

6 and voting of proxies as will in his opinion best protect the interests
7 of all stockholders or policyholders from whom they are solicited.
8 Any violation of any rule promulgated hereunder shall be deemed a
9 misdemeanor and punishable accordingly.”

Approved February 26, 1965.

CHAPTER 403

INSIDER TRADING OF INSURANCE STOCK

H. F. 210

AN ACT concerning insider trading of domestic stock insurance company equity securities.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Every person who is directly or indirectly the bene-
2 ficial owner of more than ten per cent (10%) of any class of any
3 equity security of a domestic stock insurance company, or who is a
4 director or an officer of such company, shall file in the office of the
5 commissioner of insurance on or before the thirty-first day of July,
6 1965, or within ten days after he becomes such beneficial owner, direc-
7 tor or officer a statement, in such form as the commissioner may
8 prescribe, of the amount of all equity securities of such company of
9 which he is the beneficial owner, and within ten days after the close
10 of each calendar month thereafter, if there has been a change in such
11 ownership during such month, shall file in the office of the commis-
12 sioner a statement, in such form as the commissioner may prescribe,
13 indicating his ownership at the close of the calendar month and such
14 changes in his ownership as have occurred during such calendar
15 month.

1 SEC. 2. For the purpose of preventing the unfair use of informa-
2 tion which may have been obtained by such beneficial owner, director
3 or officer by reason of his relationship to such company, any profit
4 realized by him from any purchase and sale, or any sale and purchase,
5 of any equity security of such company within any period of less than
6 six months, unless such security was acquired in good faith in con-
7 nection with a debt previously contracted, shall inure to and be re-
8 coverable by the company, irrespective of any intention on the part
9 of such beneficial owner, director or officer in entering into such
10 transaction of holding the security purchase or of not repurchasing
11 the security sold for a period exceeding six months. Suit to recover
12 such profit may be instituted at law or in equity in any court of com-
13 petent jurisdiction by the company, or by the owner of any security
14 of the company in the name and in behalf of the company if the com-
15 pany shall fail or refuse to bring such suit within sixty days after
16 request or shall fail diligently to prosecute the same thereafter; but
17 no such suit shall be brought more than two years after the date such
18 profit was realized. This section shall not be construed to cover any
19 transaction where such beneficial owner was not such both at the time
20 of the purchase and sale, or the sale and purchase, of the security

21 involved, or any transaction or transactions which the commissioner
22 by rules and regulations may exempt as not comprehended within the
23 purpose of this section.

1 SEC. 3. It shall be unlawful for any such beneficial owner, direc-
2 tor or officer, directly or indirectly, to sell any equity security of such
3 company if the person selling the security or his principal does not
4 own the security sold, or if owning the security, does not deliver it
5 against such sale within twenty days thereafter, or does not within
6 five days after such sale deposit it in the mails or other usual chan-
7 nels of transportation; but no person shall be deemed to have violated
8 this section if he proves that notwithstanding the exercise of good
9 faith he was unable to make such delivery or deposit within such time,
10 or that to do so would cause undue inconvenience or expense.

1 SEC. 4. The provisions of section two (2) of this Act shall not
2 apply to any purchase and sale, or sale and purchase, and the provi-
3 sions of section three (3) of this Act shall not apply to any sale, of an
4 equity security of a domestic stock insurance company not then or
5 theretofore held by him in an investment account, by a dealer in the
6 ordinary course of his business and incident to the establishment or
7 maintenance by him of a primary or secondary market (otherwise
8 than on an exchange as defined in the Securities Exchange Act of
9 1934) for such security. The commissioner may, by such rules and
10 regulations as he deems necessary or appropriate in the public inter-
11 est, define and prescribe terms and conditions with respect to secu-
12 rities held in an investment account and transactions made in the
13 ordinary course of business and incident to the establishment or
14 maintenance of a primary or secondary market.

1 SEC. 5. The provisions of sections one (1), two (2), and three (3)
2 of this Act shall not apply to foreign or domestic arbitrage transac-
3 tions unless made in contravention of such rules and regulations as
4 the commissioner may adopt in order to carry out the purposes of this
5 Act.

1 SEC. 6. The term "equity security" when used in this Act means
2 any stock or similar security; or any security convertible, with or
3 without consideration, into such a security, or carrying any warrant
4 or right to subscribe to or purchase such a security; or any such
5 warrant or right; or any other security which the commissioner shall
6 deem to be of similar nature and consider necessary or appropriate,
7 by such rules and regulations as he may prescribe in the public inter-
8 est or for the protection of investors, to treat as an equity security.

1 SEC. 7. The provisions of sections one (1), two (2), and three (3)
2 of this Act shall not apply to equity securities of a domestic stock
3 insurance company if (a) such securities shall be registered, or shall
4 be required to be registered, pursuant to section twelve (12) of the
5 Securities Exchange Act of 1934, as amended, or if (b) such domes-
6 tic stock insurance company shall not have any class of its equity
7 securities held of record by one hundred or more persons on the last
8 business day of the year next preceding the year in which equity secu-
9 rities of the company would be subject to the provisions of sections

10 one (1), two (2), and three (3) of this Act except for the provisions
11 of this subsection (b).

1 SEC. 8. The commissioner shall have the power to make such rules
2 and regulations as may be necessary for the execution of the functions
3 vested in him by sections one (1) through seven (7) of this Act, and
4 may for such purpose classify domestic stock insurance companies,
5 securities, and other persons or matters within his jurisdiction. No
6 provisions of sections one (1), two (2), and three (3) of this Act
7 imposing any liability shall apply to any act done or omitted in good
8 faith in conformity with any rule or regulation of the commissioner,
9 notwithstanding that such rule or regulation may, after such act or
10 omission, be amended or rescinded or determined by judicial or other
11 authority to be invalid for any reason.

Approved February 26, 1965.

CHAPTER 404

CREDIT UNION FEE

S. F. 248

AN ACT relating to a fee to the superintendent of banking by credit unions.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section five hundred thirty-three point six (533.6),
2 Code 1962, is hereby amended by striking paragraph three (3), sub-
3 section two (2) and inserting in lieu thereof: "Each credit union
4 shall pay to the superintendent of banking a fee for making examina-
5 tions, based on the actual cost of the operation of the credit union
6 division of the department of banking and the proportionate share of
7 administrative expenses in the operation of the department of bank-
8 ing, attributable to credit unions, to be determined by the superin-
9 tendent of banking, in accordance with chapter seventeen A (17A),
10 Code 1962."

1 SEC. 2. The provisions of this Act shall become effective January
2 1, 1966.

Approved April 30, 1965.

CHAPTER 405

DIRECTORS AND OFFICERS OF CREDIT UNIONS

S. F. 247

AN ACT relating to directors and officers of credit unions.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section five hundred thirty-three point nine (533.9),
2 Code 1962, as amended, is hereby amended by striking in lines eight