

ACT No. 274

Regular Session, 2008

HOUSE BILL NO. 380

BY REPRESENTATIVE ARNOLD

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AN ACT

To amend and reenact R.S. 51:702(5)(a)(iii), (6.2), and (15)(b)(ii), 703(A)(2)(introductory paragraph), (D), and (F), 704(A)(introductory paragraph) and (6), (B), and (C), and 705(A)(introductory paragraph) and (3) and to enact R.S. 51:704(A)(9), relative to the Louisiana Securities Law; to provide for changes in the definitions of dealer, federal covered security, and security; to provide for registration of investment adviser representatives; to provide for the suspension or revocation of the registration of investment adviser representatives in certain circumstances; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 51:702(5)(a)(iii), (6.2), and (15)(b)(ii), 703(A)(2)(introductory paragraph), (D), and (F), 704(A)(introductory paragraph) and (6), (B), and (C), and 705(A)(introductory paragraph) and (3) are hereby amended and reenacted and R.S. 51:704(A)(9) is hereby enacted to read as follows:

§702. Definitions and rules of construction

As used in this Part, the term:

\* \* \*

(5)(a) "Dealer" means every person, other than a salesman registered under this Part, who engages, either for all or part of his time, directly or indirectly, as agent, broker, or principal in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person but does not include:

\* \* \*

(iii) Any general partner, managing member, or executive officer of any general partner or managing member, of an issuer or executive officer of an issuer

1 offering or selling securities of such issuer unless he is paid a commission directly  
2 related to the sale of such securities.

3 \* \* \*

4 (6.2) "Federal covered security" means any security that is a covered security  
5 under Section 18(b) of the Securities ~~Exchange~~ Act of ~~1934~~ 1933 or rules ~~or~~  
6 ~~regulations~~ promulgated thereunder.

7 \* \* \*

8 (15)

9 \* \* \*

10 (b) "Security" shall not mean:

11 \* \* \*

12 (ii) Currency, or any note, draft, bill of exchange, loan participation or  
13 ~~bankers~~ banker's acceptance, or any other evidence of indebtedness issued by a bank  
14 ~~or limited function financial institution~~ other than the shares of such institutions as  
15 defined in R.S. 6:251 et seq. for state banks and the preferred and common stock of  
16 national banks as defined in ~~12 U.S.C.A. Sections~~ U.S.C. 51(a) and 51(c).

17 \* \* \*

18 §703. Registration of dealers, salesmen, and investment advisers and investment  
19 adviser representatives; surety bonds; records

20 A.

21 \* \* \*

22 (2) It shall be unlawful for any person to transact business in this state as an  
23 investment adviser or investment adviser representative unless one of the following  
24 applies:

25 \* \* \*

26 D.(1) Investment Advisers and Investment Adviser Representatives. The  
27 procedure relative to the registration of a dealer, as provided in Subsection B of this  
28 Section, shall likewise apply to the registration of an investment adviser, except that  
29 no applicant for registration as an investment adviser, and no principal or investment  
30 adviser representative of any such applicant shall be required to post any surety bond

1 required by Subsection H of this Section, and except that no financial statement  
 2 required to be submitted in connection with the application need be certified by an  
 3 independent public accountant.

4 (2) Notice Filing for Federal Covered Advisers. It shall be unlawful for any  
 5 federal covered adviser to conduct advisory business in this state unless, prior to  
 6 acting as a federal covered adviser in this state, such person files such documents as  
 7 have been filed with the United States Securities and Exchange Commission with the  
 8 commissioner.

9 (3) The procedure relative to the registration of a salesman, as provided for  
 10 in Subsection C of this Section, shall also apply to the registration of an investment  
 11 adviser representative.

12 ~~(2)~~ (4)(a) No applicant shall be registered as an investment adviser  
 13 representative under this Part, nor shall any such registration be renewed, unless ~~each~~  
 14 such investment adviser representative ~~of such applicant~~ has passed a written  
 15 examination, the form, content, and conduct of which the commissioner may  
 16 prescribe by rule. The examination requirement provided for in this Subparagraph  
 17 shall not apply to an individual holding one or more certifications that the  
 18 commissioner may designate by rule or an individual who is employed by an  
 19 investment advisor registered with the Securities and Exchange Commission.

20 \* \* \*

21 F. Record and renewal of registrations. (1) Every registration under this  
 22 Section shall expire on December 31 ~~thirty-first~~ thirty-first in each year. Registration of  
 23 dealers, salesmen, ~~and investment advisers, and investment adviser representatives~~  
 24 shall be renewed each year by the submission of a renewal application containing the  
 25 information required in an application for registration, to the extent that such  
 26 information had not previously been included in an application or renewal  
 27 application previously filed, by the payment of the proper registration fee and, in the  
 28 case of a dealer, by the filing of a balance sheet as of a date within ninety days prior  
 29 to the date of filing. This balance sheet need not be certified. If the balance sheet  
 30 is not certified, there shall be filed in addition a certified balance sheet as of a date



1 amended, suspending or expelling such person from membership in such association  
2 or exchange.

3 \* \* \*

4 (9) Has failed to reasonably supervise any salesman or investment adviser  
5 representative for whom he has supervisory responsibility. The commissioner may  
6 adopt rules or regulations for such supervision promulgated in accordance with the  
7 Administrative Procedure Act.

8 B.(1) Where the commissioner finds that there are grounds for revocation or  
9 suspension as provided in ~~R.S. 51:704(A)~~ Subsection A of this Section, he may issue  
10 an order suspending or revoking the registration of any dealer, salesman, ~~or~~  
11 investment adviser, or investment adviser representative. Such order shall not be  
12 effective until notice and opportunity for hearing are provided in accordance with  
13 R.S. 51:716 and until the commissioner shall issue a written order if such dealer,  
14 salesman, ~~or investment adviser,~~ or investment adviser representative requests a  
15 hearing under R.S. 51:716, but the commissioner may, if he finds that the public  
16 safety or welfare requires emergency action, order an immediate suspension of the  
17 registration of a dealer, salesman, ~~or investment adviser,~~ or investment adviser  
18 representative. An order of immediate suspension shall expire automatically if the  
19 commissioner fails to afford notice and opportunity for hearing pursuant to R.S.  
20 51:716.

21 (2) Suspension or revocation of the registration of a dealer or investment  
22 adviser shall also suspend or revoke the registration of all his salesmen or investment  
23 adviser representatives, respectively, but suspension or revocation of the registration  
24 of a salesman or investment adviser representative solely because he was employed  
25 by a dealer or investment adviser whose registration was suspended or revoked shall  
26 not prejudice subsequent application for registration by such salesman or investment  
27 adviser representative.

28 C. The commissioner may at any time require a dealer or investment adviser  
29 to file with him a financial statement showing the financial condition of such dealer

1 or investment adviser as of the most recent practicable date, but such financial  
2 statement need not be certified.

3 §705. Registration of securities; when and how required; delivery of prospectus

4 A. Generally. It shall be unlawful for any person to offer for sale or to sell  
5 any securities ~~to any person~~ in this state unless any of the following conditions are  
6 met:

7 \* \* \*

8 (3) The securities are federal covered securities pursuant to ~~the federal~~  
9 ~~National Securities Markets Improvement Act~~ R.S. 51:702(6.2).

10 \* \* \*

\_\_\_\_\_  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
PRESIDENT OF THE SENATE

\_\_\_\_\_  
GOVERNOR OF THE STATE OF LOUISIANA

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