

Reprinted

SENATE FILE 276

SENATE FILE 276
BY GRONSTADT

(COMPANION TO LSB 2140HH BY
KREMER)

Passed Senate, Date 3/27/91 (p. 704) Passed House, Date 4/9/91 (p. 1164)
Vote: Ayes 45 Nays 0 Vote: Ayes 96 Nays 0
Approved June 4, 1991

A BILL FOR

1 An Act amending the Iowa Uniform Securities Act, by exempting
2 agricultural cooperative associations from certain
3 requirements provided under the Act, providing for the
4 retroactive application of the Act, and providing an effective
5 date.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SSF 276

1 Section 1. Section 502.102, subsection 2, paragraph a,
2 Code 1991, is amended to read as follows:

3 a. Effecting transactions in a security exempted by
4 section 502.202, subsection 1, 2, 3, 4, 6, 10, 11, 12, 13, or
5 17, or a security issued by an industrial loan company
6 licensed under chapter 536A;

7 Sec. 2. Section 502.102, Code 1991, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 2A. "Agricultural cooperative
10 association" means any one of the following:

11 a. An association of persons organized pursuant to chapter
12 497 for purposes of conducting an agricultural or dairy
13 business on a cooperative plan, as described in section 497.1.

14 b. A cooperative association organized pursuant to chapter
15 498 for purposes of conducting an agricultural, livestock,
16 horticultural, or dairy business on a cooperative plan and
17 acting as a cooperative selling agency, as described in
18 section 498.2.

19 c. A cooperative association as defined in section 499.2,
20 and organized pursuant to chapter 499.

21 d. An agricultural association as defined in section 499.2
22 which is organized on a cooperative basis under the laws of
23 this state.

24 Sec. 3. Section 502.202, subsection 12, paragraph a, Code
25 1991, is amended by striking the paragraph, and relettering
26 subsequent paragraphs.

27 Sec. 4. Section 502.202, subsection 13, Code 1991, is
28 amended by striking the subsection, and inserting in lieu
29 thereof the following:

30 13. A security issued by an agricultural cooperative
31 association.

32 Sec. 5. APPLICABILITY OF THIS ACT.

33 1. a. This Act applies retroactively to January 1, 1988,
34 to exempt securities from registration requirements in section
35 502.202, if the securities were issued by an agricultural

1 cooperative association.

2 b. This Act applies retroactively to January 1, 1988, to
3 exempt an agricultural cooperative association from filing a
4 prospectus, circular, form, letter, advertisement, or other
5 sales literature or advertising communication described in
6 section 502.602.

7 2. This section does not require remedial action by the
8 administrator for any administrative action completed under
9 chapter 502 before enactment of this Act.

10 3. As used in this section, "agricultural cooperative
11 association" means an agricultural cooperative association
12 defined in section 502.102 as amended by this Act.

13 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
14 immediate importance, takes effect upon enactment.

15

EXPLANATION

16 This bill amends chapter 502 relating to the regulation of
17 securities. The chapter exempts a cooperative association
18 from requirements relating to registering securities and
19 filing information. The chapter provides that the cooperative
20 association must be of a type recognized in a federal statute
21 known as the Agricultural Marketing Act, or a federation of
22 cooperatives possessing similar powers.

23 The exemption in chapter 502 applies to stock or similar
24 security, if the stock qualifies the holder for membership in
25 the cooperative association or federation, or (in the case of
26 a patronage refund certificate) is issuable only to members.
27 In addition the stock must be transferable only to the issuer
28 or a successor in interest of the transferor who qualifies for
29 membership. An agent of a broker-dealer or issuer trading
30 such securities is also exempt from requirements imposed on
31 agents in the chapter.

32 The chapter also exempts securities issued in exchange for
33 an issued and outstanding security of such cooperative, if the
34 exchange is part of a merger or consolidation of two or more
35 cooperatives.

