Regular Session, 2010

### HOUSE BILL NO. 54

#### BY REPRESENTATIVE ARNOLD

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
21	fixed income transactions. The broker-dealers defined in this Subsection shall
22	negotiate commission recapture agreements with the systems. The commissions
23	recaptured under any such agreement shall not be a majority of the total value of the

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1	commissions required to be directed to the broker-dealers pursuant to the provisions
2	of this Section.
3	C. All trades shall be subject to best efforts and best executions as defined
4	by the Securities and Exchange Commission and the National Association of
5	Securities Dealers Financial Industry Regulatory Authority.
6	* * *
7	Section 2. R.S. 12:131(B)(3) is hereby amended and reenacted to read as follows:
8	§131. Rights of a shareholder dissenting from certain corporate actions
9	* * *
10	B. The right to dissent provided by this Section shall not exist in the case of:
11	* * *
12	(3) Shareholders holding shares of any class of stock which, at the record
13	date fixed to determine shareholders entitled to receive notice of and to vote at the
14	meeting of shareholders at which a merger or consolidation was acted on, were listed
15	on a national securities exchange, or were designated as a national market system
16	security on an inter-dealer quotation system by the National Association of Securities
17	Dealers Financial Industry Regulatory Authority, unless the articles of the
18	corporation issuing such stock provide otherwise or, except in the case of
19	shareholders of a corporation surviving the merger or consolidation in which each
20	share of such corporation outstanding immediately prior to the effective date of the
21	merger or consolidation is an identical outstanding or treasury share of such
22	corporation after the effective date of the merger or consolidation, the shares of such
23	shareholders were not converted by the merger or consolidation solely into shares of
24	the surviving or new corporation.
25	* * *
26	Section 3. R.S. 22:68(D), 587(A)(introductory paragraph), and 1801(D)(1)(d) are
27	hereby amended and reenacted to read as follows:
28	§68. Books and records of domestic insurer; securities
29	* * *

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

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1	(d) The National Association of Insurance Commissioners (NAIC), <del>National</del>
2	Association of Securities Dealers (NASD) the Financial Industry Regulatory
3	Authority, the North American Securities Administrators Association (NASAA), or
4	their employees, agents, or representatives, or other regulatory body overseeing life
5	insurance, viatical settlements, securities, or investment fraud; or
6	* * *
7	Section 4. R.S. 51:703(B)(3) and (C)(5), 705(C)(1)(b), 708(8)(introductory
8	paragraph), and 710(H) are hereby amended and reenacted to read as follows:
9	§703. Registration of dealers, salesmen, and investment advisers and investment
10	adviser representatives; surety bonds; records
11	* * *
12	В.
13	* * *
14	(3) No applicant shall be registered as a dealer under this Part, nor shall any
15	such registration be renewed, unless each principal of such applicant has passed a
16	written examination administered by the commissioner or someone acting under his
17	direction, or unless such applicant presents proof satisfactory to the commissioner
18	showing that each principal has passed a similar examination conducted by the
19	National Association of Securities Dealers, Inc. Financial Industry Regulatory
20	Authority, or any other examination substantially similar to that given by the
21	commissioner, as the commissioner may determine. The commissioner is further
22	authorized to prescribe the time, manner, or procedure relative to the holding of such
23	examination, and may impose a fee against each principal taking said examination
24	to cover the costs thereof. For the purposes of this Subsection only, with respect to
25	a dealer or an applicant for registration as a dealer, the term "principal" refers to a
26	person associated with such dealer or applicant who is engaged in the management
27	of such dealer's or applicant's business, including the supervision, solicitation, or
28	conduct of such business or the training of persons associated with such dealer or
29	applicant for any of these functions.
30	* * *

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### **ENROLLED**

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

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1	he has indicated his intention to subscribe; and with respect to each such person and
2	any affiliate of such person or affiliate of a person specified in $\frac{R.S. 51:705(C)(1)(e)}{C}$
3	and (f) Subparagraph (e) and (f) of this Paragraph, a description of any material
4	interest in any material transaction with the issuer or any significant subsidiary
5	effected within the past three years or proposed to be effected.
6	* * *
7	§708. Exempt securities
8	The provisions of R.S. 51:705 shall not apply to any of the following
9	securities:
10	* * *
11	(8) Securities listed or approved for listing upon notice of issuance on the
12	New York Stock Exchange or the American Stock Exchange or a security designated
13	or approved for designation as a national market system security by the National
14	Association of Securities Dealers, Inc. Financial Industry Regulatory Authority or
15	any other stock exchange or market system approved by the commissioner as
16	provided in this Paragraph, and all securities senior or equal in rank to any securities
17	so listed, designated, or approved, any security represented by subscription rights
18	which have been so listed, designated, or approved, or any warrant or right to
19	purchase or subscribe to any of the foregoing, provided:
20	* * *
21	§710. Commissioner of securities; powers of commissioner and employees;
22	compensation and expenses; assistant commissioner
23	* * *
24	H. The commissioner may designate filing depositories for all records
25	required to be filed and maintained under this Part. Such records may be maintained
26	in original form or by means of microfilm, microfiche, microphotographic
27	reproduction, photographic reproduction, word processing, computerization, or other
28	acceptable reproductive methods. The commissioner is further authorized to
29	participate, in whole or in part, in a Central Registration Depository (CRD) or similar
30	system, in cooperation with the National Association of Securities Dealers, Inc.

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1	(NASD) Financial Industry Regulatory Authority, other states, and the United States,
2	to the extent he deems participation to be in the public interest of this state.
3	Section 5. This Act shall become effective upon signature by the governor or, if not
4	signed by the governor, upon expiration of the time for bills to become law without signature
5	by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
6	vetoed by the governor and subsequently approved by the legislature, this Act shall become
7	effective on the day following such approval.

## SPEAKER OF THE HOUSE OF REPRESENTATIVES

## PRESIDENT OF THE SENATE

### GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_