

SENATE BILL NO. 408

INTRODUCED BY THAYER, HALLIGAN, NEUMAN,  
GAGE, FULLER, B. WILLIAMS, CHRISTIAENS,  
BOYLAN, WEEDING, GOODOVER, KOLSTAD

BY REQUEST OF THE SENATE BUSINESS AND INDUSTRY COMMITTEE

IN THE SENATE

February 13, 1985	Introduced and referred to Committee on Business and Industry.
February 19, 1985	Committee recommend bill do pass. Report adopted.
February 20, 1985	Bill printed and placed on members' desks.
February 21, 1985	Second reading, do pass.
February 22, 1985	Considered correctly engrossed.
February 23, 1985	Third reading, passed. Ayes, 48; Noes, 1.
	Transmitted to House.

IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on Business and Labor.
March 25, 1985	Committee recommend bill be concurring in. Report adopted.
March 30, 1985	Second reading, concurred in.
April 1, 1985	Third reading, concurred in.  Returned to Senate.

IN THE SENATE

April 1, 1985

Received from House.

Sent to enrolling.

Reported correctly enrolled.

*Senate* BILL NO. 408

INTRODUCED BY *[Handwritten Signatures]*  
BY REQUEST OF THE SENATE BUSINESS AND INDUSTRY COMMITTEE

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A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT TRANSACTIONS BY CAPITAL COMPANIES FROM SALESMAN AND ISSUER REGISTRATION PROVISIONS OF THE SECURITIES ACT OF MONTANA; AMENDING SECTION 30-10-105, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 30-10-105, MCA, is amended to read:

"30-10-105. Exempt transactions. Except as in this section expressly provided, 30-10-201 through 30-10-207 shall not apply to any of the following transactions:

(1) any nonissuer isolated transaction, whether effected through a broker-dealer or not;

(2) any nonissuer distribution of an outstanding security by a broker-dealer registered pursuant to 30-10-201 if:

(a) quotations for the securities to be offered or sold (or the securities issuable upon exercise of any warrant or right to purchase or subscribe to such securities) are reported by the automated quotations system operated by the national association of securities dealers,

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inc., (NASDAQ) or by any other quotation system approved by the commissioner by rule;

(b) the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the 3 preceding fiscal years, or during the existence of the issuer and any predecessors if less than 3 years, in the payment of principal, interest, or dividends on the security;

(3) the commissioner may by order deny or revoke the exemption specified in subsection (2) with respect to a specific security. Upon the entry of such an order, the commissioner shall promptly notify all registered broker-dealers that it has been entered and of the reasons therefor and that within 15 days of the receipt of a written request the matter will be set down for hearing. If no hearing is requested and none is ordered by the commissioner, the order will remain in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner, after notice of and opportunity for hearing to all interested persons, may modify or vacate the order or extend it until final determination. No order under this subsection may operate retroactively. No person may be considered to have violated parts 1 through 3 of this chapter by reason of any offer or sale effected after the entry of an order under this



1 subsection if he sustains the burden of proof that he did  
2 not know and in the exercise of reasonable care could not  
3 have known of the order.

4 (4) any nonissuer transaction effected by or through a  
5 registered broker-dealer pursuant to an unsolicited order or  
6 offer to buy, but the commissioner may require that the  
7 customer acknowledge upon a specified form that the sale was  
8 unsolicited and that a signed copy of each form be preserved  
9 by the broker-dealer for a specified period;

10 (5) any transaction between the issuer or other person  
11 on whose behalf the offering is made and an underwriter or  
12 among underwriters;

13 (6) any transaction by an executor, administrator,  
14 sheriff, marshal, receiver, trustee in bankruptcy, guardian,  
15 or conservator in the performance of his official duties as  
16 such;

17 (7) any transaction executed by a bona fide pledgee  
18 without any purpose of evading parts 1 through 3 of this  
19 chapter;

20 (8) any offer or sale to a bank, savings institution,  
21 trust company, insurance company, investment company as  
22 defined in the Investment Company Act of 1940, pension or  
23 profit-sharing trust, or other financial institution or  
24 institutional buyer, or to a broker-dealer, whether the  
25 purchaser is acting for itself or in some fiduciary

1 capacity;