1 This bill rewrites these provisions to exempt any security
2 issued by an agricultural cooperative association. An
3 agricultural cooperative association is defined to mean an
4 association organized to conduct agricultural-related business
5 as a cooperative under the laws of this state, including
6 chapter 497, 498, or 499. An agent of a broker-dealer or
7 issuer trading securities issued by an agricultural
8 cooperative is similarly exempted from requirements imposed
9 upon agents generally.

10 The bill applies retroactively to January 1, 1988, to
11 exempt securities issued by an agricultural cooperative as
12 defined by the bill from the chapter's registration
13 requirements. It also applies retroactively to exempt an
14 agricultural cooperative association from filing documents
15 associated with trading securities.

16 The bill takes effect upon enactment.

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SENATE FILE 276

S-3160

1 Amend Senate File 276 as follows:

2 1. Page 1, line 19, by striking the words "A
3 cooperative" and inserting the following: "An
4 agricultural".

5 2. Page 1, by inserting after line 23 the
6 following:

7 "e. An association or cooperation which qualifies
8 as a farmers cooperative according to 26 U.S.C. § 521
9 or as a corporation operating on a cooperating basis
10 according to 26 U.S.C. § 1381."

11 3. Page 1, line 31, by inserting after the word
12 "association" the following: ", provided the
13 following conditions are satisfied:

14 a. A commission or remuneration must not be paid
15 or provided either directly or indirectly for the
16 sale, except as permitted by the administrator by rule
17 or by order issued upon written application showing
18 good cause for allowance of a commission or other
19 remuneration.

20 b. If the securities to be issued are notes or
21 other evidences of indebtedness, the issuer must file
22 with the administrator within one hundred twenty days
23 of the end of its fiscal year a written notice
24 specifying the name of the issuer, the date of the
25 issuer's organization, the name of a contact person, a
26 copy of the issuer's current audited financial
27 statement, the types of security or securities to be
28 offered, and the class of persons to whom the offer
29 will be made."

By COMMITTEE ON COMMERCE
PATRICK DELUHERY, Chairperson

S-3160 FILED MARCH 25, 1991

Adopted 3/27 (p. 904)

1 Section 1. Section 502.102, subsection 2, paragraph a,
2 Code 1991, is amended to read as follows:

3 a. Effecting transactions in a security exempted by
4 section 502.202, subsection 1, 2, 3, 4, 6, 10, 11, 12, 13, or
5 17, or a security issued by an industrial loan company
6 licensed under chapter 536A;

3442 7 Sec. 2. Section 502.102, Code 1991, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 2A. "Agricultural cooperative
10 association" means any one of the following:

11 a. An association of persons organized pursuant to chapter
12 497 for purposes of conducting an agricultural or dairy
13 business on a cooperative plan, as described in section 497.1.

14 b. A cooperative association organized pursuant to chapter
15 498 for purposes of conducting an agricultural, livestock,
16 horticultural, or dairy business on a cooperative plan and
17 acting as a cooperative selling agency, as described in
18 section 498.2.

19 c. An agricultural association as defined in section
20 499.2, and organized pursuant to chapter 499.

21 d. An agricultural association as defined in section 499.2
22 which is organized on a cooperative basis under the laws of
23 this state.

24 e. An association or cooperation which qualifies as a
25 farmers cooperative according to 26 U.S.C. § 521 or as a
26 corporation operating on a cooperating basis according to 26
27 U.S.C. § 1381.

28 Sec. 3. Section 502.202, subsection 12, paragraph a, Code
29 1991, is amended by striking the paragraph, and relettering
30 subsequent paragraphs.

31 Sec. 4. Section 502.202, subsection 13, Code 1991, is
32 amended by striking the subsection, and inserting in lieu
33 thereof the following:

34 13. A security issued by an agricultural cooperative
35 association, provided the following conditions are satisfied:

1 a. A commission or remuneration must not be paid or
2 provided either directly or indirectly for the sale, except as
3 permitted by the administrator by rule or by order issued upon
4 written application showing good cause for allowance of a
5 commission or other remuneration.

