](#) must:

(1) be in the form the commissioner prescribes; and

(2) state:

(A) the name of the agent or investment adviser representative;

(B) the address of the registered dealer or investment adviser, as appropriate; and

(C) that the person is registered for the current calendar year as an agent of the dealer or as an investment adviser representative of the investment adviser, as appropriate.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.106. CANCELLATION OF REGISTRATION. On application by a registered dealer or investment adviser, the commissioner shall cancel the registration of the registered dealer's agent or the investment adviser's representative.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

#### SUBCHAPTER D. EXAMINATION REQUIREMENTS

Sec. 4004.151. EXAMINATION REQUIREMENTS. (a) Except as provided by Subsection (c), the commissioner shall require that, to be registered under this chapter, each applicant must pass a written examination to determine whether the applicant possesses the qualifications and competency to engage in the business of dealing in and selling securities as a dealer or agent, or rendering services as an investment adviser or investment adviser representative. If the applicant is a corporation or partnership, the officers, directors, or partners to be licensed by the corporation or partnership must pass the written examination described by this section.

(b) The commissioner may accept some or all of the examinations administered by securities self-regulatory organizations to fulfill the examination requirements of this section.

(c) The board may waive the examination requirement under



Subsection (a) for any applicant or class of applicants.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.152. EXAMINATION RESULTS. (a) Except as provided by Subsection (b), the board shall notify each examinee of the results of a registration examination required by this subchapter not later than the 30th day after the date the examinee takes the examination.

(b) If an examination is graded or reviewed by a testing service:

(1) the board shall notify each examinee of the results of the examination not later than the 14th day after the date the board receives the results from the testing service; and

(2) if notice of the examination results will be delayed for longer than 90 days after the examination date, the board shall notify each examinee of the reason for the delay before the 90th day.

(c) The board may require a testing service to notify an examinee of the results of the examination.

(d) If requested in writing by an examinee who fails an examination administered under this subchapter, the board shall provide the examinee with an analysis of the examinee's performance on the examination.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

#### SUBCHAPTER E. DENIAL OR REVOCATION OF REGISTRATION

Sec. 4004.201. DENIAL OF REGISTRATION. The commissioner may deny an application for registration under this chapter in accordance with Section [4007.105](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.202. AUTOMATIC REVOCATION OF REGISTRATION OF AGENTS AND INVESTMENT ADVISER REPRESENTATIVES AFTER REVOCATION OF

REGISTRATION OF DEALER OR INVESTMENT ADVISER. (a) The revocation of the registration of a dealer or an investment adviser under Section 4007.105 constitutes a revocation of the registration of any agent of the dealer or of any investment adviser representative of the investment adviser, as appropriate.

(b) The commissioner shall promptly send notice of the revocation of the registration of a dealer or of an investment adviser to each applicable agent or investment adviser representative.

(c) All evidences of registration that have been revoked shall be immediately surrendered to the commissioner on request.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

#### SUBCHAPTER F. EXPIRATION AND RENEWAL OF REGISTRATION

Sec. 4004.251. EXPIRATION OF REGISTRATION. Except as provided by Sections 4004.252(a) and 4004.253, all registrations expire at the end of the calendar year.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.252. RENEWAL OF REGISTRATION. (a) A person may renew an unexpired registration by filing a renewal application in the form the commissioner prescribes and by paying the required renewal fee to the board before the registration's expiration date.

(b) New registrations for the year succeeding the expiration of registrations shall be issued on the filing of a written application and payment of the fee as provided by this subchapter. If an applicant registers after December 1 of any year, the applicant may immediately apply for a renewal of the applicant's registration for the ensuing year.

(c) The filing of additional statements or the provision of additional information is not required for renewal unless specifically requested by the commissioner.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.253. STAGGERED RENEWAL; PRORATION OF REGISTRATION RENEWAL FEE. (a) The board by rule may adopt a system under which registrations expire on various dates during the year.

(b) For the year in which the registration expiration date is changed, registration fees payable after the 60th day and before the 30th day before January 1 of the next year shall be prorated on a monthly basis so that each person pays only that portion of the registration fee that is allocable to the number of months during which the registration is valid. On renewal of the registration on the new expiration date, the total registration renewal fee is payable.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.254. NOTICE OF EXPIRATION REQUIRED. Not later than the 30th day before the date a person's registration is scheduled to expire, the commissioner shall send written notice of the impending expiration to the person at the person's last known address according to the board's records.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.255. RENEWAL OF EXPIRED REGISTRATION. (a) A person whose registration has been expired for 90 days or less may renew the registration by:

(1) filing a renewal application with the commissioner; and

(2) paying to the board:

(A) the required renewal fee; and

(B) a fee that is equal to one-half of the original registration application fee.

