

1 HOUSE BILL NO. 65
2 INTRODUCED BY T. MOORE
3 BY REQUEST OF THE STATE AUDITOR
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DEFINITION OF A SECURITIES
6 "SALESPERSON" TO INCLUDE SUPERVISORS; AMENDING SECTION 30-10-103, MCA; AND PROVIDING
7 AN EFFECTIVE DATE."
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10

11 **Section 1.** Section 30-10-103, MCA, is amended to read:

12 **"30-10-103. (Temporary) Definitions.** When used in parts 1 through 3 and 10 of this chapter, unless
13 the context requires otherwise, the following definitions apply:

14 (1) (a) "Broker-dealer" means any person engaged in the business of effecting transactions in
15 securities for the account of others or for the person's own account.

16 (b) The term does not include:

17 (i) a salesperson, issuer, bank, savings institution, trust company, or insurance company; or

18 (ii) a person who does not have a place of business in this state if the person effects transactions in
19 this state exclusively with or through the issuers of the securities involved in the transactions, other broker-
20 dealers, or banks, savings institutions, trust companies, insurance companies, investment companies as
21 defined in the Investment Company Act of 1940, pension or profit-sharing trusts, or other financial institutions or
22 institutional buyers, whether acting for themselves or as trustee.

23 (2) "Commissioner" means the securities commissioner provided for in 2-15-1901.

24 (3) (a) "Commodity" means:

25 (i) any agricultural, grain, or livestock product or byproduct;

26 (ii) any metal or mineral, including a precious metal, or any gem or ~~gem stone~~ gemstone, whether
27 characterized as precious, semiprecious, or otherwise;

28 (iii) any fuel, whether liquid, gaseous, or otherwise;

- 1 (iv) foreign currency; and
- 2 (v) all other goods, articles, products, or items of any kind.
- 3 (b) Commodity does not include:
- 4 (i) a numismatic coin with a fair market value at least 15% higher than the value of the metal it
- 5 contains;
- 6 (ii) real property or any timber, agricultural, or livestock product grown or raised on real property and
- 7 offered and sold by the owner or lessee of the real property; or
- 8 (iii) any work of art offered or sold by an art dealer at public auction or offered or sold through a private
- 9 sale by the owner.
- 10 (4) "Commodity Exchange Act" means the federal statute of that name.
- 11 (5) "Commodity futures trading commission" means the independent regulatory agency established
- 12 by congress to administer the Commodity Exchange Act.
- 13 (6) (a) "Commodity investment contract" means any account, agreement, or contract for the purchase
- 14 or sale, primarily for speculation or investment purposes and not for use or consumption by the offeree or
- 15 purchaser, of one or more commodities, whether for immediate or subsequent delivery or whether delivery is
- 16 intended by the parties and whether characterized as a cash contract, deferred shipment or deferred delivery
- 17 contract, forward contract, futures contract, installment or margin contract, leverage contract, or otherwise. Any
- 18 commodity investment contract offered or sold, in the absence of evidence to the contrary, is presumed to be
- 19 offered or sold for speculation or investment purposes.
- 20 (b) A commodity investment contract does not include a contract or agreement that requires, and
- 21 under which the purchaser receives, within 28 calendar days after the payment in good funds of any portion of
- 22 the purchase price, physical delivery of the total amount of each commodity to be purchased under the contract
- 23 or agreement. The purchaser is not considered to have received physical delivery of the total amount of each
- 24 commodity to be purchased under the contract or agreement when the commodity or commodities are held as
- 25 collateral for a loan or are subject to a lien of any person when the loan or lien arises in connection with the
- 26 purchase of each commodity or commodities.
- 27 (7) (a) "Commodity option" means any account, agreement, or contract giving a party to the account,
- 28 agreement, or contract the right but not the obligation to purchase or sell one or more commodities or one or

1 more commodity contracts, whether characterized as an option, privilege, indemnity, bid, offer, put, call,
2 advance guaranty, decline guaranty, or otherwise.

3 (b) The term does not include an option traded on a national securities exchange registered with the
4 U.S. securities and exchange commission.

5 (8) (a) "Federal covered adviser" means a person who is registered under section 203 of the
6 Investment Advisers Act of 1940.

7 (b) A federal covered adviser is not an investment adviser as defined in subsection (12).

8 (9) "Federal covered security" means a security that is a covered security under section 18(b) of the
9 Securities Act of 1933 or rules promulgated by the commissioner.

