

Reported Recommending.....
Ind. Postponed.....
Passed Senate.....
Failed to Pass Senate.....
Passed House.....
Failed to Pass House.....

Senate File 398

February 24, 1941.
Passed on File.

By BEKMAN and FAUL.

A BILL FOR

An Act to amend and revise sections eight thousand five hundred eighty-one and four hundredths (8581.04), eight thousand five hundred eighty-one and five hundredths (8581.05), eight thousand five hundred eighty-one and seven hundredths (8581.07) and eight thousand five hundred eighty-one and nine hundredths (8581.09), Chapter three hundred ninety-three and one tenth (393.1), Code, 1939, Title XIX, relating to registration and regulation of the sale of securities; to redefine and enlarge the class of exempt securities; to provide that sales of certain securities by registered dealers under specified circumstances and conditions shall constitute exempt transactions; to empower the Commissioner of Insurance to prohibit the resale of a security by registered dealers; to change the provision relating to the balance sheet of an issuer in application for registration; to extend the time for filing an annual statement of condition of issuers of registered securities, and further define the requirements for filing thereof; to enlarge the powers of the Commissioner of Insurance with respect to applications for registration of securities; and to redefine what issuers shall file consent to service.

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

- 1 Section 1. Paragraph one (1) of section eight thousand five
- 2 hundred eighty-one and four hundredths (8581.04), Code, 1939, is
- 3 hereby amended and revised to read as follows:
- 4 "1. Any security issued by, or the principal and interest
- 5 of which are guaranteed by, the United States or any territory or in-

6 sular possession thereof, or by the District of Columbia, or by any
7 legal entity (other than a natural person) controlled or supervised
8 by and acting as an instrumentality of the United States, pursuant to
9 authority granted by the Congress of the United States; or by any
10 state or territory of the United States or any political subdivision
11 having the power of taxation; or by any agency or public instrumen-
12 tality of one or more of the states or territories of the United
13 States or of the political subdivisions of a state or territory.”

1 Sec. 2. Paragraph 3 of Section Eight Thousand Five Hundred
2 Eighty-one and four hundredths (8581.04), Code, 1939, is hereby
3 amended and revised to read as follows:

4 “3. Any security issued or guaranteed either as to prin-
5 cipal, interest or dividend by a corporation owning or operating a
6 railroad or any other public service utility; provided that such cor-
7 poration is subject to regulation or supervision as to its rates,
8 charges and the issue of its own securities by a public commission,
9 board, or officer of the government of the United States, or of any
10 state of the United States, or of the District of Columbia, or of
11 the Dominion of Canada or any province thereof.”

1 Sec. 3. Paragraph 8 of Section Eight Thousand Five Hundred
2 Eighty-one and four hundredths (8581.04), Code, 1939, is hereby
3 amended by striking the period (.) at the end thereof and inserting
4 in lieu thereof the following: “or any security issued to refund or
5 refinance such securities.”

1 Sec. 4. Paragraph 11 of Section Eight Thousand Five Hundred
2 Eighty-one and five hundredths (8581.05), Code, 1939, is hereby

3 amended and revised to read as follows:

4 “11. The sale in the ordinary and usual course of busi-
5 ness by a registered dealer of any security which is a part of or
6 on a parity with an issue which has theretofore been lawfully sold
7 and distributed to the public, in whole or in part, in this state;
8 including as within this exemption any security issued in exchange
9 for such security under a bona fide plan of reorganization of a cor-
10 poration by order of a court having jurisdiction, or issued under a
11 plan or reorganization previously having become operative through
12 action of security holders of a corporation, but excepting from this
13 exemption securities theretofore sold only in exempt transactions
14 under Section 8581.05, and when such resale is made in good faith
15 and not directly or indirectly for the benefit of the issuer of such
16 security or for the direct or indirect promotion of any scheme or
17 enterprise with the intent of violating or evading any provision of
18 this Chapter; provided, however, that this exemption shall not apply
19 if the Commissioner of Insurance prohibits or has prohibited by
20 specific order the resale of such security, unless the Commissioner
21 of Insurance shall subsequently remove such prohibition.”

1 Sec. 5. Section Eight Thousand Five Hundred Eighty-one and
2 seven hundredths (8581.07), Code, 1939, is hereby amended by striking
3 from line four of sub-paragraph 4 the word “sixty” and inserting in
4 lieu thereof the word “ninety”;
5 and by striking from the fifth line of the last paragraph thereof
6 the word “thirty” and inserting in lieu thereof the word “ninety”;
7 and by striking from the last line of the last paragraph thereof the

8 period (.) and adding thereto the following:

9 “; provided, however, that any applicant for

10 registration by qualification may file with

11 the Commissioner of Insurance a verified

12 statement that applicant will make no further

13 original distribution under the registration

14 and one statement of condition as required by

15 this paragraph either concurrently therewith

16 or subsequent thereto and thereafter no state-

17 ment shall be required under this paragraph.”

18 and by adding at the end thereof the following:

19 “If the application for registration shall be made by a

20 registered dealer, the Commissioner of Insurance in his discretion

21 may be rule, regulation or order waive the filing or submission to

22 him of all or any of the statements, exhibits and documents, includ-

23 ing certified public documents referred to in this section, and may

24 require the applicant to file with him a statement with respect to

25 such securities containing the following: Name of issuer; a brief

26 description of the security; the maximum amount of securities to be

27 offered under the registration; the maximum price at which the se-

28 curities are to be offered for sale; and to furnish to the Commis-

29 sioner of Insurance such other information and data concerning the

30 issuer and the securities as the Commissioner of Insurance may deem

31 necessary to enable him to ascertain whether such securities shall be

32 registered hereunder or such registration continued in effect.”

1 Sec. 6. Section Eight Thousand Five Hundred Eighty-one and

2 nine hundredths (8581.09), Code, 1939, is hereby amended by striking
3 the first six lines thereof and inserting in lieu thereof the following:

4 "Upon any application for registration under this Chapter
5 where the issuer functions or intends to function as a dealer in the
6 manner permitted by Section 8581.11 and such issuer is not domiciled
7 in this state, there shall be filed with such application the irrevoc-
8 able written consent."

1 Sec. 7. This Act being deemed of immediate importance shall
2 be in full force and effect from and after its passage and publication
3 in....., a newspaper published in the City of Des Moines,
4 Iowa, and in....., a newspaper published at.....,
5 Iowa.