2 (9) any transaction pursuant to an offer directed by  
3 the offeror to not more than 10 persons (other than those  
4 designated in subsection (8) of this section) in this state  
5 during any period of 12 consecutive months, whether or not  
6 the offeror or any of the offerees is then present in this  
7 state, if:

8 (a) the seller reasonably believes that all the buyers  
9 are purchasing for investment; and

10 (b) no commission or other remuneration is paid or  
11 given directly or indirectly for soliciting any prospective  
12 buyer; provided, however, that a commission may be paid to a  
13 registered broker-dealer if the securities involved are  
14 registered with the United States securities and exchange  
15 commission under the federal Securities Act of 1933, as  
16 amended;

17 (10) any offer or sale of a preorganization certificate  
18 or subscription if:

19 (a) no commission or other remuneration is paid or  
20 given directly or indirectly for soliciting any prospective  
21 subscriber;

22 (b) the number of subscribers does not exceed 10; and

23 (c) no payment is made by any subscriber;

24 (11) any transaction pursuant to an offer to existing  
25 security holders of the issuer, including persons who at the

1 time of the transaction are holders of convertible  
 2 securities, nontransferable warrants, or transferable  
 3 warrants exercisable within not more than 90 days of their  
 4 issuance, if:

5 (a) no commission or other remuneration (other than a  
 6 standby commission) is paid or given directly or indirectly  
 7 for soliciting any security holder in this state; or

8 (b) the issuer first files a notice specifying the  
 9 terms of the offer and the commissioner does not by order  
 10 disallow either (a) or (b) of this subsection;

11 (12) any offer (but not a sale) of a security for which  
 12 registration statements have been filed under both parts 1  
 13 through 3 of this chapter and the Securities Act of 1933 if  
 14 no stop order or refusal order is in effect and no public  
 15 proceeding or examination looking toward such an order is  
 16 pending under either law;

17 (13) any offer (but not a sale) of a security for which  
 18 a registration statement has been filed under parts 1  
 19 through 3 of this chapter and the commissioner in his  
 20 discretion does not disallow the offer in writing within 10  
 21 days of such filing;

22 (14) the issuance of any stock dividend, whether the  
 23 corporation distributing the dividend is the issuer of the  
 24 stock or not, if nothing of value is given by stockholders  
 25 for the distribution other than the surrender of a right to

1 a cash dividend where the stockholder can elect to take a  
 2 dividend in cash or stock;

3 (15) any transaction incident to a right of conversion  
 4 or a statutory or judicially approved reclassification,  
 5 recapitalization, reorganization, quasi-reorganization,  
 6 stock split, reverse stock split, merger, consolidation, or  
 7 sale of assets; or

8 (16) any transaction in compliance with such rules as  
 9 the commissioner in his discretion may adopt to serve the  
 10 purposes of 30-10-102; or

11 (17) any transaction pursuant to the Montana Capital  
 12 Company Act, Title 90, chapter 8, provided that a Montana  
 13 capital company must first file all disclosure documents,  
 14 along with a consent to service of process, with the state  
 15 securities commissioner. The commissioner may not charge a  
 16 fee for the filing or deposit."

17 NEW SECTION. Section 2. Effective date. This act is  
 18 effective on passage and approval.

-End-

APPROVED BY COMM. ON  
BUSINESS & INDUSTRY

*Senate* BILL NO. *408*

INTRODUCED BY *[Signatures]*  
BY REQUEST OF THE SENATE BUSINESS AND INDUSTRY COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT TRANSACTIONS  
BY CAPITAL COMPANIES FROM SALESMAN AND ISSUER REGISTRATION  
PROVISIONS OF THE SECURITIES ACT OF MONTANA; AMENDING  
SECTION 30-10-105, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
DATE."