10 (10) "Financial exploitation" means:

11 (a) the wrongful or unauthorized taking, withholding, appropriation, or use of money, assets, or
12 property of a vulnerable person; or

13 (b) an act or omission taken by a person, including through the use of a power of attorney,
14 guardianship, or conservatorship of a vulnerable person, to:

15 (i) obtain control through deception, intimidation, fraud, menace, or undue influence over the
16 vulnerable person's money, assets, or property to deprive the vulnerable person of the ownership, use, benefit,
17 or possession of the vulnerable person's money, assets, or property; or

18 (ii) convert money, assets, or property of the vulnerable person to deprive the vulnerable person of the
19 ownership, use, benefit, or possession of the vulnerable person's money, assets, or property.

20 (11) "Guaranteed" means guaranteed as to payment of principal, interest, or dividends.

21 (12) (a) "Investment adviser" means a person who, for compensation, engages in the business of
22 advising others, either directly or through publications or writings, as to the value of securities or as to the
23 advisability of investing in, purchasing, or selling securities or who, for compensation and as a part of a regular
24 business, issues or promulgates analyses or reports concerning securities.

25 (b) The term includes a financial planner or other person who:

26 (i) as an integral component of other financially related services, provides the investment advisory
27 services described in subsection (12)(a) to others for compensation, as part of a business; or

28 (ii) represents to any person that the financial planner or other person provides the investment

1 advisory services described in subsection (12)(a) to others for compensation.

2 (c) The term does not include:

3 (i) an investment adviser representative;

4 (ii) a bank, savings institution, trust company, or insurance company;

5 (iii) a lawyer or accountant whose performance of these services is solely incidental to the practice of

6 the person's profession or who does not accept or receive, directly or indirectly, any commission, payment,

7 referral, or other remuneration as a result of the purchase or sale of securities by a client, does not recommend

8 the purchase or sale of specific securities, and does not have custody of client funds or securities for

9 investment purposes;

10 (iv) a registered broker-dealer whose performance of services described in subsection (12)(a) is solely

11 incidental to the conduct of business and for which the broker-dealer does not receive special compensation;

12 (v) a publisher of any newspaper, news column, newsletter, news magazine, or business or financial

13 publication or service, whether communicated in hard copy form or by electronic means or otherwise, that does

14 not consist of the rendering of advice on the basis of the specific investment situation of each client;

15 (vi) a person whose advice, analyses, or reports relate only to securities exempted by 30-10-104(1);

16 (vii) an engineer or teacher whose performance of the services described in subsection (12)(a) is

17 solely incidental to the practice of the person's profession;

18 (viii) a federal covered adviser; or

19 (ix) other persons not within the intent of this subsection (12) as the commissioner may by rule or order

20 designate.

21 (13) (a) "Investment adviser representative" means:

22 (i) any partner of, officer of, director of, or a person occupying a similar status or performing similar

23 functions, or other individual, except clerical or ministerial personnel, employed by or associated with an

24 investment adviser who:

25 (A) makes any recommendation or otherwise renders advice regarding securities to clients;

26 (B) manages accounts or portfolios of clients;

27 (C) solicits, offers, or negotiates for the sale of or sells investment advisory services; or

28 (D) supervises employees who perform any of the foregoing; and

1 (ii) with respect to a federal covered adviser, any person who is an investment adviser representative
2 with a place of business in this state as those terms are defined by the securities and exchange commission
3 under the Investment Advisers Act of 1940.

4 (b) The term does not include a salesperson registered pursuant to 30-10-201(1) whose performance
5 of the services described in subsection (13)(a) of this section is solely incidental to the conduct of business as a
6 salesperson and for which the salesperson does not receive special compensation other than fees relating to
7 the solicitation or offering of investment advisory services of a registered investment adviser or of a federal
8 covered adviser who has made a notice filing under parts 1 through 3 and 10 of this chapter.

9 (14) "Issuer" means any person who issues or proposes to issue any security, except that with respect
10 to certificates of deposit, voting-trust certificates, or collateral-trust certificates or with respect to certificates of
11 interest or shares in an unincorporated investment trust not having a board of directors, or persons performing
12 similar functions, or of the fixed, restricted management, or unit type, the term "issuer" means the person or
13 persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the
14 trust or other agreement or instrument under which the security is issued.

15 (15) "Nonissuer" means not directly or indirectly for the benefit of the issuer.

16 (16) "Offer" or "offer to sell" includes each attempt or offer to dispose of or solicitation of an offer to buy
17 a security or interest in a security for value.

