

Regular Session, 2010

HOUSE BILL NO. 54

BY REPRESENTATIVE ARNOLD

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

1 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

1 fixed income transactions. The broker-dealers defined in this Subsection shall
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
5 of this Section.

6 C. All trades shall be subject to best efforts and best executions as defined
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 * * *

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

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

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
5 required to be filed and maintained under this Part. Such records may be maintained
6 in original form or by means of microfilm, microfiche, microphotographic
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
10 system, in cooperation with the ~~National Association of Securities Dealers, Inc.~~
11 ~~(NASD)~~ Financial Industry Regulatory Authority, other states, and the United States,
12 to the extent he deems participation to be in the public interest of this state.

13 Section 5. This Act shall become effective upon signature by the governor or, if not
14 signed by the governor, upon expiration of the time for bills to become law without signature
15 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
16 vetoed by the governor and subsequently approved by the legislature, this Act shall become
17 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.

Present law provides for the National Association of Securities Dealers and references thereto.

Proposed law changes present law 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))