

## CHAPTER 1186

## PROTECTION FOR OWNERS OF ENTERPRISES

S. F. 376

AN ACT relating to the protection of the rights of owners of enterprises, and providing penalties.

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

## DIVISION I

Section 1. Chapter one thousand two hundred forty-five (1245), Acts of the Sixty-sixth General Assembly, 1976 Session, chapter one (1), division twenty-two (XXII), is amended by adding the following new section:

NEW SECTION. COMMERCIAL BRIBERY.

1. As used in subsection two (2) of this section, the following definitions shall apply unless the context otherwise requires:

a. "Employer" means any sole proprietor, partnership, corporation, association, or other entity or organization.

b. "Employee" includes every officer, employee, agent or representative.

c. "Gratuity" means consideration in any form, including but not limited to a gift, commission, discount and bonus.

2. It is unlawful for a person to offer or deliver directly or indirectly for the personal benefit of an employee acting on behalf of his or her employer in a business transaction or course of transactions with the person a gratuity in consideration of an act or omission which the person has reason to know is in conflict with the employment relation and duties of the employee to the employer. It is unlawful for an employee acting on behalf of his or her employer in a business transaction or course of transactions with a person to solicit or receive from the person a gratuity directly or indirectly for the personal benefit of the employee in consideration of an act or omission which the employee has reason to know is in conflict with the employment relation and duties of the employee to the employer.

3. A violation of subsection two (2) of this section is a class "D" felony.

## DIVISION II

Sec. 2. Section four hundred ninety-six A point thirty-one (496A.31), Code 1977, is amended to read as follows:

496A.31 QUORUM OF SHAREHOLDERS. Unless otherwise provided

in the articles of incorporation, a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders, but in no event shall a quorum consist of less than one-fourth of the shares entitled to vote at the meeting. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by this chapter or the articles of incorporation or bylaws.

Sec. 3. Section four hundred ninety-six A point one hundred thirty-eight (496A.138), Code 1977, is amended to read as follows:

496A.138 VOTING REQUIREMENTS. Whenever, with respect to any action to be taken by the shareholders of a corporation, the articles of incorporation require the vote or concurrence of the holders of a greater ~~or lesser~~ proportion of the shares, or of any class or series thereof, than required by this chapter with respect to such action, the provisions of the articles of incorporation shall control.

#### DIVISION III

Sec. 4. Section five hundred two point one hundred two (502.102), Code 1977, is amended by adding as subsection fourteen (14) the following new subsection:

14. NEW SUBSECTION. "Equity security", for the purposes of sections five (5) through eleven (11) of this Act, means any stock, bond or other obligation the holder of which has the right to vote, or any share of stock or similar security representing an equity interest in the target company, or any security convertible into, or any right, option or warrant to purchase, any such stock, bond, obligation or security.

Sec. 5. Section five hundred two point one hundred two (502.102), Code 1977, is amended by adding as subsection fifteen (15) the following new subsection:

15. NEW SUBSECTION.

a. "Target company" means a person whose securities are or are to be the subject of an offer to acquire, pursuant to a tender offer or request or invitation for tenders, any equity securities of such person provided that such person is either:

(1) A person which is a Williams Act registrant and is either (i) organized under the laws of the state of Iowa or (ii) has its principal place of business within the state of Iowa; or

(2) A person which (i) is not a Williams Act registrant and (ii) has registered any equity security at any time subsequent to December 31, 1959 under either this Act or under chapter five hundred two (502) of the Code as it existed prior to the effective date of this Act.

b. For purposes of this subsection, a "Williams Act registrant" means a person which (i) has any equity security which is registered pursuant to section twelve (12) of the Securities Exchange Act of 1934; or (ii) is an insurance company which would have been required to register any equity security pursuant to section twelve (12) of the Securities Exchange Act of 1934 except for the exemption provided in subparagraph G of paragraph two (2) of subsection g of section twelve (12) of the Securities Exchange Act of 1934; or (iii) is a closed-end investment company registered under the Investment Company Act of 1940.

c. For purposes of this subsection, the term "principal place of the business" shall have the same meaning as that term when used in title twenty-eight (28), United States Code, section one thousand three hundred thirty-two (1332), subsection c.