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

Section 1. Section 30-10-105, MCA, is amended to read:

"30-10-105. Exempt transactions. Except as in this  
section expressly provided, 30-10-201 through 30-10-207  
shall not apply to any of the following transactions:

(1) any nonissuer isolated transaction, whether  
effected through a broker-dealer or not;

(2) any nonissuer distribution of an outstanding  
security by a broker-dealer registered pursuant to 30-10-201  
if:

(a) quotations for the securities to be offered or  
sold (or the securities issuable upon exercise of any  
warrant or right to purchase or subscribe to such  
securities) are reported by the automated quotations system  
operated by the national association of securities dealers,

inc., (NASDAQ) or by any other quotation system approved by  
the commissioner by rule;

(b) the security has a fixed maturity or a fixed  
interest or dividend provision and there has been no default  
during the current fiscal year or within the 3 preceding  
fiscal years, or during the existence of the issuer and any  
predecessors if less than 3 years, in the payment of  
principal, interest, or dividends on the security;

(3) the commissioner may by order deny or revoke the  
exemption specified in subsection (2) with respect to a  
specific security. Upon the entry of such an order, the  
commissioner shall promptly notify all registered  
broker-dealers that it has been entered and of the reasons  
therefor and that within 15 days of the receipt of a written  
request the matter will be set down for hearing. If no  
hearing is requested and none is ordered by the  
commissioner, the order will remain in effect until it is  
modified or vacated by the commissioner. If a hearing is  
requested or ordered, the commissioner, after notice of and  
opportunity for hearing to all interested persons, may  
modify or vacate the order or extend it until final  
determination. No order under this subsection may operate  
retroactively. No person may be considered to have violated  
parts 1 through 3 of this chapter by reason of any offer or  
sale effected after the entry of an order under this

1 subsection if he sustains the burden of proof that he did  
2 not know and in the exercise of reasonable care could not  
3 have known of the order.

4 (4) any nonissuer transaction effected by or through a  
5 registered broker-dealer pursuant to an unsolicited order or  
6 offer to buy, but the commissioner may require that the  
7 customer acknowledge upon a specified form that the sale was  
8 unsolicited and that a signed copy of each form be preserved  
9 by the broker-dealer for a specified period;

10 (5) any transaction between the issuer or other person  
11 on whose behalf the offering is made and an underwriter or  
12 among underwriters;

13 (6) any transaction by an executor, administrator,  
14 sheriff, marshal, receiver, trustee in bankruptcy, guardian,  
15 or conservator in the performance of his official duties as  
16 such;

17 (7) any transaction executed by a bona fide pledgee  
18 without any purpose of evading parts 1 through 3 of this  
19 chapter;

20 (8) any offer or sale to a bank, savings institution,  
21 trust company, insurance company, investment company as  
22 defined in the Investment Company Act of 1940, pension or  
23 profit-sharing trust, or other financial institution or  
24 institutional buyer, or to a broker-dealer, whether the  
25 purchaser is acting for itself or in some fiduciary

1 capacity;

2 (9) any transaction pursuant to an offer directed by  
3 the offeror to not more than 10 persons (other than those  
4 designated in subsection (8) of this section) in this state  
5 during any period of 12 consecutive months, whether or not  
6 the offeror or any of the offerees is then present in this  
7 state, if:

8 (a) the seller reasonably believes that all the buyers  
9 are purchasing for investment; and

10 (b) no commission or other remuneration is paid or  
11 given directly or indirectly for soliciting any prospective  
12 buyer; provided, however, that a commission may be paid to a  
13 registered broker-dealer if the securities involved are  
14 registered with the United States securities and exchange  
15 commission under the federal Securities Act of 1933, as  
16 amended;

17 (10) any offer or sale of a preorganization certificate  
18 or subscription if:

19 (a) no commission or other remuneration is paid or  
20 given directly or indirectly for soliciting any prospective  
21 subscriber;

22 (b) the number of subscribers does not exceed 10; and

23 (c) no payment is made by any subscriber;

24 (11) any transaction pursuant to an offer to existing  
25 security holders of the issuer, including persons who at the

1 time of the transaction are holders of convertible  
2 securities, nontransferable warrants, or transferable  
3 warrants exercisable within not more than 90 days of their  
4 issuance, if:

5 (a) no commission or other remuneration (other than a  
6 standby commission) is paid or given directly or indirectly  
7 for soliciting any security holder in this state; or

8 (b) the issuer first files a notice specifying the  
9 terms of the offer and the commissioner does not by order  
10 disallow either (a) or (b) of this subsection;

11 (12) any offer (but not a sale) of a security for which  
12 registration statements have been filed under both parts 1  
13 through 3 of this chapter and the Securities Act of 1933 if  
14 no stop order or refusal order is in effect and no public  
15 proceeding or examination looking toward such an order is  
16 pending under either law;

