

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9351 HOUSE LABOR & COMMERCE

1 * **Sec. 38.** AS 45.55.110(d) is amended to read:

2 (d) A document filed under this chapter within five years preceding the filing
3 of a registration statement or a notice filing under AS 45.55.075 may be incorporated
4 by reference in the registration statement or notice filing to the extent that the
5 document is currently accurate.

6 * **Sec. 39.** AS 45.55.110(e) is amended to read:

7 (e) The administrator may by regulation or order [OTHERWISE] permit the
8 omission of an item of information or document from a registration statement or a
9 notice filing under AS 45.55.075.

10 * **Sec. 40.** AS 45.55.110(i) is amended to read:

11 (i) A notice filing under AS 45.55.075 is effective on receipt by the
12 administrator. A [EVERY] registration statement or a notice filing under
13 AS 45.55.075 is effective for one year from its effective date [,] or any longer period
14 during which the security is being offered or distributed in a nonexempted transaction
15 by or for the account of the issuer or other person on whose behalf the offering is
16 being made or by an underwriter or broker-dealer who is still offering part of an
17 unsold allotment or subscription taken by the underwriter or broker-dealer as a
18 participant in the distribution [,] except during the time a stop order is in effect under
19 AS 45.55.120. The administrator may establish a different expiration date for
20 purposes of coordination with a national registration or notice filing system. The
21 administrator may by regulation provide for an automatic extension for one
22 additional year of the effective date for notice filings under AS 45.55.075 if the
23 extended expiration date is set at the same time the notice filing is made effective
24 and the notice filing fee reflects the extension. All outstanding securities of the
25 same class as a registered security are considered to be registered for the purpose of
26 any nonissuer transaction if the registration statement is effective and between the
27 thirtieth day after the entry of a stop order suspending or revoking the effectiveness
28 of the registration statement under AS 45.55.120, if the registration statement did not
29 relate in whole or in part to a nonissuer distribution, and one year from the effective
30 date of the registration statement. A registration statement may not be [WITH]
31 withdrawn for one year from its effective date if any securities of the same class are

1 outstanding. A registration statement may be withdrawn otherwise only in the
2 discretion of the administrator.

3 * **Sec. 41.** AS 45.55.110(k) is amended to read:

4 (k) A notice filing under AS 45.55.075 [REGISTRATION STATEMENT]
5 relating to a security issued by a face-amount certificate company or a redeemable
6 security issued by an open-end management company or unit investment trust, as those
7 terms are defined in 15 U.S.C. 80a-1 - 80a-64 ([THE] Investment Company Act of
8 1940), may be amended after its effective date so as to increase the securities specified
9 as proposed to be offered if the notice filing was for a specified dollar amount of
10 securities to be offered in this state and if the total fees were based on the dollar
11 amount of securities to be offered. An amendment becomes effective when the
12 administrator so orders. A [EVERY] person filing [SUCH] an amendment shall pay
13 a [FILING] fee, calculated in the manner specified in (b) of this section, with respect
14 to the additional securities proposed to be offered.

15 * **Sec. 42.** AS 45.55.139 is amended to read:

16 **Sec. 45.55.139. Reports of corporations.** A copy of all annual reports,
17 proxies, consents, [OR] authorizations, proxy statements, and other materials relating
18 to proxy solicitations distributed, published, or made available by any person to at least
19 30 Alaska resident shareholders of a corporation that has total assets exceeding
20 \$1,000,000 and a class of equity security held of record by 500 or more persons and
21 that [WHICH] is exempted from the registration requirements of AS 45.55.070 by
22 AS 45.55.138 [,] shall be filed with the administrator or the administrator's designee
23 concurrently with its distribution to shareholders.

24 * **Sec. 43.** AS 45.55.139 is amended by adding a new subsection to read:

25 (b) The administrator or the administrator's designee may by regulation or
26 order establish and enforce requirements relating to disclosure and form of proxies,
27 consents, authorizations, proxy statements, and other materials relating to proxy
28 solicitations described in (a) of this section.

29 * **Sec. 44.** AS 45.55.150 is amended to read:

30 **Sec. 45.55.150. Sales [FILING OF SALES] and advertising literature.** The
31 administrator may by regulation or order establish requirements for or require the

1 filing of a prospectus, a pamphlet, a circular, a form letter, an advertisement, or other
2 sales literature [,] or advertising communication addressed or intended for distribution
3 to prospective investors, [INCLUDING] clients, or prospective clients by an issuer,

4 a state investment adviser, a federal covered adviser, or a broker-dealer, unless
5 (1) the security or transaction is exempt under AS 45.55.900 and
6 the applicable provision of that section does not place a limitation on sales and
7 advertising literature;

8 (2) the security is a federal covered security; or

9 (3) the broker-dealer, state investment adviser, or federal covered
10 adviser is exempt or excluded from the requirements of this section under this
11 chapter or federal law [OF AN INVESTMENT ADVISER].

12 * Sec. 45. AS 45.55.170 is amended to read:

13 Sec. 45.55.170. Unlawful representations concerning filing, registration,
14 notice, or exemption. (a) Neither the fact that an application for registration under
15 AS 45.55.030 - 45.55.060, [OR] a registration statement under AS 45.55.070 -
16 45.55.120, a notice filing under AS 45.55.040(h) or 45.55.075, or proxy material
17 under AS 45.55.139 is filed nor the fact that a person or security is effectively
18 registered constitutes a finding by the administrator that a document filed under this
19 chapter is true, complete, and not misleading. Neither the fact of filing nor the fact
20 that an exemption or exception is available for a security or a transaction means that
21 the administrator has passed in any way upon the merits or qualifications of, or
22 recommended or given approval to, a person, security, or transaction.

23 (b) A person may not make, or cause to be made, to a prospective purchaser,
24 customer, [OR] client, or shareholder of a corporation described in AS 45.55.139
25 a [ANY] representation inconsistent with (a) of this section.

26 * Sec. 46. AS 45.55.900(a) is amended to read:

27 (a) The following securities are exempted from AS 45.55.070 and 45.55.075:

28 (1) a security, including a revenue obligation, issued or guaranteed by
29 the United States or a territory of the United States, the District of Columbia, a
30 state, a political subdivision of a state or territory, or an agency or corporate or other
31 instrumentality of one or more of the entities described in this paragraph

1 [FOREGOING]; or a certificate of deposit for one or more of the entities described
2 in this paragraph [ANY OF THE FOREGOING];

3 (2) a security issued or guaranteed by Canada, a Canadian province, a
4 political subdivision of a Canadian province, an agency or corporate or other
5 instrumentality of one or more of the entities described in this paragraph
6 [FOREGOING], or a foreign government with which the United States currently
7 maintains diplomatic relations [,] if the security is recognized as a valid obligation by
8 the issuer or guarantor;

9 (3) a security issued [BY AND REPRESENTING AN INTEREST IN]
10 or [A DEBT OF, OR] guaranteed by [,] a bank organized under the laws of the United
11 States, or by a bank, savings institution, savings and loan association, building and
12 loan association, or trust company organized and supervised under the laws of a state
13 or of the United States, or a security issued by or representing an interest in or a
14 direct obligation of a federal reserve bank;

15 (4) a commercial paper, note, draft, bill of exchange, or banker's
16 acceptance that arises out of a current transaction or the proceeds of which have been
17 or are to be used for current transactions [,] and that evidences an obligation to pay
18 cash within nine months of the date of issuance, exclusive of days of grace, or a
19 [ANY] renewal of the paper that is likewise limited, or a guarantee of the paper or of
20 the renewal, if the commercial paper, note, draft, bill of exchange, or banker's
21 acceptance is of the type eligible for discount by a federal reserve bank;

22 (5) a security issued in connection with an employee's stock purchase,
23 savings, pension, profit-sharing, or similar employee's benefit plan, or a security
24 issued by or an interest or participation in a church plan, company, or account
25 that is excluded from the definition of an investment company under 15 U.S.C.
26 80a-3(c)(14) (Investment Company Act of 1940):

27 (6) a security issued by and representing an interest in or a debt of, or
28 guaranteed by, a federal savings and loan association, or a building and loan or similar
29 association organized under the laws of a state and authorized to do business in this
30 state;

31 (7) a security issued by and representing an interest in or a debt of, or

1 guaranteed by, an insurance company organized under the laws of a state and
2 authorized to do business in this state; but this exemption does not apply to an annuity
3 contract, investment contract, or similar security under which the promised payments
4 are not fixed in dollars but are substantially dependent upon the investment results of
5 a segregated fund or account invested in securities; except that policies or annuity
6 contracts of insurance companies admitted to do business in the state are not subject
7 to this chapter;

8 (8) a security issued or guaranteed by a federal credit union or any
9 credit union, industrial loan association, or similar association organized and supervised
10 under the laws of this state;

11 (9) a security issued or guaranteed by a railroad, other common carrier,
12 public utility, or holding company that is

13 (A) subject to the jurisdiction of the Interstate Commerce
14 Commission;