(b) A person whose registration has been expired for more than 90 days but less than two years may renew the registration by:

(1) filing a renewal application with the commissioner; and

(2) paying to the board:

(A) all unpaid renewal fees; and

(B) a fee that is equal to the original registration application fee.

(c) A person whose registration has been expired for two years or more may not renew the registration. The person may obtain a new registration by complying with the requirements and procedures, including the examination requirements, for obtaining an original registration. The person must pay to the board a fee that is equal to the original registration application fee.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.256. EFFECT OF EXPIRED REGISTRATION. A person who sells securities or who renders investment advising services after the person's registration has expired but before the registration is renewed is subject to the sanctions provided by this title for selling securities or rendering investment advice without being registered.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.257. CONTINUING EDUCATION. (a) The board may recognize, prepare, or administer continuing education programs for a person who is registered under this chapter.

(b) A person who is registered under this chapter must participate in continuing education programs if the board requires participation as a condition of maintaining the person's certificate or evidence of registration.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

#### SUBCHAPTER G. NOTICE FILINGS OF FEDERAL COVERED INVESTMENT ADVISERS AND CERTAIN REPRESENTATIVES OF FEDERAL COVERED INVESTMENT ADVISERS

Sec. 4004.301. APPLICABILITY. This subchapter does not apply to an investment adviser or investment adviser representative

who is exempt from registration under this title or by board rule.  
Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01,  
eff. January 1, 2022.

Sec. 4004.302. NOTICE FILING. The board by rule shall authorize a federal covered investment adviser or a representative of a federal covered investment adviser to render services as an investment adviser in this state if the commissioner receives:

(1) a notice filing submitted by the adviser or representative that:

(A) is on the form and contains the information the commissioner prescribes; and

(B) if applicable, contains a consent to service appointing the commissioner as the adviser's attorney for service of process, as required by Section [4001.102](#); and

(2) a notice filing fee in the amount determined under Chapter [4006](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01,  
eff. January 1, 2022.

Sec. 4004.303. EFFECTIVE DATE OF NOTICE FILING. On the commissioner's receipt of a notice filing and fee payment that meet the requirements of Section [4004.302](#), the notice filing takes effect and is valid for the remainder of the calendar year.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01,  
eff. January 1, 2022.

Sec. 4004.304. RENEWAL. A federal covered investment adviser or a representative of a federal covered investment adviser may renew a notice filing on or before the filing's expiration date if the commissioner receives:

(1) a renewal notice filing submitted by the adviser or representative; and

(2) a renewal fee in the amount determined under Chapter [4006](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01,  
eff. January 1, 2022.

SUBCHAPTER H. REQUIREMENTS FOR PROTECTION OF VULNERABLE ADULTS  
FROM FINANCIAL EXPLOITATION

Sec. 4004.351. DEFINITIONS. In this subchapter:

(1) "Department" means the Department of Family and Protective Services.

(2) "Exploitation," "financial exploitation," and "vulnerable adult" have the meanings assigned by Section 281.001, Finance Code.

(3) "Securities professional" means an agent, an investment adviser representative, or a person who serves in a supervisory or compliance capacity for a dealer or investment adviser.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 1.01, eff. January 1, 2022.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 915 (H.B. 3607), Sec. 9.106, eff. January 1, 2022.

Sec. 4004.352. REPORTING SUSPECTED FINANCIAL EXPLOITATION OF VULNERABLE ADULTS. (a) If a securities professional or a person serving in a legal capacity for a dealer or investment adviser has cause to believe that financial exploitation of a vulnerable adult who is an account holder with the dealer or investment adviser has occurred, is occurring, or has been attempted, the securities professional or person serving in a legal capacity for the dealer or investment adviser shall notify the dealer or investment adviser of the suspected financial exploitation.

(b) If a dealer or investment adviser is notified of suspected financial exploitation under Subsection (a) or otherwise has cause to believe that financial exploitation of a vulnerable adult who is an account holder with the dealer or investment adviser has occurred, is occurring, or has been attempted, the dealer or investment adviser shall assess the suspected financial exploitation and submit a report to the commissioner, in accordance

with rules adopted under Section [4004.353](#), and the department in the same manner as and containing the same information required to be included in a report under Section [48.051](#), Human Resources Code. The dealer or investment adviser shall submit the reports required by this subsection not later than the earlier of:

(1) the date the dealer or investment adviser completes the dealer's or investment adviser's assessment of the suspected financial exploitation; or

(2) the fifth business day after the date the dealer or investment adviser is notified of the suspected financial exploitation under Subsection (a) or otherwise has cause to believe that the suspected financial exploitation has occurred, is occurring, or has been attempted.

