

## CHAPTER 269

## IOWA SECURITIES LAW

## S. F. 398

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 hun-  
2 dred eighty-one and four hundredths (8581.04), Code, 1939, is hereby  
3 amended and revised to read as follows:

4 "1. Any security issued by, or the principal and interest of which  
5 are guaranteed by, the United States or any territory or insular pos-  
6 session thereof, or by the District of Columbia, or by any legal entity  
7 (other than a natural person) controlled or supervised by and acting  
8 as an instrumentality of the United States, pursuant to authority  
9 granted by the Congress of the United States; or by any state or terri-  
10 tory of the United States or any political subdivision having the power  
11 of taxation; or by any agency or public instrumentality of one or more  
12 of the states or territories of the United States or of the political sub-  
13 divisions 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 principal, interest  
5 or dividend by a corporation owning or operating a railroad or any  
6 other public service utility; provided that such corporation is subject  
7 to regulation or supervision as to its rates, charges and the issue of its  
8 own securities by a public commission, board, or officer of the govern-  
9 ment of the United States, or of any state of the United States, or of the  
10 District of Columbia, or of the Dominion of Canada or any province  
11 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 in  
4 lieu thereof the following: "or any security issued to refund or re-  
5 finance 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 business by a  
5 registered dealer of any security which is a part of or on a parity  
6 with an issue which has theretofore been lawfully sold and distributed  
7 to the public, in whole or in part, in this state; including as within this  
8 exemption any security issued in exchange for such security under a  
9 bona fide plan of reorganization of a corporation by order of a court  
10 having jurisdiction, or issued under a plan of reorganization previously  
11 having become operative through action of security holders of a cor-  
12 poration, but excepting from this exemption securities theretofore sold  
13 only in exempt transactions under Section 8581.05, and when such re-  
14 sale is made in good faith and not directly or indirectly for the benefit  
15 of the issuer of such security or for the direct or indirect promotion  
16 of any scheme or enterprise with the intent of violating or evading any  
17 provision of this Chapter; provided, however, that this exemption  
18 shall not apply if the Commissioner of Insurance prohibits or has  
19 prohibited by specific order the resale of such security, unless the  
20 Commissioner of Insurance shall subsequently remove such prohibi-  
21 tion."

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"; and by striking from the fifth line of  
5 the last paragraph thereof the word "thirty" and inserting in lieu  
6 thereof the word "ninety"; and by striking from the last line of the  
7 last paragraph thereof the period (.) and adding thereto the following:  
8 "; provided, however, that any applicant for registration by qualifi-  
9 cation may file with the Commissioner of Insurance a verified  
10 statement that applicant will make no further original distribution  
11 under the registration and one statement of condition as required  
12 by this paragraph either concurrently therewith or subsequent there-  
13 to and thereafter no statement shall be required under this para-  
14 graph."

15 and by adding at the end thereof the following:

16 "If the application for registration shall be made by a registered  
17 dealer, the Commissioner of Insurance in his discretion may by rule,  
18 regulation or order waive the filing or submission to him of all or  
19 any of the statements, exhibits and documents, including certified  
20 public documents referred to in this section, and may require the  
21 applicant to file with him a statement with respect to such securities  
22 containing the following: Name of issuer; a brief description of the  
23 security; the maximum amount of securities to be offered under the  
24 registration; the maximum price at which the securities are to be  
25 offered for sale; and to furnish to the Commissioner of Insurance  
26 such other information and data concerning the issuer and the  
27 securities as the Commissioner of Insurance may deem necessary to  
28 enable him to ascertain whether such securities shall be registered  
29 hereunder or such registration continued in effect."

1 SEC. 6. Section Eight Thousand Five Hundred Eighty-one and nine  
2 hundredths (8581.09), Code, 1939, is hereby amended by striking the  
3 first six lines thereof and inserting in lieu thereof the following:

4 "Upon any application for registration under this Chapter where

5 the issuer functions or intends to function as a dealer in the manner  
6 permitted by Section 8581.11 and such issuer is not domiciled in the  
7 this state, there shall be filed with such application the irrevocable  
8 written consent."

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

Approved April 15, 1941.

I hereby certify that the foregoing act was published in the West Des Moines Express,  
West Des Moines, Iowa, April 24, 1941, and the Ottumwa Daily Courier, Ottumwa,  
Iowa, April 19, 1941.

EARL G. MILLER, *Secretary of State.*

## CHAPTER 270

### EXAMINERS IN THE INSURANCE DEPARTMENT

S. F. 470

AN ACT to amend section eight thousand six hundred twenty-eight (8628), Code, 1939,  
relating to the compensation of examiners and assistants in the insurance depart-  
ment.

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

1 SECTION 1. Section eight thousand six hundred twenty-eight  
2 (8628), Code, 1939, is amended by adding thereto the following:  
3 "Said examiners and assistants shall be compensated at a per diem to  
4 be fixed by the commissioner at not to exceed fifteen dollars (\$15.00)  
5 for examiners and twelve dollars fifty cents (\$12.50) for assistants,  
6 to be paid from funds in the state treasury upon certification of the  
7 commissioner and reimbursed as provided in sections eight thousand  
8 six hundred thirty-two (8632) and eight thousand six hundred thirty-  
9 three (8633)."

Approved March 26, 1941.

## CHAPTER 271

### DEPOSITS OF LIFE INSURANCE COMPANIES UPON REINSURANCE

S. F. 538

AN ACT to amend chapter three hundred ninety-eight (398), Code, 1939, to provide for  
the maintenance of deposits of a domestic life insurance company or association by  
a foregoing life insurance company reinsuring such domestic company, and in event  
of insolvency of the reinsuring company to provide for liquidation of such deposits or  
subsequent reinsurance.

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

1 SECTION 1. Chapter three hundred ninety-eight (398), Code, 1939,  
2 is amended by adding thereto the following sections:\*

\*Note: The arrangement and numbering of the sections that follow are in ac-  
cordance with the enrolled bill.