SENATE BILL NO. 182

INTRODUCED BY MEYER, KOLSTAD, GALT, THOMAS, PAVLOVICH, BENGTSON, LYNCH

BY REQUEST OF THE STATE AUDITOR AND SECURITIES COMMISSIONER

IN THE SENATE

- JANUARY 21, 1987 INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
- JANUARY 29, 1987 COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.

JANUARY 30, 1987 PRINTING REPORT.

- FEBRUARY 2, 1987 SECOND READING, DO PASS.
- FEBRUARY 3, 1987 ENGROSSING REPORT.
- FEBRUARY 4, 1987 THIRD READING, PASSED.

TRANSMITTED TO HOUSE.

- IN THE HOUSE
- FEBRUARY 11, 1987 INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & LABOR.
- MARCH 5, 1987 COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
- MARCH 7, 1987 SECOND READING, CONCURRED IN.
- MARCH 9, 1987 THIRD READING, CONCURRED IN. AYES, 90; NOES, 7.

RETURNED TO SENATE.

IN THE SENATE

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MARCH 10, 1987 RECEIVED FROM HOUSE.
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SENT TO ENROLLING.

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LC 1049/01

Senate BILL NO. 182 1 INTRODUCED BY Meyer Kett 2 BY REQUEST OF THE STATE AUDITOR AND SECURITIES COMMISSIONER 3 avenit, Dana 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT CERTAIN 5 SECURITIES BE DEPOSITED IN ESCROW WHILE A CORPORATION IS IN 6 THE DEVELOPMENTAL OR PROMOTIONAL STAGE AS A CONDITION OF 7 REGISTRATION UNDER THE SECURITIES ACT OF MONTANA; AMENDING 8 SECTION 30-10-206, MCA; AND PROVIDING AN APPLICABILITY DATE 9 AND AN IMMEDIATE EFFECTIVE DATE." 10 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 12 Section 1. Section 30-10-206, MCA, is amended to read: 13 "30-10-206. General provisions regarding registration 14 of securities. (1) A registration statement may be filed by 15 the issuer, any other person on whose behalf the offering is 16 to be made, or a registered broker-dealer. Any document 17 filed under parts 1 through 3 of this chapter or a 18 predecessor law within 5 years preceding the filing of a 19 registration statement may be incorporated by reference in 20 the registration statement to the extent that the document 21 is currently accurate. The commissioner may by rule or 22 23 otherwise permit the omission of any item of information or

(2) (a) The commissioner may require as a condition of

document from any registration statement.

registration by gualification or coordination: 1 (i) that the following securities be deposited in 2 escrow: ٦ (A) any security issued within the past 3 years or to Δ 5 be issued to: (I) a promoter for a consideration substantially 6 different from the public offering price;; or 7 (II) to any person for a consideration other than \cosh_{τ} 8 9 be-deposited-in-escrow; and (B) any security issued or to be issued to a promotor 10 while a corporation is still in a promotional or 11 12 developmental stage; however, if shares were issued by a 13 corporation while it was in a promotional or developmental 14 stage and it no longer is in such stage, then this condition 15 does not apply; and 16 (ii) that the proceeds from the sale of the registered security in this state be impounded until the issuer 17 18 receives a specified amount from the sale of the security either in this state or elsewhere. 19 (b) The commissioner may determine the conditions of 20 any escrow or impounding required hereunder but he may not 21 22 reject a depository solely because of location in another 23 state. 24 (3) When securities are registered by notification,

coordination, or qualification, they may be offered and sold

Montana Legislative Council

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-2- INTRODUCED BILL SB-182

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by the issuer, any other person on whose behalf they are 1 registered, or by any registered broker-dealer. Every 2 registration shall remain effective for a period of 1 year 3 unless it is revoked by the commissioner, terminated upon 4 request of the registrant with the consent of the 5 commissioner, or renewed under 30+10-209(1)(b); however, 6 said registration shall be automatically suspended upon a 7 stop order or suspension proceedings being instituted by the 8 securities and exchange commission relative to said 9 securities and shall continue suspended so long as such 10 proceedings are pending and until the registration or filing 11 12 with the securities and exchange commission is effective. 13 All outstanding securities of the same class as a currently 14 registered security are considered to be registered for the purpose of any nonissuer transaction. A registration 15 statement which has become effective may not be withdrawn 16 for 1 year from its effective date if any securities of the 17 same class are outstanding. 18

19 (4) The commissioner may require the person who filed 20 the registration statement to file reports to keep 21 reasonably current the information contained in the 22 registration statement and to disclose the progress of the 23 offering with respect to registered securities which:

24 (a) are issued by a face-amount certificate company or25 a redeemable security issued by an open-end management

1 company or unit investment trust as those terms are defined

2 in the Investment Company Act of 1940; or

3 (b) are being offered and sold directly by or for the4 account of the issuer."