6 b. If the securities to be issued are notes or other
3142 7 evidences of indebtedness, the issuer must file with the
8 administrator within one hundred twenty days of the end of its
9 fiscal year a written notice specifying the name of the
10 issuer, the date of the issuer's organization, the name of a
11 contact person, a copy of the issuer's current audited
12 financial statement, the types of security or securities to be
13 offered, and the class of persons to whom the offer will be
14 made.

15 Sec. 5. APPLICABILITY OF THIS ACT.

16 1. a. This Act applies retroactively to January 1, 1988,
17 to exempt securities from registration requirements in section
18 502.202, if the securities were issued by an agricultural
19 cooperative association.

20 b. This Act applies retroactively to January 1, 1988, to
21 exempt an agricultural cooperative association from filing a
22 prospectus, circular, form, letter, advertisement, or other
23 sales literature or advertising communication described in
24 section 502.602.

25 2. This section does not require remedial action by the
26 administrator for any administrative action completed under
27 chapter 502 before enactment of this Act.

28 3. As used in this section, "agricultural cooperative
29 association" means an agricultural cooperative association
30 defined in section 502.102 as amended by this Act.

31 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
32 immediate importance, takes effect upon enactment.

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HOUSE AMENDMENT TO
SENATE FILE 276

S-3360

1 Amend Senate File 276 as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, by striking lines 21 through 27, and
4 inserting the following:
5 "d. Any other entity which is organized on a
6 cooperative basis under the laws of this state for the
7 purpose of engaging in the activities of an
8 agricultural association as defined in section 499.2."
9 2. Page 2, line 7, by inserting after the word
10 "indebtedness" the following: "and are issued after
11 July 1, 1991".
12 3. Page 2, by striking lines 8 and 9, and
13 inserting the following: "administrator a written
14 notice specifying the name of the".
15 4. Page 2, line 14, by inserting after the word
16 "made" the following: "in accordance with such rules
17 as prescribed by the administrator".

RECEIVED FROM THE HOUSE

S-3360 FILED APRIL 9, 1991

Senate amended & concurred 4/23/91 (p 1407)

S-3425

1 Amend the House amendment, S-3360, to Senate File
2 276, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, by inserting after line 2, the
5 following:

6 "_____. Page 1, by inserting before line 1, the
7 following:

8 "Section 1. NEW SECTION. 497.35 FINANCIAL
9 STATEMENT TO ESTATE OF STOCKHOLDER.

10 The board of directors, upon receiving actual
11 notice of a stockholder's death, shall provide a
12 financial statement to the administrator or executor
13 of the stockholder's estate, or to the attorney
14 representing the stockholder's estate. The financial
15 statement shall include information relating to the
16 following:

- 17 1. The number of shares owned by the stockholder.
- 18 2. The par value of shares owned by the
19 stockholder.
- 20 3. Unpaid dividends earned by the stockholder.
- 21 4. Outstanding obligations owed to the association
22 by the stockholder.
- 23 5. Uncompleted contracts executed by the
24 stockholder and the association.
- 25 6. Property owned by the stockholder which is in
26 the association's possession.

27 This section shall not require an association to
28 conduct a search of the status of its stockholders.
29 The association shall exercise reasonable diligence in
30 determining to whom the financial statement must be
31 delivered. The statement shall be delivered to the
32 administrator, executor, or attorney, within thirty
33 days following a determination as to whom the
34 financial statement must be delivered. An association
35 is not required to deliver a financial statement to a
36 person later than the final settlement of an estate,
37 or one year after the death of the stockholder,
38 whichever is later.