17 (13) any offer (but not a sale) of a security for which  
18 a registration statement has been filed under parts 1  
19 through 3 of this chapter and the commissioner in his  
20 discretion does not disallow the offer in writing within 10  
21 days of such filing;

22 (14) the issuance of any stock dividend, whether the  
23 corporation distributing the dividend is the issuer of the  
24 stock or not, if nothing of value is given by stockholders  
25 for the distribution other than the surrender of a right to

1 a cash dividend where the stockholder can elect to take a  
2 dividend in cash or stock;

3 (15) any transaction incident to a right of conversion  
4 or a statutory or judicially approved reclassification,  
5 recapitalization, reorganization, quasi-reorganization,  
6 stock split, reverse stock split, merger, consolidation, or  
7 sale of assets; or

8 (16) any transaction in compliance with such rules as  
9 the commissioner in his discretion may adopt to serve the  
10 purposes of 30-10-102-; or

11 (17) any transaction pursuant to the Montana Capital  
12 Company Act, Title 90, chapter 8, provided that a Montana  
13 capital company must first file all disclosure documents,  
14 along with a consent to service of process, with the state  
15 securities commissioner. The commissioner may not charge a  
16 fee for the filing or deposit."

17 NEW SECTION. Section 2. Effective date. This act is  
18 effective on passage and approval.

-End-



1 *Senate* BILL NO. *408*  
 2 INTRODUCED BY *Sen. J. Hallinan, Dungen, J. J. Johnson*  
 3 BY REQUEST OF THE SENATE BUSINESS AND INDUSTRY COMMITTEE  
*Chapman, Boylan, Wadley, Sorokin, Kahlert*

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT TRANSACTIONS  
 6 BY CAPITAL COMPANIES FROM SALESMAN AND ISSUER REGISTRATION  
 7 PROVISIONS OF THE SECURITIES ACT OF MONTANA; AMENDING  
 8 SECTION 30-10-105, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
 9 DATE."

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 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 30-10-105, MCA, is amended to read:

13 "30-10-105. Exempt transactions. Except as in this  
 14 section expressly provided, 30-10-201 through 30-10-207  
 15 shall not apply to any of the following transactions:

16 (1) any nonissuer isolated transaction, whether  
 17 effected through a broker-dealer or not;

18 (2) any nonissuer distribution of an outstanding  
 19 security by a broker-dealer registered pursuant to 30-10-201  
 20 if:

21 (a) quotations for the securities to be offered or  
 22 sold (or the securities issuable upon exercise of any  
 23 warrant or right to purchase or subscribe to such  
 24 securities) are reported by the automated quotations system  
 25 operated by the national association of securities dealers,

1 inc., (NASDAQ) or by any other quotation system approved by  
 2 the commissioner by rule;

3 (b) the security has a fixed maturity or a fixed  
 4 interest or dividend provision and there has been no default  
 5 during the current fiscal year or within the 3 preceding  
 6 fiscal years, or during the existence of the issuer and any  
 7 predecessors if less than 3 years, in the payment of  
 8 principal, interest, or dividends on the security;

9 (3) the commissioner may by order deny or revoke the  
 10 exemption specified in subsection (2) with respect to a  
 11 specific security. Upon the entry of such an order, the  
 12 commissioner shall promptly notify all registered  
 13 broker-dealers that it has been entered and of the reasons  
 14 therefor and that within 15 days of the receipt of a written  
 15 request the matter will be set down for hearing. If no  
 16 hearing is requested and none is ordered by the  
 17 commissioner, the order will remain in effect until it is  
 18 modified or vacated by the commissioner. If a hearing is  
 19 requested or ordered, the commissioner, after notice of and  
 20 opportunity for hearing to all interested persons, may  
 21 modify or vacate the order or extend it until final  
 22 determination. No order under this subsection may operate  
 23 retroactively. No person may be considered to have violated  
 24 parts 1 through 3 of this chapter by reason of any offer or  
 25 sale effected after the entry of an order under this

1 subsection if he sustains the burden of proof that he did  
2 not know and in the exercise of reasonable care could not  
3 have known of the order.