15 (B) a registered holding company under 15 U.S.C. 79 - 79z-6
16 ([THE] Public Utility Holding Company Act of 1935) or a subsidiary of the
17 company within the meaning of 15 U.S.C. 79 - 79z-6 [THAT ACT];

18 (C) regulated in respect of its rates and charges by a
19 governmental authority of the United States or a state; or

20 (D) regulated in respect of the issuance or guarantee of the
21 security by a governmental authority of the United States, a state, Canada, or
22 a Canadian province;

23 (10) a security listed or approved for listing upon notice of issuance on
24 the New York Stock Exchange, the American Stock Exchange, the Chicago
25 [MIDWEST] Stock Exchange, the Pacific Coast Stock Exchange, the Philadelphia
26 Stock Exchange, the Chicago Board of Options Exchange, or another [ANY OTHER]
27 securities exchange designated by order of the administrator, or any security designated
28 or approved for designation upon notice of issuance as a national market system
29 security on the National Association of Securities Dealers Automated Quotation
30 National Market System or on any other quotation system designated by order of the
31 administrator, or any other security of the same issuer that is of senior or substantially

1 equal rank; a security called for by subscription rights or warrants so listed or
2 approved; or a warrant or right to purchase or subscribe to an entity described in this
3 paragraph [ANY OF THE FOREGOING];

4 (11) a security issued by a person organized and operated not for
5 pecuniary [PRIVATE] profit but exclusively for religious, educational, benevolent,
6 charitable, fraternal, social, athletic, or reformatory purposes [,] or as a chamber of
7 commerce or trade or professional association, or a security of a fund that is
8 excluded from the definition of an investment company under 15 U.S.C. 80a-
9 3(c)(10)(B) (Investment Company Act of 1940):

10 (12) shares of membership; stock in the Alaska Commercial Fishing and
11 Agriculture Bank, and other securities issued by that bank to members or in connection
12 with loans to members;

13 (13) an equity security issued in connection with the acquisition by
14 a holding company of a bank under 12 U.S.C. 1842(a) (Bank Holding Company
15 Act of 1956) or a savings association, as defined in 12 U.S.C. 1813(b) (Federal
16 Deposit Insurance Act) and the deposits of which are insured by the Federal
17 Deposit Insurance Corporation under 12 U.S.C. 1467(e) (Home Owners' Loan
18 Act) if

19 (A) the acquisition occurs solely as part of a reorganization
20 in which security holders exchange their shares of a bank or savings
21 association for shares of a newly formed holding company with no
22 significant assets other than securities of the bank or savings association
23 and the existing subsidiaries of the bank or savings association;

24 (B) the security holders receive after the reorganization
25 substantially the same proportional interests in the holding company as
26 they held in the bank or savings association except for nominal changes in
27 shareholders' interests resulting from lawful elimination of fractional
28 interests and the exercise of dissenting shareholders' rights under state or
29 federal law;

30 (C) the rights and interests of security holders in the holding
31 company are substantially the same as those in the bank or savings

1 association before the transaction except as may be required by law; and
2 (D) the holding company has substantially the same assets
3 and liabilities on a consolidated basis as the bank or savings association
4 before the transaction.

5 * Sec. 47. AS 45.55.000(b) is amended to read:

6 (b) The following transactions are exempted from AS 45.55.070 and
7 45.55.075:

8 (1) a transaction between the issuer or other person on whose behalf
9 the offering is made and an underwriter, or among underwriters;

10 (2) a transaction in a bond or other evidence of indebtedness secured
11 by a real or chattel mortgage or deed of trust, or by an agreement for the sale of real
12 estate or chattels, if the entire mortgage, deed of trust, or agreement, together with all
13 the bonds or other evidence of indebtedness, secured under those documents
14 [THEREBY,] is offered and sold as a unit;

15 (3) a transaction by an executor, administrator, sheriff, marshal,
16 receiver, trustee in bankruptcy, guardian, or conservator;

17 (4) an offer or sale to a bank, savings institution, trust company,
18 insurance company, investment company as defined in 15 U.S.C. 80a-1 - 80a-64 (
19 [THE] Investment Company Act of 1940), pension or profit-sharing trust, or other
20 financial institution or institutional buyer, or to a broker-dealer, whether the purchaser
21 is acting for itself or in some fiduciary capacity;

22 (5) sales by an issuer

23 (A) to no more than 10 persons in this state other than those
24 designated in (4) of this subsection during a period of 12 consecutive months
25 regardless of whether [OR NOT] the seller or any of the buyers is then present
26 in this state [,] if

27 (i) a [NO] commission or other remuneration is not paid
28 or given directly or indirectly for soliciting a prospective buyer in this
29 state;

30 (ii) the total dollar amount invested during a period of
31 12 consecutive months does not exceed \$150,000 [\$100,000];

1 (iii) a legend is placed on the certificate or other
2 document evidencing ownership of the security, stating that the security
3 is not registered under this chapter and cannot be resold without
4 registration under this chapter or exemption from it;

5 (iv) offers are made without public solicitation or
6 advertisement; and

7 (v) the issuer files with the administrator a notice
8 specifying the issuer, the security to be sold, and the terms of the offer
9 at least two days before any sales are made;

10 (B) to no more than 25 persons in this state other than those
11 designated in (4) of this subsection during a period of 12 consecutive months
12 regardless of whether [OR NOT] the seller or any of the buyers is then present
13 in this state [,] if

14 (i) the sales are made solely in this state;

15 (ii) before a [ANY] sale, each prospective buyer is
16 furnished access to the information that would be provided to a
17 prospective buyer in a registration under AS 45.55.100, which
18 information shall be furnished to the administrator upon request;

19 (iii) the total dollar amount invested during a period of
20 12 consecutive months does not exceed \$750,000 [\$500,000];

21 (iv) commissions or other remuneration meet the
22 requirement; of this chapter and are made only to persons registered
23 under AS 45.55.040;

24 (v) a legend is placed on the certificate or other
25 document evidencing ownership of the security, stating that the security
26 is not registered under this chapter and cannot be resold without
27 registration under this chapter or exemption from it;

28 (vi) the issuer obtains a signed agreement from the
29 buyer acknowledging that the buyer is buying for investment purposes
30 and that the securities will not be resold without registration under this
31 chapter;

1 (vii) offers are made without public solicitation or
2 advertisement; and

3 (viii) the issuer files with the administrator a notice
4 specifying the issuer, the security to be sold, and the terms of the offer
5 at least two days before any sales are made;

6 (C) to 10 or fewer persons who are to receive the initial
7 issue of shares of a nonpublicly traded corporation, limited liability
8 company, limited partnership, or limited liability partnership if a legend
9 is placed on the certificate or other document evidencing ownership of the
10 security stating that the security is not registered under this chapter and
11 cannot be resold without registration or exemption from it;

12 (D) to the buyer of an enterprise or a business and the
13 assets and liabilities of the enterprise or business if

14 (i) the transfer of stock to the buyer is solely
15 incidental to the sale of the enterprise or business and its assets and
16 liabilities;

17 (ii) the seller provides full access to the buyer of the
18 books and records of the enterprise or business; and

19 (iii) a legend is placed on the certificate or other
20 document evidencing ownership of the security, stating that the
21 security is not registered under this chapter and cannot be resold
22 without registration under this chapter or exemption from it;

23 (6) an offer or sale of a preorganization certificate or subscription if

24 (A) a [NO] commission or other remuneration is not paid or
25 given directly or indirectly for soliciting a prospective subscriber; [,]

26 (B) the number of subscribers does not exceed 10; [,] and

27 (C) a [NO] payment is not made by any subscriber;

28 (7) a transaction under an offer to existing security holders of the
29 issuer, including persons who at the time of the transaction are holders of convertible
30 securities, nontransferable warrants, or transferable warrants exercisable within not
31 more than 90 days of their issuance, if

1 (A) a [NO] commission or other remuneration, other than a
2 standby commission, is not paid or given directly or indirectly for soliciting a
3 security holder in this state; [,] or

4 (B) the issuer first files a notice specifying the terms of the
5 offer and the administrator does not by order disallow the exemption within the
6 next five full business days;

7 (8) an offer, [(] but not a sale, [)] of a security for which registration
8 statements have been filed under both this chapter and 15 U.S.C. 77a - 77bbb(
9 [THE] Securities Act of 1933) if a [NO] stop order or refusal order is not in effect and
10 a [NO] public proceeding or examination looking toward an order is not pending
11 under either this chapter or 15 U.S.C. 77a - 77bbb (Securities [THE] Act of 1933);

12 (9) an isolated nonissuer transaction, regardless of whether effected
13 through a broker-dealer, if the seller is [OR] not a promoter or controlling person
14 as the administrator may define by regulation or order or if the administrator at
15 the request of the seller waives the requirement that the seller not be a promoter
16 or controlling person;