Sec. 6. Section five hundred two point one hundred two (502.102), Code 1977, is amended by adding as subsection sixteen (16) the following new subsection:

16. NEW SUBSECTION. "Tender offer" shall not include (i) an offer to purchase equity securities to be effected by a registered broker-dealer on a stock exchange or in the over-the-counter market if the broker performs only the customary broker's function, and receives no more than the customary broker's commission, and neither the principal nor the broker solicits or arranges for the solicitation of orders to sell such equity securities; or (ii) any offer if the acquisition of all equity securities for which the offer is made, together with all other acquisitions by the offeror of securities of the same class during the preceding twelve months, would not exceed two percent of that class; or (iii) offers made by a broker-dealer for its own account in the ordinary course of its business of buying and selling such security.

Sec. 7. Chapter five hundred two (502), Code 1977, is amended by adding as section five hundred two point two hundred eleven (502.211) the following new section:

502.211 NEW SECTION. REGISTRATION REQUIREMENT. It is unlawful for any person to purchase an equity security of

a target company pursuant to a cash tender offer for such security unless the offeror's tender offer registration statement pertaining to such security is in effect under section eight (8) or section nine (9) of this Act if (i) after the consummation of the cash tender offer, the offeror and the affiliates of the offeror would own beneficially, directly or indirectly, more than five percent of any class of the outstanding equity securities of the target company; or (ii) the offer is for five percent or more of any class of outstanding equity securities of the target company and the offer is made by the target company itself.

Sec. 8. Chapter five hundred two (502), Code 1977, is amended by adding as section five hundred two point two hundred twelve (502.212) the following new section:

502.212 NEW SECTION. TENDER OFFER REGISTRATION BY CO-ORDINATION.

1. Tender offer registration by coordination may be used for any tender offer for which a tender offer statement has been filed under section fourteen (14), paragraph one (1) of subsection d of the Securities Exchange Act of 1934.

2. A tender offer registration statement under this section shall contain the following information and shall be accompanied by the following documents in addition to the consent to service of process required by section five hundred two point six hundred nine (502.609) of the Code.

a. Two copies of the tender offer statement, including all exhibits thereto, filed under the Securities Exchange Act of 1934.

b. An undertaking to forward to the administrator two copies of all future amendments to such tender offer statement (including exhibits thereto) and of all additional material soliciting or requesting tender offers, not later than the first business day after they are forwarded to or filed with the securities and exchange commission.

3. A copy of the tender offer statement, filed under the Securities Exchange Act of 1934, including all exhibits thereto, shall be sent by registered or certified mail, or delivered to the target company at its principal executive office.

4. On the tenth day after both (i) the tender offer registration statement required by subsection two (2) of this section has been filed and (ii) the documents required by subsection three (3) of this section have been sent, the tender offer registration statement shall become effective if

no stop order is in effect in this state and no proceeding is pending under section eleven (11) of this Act; except that while a tender offer registration statement is effective, a subsequent tender offer made by any other person with respect to the same securities shall become effective on the fourth business day after both (i) the filing of the tender offer registration statement required by subsection two (2) of this section and (ii) the sending of the documents required by subsection three (3) of this section, if no stop order is in effect in this state and no proceeding is pending under section eleven (11) of this Act.

5. After a tender offer registration statement has become effective pursuant to subsection four (4) of this section, an amendment thereto shall become effective upon (i) the filing of said amendment and (ii) the sending of said amendment, by registered or certified mail, to the target company at its principal office.

6. Prior to a tender offer registration statement having become effective pursuant to subsection four (4) of this section, an amendment thereto may be filed, but such amendment shall not be deemed to be filed until a copy of said amendment has been sent by registered or certified mail to the target company at its principal office. The filing of such an amendment shall not extend the time periods specified in subsection four (4) of this section.

7. All additional materials, other than the tender offer statement itself, soliciting or requesting tender offers shall be sent, by registered or certified mail, to the target company at its principal executive office at the same time they are sent to the administrator.

8. A tender offer shall remain open for not less than the longer of the following periods:

- a. Twenty-one days after it becomes effective;
- b. Fourteen days after any amendment which changes the amount or type of consideration offered or the number of equity securities for which the offer is made;
- c. The period of time during which the offer is required, by the Securities Exchange Act of 1934 or the rules promulgated thereunder, to remain open.