4 (4) any nonissuer transaction effected by or through a  
5 registered broker-dealer pursuant to an unsolicited order or  
6 offer to buy, but the commissioner may require that the  
7 customer acknowledge upon a specified form that the sale was  
8 unsolicited and that a signed copy of each form be preserved  
9 by the broker-dealer for a specified period;

10 (5) any transaction between the issuer or other person  
11 on whose behalf the offering is made and an underwriter or  
12 among underwriters;

13 (6) any transaction by an executor, administrator,  
14 sheriff, marshal, receiver, trustee in bankruptcy, guardian,  
15 or conservator in the performance of his official duties as  
16 such;

17 (7) any transaction executed by a bona fide pledgee  
18 without any purpose of evading parts 1 through 3 of this  
19 chapter;

20 (8) any offer or sale to a bank, savings institution,  
21 trust company, insurance company, investment company as  
22 defined in the Investment Company Act of 1940, pension or  
23 profit-sharing trust, or other financial institution or  
24 institutional buyer, or to a broker-dealer, whether the  
25 purchaser is acting for, itself or in some fiduciary

1 capacity;

2 (9) any transaction pursuant to an offer directed by  
3 the offeror to not more than 10 persons (other than those  
4 designated in subsection (8) of this section) in this state  
5 during any period of 12 consecutive months, whether or not  
6 the offeror or any of the offerees is then present in this  
7 state, if:

8 (a) the seller reasonably believes that all the buyers  
9 are purchasing for investment; and

10 (b) no commission or other remuneration is paid or  
11 given directly or indirectly for soliciting any prospective  
12 buyer; provided, however, that a commission may be paid to a  
13 registered broker-dealer if the securities involved are  
14 registered with the United States securities and exchange  
15 commission under the federal Securities Act of 1933, as  
16 amended;

17 (10) any offer or sale of a preorganization certificate  
18 or subscription if:

19 (a) no commission or other remuneration is paid or  
20 given directly or indirectly for soliciting any prospective  
21 subscriber;

22 (b) the number of subscribers does not exceed 10; and

23 (c) no payment is made by any subscriber;

24 (11) any transaction pursuant to an offer to existing  
25 security holders of the issuer, including persons who at the

1 time of the transaction are holders of convertible  
2 securities, nontransferable warrants, or transferable  
3 warrants exercisable within not more than 90 days of their  
4 issuance, if:

5 (a) no commission or other remuneration (other than a  
6 standby commission) is paid or given directly or indirectly  
7 for soliciting any security holder in this state; or

8 (b) the issuer first files a notice specifying the  
9 terms of the offer and the commissioner does not by order  
10 disallow either (a) or (b) of this subsection;

11 (12) any offer (but not a sale) of a security for which  
12 registration statements have been filed under both parts 1  
13 through 3 of this chapter and the Securities Act of 1933 if  
14 no stop order or refusal order is in effect and no public  
15 proceeding or examination looking toward such an order is  
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18 a registration statement has been filed under parts 1  
19 through 3 of this chapter and the commissioner in his  
20 discretion does not disallow the offer in writing within 10  
21 days of such filing;

22 (14) the issuance of any stock dividend, whether the  
23 corporation distributing the dividend is the issuer of the  
24 stock or not, if nothing of value is given by stockholders  
25 for the distribution other than the surrender of a right to

1 a cash dividend where the stockholder can elect to take a  
2 dividend in cash or stock;

3 (15) any transaction incident to a right of conversion  
4 or a statutory or judicially approved reclassification,  
5 recapitalization, reorganization, quasi-reorganization,  
6 stock split, reverse stock split, merger, consolidation, or  
7 sale of assets; or

8 (16) any transaction in compliance with such rules as  
9 the commissioner in his discretion may adopt to serve the  
10 purposes of 30-10-102+; or

11 (17) any transaction pursuant to the Montana Capital  
12 Company Act, Title 90, chapter 8, provided that a Montana  
13 capital company must first file all disclosure documents,  
14 along with a consent to service of process, with the state  
15 securities commissioner. The commissioner may not charge a  
16 fee for the filing or deposit."