39 Sec. 2. NEW SECTION. 498.37 FINANCIAL STATEMENT
40 TO ESTATE OF STOCKHOLDER.

41 The board of directors, upon receiving actual
42 notice of a member's death, shall provide a financial
43 statement to the administrator or executor of the
44 member's estate, or to the attorney representing the
45 member's estate. The financial statement shall
46 include information relating to the following:

- 47 1. The value of the membership certificate of the
48 member.
- 49 2. Unpaid dividends earned by the member.
- 50 3. Outstanding obligations owed to the association

1 by the member.
 2 4. Uncompleted contracts executed by the member
 3 and the association.
 4 5. Property owned by the member which is in the
 5 association's possession.
 6 This section shall not require an association to
 7 conduct a search of the status of its members. The
 8 association shall exercise reasonable diligence in
 9 determining to whom the financial statement must be
 10 delivered. The statement shall be delivered to the
 11 administrator, executor, or attorney, within thirty
 12 days following a determination as to whom the
 13 financial statement must be delivered. An association
 14 is not required to deliver a financial statement to a
 15 person later than the final settlement of an estate,
 16 or one year after the death of the member, whichever
 17 is later.

18 Sec. 3. NEW SECTION. 499.72 FINANCIAL STATEMENT
 19 TO ESTATE OF MEMBERS AND STOCKHOLDERS.

20 The board of directors, upon receiving actual
 21 notice of the death of a member or stockholder, shall
 22 provide a financial statement to the administrator or
 23 executor of the member's or stockholder's estate, or
 24 to the attorney representing such estate. The
 25 financial statement shall include information relating
 26 to the following:

- 27 1. The value of the certificate of membership
- 28 owned by the member.
- 29 2. The number of shares owned by the stockholder.
- 30 3. The par value of shares owned by the
- 31 stockholder.
- 32 4. Unpaid dividends earned by the member or
- 33 stockholder.
- 34 5. Outstanding obligations owed to the association
- 35 by the member or stockholder.
- 36 6. Uncompleted contracts executed by the member or
- 37 stockholder and the association.
- 38 7. Property owned by the member or stockholder
- 39 which is in the association's possession.

40 This section shall not require an association to
 41 conduct a search of the status of its members or
 42 stockholders. The association shall exercise
 43 reasonable diligence in determining to whom the
 44 financial statement must be delivered. The statement
 45 shall be delivered to the administrator, executor, or
 46 attorney, within thirty days following a determination
 47 as to whom the financial statement must be delivered.
 48 An association is not required to deliver a financial
 49 statement to a person later than the final settlement
 50 of an estate, or one year after the death of the

1 member or stockholder, whichever is later."
 2 2. Title page, line 1, by striking the words "An
 3 Act amending the Iowa Uniform Securities Act, by" and
 4 inserting the following: "An Act relating to
 5 financial requirements of cooperative associations, by
 6 providing for the delivery of certain statements,".
 7 3. Title page, line 3, by inserting before the
 8 word "Act" the following: "Iowa Uniform Securities".

By RAY TAYLOR

7/8 4/22/91

SENATE FILE 276

S-3494

1 Amend the House amendment, S-3360, to Senate File
2 276, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, by inserting after line 2, the
5 following:

6 "_____. Page 1, by inserting before line 1, the
7 following:

8 "Section 1. NEW SECTION. 497.35 STATEMENT TO
9 ESTATE OF STOCKHOLDER.

10 The board of directors, upon receiving actual
11 notice of a stockholder's death, shall provide a
12 statement to the administrator or executor of the
13 stockholder's estate, or to the attorney representing
14 the stockholder's estate. The statement shall
15 describe agricultural products owned by the
16 stockholder which are in the possession of the
17 association.

18 This section shall not require an association to
19 conduct a search of the status of its stockholders.
20 The association shall exercise reasonable diligence in
21 determining to whom the statement must be delivered.
22 The statement shall be delivered to the administrator,
23 executor, or attorney, within thirty days following a
24 determination as to whom the statement must be
25 delivered. A statement is not required to be prepared
26 or delivered, if the association is not notified of
27 the stockholder's death within one year after the date
28 of death, or by the date that the stockholder's estate
29 is closed, whichever is later.