9. Every tender offer registration statement shall remain effective until ninety days after it has become effective, unless it has earlier expired by its terms or has been withdrawn, suspended, or revoked, but the effectiveness of any such registration statement may be extended by order of

the administrator upon application by the offeror.

Sec. 9. Chapter five hundred two (502), Code 1977, is amended by adding as section five hundred two point two hundred thirteen (502.213) the following new section:

502.213 NEW SECTION. TENDER OFFER REGISTRATION BY QUALIFICATION.

1. Any tender offer may be registered by qualification.
2. A tender offer registration statement under this section shall contain the following information and shall be accompanied by the consent to service of process required by section five hundred two point six hundred nine (502.609) of the Code:
  - a. The name and address of the offeror and of any person controlling the offeror and of each director and each executive officer (or person occupying a similar status or performing similar functions) of the offeror and of any person controlling the offeror; a description of the business of the offeror (including a description of any material pending legal or administrative proceeding) and of its affiliates; as to each director or officer, such person's principal occupation for the past five years and any criminal convictions (excluding traffic violations or similar misdemeanors) or any securities law, antitrust, labor law, environmental law, or fair employment practices injunction or judgment entered against such person or against the offeror or any person in control of the offeror during the past five years;
  - b. A description of the equity securities to be purchased and the consideration to be offered;
  - c. The duration of the offer;
  - d. The date on which the offeror may first purchase tendered securities;
  - e. The amount or number of equity securities to be purchased or the manner in which such number or amount will be determined;
  - f. Whether the offeror will unconditionally accept all or any part of the equity securities tendered and, if not, upon what conditions acceptance will be made;
  - g. The number or amount of any equity securities of the target company owned beneficially by the offeror and all affiliates of the offeror as of the date of the filing of the registration statement and a description of all transactions within one year of the filing of the registration statement in which the offeror or any of its affiliates acquired or

disposed of any such securities;

h. A description of any present and proposed contract, agreement or understanding to which the offeror or any affiliate of the offeror is a party with respect to the ownership, voting rights or any other interest in any equity security of the target company;

i. The source and amount of funds to be used in making the purchases, including a description of all borrowing transactions and the parties thereto;

j. The purposes of the proposed purchase and if any such purpose is to acquire control of the target company, any plans to make any major change in the business, assets, location of facilities, employment levels, corporate structure, capitalization or dividend policies of the target company;

k. The exact dates prior to which or subsequent to which the security holders who deposit their securities will have the right to withdraw their securities;

l. A description of any material transactions, negotiations or business relationships between the offeror or its affiliates and the target company or its affiliates during the past three years;

m. A description of any plans to make any changes in the present board of directors or management of the target company;

n. Any present or proposed contract, arrangement or understanding between the offeror or any of its affiliates and the target company, or any of its executive officers, directors or affiliates; and,

o. Copies of (i) a balance sheet of the offeror (and of any person, other than any individual, controlling the offeror) as of the close of its most recent fiscal year; (ii) the income statement of the offeror (and of any person, other than any individual, controlling the offeror) for the three years ended with the balance sheet required by (i) hereof; (iii) the statements of sources and application of funds of the offeror (and of any person, other than any individual, controlling the offeror) for the three years ended with the balance sheet required by (i) hereof; and (iv) a balance sheet of the offeror (or of said person controlling the offeror, as the case may be) and statements of income and of sources and application of funds for such person for the period from the close of its most recent fiscal year to a date within one hundred twenty days of the filing;

p. A description of any material transaction between the offeror and its affiliates during the past three years.

3. A copy of the tender offer registration statement, including all exhibits thereto, shall be sent, by registered or certified mail, to the target company at its principal executive office.

4. On the tenth day after both (i) the tender offer registration statement required by subsection two (2) of this section has been filed and (ii) the documents required by subsection three (3) of this section have been sent, the tender offer registration statement shall become effective if no stop order is in effect in this state and no proceeding is pending under section eleven (11) of this Act; except that while a tender offer registration statement is effective, a subsequent tender offer made by any other person with respect to the same securities shall become effective on the fourth business day after both (i) the filing of the tender offer registration statement required by subsection two (2) of this section and (ii) the sending of the documents required by subsection three (3) of this section, if no stop order is in effect in this state and no proceeding is pending under section eleven (11) of this Act.