17 NEW SECTION. Section 2. Effective date. This act is  
18 effective on passage and approval.

-End-

## 1 SENATE BILL NO. 408

2 INTRODUCED BY THAYER, HALLIGAN, NEUMAN,  
3 GAGE, FULLER, B. WILLIAMS, CHRISTIAENS,  
4 BOYLAN, WEEDING, GOODOVER, KOLSTAD

5 BY REQUEST OF THE SENATE BUSINESS AND INDUSTRY COMMITTEE  
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7 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT TRANSACTIONS  
8 BY CAPITAL COMPANIES FROM SALESMAN AND ISSUER REGISTRATION  
9 PROVISIONS OF THE SECURITIES ACT OF MONTANA; AMENDING  
10 SECTION 30-10-105, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
11 DATE."  
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18 (1) any nonissuer isolated transaction, whether  
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21 security by a broker-dealer registered pursuant to 30-10-201  
22 if:

23 (a) quotations for the securities to be offered or  
24 sold (or the securities issuable upon exercise of any  
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1 securities) are reported by the automated quotations system  
2 operated by the national association of securities dealers,  
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5 (b) the security has a fixed maturity or a fixed  
6 interest or dividend provision and there has been no default  
7 during the current fiscal year or within the 3 preceding  
8 fiscal years, or during the existence of the issuer and any  
9 predecessors if less than 3 years, in the payment of  
10 principal, interest, or dividends on the security;

11 (3) the commissioner may by order deny or revoke the  
12 exemption specified in subsection (2) with respect to a  
13 specific security. Upon the entry of such an order, the  
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18 hearing is requested and none is ordered by the  
19 commissioner, the order will remain in effect until it is  
20 modified or vacated by the commissioner. If a hearing is  
21 requested or ordered, the commissioner, after notice of and  
22 opportunity for hearing to all interested persons, may  
23 modify or vacate the order or extend it until final  
24 determination. No order under this subsection may operate  
25 retroactively. No person may be considered to have violated

REFERENCE BILL  
SB 408

1 parts 1 through 3 of this chapter by reason of any offer or  
 2 sale effected after the entry of an order under this  
 3 subsection if he sustains the burden of proof that he did  
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6 (4) any nonissuer transaction effected by or through a  
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 11 by the broker-dealer for a specified period;

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 13 on whose behalf the offering is made and an underwriter or  
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15 (6) any transaction by an executor, administrator,  
 16 sheriff, marshal, receiver, trustee in bankruptcy, guardian,  
 17 or conservator in the performance of his official duties as  
 18 such;

19 (7) any transaction executed by a bona fide pledgee  
 20 without any purpose of evading parts 1 through 3 of this  
 21 chapter;

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1 institutional buyer, or to a broker-dealer, whether the  
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 5 the offeror to not more than 10 persons (other than those  
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 7 during any period of 12 consecutive months, whether or not  
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 17 commission under the federal Securities Act of 1933, as  
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 2 security holders of the issuer, including persons who at the  
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 5 warrants exercisable within not more than 90 days of their  
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 12 disallow either (a) or (b) of this subsection;

13 (12) any offer (but not a sale) of a security for which  
 14 registration statements have been filed under both parts 1  
 15 through 3 of this chapter and the Securities Act of 1933 if  
 16 no stop order or refusal order is in effect and no public  
 17 proceeding or examination looking toward such an order is  
 18 pending under either law;

19 (13) any offer (but not a sale) of a security for which  
 20 a registration statement has been filed under parts 1  
 21 through 3 of this chapter and the commissioner in his  
 22 discretion does not disallow the offer in writing within 10  
 23 days of such filing;

24 (14) the issuance of any stock dividend, whether the  
 25 corporation distributing the dividend is the issuer of the

1 stock or not, if nothing of value is given by stockholders  
 2 for the distribution other than the surrender of a right to  
 3 a cash dividend where the stockholder can elect to take a  
 4 dividend in cash or stock;

5 (15) any transaction incident to a right of conversion  
 6 or a statutory or judicially approved reclassification,  
 7 recapitalization, reorganization, quasi-reorganization,  
 8 stock split, reverse stock split, merger, consolidation, or  
 9 sale of assets; or

10 (16) any transaction in compliance with such rules as  
 11 the commissioner in his discretion may adopt to serve the  
 12 purposes of 30-10-102~~7~~; or

13 (17) any transaction pursuant to the Montana Capital  
 14 Company Act, Title 90, chapter 8, provided that a Montana  
 15 capital company must first file all disclosure documents,  
 16 along with a consent to service of process, with the state  
 17 securities commissioner. The commissioner may not charge a  
 18 fee for the filing or deposit."

19 NEW SECTION. Section 2. Effective date. This act is  
 20 effective on passage and approval.

-End-