17 (10) [A NONISSUER DISTRIBUTION OF AN OUTSTANDING
18 SECURITY IF

19 (A) A RECOGNIZED SECURITIES MANUAL CONTAINS
20 THE NAMES OF THE ISSUER'S OFFICERS AND DIRECTORS, A
21 BALANCE SHEET OF THE ISSUER AS OF A DATE WITHIN 18
22 MONTHS, AND A PROFIT AND LOSS STATEMENT FOR EITHER THE
23 FISCAL YEAR PRECEDING THAT DATE OR THE MOST RECENT YEAR
24 OF OPERATIONS, OR

25 (B) THE SECURITY HAS A FIXED MATURITY OR A
26 FIXED INTEREST OR DIVIDEND PROVISION AND THERE HAS BEEN
27 NO DEFAULT DURING THE CURRENT FISCAL YEAR OR WITHIN THE
28 THREE PRECEDING FISCAL YEARS, OR DURING THE EXISTENCE OF
29 THE ISSUER AND ANY PREDECESSORS IF LESS THAN THREE YEARS,
30 IN THE PAYMENT OF PRINCIPAL, INTEREST, OR DIVIDENDS ON THE
31 SECURITY;

1 (11)] a nonissuer transaction effected by or through a registered broker-
2 dealer under an unsolicited order or offer to buy; however, the administrator may by
3 regulation require that the customer acknowledge on [UPON] a specified form that the
4 sale was unsolicited, and that a signed copy of each form be preserved by the broker-
5 dealer for a specified period;

6 (11) [(12)] a transaction executed by a bona fide pledgee without
7 intending to evade [ANY PURPOSE OF EVADING] this chapter;

8 (12) [(13)] a transaction incident to a right of conversion or a statutory
9 or judicially approved reclassification, recapitalization, reorganization, quasi-
10 reorganization, stock split, reverse stock split, merger, consolidation, or sale of assets
11 [,] if

12 (A) a [NO] commission or other remuneration, other than a
13 standby commission, is not paid or given directly or indirectly for soliciting a
14 security holder in this state; and

15 (B) the issuer files a notice in the form specified by the
16 administrator not less than 30 days before making the offer;

17 (13) [(14)] a stock dividend, regardless of whether the corporation
18 distributing the dividend is the issuer of the stock [OR NOT], if nothing of value is
19 given by stockholders for the dividend other than the surrender of a right to a cash or
20 property dividend when each stockholder may elect to take the dividend in cash or
21 property or in stock;

22 (14) [(15)] an act incident to a class vote by stockholders, under the
23 certificate of incorporation or the applicable corporation statute, on a merger,
24 consolidation, reclassification of securities, or sale of securities of another corporation;

25 (15) [(16)] the offer or sale by a registered broker-dealer, acting either
26 as principal or agent, of securities previously sold and distributed to the public if the
27 securities

28 (A) [THE SECURITIES] are sold at prices reasonably related
29 to the current market price at the time of sale, and, if the broker-dealer is
30 acting as agent, the commission collected by the broker-dealer on account of
31 the sale is not in excess of usual and customary commissions collected with

1 respect to securities and transactions having comparable characteristics;

2 (B) [THE SECURITIES] do not constitute the whole or a part
3 of an unsold allotment to or subscription or participation by the broker-dealer
4 as an underwriter of the securities or as a participant in the distribution of the
5 securities by the issuer, by an underwriter, or by a person or group of persons
6 in substantial control of the issuer or of the outstanding securities of the class
7 being distributed; and

8 (C) [THE SECURITIES] have been lawfully sold and
9 distributed in this state under this chapter;

10 (16) [(17)] offers or sales of certificates of interest or participation in
11 oil, gas, or mining rights, titles, or leases, or in payments out of production under such
12 rights, titles, or leases, if the purchasers

13 (A) are or have been during the preceding two years engaged
14 primarily in the business of exploring for, mining, producing, or refining oil,
15 gas, or minerals; or

16 (B) have been found by the administrator upon written
17 application to be substantially engaged in the business of exploring for, mining,
18 producing, or refining oil, gas, or minerals so as not to require the protection
19 provided by AS 45.55.070;

20 (17) a nonissuer transaction by a registered agent of a registered
21 broker-dealer, and a resale transaction by a sponsor of a unit investment trust
22 registered under 15 U.S.C. 80a-1 - 80a-64 (Investment Company Act of 1940), in
23 a security of a class that has been outstanding in the hands of the public for at
24 least 90 days if, at the time of the transaction,

25 (A) the issuer of the security is actually engaged in business
26 and not in the organization stage or in bankruptcy or receivership and is
27 not a blank check, blind pool, or shell company whose primary plan of
28 business is to engage in a merger or combination of the business with, or
29 an acquisition of, an unidentified person or persons;

30 (B) the security is sold at a price reasonably related to the
31 current market price of the security;

1 (C) the security does not constitute the whole or part of an
2 unsold allotment to, or a subscription or participation by, the
3 broker-dealer as an underwriter of the security;

4 (D) a nationally recognized securities manual, which may be
5 designated by rule or order of the administrator, or a document filed with
6 the United States Securities and Exchange Commission that is publicly
7 available through the United States Securities and Exchange Commission's
8 electronic data gathering and retrieval system, contains

9 (i) a description of the business and operations of the
10 issuer;

11 (ii) the names of the issuer's officers and directors,
12 if any, or, in the case of an issuer not domiciled in the United
13 States, the corporate equivalents of such persons in the issuer's
14 country of domicile;

15 (iii) an audited balance sheet of the issuer as of a
16 date within 18 months or, in the case of a reorganization or merger
17 where parties to the reorganization or merger had that audited
18 balance sheet, a pro forma balance sheet; and

19 (iv) an audited income statement for each of the
20 issuer's immediately preceding two fiscal years or for the period of
21 existence of the issuer if the issuer has been in existence for less
22 than two years or, in the case of a reorganization or merger where
23 the parties to the reorganization or merger had that audited income
24 statement, a pro forma income statement; and

25 (E) the issuer of the security has a class of equity securities
26 listed on a national securities exchange registered under 15 U.S.C. 78a -
27 78lll (Securities Exchange Act of 1934) or designated for trading on the
28 National Association of Securities Dealers Automated Quotation System,
29 unless the issuer of the security

30 (i) is a unit investment trust registered under 15
31 U.S.C. 80a-1 - 80a-64 (Investment Company Act of 1940);

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(ii) including predecessors, has been engaged in continuous business for a least three years; or
(iii) has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months or, in the case of a reorganization or merger where parties to the reorganization or merger had that balance sheet, a pro forma balance sheet;
(18) an offer or a sale of a security by an issuer, that has a specific business plan or purpose, is not in the development stage, and has not indicated that its business plan is to engage in a merger or acquisition with an unidentified company or other entity or person, under the following conditions:

(A) sales of securities are made only to persons who are or the issuer reasonably believes are accredited investors as defined in 17 C.F.R. 230.501(a);

(B) the issuer reasonably believes that all purchasers are purchasing for investment and not with the view to or for sale in connection with a distribution of the security; a resale of a security sold in reliance on this exemption within 12 months of sale is presumed to be with a view to distribution and not for investment, except a resale under a registration statement under AS 45.55.070 - 45.55.120 or to an accredited investor under an exemption available under this chapter;

(C) the exemption in this paragraph is not available to an issuer if the issuer, a predecessor of the issuer, an affiliated issuer, a director, an officer, or a general partner of the issuer, a beneficial owner of 10 percent or more of a class of the issuer's equity securities, a promoter of the issuer presently connected with the issuer in any capacity, an underwriter of the securities to be offered, or a partner, a director, or an officer of the underwriter

(i) within the last five years has filed a registration statement that is the subject of a currently effective registration stop order entered by a state securities administrator or the United States Securities and Exchange Commission;

1 (ii) within the last five years has been convicted of a
2 criminal offense in connection with the offer, purchase, or sale of
3 a security, of a criminal offense involving fraud or deceit, or of a
4 felony;

5 (iii) is currently subject to a state or federal
6 administrative enforcement order or judgment entered within the
7 last five years finding fraud or deceit in connection with the
8 purchase or sale of a security; or

9 (iv) is currently subject to an order, judgment, or
10 decree of a court of competent jurisdiction entered within the last
11 five years, temporarily, preliminarily, or permanently restraining
12 or enjoining the party from engaging in or continuing to engage in
13 conduct or a practice involving fraud or deceit in connection with
14 the purchase or sale of a security;

15 (D) the nonavailability of the exemption under (C) of this
16 paragraph does not apply if

17 (i) the party subject to the disqualification is licensed
18 or registered to conduct securities related business in the state in
19 which the order, judgment, or decree creating the disqualification
20 was entered against the party;

21 (ii) before the first offer under this exemption, the
22 state securities administrator or the court or regulatory authority
23 that entered the order, judgment, or decree waives the
24 disqualification; or

25 (iii) the issuer establishes that it did not know and,
26 in the exercise of reasonable care, based on a factual inquiry, could
27 not have known that a disqualification existed under this
28 paragraph;