5 <u>NEW SECTION.</u> Section 2. Extension of authority. Any 6 existing authority of the securities commissioner to make 7 rules on the subject of the provisions of this act is 8 extended to the provisions of this act.

<u>NEW SECTION.</u> Section 3. Applicability. This act
applies to securities registered on and after the effective
date of this act.

12 NEW SECTION. Section 4. Effective date. This act is

13 effective on passage and approval.

-End-

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APPROVED BY COMM. ON BUSINESS & INDUSTRY

Inste BILL NO. / 1 INTRODUCED BY Meyer Kelet 2 BY REQUESD OF THE STATE AUDITOR AND SECURITIES COMMISSIONER 3 avoirt. Dengton. 4 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT CERTAIN 6 SECURITIES BE DEPOSITED IN ESCROW WHILE A CORPORATION IS IN 7 THE DEVELOPMENTAL OR PROMOTIONAL STAGE AS A CONDITION OF 8 REGISTRATION UNDER THE SECURITIES ACT OF MONTANA; AMENDING 9 SECTION 30-10-206, MCA; AND PROVIDING AN APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE." 10

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

Section 1. Section 30-10-206, MCA, is amended to read: 13 "30-10-206. General provisions regarding registration 14 of securities. (1) A registration statement may be filed by 15 the issuer, any other person on whose behalf the offering is 16 to be made, or a registered broker-dealer. Any document 17 18 filed under parts 1 through 3 of this chapter or a 19 predecessor law within 5 years preceding the filing of a 20 registration statement may be incorporated by reference in 21 the registration statement to the extent that the document 22 is currently accurate. The commissioner may by rule or otherwise permit the omission of any item of information or 23 24 document from any registration statement.

25 (2) (a) The commissioner may require as a condition of

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1 registration by qualification or coordination: 2 (i) that the following securities be deposited in 3 escrow: 4 (A) any security issued within the past 3 years or to 5 be issued to: 6 (I) a promoter for a consideration substantially 7 different from the public offering price;; or 8 (II) to any person for a consideration other than $cash_7$ 9 be-deposited-in-escrow; and 10 (B) any security issued or to be issued to a promotor 11 while a corporation is still in a promotional or 12 developmental stage; however, if shares were issued by a 13 corporation while it was in a promotional or developmental 14 stage and it no longer is in such stage, then this condition 15 does not apply; and 16 (ii) that the proceeds from the sale of the registered 17 security in this state be impounded until the issuer 18 receives a specified amount from the sale of the security 19 either in this state or elsewhere. 20 (b) The commissioner may determine the conditions of any escrow or impounding required hereunder but he may not 21 22 reject a depository solely because of location in another 23 state. 24 (3) When securities are registered by notification, 25 coordination, or qualification, they may be offered and sold

> -2- SECOND READING *SB-1*タス

by the issuer, any other person on whose behalf they are 1 2 registered, or by any registered broker-dealer. Every registration shall remain effective for a period of 1 year 3 4 unless it is revoked by the commissioner, terminated upon request of the registrant with the consent of the 5 commissioner, or renewed under 30-10-209(1)(b); however, 6 said registration shall be automatically suspended upon a 7 stop order or suspension proceedings being instituted by the 8 9 securities and exchange commission relative to said 1.0 securities and shall continue suspended so long as such 11 proceedings are pending and until the registration or filing 12 with the securities and exchange commission is effective. 13 All outstanding securities of the same class as a currently registered security are considered to be registered for the 14 15 purpose of any nonissuer transaction. A registration 16 statement which has become effective may not be withdrawn for 1 year from its effective date if any securities of the 17 18 same class are outstanding.