5. After a tender offer registration statement has become effective pursuant to subsection four (4) of this section, an amendment thereto shall become effective upon (i) the filing of said amendment and (ii) the sending of said amendment, by registered or certified mail, to the target company at its principal office.

6. Prior to a tender offer registration statement having become effective pursuant to subsection four (4) of this section, an amendment thereto may be filed, but such amendment shall not be deemed to be filed until a copy of said amendment has been sent by registered or certified mail to the target company at its principal office. The filing of such an amendment shall not extend the time periods specified in subsection four (4) of this section.

7. All additional materials, other than the tender offer registration statement itself, soliciting or requesting tender offers, shall, not later than two days after its first use, be (i) sent by registered or certified mail to the target company at its principal executive office and (ii) filed with the administrator.

8. If any material change occurs in the facts set forth in the tender offer registration statement, the offeror shall promptly file with the administrator and mail to the target company, an amendment to said registration statement disclosing



such change.

9. A tender offer shall remain open for not less than the longer of the following periods:

- a. Twenty-one days after it becomes effective; or
- b. Fourteen days after any amendment which changes the amount or type of consideration offered or the number of equity securities for which the offer is made.

10. Securities deposited pursuant to a tender offer may be withdrawn by or on behalf of the depositor:

- a. At any time until the expiration of fifteen days after the registration statement becomes effective; or
- b. If the offeror has not previously accepted them, at any time after sixty days from the date the registration statement becomes effective; or
- c. If the offeror has not previously accepted them, at any time during the fifteen days following the date on which a competing tender offer registration statement has been filed with the administrator; or
- d. If the offeror has not previously accepted them, at any time during the ten days immediately after the effectiveness of any amendment filed by a competing tender offeror which changes the amount or type of consideration offered.

11. If, during the period the tender offer must remain open pursuant to paragraph a of subsection ten (10) of this section, a greater number of equity securities is tendered than the offeror is bound or willing to purchase, the equity securities shall be purchased pro rata, as nearly as may be, according to the number of shares tendered during such period by each equity security holder.

12. Whenever any offeror varies the terms of a tender offer by increasing the consideration offered to holders of such securities, the offeror shall pay the increased consideration to each security holder whose securities are taken up and paid for pursuant to the tender offer whether or not such securities have been taken up by the offeror prior to the variation of the tender offer.

13. Every tender offer registration statement shall remain effective until ninety days after it has become effective, unless it has earlier expired by its terms or has been withdrawn, suspended, or revoked, but the effectiveness of any such registration statement may be extended by order of the administrator upon application by the offeror:

Sec. 10. Chapter five hundred two (502), Code 1977, is amended by adding as section five hundred two point two hundred

fourteen (502.214) the following new section:

502.214 NEW SECTION. PROVISIONS APPLICABLE TO TENDER OFFER REGISTRATION GENERALLY.

1. Every person filing a tender offer registration statement shall pay a nonrefundable filing fee of one hundred dollars.

2. The administrator may by rule or otherwise permit the omission of any item of information or document from any tender offer registration statement.

3. The administrator may by rule or order require as a condition of registration under this Act that all or a part of the information contained in the tender offer registration statement be made publicly available, either prior or subsequent to the registration statement becoming effective, by publication in one or more newspapers of appropriate circulation or be made available to stockholders via a mailing to stockholders.

4. The offeror shall not, during any period during which it is making a tender offer, purchase any equity security of the target company for a consideration other than that stated in its tender offer.

5. The offeror shall not, in connection with any tender offer, purchase any equity security of the target company from any officer, director or affiliate of the target company for a consideration in excess of that to be paid to other stockholders pursuant to the tender offer, unless such purchase is made at the then existing market price.