29 (E) a general announcement of the proposed offering may
30 be made by any means and may include only the following information
31 unless additional information is specifically permitted by the

1 administrator:

2 (i) the name, address, and telephone number of the
3 issuer of the security;

4 (ii) the name, a brief description, and the price, if
5 known, of the security to be issued;

6 (iii) a brief description in 25 words or less of the
7 business of the issuer;

8 (iv) the type, number, and aggregate amount of
9 securities being offered;

10 (v) the name, address, and telephone number of the
11 person to contact for additional information;

12 (vi) a statement that sales will be made only to
13 accredited investors;

14 (vii) a statement that money or other consideration
15 is not being solicited or will not be accepted by way of this general
16 announcement; and

17 (viii) a statement that the securities have not been
18 registered with or approved by a state securities agency or the
19 United States Securities and Exchange Commission and are being
20 offered and sold under an exemption from registration;

21 (F) the issuer in connection with any offer may provide
22 information in addition to the general announcement under (E) of this
23 paragraph if the information is delivered

24 (i) through an electronic database that is restricted
25 to persons who have been prequalified as accredited investors; or

26 (ii) to a prospective purchaser that the issuer
27 reasonably believes is an accredited investor;

28 (G) a telephone solicitation is not permitted unless, before
29 placing the call, the issuer reasonably believes that the prospective
30 purchaser being solicited is an accredited investor;

31 (H) dissemination of the general announcement of the

1 proposed offering to persons who are not accredited investors will not
2 disqualify the issuer from claiming this exemption;

3 (I) the issuer must file a notice of the transaction with the
4 administrator, a copy of the general announcement, and the fee for
5 exemption filings established by regulation within 15 days after the first
6 sale in this state;

7 (19) an offer to repay, under AS 45.55.930, the buyer of a security
8 if the offeror first files with the administrator a notice specifying the terms of the
9 offer at least two days before the offer is made;

10 (20) a transaction involving only family members who are related,
11 including related by adoption, within the fourth degree of affinity or
12 consanguinity.

13 * Sec. 48. AS 45.55.900 is amended by adding a new subsection to read:

14 (g) An offer on the Internet by an issuer is exempt from the registration
15 provisions of AS 45.55.070 and the advertising regulations adopted under this chapter
16 and does not preclude the issuer from relying on other available exemptions for offers
17 provided under this chapter if

18 (1) the offer directly discloses, in a format and at a prominent place in
19 the offer and in an advertisement of the offer on the Internet, that the securities are not
20 being offered to persons in this state;

21 (2) the offer is not otherwise specifically directed to a person in this
22 state by or on behalf of the issuer; and

23 (3) a sale of the issuer's securities is not made in this state as a result
24 of the offer.

25 * Sec. 49. AS 45.55.910 is amended by adding a new subsection to read:

26 (e) Unless the administrator determines disclosure to be in the best interest of
27 the administration of this chapter, all investigative files and materials supporting an
28 investigation are confidential.

29 * Sec. 50. AS 45.55.915 is amended to read:

30 **Sec. 45.55.915. Reimbursement of expenses incident to examination or**
31 investigation. (a) The administrator may require an [AN] issuer, broker-dealer,

1 agent, investment adviser representative, federal covered adviser, or state
2 investment adviser to [SHALL] reimburse the administrator for actual travel expenses
3 and per diem incurred in connection with an examination or investigation [INCIDENT
4 TO A REGISTRATION] under this chapter.

5 (b) The administrator may by regulation or order adopt a schedule of charges
6 for annual examination and investigation [FEES] of issuers, broker-dealers, agents,
7 investment adviser representatives, federal covered advisers, and state investment
8 advisers.

9 (c) If an issuer, broker-dealer, agent, investment adviser representative,
10 federal covered adviser, or state investment adviser fails to pay the fees and expenses
11 provided for in this section, the fees and expenses shall be paid out of the funds of the
12 administrator in the same manner as other disbursements made by the administrator.
13 The amounts paid from the funds of the administrator are a lien on [UPON] all of the
14 assets and property in this state of the issuer, broker-dealer, agent, investment adviser
15 representative, federal covered adviser, or state investment adviser, and the amount
16 may be recovered by the attorney general on behalf of the state.

17 (d) Failure of the issuer, broker-dealer, agent, investment adviser
18 representative, or state investment adviser to pay fees and expenses under this section
19 is a wilful violation of this chapter, and the violation falls within the provisions of
20 AS 45.55.060, 45.55.120, 45.55.920, and 45.55.925.

21 * Sec. 51. AS 45.55.925(a) is amended to read:

22 (a) In addition to the civil penalties assessed under AS 45.55.920, a person
23 who wilfully violates a provision of this chapter except AS 45.55.030(e), 45.55.040(h),
24 45.55.075, or 45.55.160 [AS 45.55.160], or who wilfully violates a regulation or order
25 under this chapter, or who wilfully violates AS 45.55.160 knowing the statement made
26 to be false or misleading in a material respect or the omission to be misleading by any
27 material respect, upon conviction, is punishable by a fine of not more than \$5,000, or
28 by imprisonment for not less than one year nor more than five years, or both. Upon
29 conviction of an individual for a felony under this chapter, imprisonment for not less
30 than one year is mandatory. However, an individual may not be imprisoned for the
31 violation of a regulation or order if the individual proves that the individual had no

1 knowledge of the regulation or order. An indictment or information may not be
2 returned under this chapter more than five years after the alleged violation.

3 * Sec. 52. AS 45.55.930(a) is amended to read:

4 (a) A person is liable to the person buying the security from the person for the
5 consideration paid for the security, together with interest at eight percent [SIX PER
6 CENT] a year or the stated rate of the security if the security has a stated, fixed
7 rate less than eight percent, from the date of payment, costs, and reasonable attorney
8 [ATTORNEYS'] fees, less the amount of income received on the security, on [UPON]
9 the tender of the security, or for damages if the buyer [SELLER] no longer owns the
10 security, if the seller offers or sells a security

11 (1) other than a federal covered security, [OFFERS OR SELLS A
12 SECURITY] in violation of AS 45.55.030(a), 45.55.070, or 45.55.170(b) or of a
13 regulation or order under AS 45.55.150 that requires the filing of sales literature before
14 it is used, or of a condition imposed under AS 45.55.100(d) or 45.55.110(g) or (h); [,]
15 or

16 (2) [OFFERS OR SELLS A SECURITY] by means of an untrue
17 statement of a material fact, or omits to state a material fact, the omission of which
18 makes a statement misleading.

19 * Sec. 53. AS 44.55.930(b) is amended to read:

20 (b) Damages are the amount that would be recoverable on [UPON] a tender
21 less the value of the security when the buyer disposed of it and interest at eight
22 percent [SIX PER CENT] a year, or the stated rate of the security if the security
23 had a stated, fixed rate less than eight percent, from the date of disposition.

24 * Sec. 54. AS 45.55.930(f) is amended to read:

25 (f) A person may not sue under this section more than three years after the
26 contract of sale, except as otherwise provided in this subsection. For a violation
27 of (a)(2) of this section or AS 45.55.010, an action under this section may be
28 started within three years after the sale or two years after the person bringing the
29 action discovered or should have discovered the facts on which the action is based,
30 whichever is later. Failure to start an action on a timely basis is an affirmative
31 defense. A person may not sue under this section if the buyer received

1 (1) [IF THE BUYER RECEIVED] a written offer, before suit and at
2 a time when the buyer owned the security, to refund the consideration paid together
3 with interest at eight percent [SIX PER CENT] a year, or the stated rate of the
4 security if the security has a stated, fixed rate less than eight percent, from the
5 date of payment, less the amount of income received on the security, and the buyer
6 failed to accept the offer within 30 days of its receipt; [,] or

7 (2) [IF THE BUYER RECEIVED] the offer before suit and at a time
8 when buyer did not own the security [,] unless the buyer rejected the offer in writing
9 within 30 days of its receipt.

10 * Sec. 55. AS 45.55.930(g) is amended to read:

11 (g) A person who makes or engages in the performance of a contract in
12 violation of a provision of this chapter or a regulation or an order under this chapter,
13 or who acquires a purported right under the contract with knowledge of the facts by
14 reason of which its making or performance is in violation of this chapter, may not
15 base a suit on the contract.

16 * Sec. 56. AS 45.55.930 is amended by adding new subsections to read:

17 (j) Notwithstanding the time limitation in (f) of this section, an action under
18 this section may be started after receipt of a written offer described in (a) of this
19 section if the buyer accepted the payment offer within 30 days after receipt of the offer
20 and has not been paid the full amount offered.

21 (k) An offer to repay the buyer under this section involves the offer or sale of
22 a security, and the transaction must be registered under this chapter or exempt from
23 registration under AS 45.55.900.