19 (4) The commissioner may require the person who filed 20 the registration statement to file reports to keep 21 reasonably current the information contained in the 22 registration statement and to disclose the progress of the 23 offering with respect to registered securities which:

24 (a) are issued by a face-amount certificate company or25 a redeemable security issued by an open-end management

1 company or unit investment trust as those terms are defined

2 in the Investment Company Act of 1940; or

3 (b) are being offered and sold directly by or for the4 account of the issuer."

5 <u>NEW SECTION.</u> Section 2. Extension of authority. Any 6 existing authority of the securities commissioner to make 7 rules on the subject of the provisions of this act is 8 extended to the provisions of this act.

9 NEW SECTION. Section 3. Applicability. This act
 10 applies to securities registered on and after the effective
 11 date of this act.

12 NEW SECTION. Section 4. Effective date. This act is

13 effective on passage and approval.

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Lenete BILL NO. 18 1 INTRODUCED BY Meyer 2 BY REQUEST OF THE STATE AUDITOR AND SECURITIES COMMISSIONER 3 avout Denation A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT CERTAIN 5 6 SECURITIES BE DEPOSITED IN ESCROW WHILE A CORPORATION IS IN 7 THE DEVELOPMENTAL OR PROMOTIONAL STAGE AS A CONDITION OF 8 REGISTRATION UNDER THE SECURITIES ACT OF MONTANA; AMENDING 9 SECTION 30-10-206, MCA: AND PROVIDING AN APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE." 10 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 12

Section 1. Section 30-10-206, MCA, is amended to read: 13 "30-10-206. General provisions regarding registration 14 15 of securities. (1) A registration statement may be filed by 16 the issuer, any other person on whose behalf the offering is 17 to be made, or a registered broker-dealer. Any document 18 filed under parts 1 through 3 of this chapter or a 19 predecessor law within 5 years preceding the filing of a 20 registration statement may be incorporated by reference in 21 the registration statement to the extent that the document 22 is currently accurate. The commissioner may by rule or 23 otherwise permit the omission of any item of information or 24 document from any registration statement.

(2) (a) The commissioner may require as a condition of



1 registration by gualification or coordination: (i) that the following securities be deposited in 2 3 escrow: (A) any security issued within the past 3 years or to Δ be issued to: S 6 (I) a promoter for a consideration substantially 7 different from the public offering price;; or (II) to any person for a consideration other than $cash_7$ 8 9 be-deposited-in-escrow; and (B) any security issued or to be issued to a promotor 10 while a corporation is still in a promotional or 11 12 developmental stage; however, if shares were issued by a corporation while it was in a promotional or developmental 13 14 stage and it no longer is in such stage, then this condition does not apply; and 15 16 (ii) that the proceeds from the sale of the registered 17 security in this state be impounded until the issuer 18 receives a specified amount from the sale of the security either in this state or elsewhere. 19 20 (b) The commissioner may determine the conditions of any escrow or impounding required hereunder but he may not 21 22 reject a depository solely because of location in another 23 state. 24 (3) When securities are registered by notification,

25 coordination, or qualification, they may be offered and sold

THIRD READING -2-58-192

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1 by the issuer, any other person on whose behalf they are 2 registered, or by any registered broker-dealer. Every 3 registration shall remain effective for a period of 1 year unless it is revoked by the commissioner, terminated upon 4 5 request of the registrant with the consent of the commissioner, or renewed under 30-10-209(1)(b); however, 6 said registration shall be automatically suspended upon a 7 8 stop order or suspension proceedings being instituted by the securities and exchange commission relative to said 9 10 securities and shall continue suspended so long as such proceedings are pending and until the registration or filing 11 with the securities and exchange commission is effective. 12 13 All outstanding securities of the same class as a currently 14 registered security are considered to be registered for the purpose of any nonissuer transaction. A registration 15 statement which has become effective may not be withdrawn 16 for 1 year from its effective date if any securities of the 17 same class are outstanding. 18

(4) The commissioner may require the person who filed
the registration statement to file reports to keep
reasonably current the information contained in the
registration statement and to disclose the progress of the
offering with respect to registered securities which:

(a) are issued by a face-amount certificate company or
 a redeemable security issued by an open-end management

company or unit investment trust as those terms are defined
 in the Investment Company Act of 1940; or

3 (b) are being offered and sold directly by or for the

4 account of the issuer."

<u>NEW SECTION.</u> Section 2. Extension of authority. Any
existing authority of the securities commissioner to make
rules on the subject of the provisions of this act is
extended to the provisions of this act.