6. a. The target company shall, not later than the end of the next business day following the receipt of a written request from any offeror who has filed a tender offer registration statement, disclose to such offeror the number of holders of record of the class of securities for which the tender offer will be made. The target company shall, not later than five business days after the receipt from the offeror of a number of sets of the tender offer materials equal to the number of holders of record as disclosed by the target company under this paragraph and the receipt of payment in advance of an amount representing the first class postage required to mail those materials, cause a set of those materials to be mailed, first class postage prepaid, to each holder of record of the class of securities for which the tender offer will be made, provided that the offeror undertakes in writing to the target company that: (i) it will promptly reimburse the target company for any reasonable costs incurred

by the target company in causing such mailing; and (ii) it will promptly furnish at its own expense the number of additional sets of the tender offer materials which may be requested by the target company. The target company shall not cause any materials to be removed from, added to, or incorporated with materials submitted by the offeror for mailing.

b. The target company may, at its option, elect to furnish shareholder lists to the offeror as provided in this paragraph in lieu of complying with paragraph a of this subsection. If the target company elected to furnish such lists, it shall, not later than the end of the next business day following the receipt of a written request from the offeror, give notice in writing to the offeror of such election, and shall, within four business days after receipt of the request, furnish to such offeror the most recent list, in whatsoever form is reasonably requested by the offeror, in its possession or under its control, of the names and addresses of the holders of record of the class of securities for which the tender offer will be made, together with the number of shares so held, and together with the security position listings, if any, from the depository trust company and similar clearing agencies, provided that the offeror undertakes in writing to the target company that: (i) such lists will be used exclusively in connection with the tender offer; (ii) it will promptly reimburse the target company for the reasonable costs incurred by it in furnishing such lists; and (iii) it undertakes in writing to mail, at its own expense, a copy of the tender offer material to each person whose name appears on the list of stockholders and to furnish, at its own expense, the number of sets of the tender offer materials requested by participants whose names appear on the clearing agency's security position listings.

c. The target company shall, within two business days after the receipt of a written request from an offeror which has previously received a shareholder list pursuant to paragraph b of this subsection furnish to such offeror a supplementary list showing all transfers since the date of the furnished list or, if one or more supplemental lists have already been furnished, from the date of the last such supplemental list so furnished.

7. All materials disseminated in connection with the tender offer, by the target company, or by persons acting in

concert with it, shall within two days after its first use, (i) be sent, by registered or certified mail, to the offeror at its principal executive office and (ii) be filed with the administrator.

Sec. 11. Chapter five hundred two (502), Code 1977, is amended by adding as section five hundred two point two hundred fifteen (502.215) the following new section:

502.215 NEW SECTION. DENIAL, SUSPENSION AND REVOCATION OF TENDER OFFER REGISTRATION.

1. The administrator may issue a stop order denying effectiveness to, or suspending or revoking the effectiveness of, any tender offer registration statement if the administrator finds that the order is in the public interest and that at least one of the following conditions exists:

a. The tender offer registration statement is incomplete in any material respect or contains any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact.

b. Any provision of this Act or any rule, order or condition lawfully imposed under this Act has been willfully violated, in connection with the tender offer, by (i) the person filing the tender offer registration statement; (ii) any partner, officer or director of the offeror, or any person occupying a similar status or performing similar functions; (iii) any affiliate of the offeror; or (iv) any broker-dealer acting on behalf of the offeror.

c. The offer registered or sought to be registered is the subject of an administrative stop order or similar order or a permanent or temporary injunction of any court of competent jurisdiction entered under any other federal or state act applicable to the offer, but the administrator may not enter an order under this section on the basis of an order or injunction entered under any other state act unless that order or injunction was based on facts which would currently constitute a ground for a stop order under this section.

d. The applicant or registrant has failed to pay the proper filing fee; but the administrator may enter only a denial order under this subsection, and shall vacate any such order when the deficiency has been corrected.

2. The administrator may not institute a stop order proceeding against an effective tender offer registration statement on the basis of a fact known to the administrator when the tender offer registration statement became effective unless the proceeding is instituted within thirty days after effectiveness.

3. The administrator may issue a summary order postponing, suspending or denying the effectiveness of a tender offer registration statement pending final determination of any proceeding under this section. Upon the entry of the order, the administrator shall promptly notify the offeror that the order has been entered and of the reasons therefor and that within fifteen days after the receipt of a written request the matter will be set down for hearing. If no hearing is requested and none is ordered by the administrator, the order will remain in effect until it is modified or vacated by the administrator. If a hearing is requested or ordered, the administrator, after notice of an opportunity for hearing to the offeror, may modify or vacate the order or extend it until final determination.

