

**Investment Companies — Stock-Brokers — Agents — Licenses—Securities.**

Investment companies and stock-brokers dealing exclusively in securities listed on the New York, Boston, and Chicago stock exchanges, and their agents, are exempted from the necessity of procuring a license. If, however, they handle securities which are not exempt in addition to those which are

exempt, then they and their agents are required to be licensed by the investment commissioner.

Mr. George P. Porter, May 11, 1931.  
State Auditor and ex-officio Investment Commissioner,  
Helena, Montana.

My dear Mr. Porter:

You have requested an opinion whether an agent of a stock-broker who handles stock listed on United States stock exchanges must be licensed by your office.

Section 4028, R.C.M. 1921, as amended by chapter 179, laws of 1929, exempts from the provisions of the blue sky law all securities listed on the New York, Boston, and Chicago stock exchanges. An investment company or stock-broker dealing exclusively in securities listed on these three exchanges are not subject to the provisions of the blue sky law and are not required to be licensed thereunder.

Section 4029, R.C.M. 1921, defining a stock-broker, limits the application of the term to those persons and corporations dealing in stocks, bonds and other securities "covered by this act." The provisions of the act excluding stock-brokers dealing exclusively in securities listed on the three above mentioned exchanges, are so clear that they are not susceptible to any other construction.

Section 4031, R.C.M. 1921, defines the word "agent" as used in the act and it includes any person who acts for an investment company or stock-broker in offering for sale, taking subscriptions for, or negotiating for the same, or selling any securities for an investment company or stock-broker, either as an employee on a salary basis or for a commission.

Section 4040, as amended by chapter 179, laws of 1929, relating to the registration of agents of investment companies and stock-brokers, prohibits such agents doing business "as provided in this act," without being licensed. The business provided in the act is selling securities which are not exempted by the act and inasmuch as the stocks listed on the three stock exchanges mentioned therein are exempted from the operation of the act, it follows that any investment company or stock-broker doing business which is confined exclusively to the exempted securities, among which are those listed on the three exchanges above mentioned, may transact such business through an agent and such agent does not have to be licensed under the terms of the blue sky act. In this connection I would refer you to the opinion rendered your office on January 8, 1920, found in volume 8, page 320, Opinions of Attorney General, wherein it was held that where an investment company is not required to secure a license under the blue sky law, an agent acting for such a company is not required to procure a license.

The same opinion would also apply to stock-brokers and their agents unless there has been some change in the law since that opinion was written. I have checked the matter over on this point and, as above stated, I find that the law in this respect is practically the same as it was at the time this opinion was written.

It is therefore my opinion that investment companies and stock-brokers dealing exclusively in securities exempted from the operation of the blue sky law do not need to procure a license from your department nor do their agents have to procure a license. Therefore, if a stock-broker or investment company deals exclusively in stocks listed on the New York, Boston, and Chicago stock exchanges they, and their agents, are exempted from the necessity of procuring a license but if they handle securities which are not exempt, in addition to those which are exempt, then they and their agents would be required to be licensed by your department.

Very truly yours,

L. A. FOOT,

Attorney General.