

STATE CAPITOL  
P.O. Box 110001  
Juneau, AK 99811-0001  
907-465-3500  
fax: 907-465-3532



Governor Bill Walker  
STATE OF ALASKA

550 West Seventh Avenue, Suite 1700  
Anchorage, AK 99501  
907-269-7450  
fax 907-269-7461  
[www.Gov.Alaska.Gov](http://www.Gov.Alaska.Gov)  
[Governor@Alaska.Gov](mailto:Governor@Alaska.Gov)

April 11, 2015

The Honorable Mike Chenault  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Securities Act and certain provisions of the Alaska Native Claims Settlement Act (ANCSA) proxy solicitations.

The bill would modify AS 45 by adding a new chapter, AS 45.56, relating to the Alaska Securities Act. The proposed updates would modernize and streamline the State's outdated securities laws to recognize industry changes and to support new means of raising capital, while enhancing investor protections and remedies. By adopting relevant provisions of the Uniform Securities Act (2002), this new Alaska Securities Act would incorporate proven successful practices in the industry but maintain Alaska-specific provisions relevant to the unique features of the state. Moreover, the updates would eliminate redundant or outdated references and practices.

Currently, AS 45.55 governs securities transactions in the state. Since its adoption in 1961, there have only been two relevant changes to our securities law. In 1999, a portion of the existing law was revised after the passage of the National Securities Markets Improvement Act of 1996. In 2014, Chapter 46, SLA 2014 eliminated several filing requirements for certain securities exemptions, but otherwise left the majority of the Alaska Securities Act unchanged. It remains outdated. By example, the current version of the Alaska Securities Act limits official notification of certain dates to telegram or telephone, but not electronic means, and continues to list stock exchanges that have merged with other entities or no longer exist. The financial industry has changed dramatically in the last 15 years and an entire overhaul of the Alaska Securities Act is necessary to put the State's laws governing securities transactions in line with other regulatory regimes.

Using the Uniform Securities Act as a springboard for changes to the Alaska Securities Act, our State benefits from a time-tested regulatory regime that has been adopted and used in at least 20 other states. By incorporating provisions proven to improve the regulation of the securities industry in other states into our laws, the state and persons doing business here will benefit. Using the Uniform Securities Act for the basic framework also provides familiarity to many industry professionals that are familiar with the Alaska Securities Act.

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Using the Uniform Securities Act as the starting point, the bill would incorporate several Alaska-specific provisions aimed at protecting and supporting the public and industry. By example, proposed AS 45.56.220 would provide an exemption for small intrastate investment opportunities, commonly referred to as "crowdfunding." This would encourage local capital raising without burdensome administrative oversight and still provide necessary protections to Alaskan investors. Additionally, most notice filings relating to small projects or investments are eliminated, but investor protections are maintained.

The bill would update enforcement provisions by increasing penalties for those who violate the Alaska Securities Act, allow restitution to be ordered to compensate victims for their losses, and provide for enhanced civil penalties against violators who harm or injure an older Alaskan. Further, the bill would direct that a small portion of civil penalties may be used to provide investor education to Alaskans.

The bill also would modify existing provisions related to the treatment of ANCSA proxy solicitations in the existing chapter, AS 45.55. These limited modifications do not change any substantive law, but instead reorganize the existing laws regulating ANCSA proxy solicitations into their own chapter, as they are best regulated.

I urge your prompt and favorable action on this measure.

Sincerely,



Bill Walker  
Governor

Enclosure