18 (17) "Person" means an individual, a corporation, a partnership, an association, a joint-stock company,
19 a trust in which the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a
20 government, or a political subdivision of a government.

21 (18) "Precious metal" means the following, in coin, bullion, or other form:

22 (a) silver;

23 (b) gold;

24 (c) platinum;

25 (d) palladium;

26 (e) copper; and

27 (f) other items as the commissioner may by rule or order specify.

28 (19) "Qualified individual" means a person who serves in a supervisory, compliance, or legal capacity

1 for a broker-dealer or investment adviser.

2 (20) "Registered broker-dealer" means a broker-dealer registered pursuant to 30-10-201.

3 (21) "Sale" or "sell" includes each contract of sale of, contract to sell, or disposition of a security or
4 interest in a security for value.

5 (22) (a) "Salesperson" means an individual other than a broker-dealer who represents a broker-dealer
6 or issuer in effecting or attempting to effect sales of securities. The term includes an individual who supervises
7 another individual who falls within this definition. THE TERM ALSO INCLUDES BUT IS NOT LIMITED TO THE INDIVIDUAL
8 DISCLOSED AS THE SUPERVISOR ON A SALESPERSON'S FORM U4 OF THE UNIFORM APPLICATION FOR SECURITIES
9 INDUSTRY REGISTRATION OR TRANSFER. A partner, officer, or director of a broker-dealer or issuer is a salesperson
10 only if the person otherwise ~~comes~~ falls within this definition.

11 (b) Salesperson does not include an individual who represents:

12 (i) an issuer in:

13 (A) effecting a transaction in a security exempted by 30-10-104(1) through (3) or (8) through (11);

14 (B) effecting transactions exempted by 30-10-105, except when registration as a salesperson,
15 pursuant to 30-10-201, is required by 30-10-105 or by any rule promulgated under 30-10-105;

16 (C) effecting transactions in a federal covered security described in section 18(b)(4)(D) of the
17 Securities Act of 1933 if a commission or other remuneration is not paid or given directly or indirectly for
18 soliciting a prospective buyer; or

19 (D) effecting transactions with existing employees, partners, or directors of the issuer if no
20 commission or other remuneration is paid or given directly or indirectly for soliciting any person in this state; or

21 (ii) a broker-dealer in effecting in this state solely those transactions described in section 15(h)(2) of
22 the Securities Exchange Act of 1934.

23 (23) "Securities Act of 1933", "Securities Exchange Act of 1934", "Energy Policy Act of 2005",
24 "Investment Advisors Act of 1940", and "Investment Company Act of 1940" mean the federal statutes of those
25 names.

26 (24) (a) "Security" means any:

27 (i) note;

28 (ii) stock;

- 1 (iii) treasury stock;
- 2 (iv) bond;
- 3 (v) commodity investment contract;
- 4 (vi) commodity option;
- 5 (vii) debenture;
- 6 (viii) evidence of indebtedness;
- 7 (ix) certificate of interest or participation in any profit-sharing agreement;
- 8 (x) collateral-trust certificate;
- 9 (xi) preorganization certificate or subscription;
- 10 (xii) transferable shares;
- 11 (xiii) investment contract;
- 12 (xiv) voting-trust certificate;
- 13 (xv) certificate of deposit for a security;
- 14 (xvi) viatical settlement purchase agreement;
- 15 (xvii) certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of
- 16 production under a title or lease; or
- 17 (xviii) in general:
 - 18 (A) interest or instrument commonly known as a security;
 - 19 (B) put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of
 - 20 securities, including any interest in a security or based on the value of a security; or
 - 21 (C) certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee
 - 22 of, or warrant or right to subscribe to or purchase any of the items in this subsection (24)(a)(xviii).
- 23 (b) Security does not include an insurance or endowment policy or annuity contract under which an
- 24 insurance company promises to pay a fixed sum of money either in a lump sum or periodically for life or some
- 25 other specified period.
- 26 (25) "State" means any state, territory, or possession of the United States, as well as the District of
- 27 Columbia and Puerto Rico.
- 28 (26) "Transact", "transact business", or "transaction" includes the meanings of the terms "sale", "sell",

1 and "offer".

2 (27) "Vulnerable person" means:

3 (a) a person who is at least 60 years of age;

4 (b) a person who suffers from mental impairment because of frailties or dependencies typically related
5 to advanced age, such as dementia or memory loss;

6 (c) a person who has a developmental disability as defined in 53-20-102; or

7 (d) a person with a mental disorder. For the purposes of this subsection (27)(d), "mental disorder"
8 means any organic, mental, or emotional impairment that has substantial adverse effects on an individual's
9 cognitive or volitional functions. The term does not include:

10 (i) addiction to drugs or alcohol;

11 (ii) drug or alcohol intoxication;

12 (iii) intellectual disability; or

13 (iv) epilepsy. (Terminates June 30, 2021--sec. 55, Ch. 151, L. 2017.)