30 Sec. 2. NEW SECTION. 498.37 STATEMENT TO ESTATE
31 OF STOCKHOLDER.

32 The board of directors, upon receiving actual
33 notice of a member's death, shall provide a statement
34 to the administrator or executor of the member's
35 estate, or to the attorney representing the member's
36 estate. The statement shall describe agricultural
37 products owned by the member which are in the
38 possession of the association.

39 This section shall not require an association to
40 conduct a search of the status of its members. The
41 association shall exercise reasonable diligence in
42 determining to whom the statement must be delivered.
43 The statement shall be delivered to the administrator,
44 executor, or attorney, within thirty days following a
45 determination as to whom the statement must be
46 delivered. A statement is not required to be prepared
47 or delivered, if the association is not notified of
48 the member's death within one year after the date of
49 death, or by the date that the member's estate is
50 closed, whichever is later.

S-3494

Page 2

1 Sec. 3. NEW SECTION. 499.72 STATEMENT TO ESTATE
2 OF MEMBERS AND STOCKHOLDERS.

3 The board of directors, upon receiving actual
4 notice of the death of a member or stockholder, shall
5 provide a statement to the administrator or executor
6 of the member's or stockholder's estate, or to the
7 attorney representing such estate. The statement
8 shall describe agricultural products owned by the
9 member or stockholder which are in the possession of
10 the association.

11 This section shall not require an association to
12 conduct a search of the status of its members or
13 stockholders. The association shall exercise
14 reasonable diligence in determining to whom the
15 statement must be delivered. The statement shall be
16 delivered to the administrator, executor, or attorney,
17 within thirty days following a determination as to
18 whom the statement must be delivered. A statement is
19 not required to be prepared or delivered, if the
20 association is not notified of the member's or
21 stockholder's death within one year after the date of
22 death, or by the date that the member's or
23 stockholder's estate is closed, whichever is later."

24 2. Title page, line 1, by striking the words "An
25 Act amending the Iowa Uniform Securities Act, by" and
26 inserting the following: "An Act relating to
27 financial requirements of cooperative associations, by
28 providing for the preparation and delivery of certain
29 statements,".

30 3. Title page, line 3, by inserting before the
31 word "Act" the following: "Iowa Uniform Securities".
By RAY TAYLOR

S-3494 FILED APRIL 18, 1991

Adopted 4/23/91 (p 1407)

SENATE AMENDMENT TO HOUSE AMENDMENT TO SENATE FILE 276
H-3826

1 Amend the House amendment, S-3360, to Senate File
2 276, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, by inserting after line 2, the
5 following:

6 "_____. Page 1, by inserting before line 1, the
7 following:

8 "Section 1. NEW SECTION. 497.35 STATEMENT TO
9 ESTATE OF STOCKHOLDER.

10 The board of directors, upon receiving actual
11 notice of a stockholder's death, shall provide a
12 statement to the administrator or executor of the
13 stockholder's estate, or to the attorney representing
14 the stockholder's estate. The statement shall
15 describe agricultural products owned by the
16 stockholder which are in the possession of the
17 association.

18 This section shall not require an association to
19 conduct a search of the status of its stockholders.
20 The association shall exercise reasonable diligence in
21 determining to whom the statement must be delivered.
22 The statement shall be delivered to the administrator,
23 executor, or attorney, within thirty days following a
24 determination as to whom the statement must be
25 delivered. A statement is not required to be prepared
26 or delivered, if the association is not notified of
27 the stockholder's death within one year after the date
28 of death, or by the date that the stockholder's estate
29 is closed, whichever is later.

30 Sec. 2. NEW SECTION. 498.37 STATEMENT TO ESTATE
31 OF STOCKHOLDER.

32 The board of directors, upon receiving actual
33 notice of a member's death, shall provide a statement
34 to the administrator or executor of the member's
35 estate, or to the attorney representing the member's
36 estate. The statement shall describe agricultural
37 products owned by the member which are in the
38 possession of the association.