24 * Sec. 57. AS 45.55.935(a) is amended to read:

25 (a) The administrator shall adopt regulations, consistent with the provisions of
26 this chapter governing administrative hearings conducted by the administrator or a
27 designee of the administrator for the following:

28 (1) orders issued under AS 45.55.120, 45.55.900(d), or 45.55.920; in
29 these instances, the administrator shall promptly send a notice of opportunity for
30 hearing to the issuer of the securities and to all persons who have filed with the
31 department a notice of intention to sell the securities or to all respondents named in

1 the order if the order deals with something other than securities; and

2 (2) orders issued under AS 45.55.060; before the administrator enters
3 an order under AS 45.55.060, the administrator shall send to the person involved a
4 notice of opportunity for hearing; if the person involved is an agent or investment
5 adviser representative, then the administrator shall, in addition, notify the employing
6 broker-dealer, state investment adviser, federal covered adviser [ADVISOR], or
7 issuer.

8 * Sec. 58. AS 45.55.950(a) is amended to read:

9 (a) The administrator may make, adopt, amend, and rescind the regulations,
10 forms, policies, and orders that are necessary to carry out this chapter, including
11 regulations, policies, and forms governing registration statements, applications, notice
12 filings, and reports, and defining terms regardless of [,] whether the terms are [OR
13 NOT] used in this chapter if [INSOFAR AS] the definitions of the terms are not
14 inconsistent with this chapter. For the purpose of regulations and forms, the
15 administrator may classify securities, persons, and matters within the jurisdiction of the
16 administrator [,] and prescribe different requirements for different classes.

17 * Sec. 59. AS 45.55.950(b) is amended to read:

18 (b) A regulation, form, policy, or order may not be made, adopted, amended,
19 waived, or rescinded unless the administrator finds that the action is necessary or
20 appropriate in the public interest or for the protection of investors and consistent with
21 the purposes fairly intended by the policy and provisions of this chapter. In adopting,
22 amending, rescinding, or waiving regulations, policies, and forms, the administrator
23 may cooperate with the securities administrators of the other states, self-regulatory
24 organizations, and the United States Securities and Exchange Commission with a
25 view to carrying out [EFFECTUATING] the policy of this section to achieve
26 maximum uniformity in the form, [AND] content, examination, and processing of
27 registration statements, applications, notice filings, and reports wherever practicable,
28 including participating in joint coordinated securities examinations with other
29 states.

30 * Sec. 60. AS 45.55.950(c) is amended to read:

31 (c) All financial statements required to be filed shall be prepared in

1 accordance with generally accepted accounting practices. The administrator may by
2 regulation or order prescribe

3 (1) the form and content of financial statements required under this
4 chapter;

5 (2) the circumstances under which consolidated financial statements
6 shall be filed; and

7 (3) whether any required financial statements shall be certified by
8 independent or certified public accountants.

9 * Sec. 61. AS 45.55.950(d) is amended to read:

10 (d) A provision of this chapter imposing liability does not apply to an act done
11 or omitted in good faith in conformity with a regulation, form, policy, or order of the
12 administrator, notwithstanding that the regulation, form, policy, or order may be later
13 amended or rescinded or be determined by judicial or other authority to be invalid.

14 * Sec. 62. AS 45.55.970(b) is amended to read:

15 (b) The administrator shall keep a register of all applications for registration
16 and registration statements that [WHICH] are or have ever been effective under this
17 chapter, all notice filings under this chapter, and all denial, suspension, or revocation
18 orders that [WHICH] have been entered under this chapter. The register must
19 [SHALL] be open for public inspection.

20 * Sec. 63. AS 45.55.970(c) is amended to read:

21 (c) The information contained in or filed with a registration statement,
22 application, notice filing, or report may be made available to the public under the
23 regulations adopted by the administrator.

24 * Sec. 64. AS 45.55.970(e) is amended to read:

25 (e) The administrator may honor requests from interested persons for
26 interpretative opinions and may establish appropriate fees by regulation.

27 * Sec. 65. AS 45.55.980(a) is amended to read:

28 (a) Unless the persons are exempt elsewhere in this chapter, AS 45.55.010,
29 45.55.025, 45.55.027, 45.55.028, 45.55.030(a), 45.55.035, 45.55.070, 45.55.075,
30 45.55.170, and 45.55.930 apply to persons who sell or offer to sell when an offer to

31 (1) [AN OFFER TO] sell is made in this state; or

1 (2) [AN OFFER TO] buy is made and accepted in this state.

2 * Sec. 66. AS 45.55.980(b) is amended to read:

3 (b) Unless the persons are exempt elsewhere in this chapter, AS 45.55.010,
4 45.55.025, 45.55.027, 45.55.028, 45.55.030(a), 45.55.035, and 45.55.170 apply to
5 persons who buy or offer to buy when an offer to

6 (1) [AN OFFER TO] buy is made in this state; or

7 (2) [AN OFFER TO] sell is made and accepted in this state.

8 * Sec. 67. AS 45.55.980(c) is amended to read:

9 (c) For the purpose of this section, an offer to sell or to buy is made in this
10 state, whether or not either party is then present in this state, when the offer

11 (1) originates from this state;

12 (2) is directed by the offeror to this state and received at the place to
13 which it is directed, or at a post office in this state in the case of a mailed offer;

14 (3) is for an interest or participation in an oil, gas, or mining right, title,
15 or lease on land in the state, including submerged land, regardless of where the offer
16 is made;

17 (4) is for an interest or participation in payments out of production
18 under an oil, gas, or mining right, title, or lease on land in the state, including
19 submerged land, regardless of where the offer is made; or

20 (5) is for an interest or participation in real property located in the
21 state, or in a domestic corporation, a domestic limited liability company, [OR] a
22 domestic limited partnership, or a domestic limited liability partnership; jurisdiction
23 under this paragraph may be exercised only when the exercise is not inconsistent with
24 the constitution of this state or of the United States.

25 * Sec. 68. AS 45.55.980(f) is amended to read:

26 (f) AS 45.55.020, 45.55.023, 45.55.030(c), 45.55.030(e), 45.55.040(h), and
27 45.55.170, so far as state investment advisers, federal covered advisers, and
28 investment adviser representatives are concerned, apply when any act instrumental
29 in effecting prohibited conduct is done in this state, regardless of whether [OR NOT]
30 either party is then present in this state.

31 * Sec. 69. AS 45.55.980(g) is amended to read:

1 (g) An [EVERY] applicant for registration under this chapter, an [AND
2 EVERY] issuer that proposes to offer a security in this state through a person acting
3 on an agency basis in the common law sense, and a person making a notice filing
4 under this chapter shall file with the administrator, in the form that the administrator
5 prescribes by regulation, an irrevocable consent appointing the administrator or a
6 successor in office to be the applicant's or issuer's attorney to receive service of lawful
7 process in a civil suit, an action, or a proceeding against the applicant or issuer or a
8 successor executor or administrator that [WHICH] arises under this chapter or a
9 regulation or order under this chapter after the consent has been filed [,] with the same
10 force and validity as if served personally on the person filing the consent. A person
11 who has filed a [FILES THE] consent in connection with a previous registration or
12 notice filing need not file another. Service may be made by leaving a copy of the
13 process in the office of the administrator, but it is not effective unless

14 (1) the plaintiff, who may be the administrator in a suit, action, or
15 proceeding instituted by the administrator, immediately sends notice of the service and
16 a copy of the process by registered mail to the defendant or respondent at the last
17 address on file with the administrator; and

18 (2) the plaintiff's affidavit of mailing is filed in the case on or before
19 the return day of the process, if any, or within the further time that [WHICH] the
20 court allows.

21 * Sec. 70. AS 45.55.990(2) is amended to read:

22 (2) "agent" means an individual other than a broker-dealer who
23 represents a broker-dealer or an issuer in effecting or attempting to effect purchase or
24 sale of securities; a partner, an officer, or a director of a broker-dealer or issuer, or a
25 person occupying a similar status or performing similar functions, is an agent only if
26 the person otherwise comes within this definition; "agent" does not include an
27 individual who represents

28 (A) an issuer in effecting transactions

29 (i) [(A)] in a security exempted by AS 45.55.900(a)
30 [AS 45.55.900(a)(1) - (5)];

31 (ii) [(B)] exempted by AS 45.55.900(b);

1 (iii) in a covered security as described in 15 U.S.C.
2 78r(b)(3) and (4)(D) (Securities Act of 1933); or

3 (iv) [(C)] with existing employees, partners, or directors
4 of the issuer if a [NO] commission or other remuneration is **not** paid
5 or given directly or indirectly for soliciting any person in this state; **or**

6 (B) a broker-dealer in effecting transactions in this state
7 described in 15 U.S.C. 78o(h)(2) and (3) (Securities Exchange Act of 1934);

8 * Sec. 71. AS 45.55.990(3) is amended to read:

9 (3) "broker-dealer" means a person engaged in the business of effecting
10 transactions in securities for the account of others or for the person's own account;
11 "broker-dealer" does not include

12 (A) an agent;

13 (B) an issuer;

14 (C) a bank, savings institution, or trust company;

15 (D) a person who has no place of business in this state if the
16 person effects transactions in this state exclusively with or through