14 **30-10-103. (Effective July 1, 2021) Definitions.** When used in parts 1 through 3 of this chapter,
15 unless the context requires otherwise, the following definitions apply:

16 (1) (a) "Broker-dealer" means any person engaged in the business of effecting transactions in
17 securities for the account of others or for the person's own account.

18 (b) The term does not include:

19 (i) a salesperson, issuer, bank, savings institution, trust company, or insurance company; or

20 (ii) a person who does not have a place of business in this state if the person effects transactions in
21 this state exclusively with or through the issuers of the securities involved in the transactions, other broker-
22 dealers, or banks, savings institutions, trust companies, insurance companies, investment companies as
23 defined in the Investment Company Act of 1940, pension or profit-sharing trusts, or other financial institutions or
24 institutional buyers, whether acting for themselves or as trustee.

25 (2) "Commissioner" means the securities commissioner of this state.

26 (3) (a) "Commodity" means:

27 (i) any agricultural, grain, or livestock product or byproduct;

28 (ii) any metal or mineral, including a precious metal, or any gem or ~~gem-stone~~ gemstone, whether

1 characterized as precious, semiprecious, or otherwise;

2 (iii) any fuel, whether liquid, gaseous, or otherwise;

3 (iv) foreign currency; and

4 (v) all other goods, articles, products, or items of any kind.

5 (b) Commodity does not include:

6 (i) a numismatic coin with a fair market value at least 15% higher than the value of the metal it
7 contains;

8 (ii) real property or any timber, agricultural, or livestock product grown or raised on real property and
9 offered and sold by the owner or lessee of the real property; or

10 (iii) any work of art offered or sold by an art dealer at public auction or offered or sold through a private
11 sale by the owner.

12 (4) "Commodity Exchange Act" means the federal statute of that name.

13 (5) "Commodity futures trading commission" means the independent regulatory agency established
14 by congress to administer the Commodity Exchange Act.

15 (6) (a) "Commodity investment contract" means any account, agreement, or contract for the purchase
16 or sale, primarily for speculation or investment purposes and not for use or consumption by the offeree or
17 purchaser, of one or more commodities, whether for immediate or subsequent delivery or whether delivery is
18 intended by the parties and whether characterized as a cash contract, deferred shipment or deferred delivery
19 contract, forward contract, futures contract, installment or margin contract, leverage contract, or otherwise. Any
20 commodity investment contract offered or sold, in the absence of evidence to the contrary, is presumed to be
21 offered or sold for speculation or investment purposes.

22 (b) A commodity investment contract does not include a contract or agreement that requires, and
23 under which the purchaser receives, within 28 calendar days after the payment in good funds of any portion of
24 the purchase price, physical delivery of the total amount of each commodity to be purchased under the contract
25 or agreement. The purchaser is not considered to have received physical delivery of the total amount of each
26 commodity to be purchased under the contract or agreement when the commodity or commodities are held as
27 collateral for a loan or are subject to a lien of any person when the loan or lien arises in connection with the
28 purchase of each commodity or commodities.

1 (7) (a) "Commodity option" means any account, agreement, or contract giving a party to the account,
2 agreement, or contract the right but not the obligation to purchase or sell one or more commodities or one or
3 more commodity contracts, whether characterized as an option, privilege, indemnity, bid, offer, put, call,
4 advance guaranty, decline guaranty, or otherwise.

5 (b) The term does not include an option traded on a national securities exchange registered with the
6 U.S. securities and exchange commission.

7 (8) (a) "Federal covered adviser" means a person who is registered under section 203 of the
8 Investment Advisers Act of 1940.

9 (b) A federal covered adviser is not an investment adviser as defined in subsection (12).

10 (9) "Federal covered security" means a security that is a covered security under section 18(b) of the
11 Securities Act of 1933 or rules promulgated by the commissioner.