(c) A dealer or investment adviser who submits a report to the department of suspected financial exploitation of a vulnerable adult under Subsection (b) is not required to make an additional report of suspected abuse, neglect, or exploitation under Section [48.051](#), Human Resources Code, for the same conduct constituting the reported suspected financial exploitation.

(d) Each dealer and investment adviser shall adopt internal policies, programs, plans, or procedures for:

(1) the securities professionals or persons serving in a legal capacity for the dealer or investment adviser to make the notification required under Subsection (a); and

(2) the dealer or investment adviser to conduct the assessment and submit the reports required under Subsection (b).

(e) The policies, programs, plans, or procedures adopted under Subsection (d) may authorize the dealer or investment adviser to report the suspected financial exploitation to other appropriate agencies and entities in addition to the commissioner and the department, including the attorney general, the Federal Trade Commission, and the appropriate law enforcement agency.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.353. FORM AND CONTENT OF REPORT. The board by rule shall prescribe the form and content of the report required to

be submitted by a dealer or investment adviser to the commissioner under Section [4004.352\(b\)](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.354. NOTIFYING THIRD PARTIES OF SUSPECTED FINANCIAL EXPLOITATION OF VULNERABLE ADULTS. If a dealer or investment adviser submits reports of suspected financial exploitation of a vulnerable adult to the commissioner and the department under Section [4004.352\(b\)](#), the dealer or investment adviser may at the time the dealer or investment adviser submits the reports also notify a third party reasonably associated with the vulnerable adult of the suspected financial exploitation, unless the dealer or investment adviser suspects the third party of financial exploitation of the vulnerable adult.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.355. TEMPORARY HOLD ON TRANSACTIONS IN CERTAIN CASES OF SUSPECTED FINANCIAL EXPLOITATION OF VULNERABLE ADULTS.

(a) Notwithstanding any other law, a dealer or investment adviser:

(1) may place a hold on any transaction that involves an account of a vulnerable adult if the dealer or investment adviser:

(A) submits a report of suspected financial exploitation of the vulnerable adult to the commissioner and the department under Section [4004.352\(b\)](#); and

(B) has cause to believe the transaction is related to the suspected financial exploitation alleged in the report; and

(2) must place a hold on any transaction involving an account of a vulnerable adult if the hold is requested by the commissioner, the department, or a law enforcement agency.

(b) Subject to Subsection (c), a hold placed on any transaction under Subsection (a) expires on the 10th business day after the date the hold is placed.

(c) A dealer or investment adviser may extend a hold placed



on any transaction under Subsection (a) for a period not to exceed 30 business days after the expiration of the period prescribed by Subsection (b) if requested by a state or federal agency or a law enforcement agency investigating the suspected financial exploitation. The dealer or investment adviser may also petition a court to extend a hold placed on any transaction under Subsection (a) beyond the period prescribed by Subsection (b). A court may enter an order extending or shortening a hold or providing other relief.

(d) Each dealer and investment adviser shall adopt internal policies, programs, plans, or procedures for placing a hold on a transaction involving an account of a vulnerable adult under Subsection (a).

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 502 (H.B. [4477](#)), Sec. 3, eff. January 1, 2022.

Sec. 4004.356. IMMUNITY. (a) A securities professional or person serving in a legal capacity for a dealer or investment adviser who makes a notification under Section [4004.352](#)(a), a dealer or investment adviser that submits a report under Section [4004.352](#)(b) or makes a notification to a third party under Section [4004.354](#), or a securities professional or person serving in a legal capacity who or dealer or investment adviser that testifies or otherwise participates in a judicial proceeding arising from a notification or report is immune from any civil or criminal liability arising from the notification, report, testimony, or participation in the judicial proceeding, unless the securities professional, person serving in a legal capacity for the dealer or investment adviser, or dealer or investment adviser acted in bad faith or with a malicious purpose.

(b) A dealer or investment adviser that in good faith and with the exercise of reasonable care places or does not place a hold on any transaction under Section [4004.355](#)(a)(1) is immune from civil or criminal liability or disciplinary action resulting from

the action or failure to act.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.

Sec. 4004.357. RECORDS. To the extent permitted by state or federal law, a dealer or investment adviser, on request, shall provide access to or copies of records relevant to the suspected financial exploitation of a vulnerable adult to the commissioner, the department, a law enforcement agency, or a prosecuting attorney's office, either as part of a report to the commissioner, department, law enforcement agency, or prosecuting attorney's office or at the request of the commissioner, department, law enforcement agency, or prosecuting attorney's office in accordance with an investigation.

Added by Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 1.01, eff. January 1, 2022.