HLS 10RS-394 REENGROSSED

Regular Session, 2010

HOUSE BILL NO. 54

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BY REPRESENTATIVE ARNOLD

SECURITIES: Renames the National Association of Securities Dealers to the Financial Industry Regulatory Authority

AN ACT

2	To amend and reenact R.S. 11:266.1(B) and (C), R.S. 12:131(B)(3), R.S. 22:68(D),
3	587(A)(introductory paragraph), and 1801(D)(1)(d), and R.S. 51:703(B)(3) and
4	(C)(5), 705(C)(1)(b), 708(8)(introductory paragraph), and 710(H), relative to
5	renaming the National Association of Securities Dealers to the Financial Industry
6	Regulatory Authority; and to provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 11:266.1(B) and (C) are hereby amended and reenacted to read as
9	follows:
10	§266.1. Investment through Louisiana incorporated and domiciled broker-dealer
11	* * *
12	B. Each state public retirement or pension system, plan, or fund shall direct
13	at least ten percent of the commissions on all trades of domestic equities in
14	separately, actively managed portfolios and shall direct at least ten percent of all
15	trades of domestic investment grade fixed income investments in separately managed
16	accounts through broker-dealers selected on a best bid and offer basis who have been
17	incorporated and domiciled in or who have had their principal trading operations in
18	Louisiana for at least two years, who are registered and in good standing with the
19	National Association of Securities Dealers Financial Industry Regulatory Authority,
20	and who have demonstrated the ability to execute institutional domestic equity and

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

2 negotiate commission recapture agreements with the systems. The commissions 3 recaptured under any such agreement shall not be a majority of the total value of the 4 commissions required to be directed to the broker-dealers pursuant to the provisions of this Section. 5 C. All trades shall be subject to best efforts and best executions as defined 6 7 by the Securities and Exchange Commission and the National Association of 8 Securities Dealers Financial Industry Regulatory Authority. 9 10 Section 2. R.S. 12:131(B)(3) is hereby amended and reenacted to read as follows: 11 §131. Rights of a shareholder dissenting from certain corporate actions 12 13 B. The right to dissent provided by this Section shall not exist in the case of: 14 15 (3) Shareholders holding shares of any class of stock which, at the record 16 date fixed to determine shareholders entitled to receive notice of and to vote at the 17 meeting of shareholders at which a merger or consolidation was acted on, were listed 18 on a national securities exchange, or were designated as a national market system 19 security on an inter-dealer quotation system by the National Association of Securities 20 Dealers Financial Industry Regulatory Authority, unless the articles of the 21 corporation issuing such stock provide otherwise or, except in the case of 22 shareholders of a corporation surviving the merger or consolidation in which each 23 share of such corporation outstanding immediately prior to the effective date of the 24 merger or consolidation is an identical outstanding or treasury share of such 25 corporation after the effective date of the merger or consolidation, the shares of such 26 shareholders were not converted by the merger or consolidation solely into shares of 27 the surviving or new corporation. 28

fixed income transactions. The broker-dealers defined in this Subsection shall

2	hereby amended and reenacted to read as follows:
3	§68. Books and records of domestic insurer; securities
4	* * *
5	D. Any domestic company may maintain for its securities a limited agency,
6	custodial or depository account, or other type of account for the safekeeping of those
7	securities; collecting the income from those securities; and providing supportive
8	accounting services relating to such safekeeping and collection; all provided the
9	domestic company maintains full investment discretion over those securities. Such
10	account shall be with either (1) a bank, qualified under state law to administer trusts
11	in this state, and operating as described in R.S. 6:534(B); or (2) a member of the
12	National Association of Securities Dealers Financial Industry Regulatory Authority,
13	subject to the jurisdiction of the Securities and Exchange Commission, maintaining
14	membership in the Securities Investors Protection Corporation, and having an agency
15	office in this state. The bank or the National Association of Securities Dealers
16	Financial Industry Regulatory Authority member, in safekeeping such securities,
17	shall have all the powers, rights, duties, and responsibilities as it has under state law
18	for holding securities in its fiduciary accounts. The commissioner of insurance is
19	hereby authorized to promulgate rules and regulations pursuant to this Subsection.
20	* * *
21	§587. Loaning of securities
22	A. A domestic insurer may lend securities held by it to any member of the
23	National Association of Securities Dealers Financial Industry Regulatory Authority
24	having a net worth of at least one hundred million dollars, under this Subpart, if:
25	* * *
26	§1801. Fraud prevention and control
27	* * *
28	D. Immunity from liability. (1) No civil liability shall be imposed on and no
29	cause of action shall arise from a person's furnishing information concerning