12 (10) "Financial exploitation" means:

13 (a) the wrongful or unauthorized taking, withholding, appropriation, or use of money, assets, or
14 property of a vulnerable person; or

15 (b) an act or omission taken by a person, including through the use of a power of attorney,
16 guardianship, or conservatorship of a vulnerable person, to:

17 (i) obtain control through deception, intimidation, fraud, menace, or undue influence over the
18 vulnerable person's money, assets, or property to deprive the vulnerable person of the ownership, use, benefit,
19 or possession of the vulnerable person's money, assets, or property; or

20 (ii) convert money, assets, or property of the vulnerable person to deprive the vulnerable person of the
21 ownership, use, benefit, or possession of the vulnerable person's money, assets, or property.

22 (11) "Guaranteed" means guaranteed as to payment of principal, interest, or dividends.

23 (12) (a) "Investment adviser" means a person who, for compensation, engages in the business of
24 advising others, either directly or through publications or writings, as to the value of securities or as to the
25 advisability of investing in, purchasing, or selling securities or who, for compensation and as a part of a regular
26 business, issues or promulgates analyses or reports concerning securities.

27 (b) The term includes a financial planner or other person who:

28 (i) as an integral component of other financially related services, provides the investment advisory

1 services described in subsection (12)(a) to others for compensation, as part of a business; or

2 (ii) represents to any person that the financial planner or other person provides the investment

3 advisory services described in subsection (12)(a) to others for compensation.

4 (c) The term does not include:

5 (i) an investment adviser representative;

6 (ii) a bank, savings institution, trust company, or insurance company;

7 (iii) a lawyer or accountant whose performance of these services is solely incidental to the practice of

8 the person's profession or who does not accept or receive, directly or indirectly, any commission, payment,

9 referral, or other remuneration as a result of the purchase or sale of securities by a client, does not recommend

10 the purchase or sale of specific securities, and does not have custody of client funds or securities for

11 investment purposes;

12 (iv) a registered broker-dealer whose performance of services described in subsection (12)(a) is solely

13 incidental to the conduct of business and for which the broker-dealer does not receive special compensation;

14 (v) a publisher of any newspaper, news column, newsletter, news magazine, or business or financial

15 publication or service, whether communicated in hard copy form or by electronic means or otherwise, that does

16 not consist of the rendering of advice on the basis of the specific investment situation of each client;

17 (vi) a person whose advice, analyses, or reports relate only to securities exempted by 30-10-104(1);

18 (vii) an engineer or teacher whose performance of the services described in subsection (12)(a) is

19 solely incidental to the practice of the person's profession;

20 (viii) a federal covered adviser; or

21 (ix) other persons not within the intent of this subsection (12) as the commissioner may by rule or order

22 designate.

23 (13) (a) "Investment adviser representative" means:

24 (i) any partner of, officer of, director of, or a person occupying a similar status or performing similar

25 functions, or other individual, except clerical or ministerial personnel, employed by or associated with an

26 investment adviser who:

27 (A) makes any recommendation or otherwise renders advice regarding securities to clients;

28 (B) manages accounts or portfolios of clients;

Amendment - 1st Reading - Requested by: Steve Fitzpatrick

67th Legislature

Drafter: Jameson Walker, 406-444-3722

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1 (C) solicits, offers, or negotiates for the sale of or sells investment advisory services; or

2 (D) supervises employees who perform any of the foregoing; and

3 (ii) with respect to a federal covered adviser, any person who is an investment adviser representative
4 with a place of business in this state as those terms are defined by the securities and exchange commission
5 under the Investment Advisers Act of 1940.

6 (b) The term does not include a salesperson registered pursuant to 30-10-201(1) whose performance
7 of the services described in subsection (13)(a) of this section is solely incidental to the conduct of business as a
8 salesperson and for which the salesperson does not receive special compensation other than fees relating to
9 the solicitation or offering of investment advisory services of a registered investment adviser or of a federal
10 covered adviser who has made a notice filing under parts 1 through 3 of this chapter.

11 (14) "Issuer" means any person who issues or proposes to issue any security, except that with respect
12 to certificates of deposit, voting-trust certificates, or collateral-trust certificates or with respect to certificates of
13 interest or shares in an unincorporated investment trust not having a board of directors, or persons performing
14 similar functions, or of the fixed, restricted management, or unit type, the term "issuer" means the person or
15 persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the
16 trust or other agreement or instrument under which the security is issued.

17 (15) "Nonissuer" means not directly or indirectly for the benefit of the issuer.

18 (16) "Offer" or "offer to sell" includes each attempt or offer to dispose of or solicitation of an offer to buy
19 a security or interest in a security for value.

20 (17) "Person" means an individual, a corporation, a partnership, an association, a joint-stock company,
21 a trust in which the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a
22 government, or a political subdivision of a government.