39 This section shall not require an association to
40 conduct a search of the status of its members. The
41 association shall exercise reasonable diligence in
42 determining to whom the statement must be delivered.
43 The statement shall be delivered to the administrator,
44 executor, or attorney, within thirty days following a
45 determination as to whom the statement must be
46 delivered. A statement is not required to be prepared
47 or delivered, if the association is not notified of
48 the member's death within one year after the date of
49 death, or by the date that the member's estate is
50 closed, whichever is later.

1 Sec. 3. NEW SECTION. 499.72 STATEMENT TO ESTATE
2 OF MEMBERS AND STOCKHOLDERS.

3 The board of directors, upon receiving actual
4 notice of the death of a member or stockholder, shall
5 provide a statement to the administrator or executor
6 of the member's or stockholder's estate, or to the
7 attorney representing such estate. The statement
8 shall describe agricultural products owned by the
9 member or stockholder which are in the possession of
10 the association.

11 This section shall not require an association to
12 conduct a search of the status of its members or
13 stockholders. The association shall exercise
14 reasonable diligence in determining to whom the
15 statement must be delivered. The statement shall be
16 delivered to the administrator, executor, or attorney,
17 within thirty days following a determination as to
18 whom the statement must be delivered. A statement is
19 not required to be prepared or delivered, if the
20 association is not notified of the member's or
21 stockholder's death within one year after the date of
22 death, or by the date that the member's or
23 stockholder's estate is closed, whichever is later."

24 2. Title page, line 1, by striking the words "An
25 Act amending the Iowa Uniform Securities Act, by" and
26 inserting the following: "An Act relating to
27 financial requirements of cooperative associations, by
28 providing for the preparation and delivery of certain
29 statements,".

30 3. Title page, line 3, by inserting before the
31 word "Act" the following: "Iowa Uniform Securities".

RECEIVED FROM THE SENATE

H-3826 FILED APRIL 25, 1991

House concurred 5/6/91 (p. 2109)

SENATE FILE 276

AN ACT

RELATING TO FINANCIAL REQUIREMENTS OF COOPERATIVE ASSOCIATIONS,
BY PROVIDING FOR THE PREPARATION AND DELIVERY OF CERTAIN
STATEMENTS, EXEMPTING AGRICULTURAL COOPERATIVE ASSOCIATIONS
FROM CERTAIN REQUIREMENTS PROVIDED UNDER THE IOWA UNIFORM
SECURITIES ACT, PROVIDING FOR THE RETROACTIVE APPLICATION
OF THE ACT, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 497.35 STATEMENT TO ESTATE OF
STOCKHOLDER.

The board of directors, upon receiving actual notice of a
stockholder's death, shall provide a statement to the
administrator or executor of the stockholder's estate, or to
the attorney representing the stockholder's estate. The
statement shall describe agricultural products owned by the
stockholder which are in the possession of the association.

This section shall not require an association to conduct a
search of the status of its stockholders. The association
shall exercise reasonable diligence in determining to whom the
statement must be delivered. The statement shall be delivered
to the administrator, executor, or attorney, within thirty
days following a determination as to whom the statement must
be delivered. A statement is not required to be prepared or

delivered, if the association is not notified of the
stockholder's death within one year after the date of death,
or by the date that the stockholder's estate is closed,
whichever is later.

Sec. 2. NEW SECTION. 498.37 STATEMENT TO ESTATE OF
STOCKHOLDER.

The board of directors, upon receiving actual notice of a
member's death, shall provide a statement to the administrator
or executor of the member's estate, or to the attorney
representing the member's estate. The statement shall
describe agricultural products owned by the member which are
in the possession of the association.