Section 3. R.S. 22:68(D), 587(A)(introductory paragraph), and 1801(D)(1)(d) are

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2	or completed fraudulent insurance acts, if the information is provided to or received
3	from:
4	* * *
5	(d) The National Association of Insurance Commissioners (NAIC), National
6	Association of Securities Dealers (NASD) the Financial Industry Regulatory
7	Authority, the North American Securities Administrators Association (NASAA), or
8	their employees, agents, or representatives, or other regulatory body overseeing life
9	insurance, viatical settlements, securities, or investment fraud; or
0	* * *
1	Section 4. R.S. 51:703(B)(3) and (C)(5), 705(C)(1)(b), 708(8)(introductory
12	paragraph), and 710(H) are hereby amended and reenacted to read as follows:
13	§703. Registration of dealers, salesmen, and investment advisers and investment
14	adviser representatives; surety bonds; records
15	* * *
16	В.
17	* * *
18	(3) No applicant shall be registered as a dealer under this Part, nor shall any
19	such registration be renewed, unless each principal of such applicant has passed a
20	written examination administered by the commissioner or someone acting under his
21	direction, or unless such applicant presents proof satisfactory to the commissioner
22	showing that each principal has passed a similar examination conducted by the
23	National Association of Securities Dealers, Inc. Financial Industry Regulatory
24	Authority, or any other examination substantially similar to that given by the
25	commissioner, as the commissioner may determine. The commissioner is further
26	authorized to prescribe the time, manner, or procedure relative to the holding of such
27	examination, and may impose a fee against each principal taking said examination

suspected, anticipated, or completed fraudulent viatical settlement acts or suspected

to cover the costs thereof. For the purposes of this Subsection only, with respect to

a dealer or an applicant for registration as a dealer, the term "principal" refers to a

1	person associated with such dealer or applicant who is engaged in the management
2	of such dealer's or applicant's business, including the supervision, solicitation, or
3	conduct of such business or the training of persons associated with such dealer or
4	applicant for any of these functions.
5	* * *
6	C.
7	* * *
8	(5) No applicant shall be registered as a salesman under this Part, nor any
9	such registration be renewed, unless such person has passed a written examination
10	administered by the commissioner or someone acting under his direction or unless
11	such applicant presents proof satisfactory to the commissioner showing that he has
12	previously passed a similar examination conducted by the National Association of
13	Securities Dealers, Inc. Financial Industry Regulatory Authority, or any other
14	examination substantially similar to that given by the commissioner, as the
15	commissioner may determine. The commissioner is further authorized to prescribe
16	the time, manner, and procedure relative to the holding of such examination and may
17	impose a fee against the applicant taking said examination to cover the costs thereof.
18	* * *
19	§705. Registration of securities; when and how required; delivery of prospectus
20	* * *
21	C. Registration statement. (1) Every registration statement filed under R.S.
22	51:705(B) shall contain the following information:
23	* * *
24	(b) With respect to every director and officer of the issuer, or person
25	occupying a similar status or performing similar functions: his name, address, and
26	principal occupation for the past five years; any criminal convictions or pending
27	criminal proceedings involving the sale of securities of any such person or any
28	disciplinary action taken or pending against any such person by the Securities and
29	Exchange Commission, the National Association of Securities Dealers Financial

Industry Regulatory Authority, the commissioner, or any state securities regulatory authority; the amount of securities of the issuer beneficially owned by him as of a specified date within thirty days of the filing of the registration statement; and a statement, including price information, of all transactions by such person in securities of the issuer beneficially owned by him during the two years preceding such date; the amount of the securities covered by the registration statement to which he has indicated his intention to subscribe; and with respect to each such person and any affiliate of such person or affiliate of a person specified in R.S. 51:705(C)(1)(e) and (f) Subparagraph (e) and (f) of this Paragraph, a description of any material interest in any material transaction with the issuer or any significant subsidiary effected within the past three years or proposed to be effected.

* * *

§708. Exempt securities

The provisions of R.S. 51:705 shall not apply to any of the following securities:

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(8) Securities listed or approved for listing upon notice of issuance on the New York Stock Exchange or the American Stock Exchange or a security designated or approved for designation as a national market system security by the National Association of Securities Dealers, Inc. Financial Industry Regulatory Authority or any other stock exchange or market system approved by the commissioner as provided in this Paragraph, and all securities senior or equal in rank to any securities so listed, designated, or approved, any security represented by subscription rights which have been so listed, designated, or approved, or any warrant or right to purchase or subscribe to any of the foregoing, provided:

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1 §710. Commissioner of securities; powers of commissioner and employees; 2 compensation and expenses; assistant commissioner 3 4 H. The commissioner may designate filing depositories for all records required to be filed and maintained under this Part. Such records may be maintained 5 in original form or by means of microfilm, microfiche, microphotographic 6 7 reproduction, photographic reproduction, word processing, computerization, or other 8 acceptable reproductive methods. The commissioner is further authorized to 9 participate, in whole or in part, in a Central Registration Depository (CRD) or similar

(NASD) Financial Industry Regulatory Authority, other states, and the United States, to the extent he deems participation to be in the public interest of this state.

Section 5. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

system, in cooperation with the National Association of Securities Dealers, Inc.

vetoed by the governor and subsequently approved by the legislature, this Act shall become

effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Arnold HB No. 54

Abstract: Renames the National Association of Securities Dealers to the Financial Industry Regulatory Authority.

<u>Present law</u> provides for the National Association of Securities Dealers and references thereto.

<u>Proposed law</u> changes <u>present law</u> references to the Financial Industry Regulatory Authority.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 11:266.1(B) and (C), R.S. 12:131(B)(3), R.S. 22:68(D), 587(A)(intro. para.), and 1801(D)(1)(d), and R.S. 51:703(B)(3) and (C)(5), 705(C)(1)(b), 708(8)(intro. para.), and 710(H))