23 (18) "Precious metal" means the following, in coin, bullion, or other form:

24 (a) silver;

25 (b) gold;

26 (c) platinum;

27 (d) palladium;

28 (e) copper; and

1 (f) other items as the commissioner may by rule or order specify.

2 (19) "Qualified individual" means a person who serves in a supervisory, compliance, or legal capacity
3 for a broker-dealer or investment adviser.

4 (20) "Registered broker-dealer" means a broker-dealer registered pursuant to 30-10-201.

5 (21) "Sale" or "sell" includes each contract of sale of, contract to sell, or disposition of a security or
6 interest in a security for value.

7 (22) (a) "Salesperson" means an individual other than a broker-dealer who represents a broker-dealer
8 or issuer in effecting or attempting to effect sales of securities. The term includes an individual who supervises
9 another individual who falls within this definition. A partner, officer, or director of a broker-dealer or issuer is a
10 salesperson only if the person otherwise ~~comes~~ falls within this definition.

11 (b) Salesperson does not include an individual who represents:

12 (i) an issuer in:

13 (A) effecting a transaction in a security exempted by 30-10-104(1), (2), (3), (8), (9), (10), or (11);

14 (B) effecting transactions exempted by 30-10-105, except when registration as a salesperson,
15 pursuant to 30-10-201, is required by 30-10-105 or by any rule promulgated under 30-10-105;

16 (C) effecting transactions in a federal covered security described in section 18(b)(4)(D) of the
17 Securities Act of 1933 if a commission or other remuneration is not paid or given directly or indirectly for
18 soliciting a prospective buyer; or

19 (D) effecting transactions with existing employees, partners, or directors of the issuer if no
20 commission or other remuneration is paid or given directly or indirectly for soliciting any person in this state; or

21 (ii) a broker-dealer in effecting in this state solely those transactions described in section 15(h)(2) of
22 the Securities Exchange Act of 1934.

23 (23) "Securities Act of 1933", "Securities Exchange Act of 1934", "Energy Policy Act of 2005",
24 "Investment Advisors Act of 1940", and "Investment Company Act of 1940" mean the federal statutes of those
25 names.

26 (24) (a) "Security" means any:

27 (i) note;

28 (ii) stock;

- 1 (iii) treasury stock;
- 2 (iv) bond;
- 3 (v) commodity investment contract;
- 4 (vi) commodity option;
- 5 (vii) debenture;
- 6 (viii) evidence of indebtedness;
- 7 (ix) certificate of interest or participation in any profit-sharing agreement;
- 8 (x) collateral-trust certificate;
- 9 (xi) preorganization certificate or subscription;
- 10 (xii) transferable shares;
- 11 (xiii) investment contract;
- 12 (xiv) voting-trust certificate;
- 13 (xv) certificate of deposit for a security;
- 14 (xvi) viatical settlement purchase agreement;
- 15 (xvii) certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of
- 16 production under a title or lease; or
- 17 (xviii) in general:
 - 18 (A) interest or instrument commonly known as a security;
 - 19 (B) put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of
 - 20 securities, including any interest in a security or based on the value of a security; or
 - 21 (C) certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee
 - 22 of, or warrant or right to subscribe to or purchase any of the items in this subsection (24)(a)(xviii).
- 23 (b) Security does not include an insurance or endowment policy or annuity contract under which an
- 24 insurance company promises to pay a fixed sum of money either in a lump sum or periodically for life or some
- 25 other specified period.
- 26 (25) "State" means any state, territory, or possession of the United States, as well as the District of
- 27 Columbia and Puerto Rico.
- 28 (26) "Transact", "transact business", or "transaction" includes the meanings of the terms "sale", "sell",

1 and "offer".

2 (27) "Vulnerable person" means:

3 (a) a person who is at least 60 years of age;

4 (b) a person who suffers from mental impairment because of frailties or dependencies typically related
5 to advanced age, such as dementia or memory loss;

6 (c) a person who has a developmental disability as defined in 53-20-102; or

7 (d) a person with a mental disorder. For the purposes of this subsection (27)(d), "mental disorder"
8 means any organic, mental, or emotional impairment that has substantial adverse effects on an individual's
9 cognitive or volitional functions. The term does not include:

10 (i) addiction to drugs or alcohol;

11 (ii) drug or alcohol intoxication;

12 (iii) intellectual disability; or

13 (iv) epilepsy."
14

15 NEW SECTION. Section 2. Effective date. [This act] is effective July 1, 2021.

16 - END -