17 (i) the issuers of the securities involved in the
18 transactions;

19 (ii) other broker-dealers; or

20 (iii) banks, savings institutions, trust companies,
21 insurance companies, investment companies as defined in 15 U.S.C.
22 80a-1 - 80a-64 ([THE] Investment Company Act of 1940), pension or
23 profit-sharing trusts, or other financial institutions or institutional
24 buyers, whether acting for themselves or as trustees; or

25 (E) a person who has no place of business in this state if, during
26 a period of 12 consecutive months, the person does not effect more than 15
27 transactions at the initiation and direction of the customer and on behalf
28 of residents of this state regardless of whether the residents are then
29 present in this state and does not direct any [MORE THAN 15] offers
30 initiated by the person to sell or buy into this state in any manner to persons
31 other than those specified in (D) of this paragraph regardless of whether [OR

1 NOT] the offeror or any offeree is then present in this state;

2 * Sec. 72. AS 45.55.990(9) is amended to read:

3 (9) "person" means an individual, a corporation, a partnership, a
4 limited liability company, a limited partnership, a limited liability partnership, an
5 association, a joint-stock company, a trust in which [WHERE] the interests of the
6 beneficiaries are evidenced by a security, an unincorporated organization, a
7 government, or a political subdivision of a government;

8 * Sec. 73. AS 45.55.990(11) is repealed and reenacted to read:

9 (11) "Securities Act of 1933" means 15 U.S.C. 77a - 77bbbb;

10 * Sec. 74. AS 45.55.990(12) is amended to read:

11 (12) "security" means a note; stock; treasury stock; bond; debenture;
12 evidence of indebtedness; certificate of interest or participation in any profit-sharing
13 agreement; a limited liability company interest under AS 10.50, notwithstanding the
14 limitations of AS 45.08.103(c); collateral-trust certificate [CERTIFICATES];
15 preorganization certificate or subscription; transferable share; investment contract;
16 voting-trust certificate; certificate of deposit for a security; [A] certificate of interest
17 or participation in an oil, gas, or mining title or lease or in payments out of production
18 under the title or lease or in any sale of or indenture or bond or contract for the
19 conveyance of land or any interest in land; [AN] option on a contract for the future
20 delivery of agricultural or mineral commodities or any other commodity offered or sold
21 to the public and not regulated by the Commodity Futures Trading Commission;
22 however, the contract or option is not subject to the provisions of AS 45.55.070 if it
23 is sold or purchased on the floor of a bona fide exchange or board of trade and offered
24 or sold to the public by a broker-dealer or agent registered under this chapter;
25 investment of money or money's worth including goods furnished or services
26 performed in the risk capital of a venture with the expectation of some benefit to the
27 investor where the investor has no direct control over the investment or policy decision
28 of the venture; or, in general, any interest or instrument commonly known as a
29 "security," or any certificate of interest or participation in, temporary or interim
30 certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase,
31 any of the foregoing; "security" does not include an insurance or endowment policy

1 or annuity contract under which an insurance company promises to pay a fixed or
2 variable sum of money either in a lump sum or periodically for life or for some other
3 specified period;

4 * Sec. 75. AS 45.55.990 is amended by adding new paragraphs to read:

5 (14) "advisory client" means a person to whom services are provided
6 under an investment advisory contract;

7 (15) "advisory fee" means the fee for providing services under an
8 investment advisory contract;

9 (16) "advisory services" means advising a person as to the value of
10 securities or their purchase or sale, whether through the issuance of analyses or reports
11 or otherwise;

12 (17) "Bank Holding Company Act of 1956" means 12 U.S.C. 1841 -
13 1850;

14 (18) "clients who are natural persons" means natural persons who are
15 clients of a state investment adviser or federal covered adviser, except that natural
16 persons with at least \$500,000 under management with the state investment adviser or
17 federal covered adviser or with a net worth of at least \$1,000,000 at the time they
18 initially contract for services described in (23)(A)(i) of this section are not considered
19 natural persons for the purpose of determining under (23)(A)(ii) if a supervised person
20 provides the services described under (23)(A)(i) of this section to natural persons;

21 (19) "federal covered adviser" means a person who is registered with
22 the United States Securities and Exchange Commission under 15 U.S.C. 80b-3
23 (Investment Advisers Act of 1940); "federal covered adviser" does not include a person
24 that is excluded from the definition of "state investment adviser" under (35)(B) of this
25 section;

26 (20) "federal covered security" means a security that is a covered
27 security under 15 U.S.C. 77r(b), as amended (Securities Act of 1933), or regulations
28 adopted under that Act;

29 (21) "Federal Deposit Insurance Act" means 12 U.S.C. 1811 - 1835a;

30 (22) "Home Owners' Loan Act" means 12 U.S.C. 1461 - 1470;

31 (23) "investment adviser representative"

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(A) means a natural person who

(i) makes a recommendation or otherwise renders advice regarding securities; manages accounts or portfolios of clients; determines which recommendation or advice regarding securities should be given; solicits, offers, or negotiates for the sale of or sells advisory services; or supervises employees who perform an activity described in this sub-subparagraph; and

(ii) is a supervised person of a state investment adviser that is registered or required to be registered under this chapter if a substantial portion of the business of the supervised person is providing to clients who are natural persons the service described in (i) of this subparagraph, or who has a place of business located in this state and is a supervised person of a federal covered adviser if a substantial portion of the business of the supervised person is providing to clients who are natural persons the services described in (i) of this subparagraph;

(B) means other persons who are not otherwise covered by this paragraph but who are designated by regulation or order of the administrator;

(C) except persons covered by (37)(A)(ii) of this section, does not include a person that would not be defined as an investment adviser representative under 17 C.F.R. 275.203A-3 adopted under 15 U.S.C. 80b-3a (Investment Advisers Act of 1940);

(24) "Investment Advisers Act of 1940" means 15 U.S.C. 80b-1 - 80b-21;

(25) "investment advisory business" means a business in which a person receives compensation primarily for providing advisory services;

(26) "investment advisory contract" means a contract in which one person receives consideration from another person primarily for providing advisory services;

(27) "Investment Company Act of 1940" means 15 U.S.C. 80a-1 - 80a-64;

1 (28) "NASDAQ" means National Association of Securities Dealers
2 Automatic Quotation System;

3 (29) "National Securities Markets Improvement Act of 1996" means
4 P.L. 104 - 290, 101 Stat. 3416 - 3440;

5 (30) "notice filing" means a filing made under AS 45.55.040(h) or
6 45.55.075 unless the context indicates otherwise;

7 (31) "place of business" of a state investment adviser, investment
8 adviser representative, or federal covered adviser means

9 (A) an office at which the state investment adviser, federal
10 covered adviser, or investment adviser representative regularly provides
11 advisory services, solicits, meets with, or otherwise communicates with clients;
12 and

13 (B) another location that is held out to the general public as a
14 location at which the state investment adviser, federal covered adviser, or
15 investment adviser representative provides advisory services, solicits, meets
16 with, or otherwise communicates with clients;

17 (32) "principal place of business" of a state investment adviser,
18 investment adviser representative, or federal covered adviser means the executive
19 office of the state investment adviser, investment adviser representative, or federal
20 covered adviser from which the officers, partners, or managers of the state investment
21 adviser, investment adviser representative, or federal covered adviser direct, control,
22 and coordinate the activities of the state investment adviser, investment adviser
23 representative, or federal covered adviser;

24 (33) "Securities Exchange Act of 1934" means 15 U.S.C. 78a - 78III;

25 (34) "securities business" means a business that provides the services
26 provided by

27 (A) state investment advisers, federal covered advisers, or
28 investment adviser representatives; or

29 (B) broker-dealers, issuers, or agents of broker-dealers or
30 issuers;

31 (35) "state investment adviser"

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(A) means

(i) a person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities, or who, for compensation, engages in this state in the business of managing an investment or trading account in securities for other persons;

(ii) a financial planner or other person who, as an integral component of other financially related services, provides the services described in (i) of this subparagraph to others for compensation and as part of a business or who holds out to provide the services described in (i) of this subparagraph to others for compensation;

(B) does not include

(i) an investment adviser representative;

(ii) a bank or a bank holding company as defined in 12 U.S.C. 1841 (Bank Holding Company Act of 1956) that is not an investment company, savings institution, or trust company;

(iii) a lawyer, an accountant, an engineer, or a teacher whose performance of the services described in (A)(i) of this paragraph is incidental to the practice of the person's profession;

(iv) a broker-dealer or its agent whose performance of the services described in (A)(i) of this paragraph is incidental to the conduct of business as a broker-dealer or an agent and who receives no special compensation for the services;

(v) a publisher of a bona fide newspaper, news column, newsletter, news magazine, or business or financial publication or service, whether communicated in hard copy form, by electronic means, or otherwise, that does not consist of the rendering of advice on the basis of the specific investment situation of each client;

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(vi) a person that is a federal covered adviser;

(vii) a person whose sole clients are the person's spouse, parents, children, or siblings by blood or adoption, and who does not hold out to provide the services described in (A)(i) of this paragraph to the general public;

(viii) other persons not within the intent of this paragraph whom the administrator may designate by regulation or order;

(36) "substantial portion of the business" means that more than 10 percent of the clients of a supervised person during the preceding 12 months are clients who are natural persons to whom the supervised person is providing the services described in (23)(A)(i) of this section;

(37) "supervised person"

(A) means

(i) a partner, an officer, a director, or another person occupying a similar status or performing similar functions, an employee of a state investment adviser or federal covered adviser, or another person who provides services described in (23)(A)(i) of this section to clients on behalf of the state investment adviser or federal covered adviser if the person is subject to the supervision and control of the state investment adviser or federal covered adviser;

(ii) a third-party natural person employed primarily to solicit, offer, or negotiate for the sale of or to sell the services described in (23)(A)(i) of this section for a state investment adviser or federal covered adviser, even if the person is not subject to the supervision or control of the state investment adviser or federal covered adviser;

(B) does not include a person who

(i) does not on a regular basis solicit, meet with, or otherwise communicate with clients of a state investment adviser or federal covered adviser as a normal and ordinary part of the duties of the person; or

(ii) provides the services described in (23)(A)(i) of this

1 section only by means of written material or oral statements that do not
2 claim to meet the objectives or needs of specific individuals or
3 accounts.