4. A stop order shall not be entered under any part of this section without compliance with the Iowa Administrative Procedure Act, except that a summary order may be issued under subsection three (3) of this section prior to notice and hearing as may be required by that Act.

5. The administrator may vacate or modify a stop order upon a finding that the conditions which prompted its entry have changed or that it is otherwise in the public interest to do so.

Sec. 12. Section five hundred two point four hundred seven (502.407), Code 1977, is amended to read as follows:

502.407 MISSTATEMENTS IN PUBLICITY. It is unlawful for any person to make or cause to be made, in any public report or press release, or in other information which is either made generally available to the public or used in opposition to a tender offer, any statement of a material fact relating to an issuer or made in connection with a tender offer which is, at the time and in the light of the circumstances under which it is made, false or misleading, if it is reasonably foreseeable that such statement will induce other persons to buy, sell or hold securities of the issuer.

Sec. 13. Section five hundred two point five hundred one (502.501), Code 1977, is amended to read as follows:

502.501 VIOLATION OF REGISTRATION AND RELATED REQUIREMENTS.

1. Any person who:

4 a. Violates section 502.201, section 502.208, subsection 12 or section 502.406, subsection 2, paragraph "b", or

2 b. Violates any material condition imposed under section 502.208, or

3 c. Offers or sells a security at any time when such person has committed a material violation of section 502.301, or

4 d. Commits a material violation of any order issued by the administrator under this chapter, shall be liable to the person purchasing the security offered or sold in connection with such violation, who may sue either at law or in equity to recover the consideration paid for the security, together with interest at the legal rate from the date of payment, costs and reasonable attorneys' fees, less the amount of any income or distributions, in cash or in kind, received on the security, upon the tender of the security, or for damages if the purchaser no longer owns the security. Damages shall be the amount that would be recoverable upon a tender less

a. (1) The value of the security when the purchaser disposed of it and

b. (2) Interest on said value at the legal rate from the date of disposition. Any person on whose behalf an offering is made and any underwriter of the offering, whether on a best efforts or a firm commitment basis, shall be jointly and severally liable under this section, but in no event shall any underwriter be liable in any suit or suits authorized under this section for damages in excess of the total price at which the securities underwritten by it and distributed to the public were offered to the public. Tender requires only notice of willingness to exchange the security for the amount specified. Any notice may be given by service as in civil actions or by certified mail addressed to the last known address of the person liable.

2. Any person who violates section seven (7) of this Act shall be liable to the person selling the security to such violator, which seller may sue either at law or in equity to recover the security, costs and reasonable attorney's fees, plus any income or distributions, in cash or in kind, received by the purchaser thereon, upon tender of the consideration received, or for damages if the purchaser no longer owns the security. Damages shall be the excess of the value of the security when the purchaser disposed of it, plus interest at the legal rate from the date of disposition, over the consideration paid for the security. Tender requires only notice of willingness to pay the amount specified in exchange for the security. Any notice may be given by service as in civil actions or by certified mail to the last known address of

the person liable.

Sec. 14. Section five hundred two point five hundred two (502.502), subsection two (2), Code 1977, is amended to read as follows:

2. Any person who offers to purchase or purchases a security in violation of sections 502.401 or 502.404, the seller not knowing of the violation, and who fails to sustain the burden of proof that he, she or it did not know and in the exercise of reasonable care could not have known of the violation, shall be liable to the seller, who may sue either at law or in equity to recover the security, costs, and reasonable attorney's fees, plus any income or distributions, in cash or in kind, received by the purchaser thereon, upon tender of the consideration received, or for damages if the purchaser no longer owns the security. Damages shall be the excess of the value of the security when the purchaser disposed of it, plus interest at the legal rate from the date of disposition, over the consideration paid for the security. Tender requires only notice of willingness to pay the amount specified in exchange for the security. Any notice may be given by service as in civil actions or by certified mail to the last known address of the person liable.

Sec. 15. Section five hundred two point five hundred two (502.502), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. Any person who is aggrieved by a violation of section five hundred two point four hundred seven (502.407) of the Code may bring an action in the district court to enjoin the acts complained of and, upon proper showing, to require that correcting material be disseminated, and such person may be awarded costs and reasonable attorney's fees.