<u>NEW SECTION.</u> Section 3. Applicability. This act
 applies to securities registered on and after the effective
 date of this act.

12 NEW SECTION. Section 4. Effective date. This act is

13 effective on passage and approval.

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SB 0182/02

1	SENATE BILL NO. 182
2	INTRODUCED BY MEYER, KOLSTAD, GALT, THOMAS,
3	PAVLOVICH, BENGTSON, LYNCH
4	BY REQUEST OF THE STATE AUDITOR AND SECURITIES COMMISSIONER
5	
6	A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT CERTAIN
7	SECURITIES BE DEPOSITED IN ESCROW WHILE A CORPORATION IS IN
8	THE DEVELOPMENTAL OR PROMOTIONAL STAGE AS A CONDITION OF
9	REGISTRATION UNDER THE SECURITIES ACT OF MONTANA; AMENDING
10	SECTION 30-10-206, MCA; AND PROVIDING AN APPLICABILITY DATE
11	AND AN IMMEDIATE EFFECTIVE DATE."
12	
13	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
14	Section 1. Section 30-10-206, MCA, is amended to read:
15	"30-10-206. General provisions regarding registration
16	of securities. (1) A registration statement may be filed by
17	the issuer, any other person on whose behalf the offering is
18	to be made, or a registered broker-dealer. Any document
19	filed under parts 1 through 3 of this chapter or a
20	predecessor law within 5 years preceding the filing of a
21	registration statement may be incorporated by reference in
22	the registration statement to the extent that the document
23	is currently accurate. The commissioner may by rule or
24	otherwise permit the omission of any item of information or
25	document from any registration statement.

1	(2) (a) The commissioner may require as a condition of
2	registration by qualification or coordination:
3	(i) that the following securities be deposited in
4	escrow;
5	(A) any security issued within the past 3 years or to
6	be issued to:
7	(I) a promoter for a consideration substantially
8	different from the public offering price; or
9	(II) to any person for a consideration other than $cash_7$
10	be-deposited-in-escrow; and
11	(B) any security issued or to be issued to a promotor
12	while a corporation is still in a promotional or
13	developmental stage; however, if shares were issued by a
14	corporation while it was in a promotional or developmental
15	stage and it no longer is in such stage, then this condition
16	does not apply; and
17	(ii) that the proceeds from the sale of the registered
18	security in this state be impounded until the issuer
19	receives a specified amount from the sale of the security
20	either in this state or elsewhere.
21	(b) The commissioner may determine the conditions of
22	any escrow or impounding required hereunder but he may not
23	reject a depository solely because of location in another
24	state.
25	(3) When securities are registered by notification,

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SB 182 REFERENCE BILL



SB 0182/02

SB 182

Ł coordination, or gualification, they may be offered and sold 2 by the issuer, any other person on whose behalf they are 3 registered, or by any registered broker-dealer. Every 4 registration shall remain effective for a period of 1 year unless it is revoked by the commissioner, terminated upon 5 6 request of the registrant with the consent of the 7 commissioner, or renewed under 30-10-209(1)(b); however, 8 said registration shall be automatically suspended upon a 9 stop order or suspension proceedings being instituted by the 10 securities and exchange commission relative to said 11 securities and shall continue suspended so long as such 12 proceedings are pending and until the registration or filing with the securities and exchange commission is effective. 13 14 All outstanding securities of the same class as a currently 15 registered security are considered to be registered for the 16 purpose of any nonissuer transaction. A registration 17 statement which has become effective may not be withdrawn 18 for 1 year from its effective date if any securities of the 19 same class are outstanding.

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25 (a) are issued by a face-amount certificate company or

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a redeemable security issued by an open-end management 1 company or unit investment trust as those terms are defined 2 in the Investment Company Act of 1940; or 3 (b) are being offered and sold directly by or for the 4 account of the issuer." 5 NEW SECTION. Section 2. Extension of authority. Any 6 existing authority of the securities commissioner to make 7 rules on the subject of the provisions of this act is 8 9 extended to the provisions of this act. NEW SECTION. Section 3. Applicability. act This 10 applies to securities registered on and after the effective 11

12 date of this act.

13 NEW SECTION. Section 4. Effective date. This act is

14 effective on passage and approval.

-End-

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