4 * **Sec. 76.** AS 45.55.995 is amended to read:

5 **Sec. 45.55.995. Short title.** This chapter may be cited as the Alaska Securities
6 Act [OF 1959].

7 * **Sec. 77.** AS 45.55.020(d) and 45.55.990(6) are repealed.

8 * **Sec. 78. TRANSITION: REGULATIONS.** Notwithstanding sec. 82 of this Act, the
9 Department of Commerce and Economic Development may immediately proceed to adopt
10 regulations necessary to implement the changes made by this Act. The regulations take effect
11 under AS 44.62 (Administrative Procedure Act), but not before November 1, 1998.

12 * **Sec. 79.** Section 3 of this Act takes effect only if AS' 25.27.244(s)(2) is repealed and
13 reenacted under sec. 148(c), ch. 87, SLA 1997.

14 * **Sec. 80.** Section 78 of this Act takes effect immediately under AS 01.10.070(c).

15 * **Sec. 81.** If sec. 3 of this Act takes effect, it takes effect on the effective date of the
16 repeal and reenactment of AS 25.27.244(s)(2) under sec. 148(c), ch. 87, SLA 1997.

17 * **Sec. 82.** Except as provided in secs. 80 and 81 of this Act, this Act takes effect
18 November 1, 1998.

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

LSC Pm 24
P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

MAY 08 1997

May 8, 1997

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Phillips:

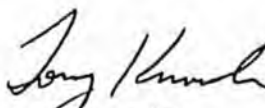
On this date I have signed the following bill and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

House Bill 118 am

"An Act relating to reporting and other requirements of certain employment accidents; and providing for an effective date."

Chapter No 22, SLA 1997

Sincerely,


Tony Knowles
Governor

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 8, 1997

The Honorable Mike Miller
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Miller:

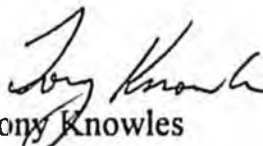
On this date I have signed the following bill and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

House Bill 118 am

"An Act relating to reporting and other requirements of certain employment accidents; and providing for an effective date."

Chapter No. 22, SLA 1997

Sincerely,


Tony Knowles
Governor



LAWS OF ALASKA

1997

Source
HB 118 am

Chapter No.
22

AN ACT

Relating to reporting and other requirements of certain employment accidents; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Relating to reporting and other requirements of certain employment accidents; and providing
2 for an effective date.

3

4 * Section 1. AS 18.60.058 is amended to read:

5 **Sec. 18.60.058. Reporting of injuries and illnesses.** (a) In the event of an
6 employment accident that is fatal to one or more employees or that results in the in-
7 patient [OVERNIGHT] hospitalization of one or more employees, the employer shall
8 report the accident orally by telephone [, TELEGRAM, RADIO,] or in person to the
9 nearest office of the division of labor standards and safety or by telephone to the
10 federal toll-free number provided by the division. The report must relate the name
11 of the establishment, the location of the accident, the time of the accident, a
12 contact person and the telephone number of the contact person, a brief
13 description [CIRCUMSTANCES] of the accident, the number of fatalities or
14 hospitalized employees, and the extent of any injuries. The report must be made

1 immediately but in no event later than eight [24] hours after receipt by the employer
2 of information that the accident has occurred. However, if the employer first
3 receives information of a fatality or in-patient hospitalization of one or more
4 employees eight or more hours after the accident but within 30 days after the
5 accident, the employer must make the report within eight hours after receiving
6 information of the fatality or in-patient hospitalization. This subsection does not
7 apply to an employer that first receives information of a fatality or in-patient
8 hospitalization more than 30 days after the accident.

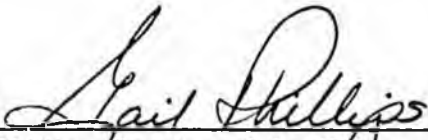
9 (b) In the event of an employment accident that is fatal to one or more
10 employees or that results in in-patient [THE OVERNIGHT] hospitalization of two or
11 more employees, equipment, material, or product related to the injury or fatality may
12 not be moved or altered until clearance is given by the department, except when
13 compliance with this requirement would interfere for an unreasonable length of time
14 with work or create additional hazards. If equipment, material, or products must be
15 moved or altered before department clearance, the employer shall submit a detailed
16 investigative report of the accident to the division.

17 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

AUTHENTICATION

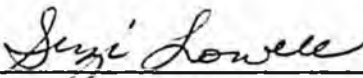
The following officers of the Legislature certify that the attached enrolled bill, HB 118 am, consisting of 2 pages, was passed in conformity with the requirements of the constitution and laws of the State of Alaska and the Uniform Rules of the Legislature.

Passed by the House March 10, 1997



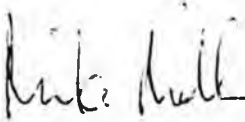
Gail Phillips, Speaker of the House

ATTEST:



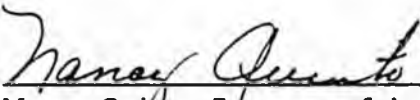
Suzi Lowell, Chief Clerk of the House

Passed by the Senate April 25, 1997



Mike Miller, President of the Senate

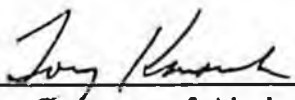
ATTEST:



Nancy Quijto, Secretary of the Senate

ACTION BY GOVERNOR

Approved by the Governor _____ May 8 1997



Tony Knowles, Governor of Alaska

TONY KNOWLES
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

L&C (Rm 24)
P O Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

MAY 08 1997

May 8, 1997

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Phillips:

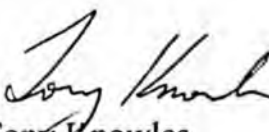
On this date I have signed the following bill and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CS for House Bill 117(L&C)

"An Act relating to boiler and pressure vessel inspection standards;
relating to elevator safety and inspection standards;
and providing for an effective date."

Chapter No. 21, SLA 1997

Sincerely,


Tony Knowles
Governor

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 8, 1997

The Honorable Mike Miller
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Miller:

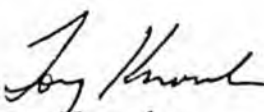
On this date I have signed the following bill and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CS for House Bill 117(L&C)

"An Act relating to boiler and pressure vessel inspection standards;
relating to elevator safety and inspection standards;
and providing for an effective date."

Chapter No. 21, SLA 1997

Sincerely,


Tony Knowles
Governor



LAWS OF ALASKA

1997

Source
CSHB 117(L&C)

Chapter No.
21

AN ACT

Relating to boiler and pressure vessel inspection standards; relating to elevator safety and inspection standards; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Relating to boiler and pressure vessel inspection standards; relating to elevator safety and
2 inspection standards; and providing for an effective date.

3

4 * Section 1. AS 18.60.315 is amended to read:

5 **Sec. 18.60.315. Inspection standards. Unless the Department of Labor**
6 **establishes by regulation a different edition, the most current** [THE 1992] edition
7 of the National Board Inspection Code Manual for Boiler and Pressure Vessel
8 Inspectors constitutes the minimum boiler and pressure vessel inspection standard of
9 the state for boilers and pressure vessels after they have received their initial inspection
10 certificates from the Department of Labor. The Department of Labor may adopt
11 regulations for the maximum practical implementation of the manual and may grant
12 an exception from a specific provision of the manual when the department determines
13 that the implementation of the provision would be impractical.