Sec. 16. Section five hundred two point six hundred ten (502.610), subsection four (4), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

4. An Except when made in connection with a tender offer, an offer to sell or to purchase is not made in this state when made by means of either of the following:

DIVISION IV

Sec. 17. Section five hundred two point one hundred two (502.102), subsection ten (10), paragraph f, subparagraph two (2), Code 1977, is amended to read as follows:

(2) Any stock split, ~~reverse stock split~~, other than a reverse stock split or security dividend payable with respect

to the securities of a corporation in the same or any other class of securities of such corporation, provided nothing of value, including the surrender of a right or an option to receive a cash or property dividend, is given by security holders for the security dividend.

Sec. 18. Section five hundred two point two hundred three (502.203), subsection thirteen (13), Code 1977, is amended to read as follows:

13. Any transaction incident to a vote by security holders of ~~an-issuer~~ a person or incident to a written consent or resolution of some or all security holders of ~~an-issuer~~ a person, pursuant to the articles of incorporation of such ~~issuer~~ person, or pursuant to the applicable corporate statute or other statute governing such ~~issuer~~ person, or pursuant to such ~~issuer's~~ person's partnership agreement, declaration of trust, or trust indenture, or pursuant to any agreement among security holders of such ~~issuer~~ person, on a reclassification of securities, reverse stock split, reorganization involving the exchange of securities, merger, consolidation, or sale of assets, in consideration, in whole or in part, of the issuance of securities of ~~the-issuer~~ such person or of any other person, if:

DIVISION V

Sec. 19. Section five hundred two point one hundred two (502.102), subsection two (2), paragraph a, Code 1977, is amended to read as follows:

a. Effecting transactions in a security exempted by section 502.202, subsections 1, 2, 3, four (4), six (6), 10, or 11, or a security issued by an industrial loan company licensed under chapter five hundred thirty-six A (536A), Code 1977;

Sec. 20. Section five hundred two point two hundred two (502.202), subsection one (1), Code 1977, is amended to read as follows:

1. Any security, including a revenue obligation, issued or guaranteed by the United States, any state, any political subdivision of a state, or any agency or corporate or other instrumentality of one or more of the foregoing; or any certificate of deposit for any of the foregoing; but this exemption shall not include any revenue obligation payable from payments to be made in respect of property or money used under a lease, sale or loan arrangement by or for a nongovernmental industrial or commercial enterprise, unless such payments are or will be made or unconditionally guaran-



ted by a person whose securities are exempt from registration under this chapter by (a) section 502.202, subsection 7 or subsection 8, or (b) subsection nine (9) of section five hundred two point two hundred two (502.202) of the Code, provided the issuer first files with the administrator a written notice specifying the terms of the offer and the administrator does not by order disallow the exemption within fifteen days thereafter.

Sec. 21. Section five hundred two point two hundred three (502.203), subsection two (2), paragraph c, Code 1977, is amended to read as follows:

c. The security was issued by an issuer which has a class of securities ~~currently~~ registered under ~~section 502.204~~ this chapter, or under chapter five hundred two (502) of the Code as it existed prior to January 1, 1976.

Sec. 22. Section five hundred two point two hundred three (502.203), subsection twelve (12), Code 1977, is amended to read as follows:

12. Any offer, but not a sale, of a security for which ~~a registration statements have~~ statement has been filed under ~~both this chapter and the Securities Act of 1933~~ if no stop order or denial order is in effect and no proceeding is pending under ~~either law~~ this chapter.

Sec. 23. Section five hundred two point two hundred ten (502.210), subsection one (1), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

~~The aggregate offering price of all securities of the issuer which may be registered for sale in this state under section 502.207, as part of a single issue of equity securities, shall not exceed~~ Notwithstanding the provisions of section five hundred two point two hundred seven (502.207) of the Code, no securities may be registered under that section if the aggregate offering price of all securities of the issuer which will be offered or sold in this state, as part of a single issue of equity securities, in reliance upon the exemption from federal registration requirements provided by paragraph eleven (11) of subsection a of section three (3) of the federal Securities Act of 1933, as amended, exceeds the following amounts:

Sec. 24. This Act shall take effect January 1, 1979.

Approved April 27, 1978