This section shall not require an association to conduct a
search of the status of its members. The association shall
exercise reasonable diligence in determining to whom the
statement must be delivered. The statement shall be delivered
to the administrator, executor, or attorney, within thirty
days following a determination as to whom the statement must
be delivered. A statement is not required to be prepared or
delivered, if the association is not notified of the member's
death within one year after the date of death, or by the date
that the member's estate is closed, whichever is later.

Sec. 3. NEW SECTION. 499.72 STATEMENT TO ESTATE OF
MEMBERS AND STOCKHOLDERS.

The board of directors, upon receiving actual notice of the
death of a member or stockholder, shall provide a statement to
the administrator or executor of the member's or stockholder's
estate, or to the attorney representing such estate. The
statement shall describe agricultural products owned by the
member or stockholder which are in the possession of the
association.

This section shall not require an association to conduct a
search of the status of its members or stockholders. The
association shall exercise reasonable diligence in determining
to whom the statement must be delivered. The statement shall

be delivered to the administrator, executor, or attorney, within thirty days following a determination as to whom the statement must be delivered. A statement is not required to be prepared or delivered, if the association is not notified of the member's or stockholder's death within one year after the date of death, or by the date that the member's or stockholder's estate is closed, whichever is later.

Sec. 4. Section 502.102, subsection 2, paragraph a, Code 1991, is amended to read as follows:

a. Effecting transactions in a security exempted by section 502.202, subsection 1, 2, 3, 4, 6, 10, 11, 12, 13, or 17, or a security issued by an industrial loan company licensed under chapter 536A:

Sec. 5. Section 502.102, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. "Agricultural cooperative association" means any one of the following:

a. An association of persons organized pursuant to chapter 497 for purposes of conducting an agricultural or dairy business on a cooperative plan, as described in section 497.1.

b. A cooperative association organized pursuant to chapter 498 for purposes of conducting an agricultural, livestock, horticultural, or dairy business on a cooperative plan and acting as a cooperative selling agency, as described in section 498.2.

c. An agricultural association as defined in section 499.2, and organized pursuant to chapter 499.

d. Any other entity which is organized on a cooperative basis under the laws of this state for the purpose of engaging in the activities of an agricultural association as defined in section 499.2.

Sec. 6. Section 502.202, subsection 12, paragraph a, Code 1991, is amended by striking the paragraph, and relettering subsequent paragraphs.

Sec. 7. Section 502.202, subsection 13, Code 1991, is amended by striking the subsection, and inserting in lieu thereof the following:

13. A security issued by an agricultural cooperative association, provided the following conditions are satisfied:

a. A commission or remuneration must not be paid or provided either directly or indirectly for the sale, except as permitted by the administrator by rule or by order issued upon written application showing good cause for allowance of a commission or other remuneration.

b. If the securities to be issued are notes or other evidences of indebtedness and are issued after July 1, 1991, the issuer must file with the administrator a written notice specifying the name of the issuer, the date of the issuer's organization, the name of a contact person, a copy of the issuer's current audited financial statement, the types of security or securities to be offered, and the class of persons to whom the offer will be made in accordance with such rules as prescribed by the administrator.

Sec. 8. APPLICABILITY OF THIS ACT.

1. a. This Act applies retroactively to January 1, 1988, to exempt securities from registration requirements in section 502.202, if the securities were issued by an agricultural cooperative association.

b. This Act applies retroactively to January 1, 1988, to exempt an agricultural cooperative association from filing a prospectus, circular, form, letter, advertisement, or other sales literature or advertising communication described in section 502.602.

2. This section does not require remedial action by the administrator for any administrative action completed under chapter 502 before enactment of this Act.

3. As used in this section, "agricultural cooperative association" means an agricultural cooperative association defined in section 502.102 as amended by this Act.

Sec. 9. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

JOE J. WELSH
President of the Senate

ROBERT C. ARNOULD
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 276, Seventy-fourth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved June 4, 1991

TERRY E. BRANSTAD
Governor

SF 276