

February 22, 1963.
Placed on Calendar.

House File 324
By COMMITTEE ON INSURANCE.

Passed House, Date 3-29-63

Passed Senate, Date 4-9-63

Vote: Ayes 90 Nays 0

Vote: Ayes 48 Nays 0

Approved 4-15-63

*Passed on file 4/2
Insurance 4/2
Pass 4/3*

A BILL FOR

An Act to amend chapter five hundred two (502), Code 1962,
relating to the sale of securities.

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

1 Section 1. Section five hundred two point five (502.5), Code
2 1962, is hereby amended by striking subsection nine (9) thereof
3 and inserting in lieu thereof the following:

4 "The sale of subscriptions for or securities of a corporation,
5 prior to the incorporation thereof under the laws of the United
6 States, or any state, territory or possession thereof, or of the
7 District of Columbia, if no commission is received on account of
8 such sale and if the number of subscribers shall not exceed
9 twenty-five (25)."

1 Sec. 2. Section five hundred two point five (502.5), Code
2 1962, is hereby amended by adding thereto a new subsection as
3 follows:

4 "The sale of securities other than fractional undivided
5 interests in oil, gas or other mineral leases, rights or
6 royalties, by the issuer thereof within any period of twelve (12)
7 consecutive months to not more than twenty (20) persons,
8 excluding, in determining such twenty (20) persons, purchasers
9 of securities exempt under section five hundred two point four
10 (502.4) of the Code, purchasers of securities in transactions
11 exempt under other subsections of this section five hundred two

12 point five (502.5) of the Code, and purchasers of securities,
13 which are part of an offering registered under this chapter
14 five hundred two (502) of the Code, provided that (1) no
15 commission or other remuneration is paid or given directly or
16 indirectly for or on account of such sale, and (2) the issuer
17 shall file with the commissioner of insurance a report of sale
18 within thirty (30) days after such sale, setting forth the name
19 and address of the issuer, the total amount of securities sold
20 for which exemption is claimed under this subsection, and the
21 names and addresses of the purchasers thereof."

EXPLANATION OF HOUSE FILE 324

This bill modernizes the "limited offering" exemption under the Iowa Securities Law. These changes would make the Iowa law more uniform with the similar laws of most of the other states and the Uniform Securities Act which has been approved by the National Conference of Commissioners on Uniform State Laws and the National Association of Securities Administrators following a two-year study of state securities regulations by an advisory committee containing representatives of the National Conference of Commissioners on Uniform State Laws, the American Bar Association, the National Association of Securities Administrators, the Securities and Exchange Commission, the Investment Bankers Association of America and the National Association of Securities Dealers as well as several practicing lawyers with experience in "blue sky law."

This exemption permits small growing businesses to raise limited amounts of additional capital from time to time without the expense of "blue sky" qualification, but subject to certain safeguards. The bill eliminates the present requirement that investors in such companies be limited to those who have signed the articles of incorporation.