14 * Sec. 2. AS 18.60.800(a) is amended to read:

1 (a) Unless the Department of Labor establishes by regulation a different
2 edition, the most current [EXCEPT AS PROVIDED IN THIS SUBSECTION, THE
3 1990] edition of the American Society of Mechanical Engineers [A17.1 - 1990] Safety
4 Code for Elevators and Escalators published by the American Society of Mechanical
5 Engineers constitutes [IS ADOPTED AS] the minimum elevator safety code in the
6 state. Section 1001.1, Inspection and Test Periods, [AND PART XXII, SHIPBOARD
7 ELEVATORS,] of the American Society of Mechanical Engineers Safety Code for
8 Elevators and Escalators is [, ARE] not adopted as a part of the minimum elevator
9 safety code in the state.

10 * Sec. 3. AS 18.60.800(c) is amended to read:

11 (c) Inspections of elevators by the department shall be performed in
12 accordance with the procedures set out in the most recent edition of the National
13 Standard Practice for the Inspection of Elevators and Escalators published by the
14 American Society of Mechanical Engineers [INSPECTOR'S MANUAL FOR
15 ELEVATORS AND ESCALATORS - ANSI/ASME A17.2 AS APPROVED IN 1988].

16 * Sec. 4. AS 18.60.800(d) is amended to read:

17 (d) A municipality may adopt the standards established by [IN] this section or
18 prescribe standards more stringent than those established by [IN] this section.

19 * Sec. 5. REGULATIONS. The Department of Labor may adopt regulations to implement
20 AS 18.60.315 and 18.60.800(a) and (c), as amended by secs. 1 - 3 of this Act. The
21 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the
22 effective date of secs. 1 - 3 of this Act.


23 * Sec. 6. Sections 1 - 4 of this Act take effect January 1, 1998.

24 * Sec. 7. Section 5 of this Act takes effect immediately under AS 01.10.070(c).

AUTHENTICATION


The following officers of the Legislature certify that the attached enrolled bill, CSHB 117(L&C), consisting of 2 pages, was passed in conformity with the requirements of the constitution and laws of the State of Alaska and the Uniform Rules of the Legislature.

Passed by the House March 6, 1997



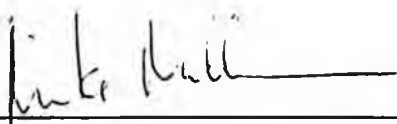
Gail Phillips, Speaker of the House

ATTEST:



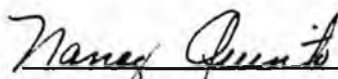
Suzi Lowell, Chief Clerk of the House

Passed by the Senate April 25, 1997



Mike Miller, President of the Senate

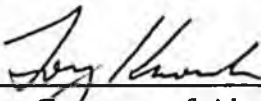
ATTEST:



Nancy Quinto, Secretary of the Senate

ACTION BY GOVERNOR

Approved by the Governor _____ May 8 1997



Tony Knowles, Governor of Alaska

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN
REPRESENTATIVE BILL HUDSON
REPRESENTATIVE JOE RYAN
REPRESENTATIVE JERRY SANDERS
REPRESENTATIVE TOM BRICE
REPRESENTATIVE GEN^E KUBINA
COMMITTEE HEARING ROOM 17 STATE CAPITOL



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 258-8191
FAX: (907) 258-2916

SESSION:
STATE CAPITOL, ROOM 24
JUNEAU, AK 99801-1182
PHONE: (907) 465-4954
FAX: (907) 465-2040

Labor and Commerce Committee


MEMORANDUM

TO: Susie Lowell, Chief Clerk

FROM: Representative Norman Rokeberg, Chairman
House Labor and Commerce Committee

DATE: May 6, 1997

SUBJECT: House Labor & Commerce Committee Meeting Schedule



**** REVISED PUBLIC NOTICE ****

Wednesday, May 7, 1997, at 3:15 pm Room 17, Capitol Building

Governor Appointment to Barber & Hairdresser Board
*SB 126 State Employees RIP Amendments
HB 209 Project Labor Agreements on Public Construction
Bills Held From Previous Calendars

Friday, May 9, 1997, at 3:15 pm Room 17, Capitol Building

NO MEETING SCHEDULED

*Bill's First Hearing

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN
REPRESENTATIVE BILL HUDSON
REPRESENTATIVE JOE RYAN
REPRESENTATIVE JERRY SANDERS
REPRESENTATIVE TOM BRICE
REPRESENTATIVE GENE KUBINA
COMMITTEE HEARING ROOM 17 STATE CAPITOL



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SESSION:
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JUNEAU, AK 99801-1182
PHONE: (907) 465-4954
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Labor and Commerce Committee


MEMORANDUM

TO: Susie Lowell, Chief Clerk

FROM: Representative Norman Rokeberg, Chairman
House Labor and Commerce Committee

DATE: May 6, 1997

SUBJECT: House Labor & Commerce Committee Meeting Schedule



**** REVISED PUBLIC NOTICE ****

Wednesday, May 7, 1997, at 3:15 pm Room 17, Capitol Building

Governor Appointment to Barber & Hairdresser Board
*SB 126 State Employees RIP Amendments
HB 209 Project Labor Agreements on Public Construction
Bills Held From Previous Calendars

Friday, May 9, 1997, at 3:15 pm Room 17, Capitol Building

NO MEETING SCHEDULED

*Bill's First Hearing

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN
REPRESENTATIVE BILL HUDSON
REPRESENTATIVE JOE RYAN
REPRESENTATIVE JERRY SANDERS
REPRESENTATIVE TOM BRICE
REPRESENTATIVE GENE KUBINA
COMMITTEE HEARING ROOM 17 STATE CAPITOL




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SESSION:
STATE CAPITOL, ROOM 24
JUNEAU, AK 99801-1182
PHONE: (907) 465-4954
FAX: (907) 465-2040

Labor and Commerce Committee

MEMORANDUM

TO: Susie Lowell, Chief Clerk

FROM: Representative Norman Rokeberg, Chairman
House Labor and Commerce Committee 

DATE: May 2, 1997

SUBJECT: House Labor & Commerce Committee Meeting Schedule

**** REVISED PUBLIC NOTICE ****

Friday, May 2, 1997, at 3:15 pm Room 17, Capitol Building

*****MEETING CANCELLED*****

*SB 88 Board of Public Accountancy Sunset
HB 178 Uniform Commercial Code: Letters of Credit
*HB 142 Business Practice Regulations
*SB 126 State Employees RIP Amendments
Bills Held From Previous Calendars

Monday, May 5, 1997, at 3:15 pm Room 17, Capitol Building

OVERSIGHT HEARING STATE RECORDER'S OFFICE

*SB 88 Board of Public Accountancy Sunset
HB 203 Actions for UnLawful Trade Practices
*HB 142 Business Practice Regulations
*SB 126 State Employees RIP Amendments
HB 178 Uniform Commercial Code: Letters of Credit

TELECONFERENCE

Bills Held From Previous Calendars

Wednesday, May 7, 1997, at 3:15 pm Room 17, Capitol Building

Governor Appointment to Barber & Hairdresser Board
Bills Held From Previous Calendars

*Bill's First Hearing

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBLRG, CHAIRMAN
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN
REPRESENTATIVE BILL HUDSON
REPRESENTATIVE JOE RYAN
REPRESENTATIVE JERRY SANDERS
REPRESENTATIVE TOM BRICE
REPRESENTATIVE GENE KUBINA
COMMITTEE HEARING ROOM 17 STATE CAPITOL



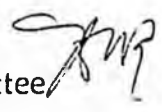
INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 258-8191
FAX: (907) 258-2916

SESSION:
STATE CAPITOL ROOM 24
JUNEAU, AK 99801-1182
PHONE: (907) 465-4954
FAX: (907) 465-2040

Labor and Commerce Committee

MEMORANDUM

TO: Suzi Lowell, Chief Clerk
House of Representatives

FROM: Rep. Norman Rokeberg
Chairman, House Labor & Commerce Committee 

DATE: May 2, 1997

RE: Committee Schedule

Monday, May 5, 1997

HB 203 - Actions for Unlawful Trade Practices

Oversight Hearing - Deprivatization of State Recorder's Office Activities
(teleconferenced)

Bills Held From Previous Calendars

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN
REPRESENTATIVE BILL HUDSON
REPRESENTATIVE JOE RYAN
REPRESENTATIVE JERRY SANDERS
REPRESENTATIVE TOM BRICE
REPRESENTATIVE GENE KUBINA
COMMITTEE HEARING ROOM 17 STATE CAPITOL



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
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SESSION:
STATE CAPITOL ROOM 24
JUNEAU, AK 99801-1182
PHONE: (907) 465-4954
FAX: (907) 465-2040

Labor and Commerce Committee

MEMORANDUM

TO: Suzi Lowell, Chief Clerk
House of Representatives

FROM: Rep. Norman Rokeberg
Chairman, House Labor & Commerce Committee *[Signature]*

DATE: May 1, 1997

RE: Committee Schedule for Friday, May 2, 1997

Please make the following changes to the House Labor & Commerce Committee schedule for Friday, May 2, 1997:

Delete: HB 78 - Amend Definition of Program Receipts

Add: SB 126 - State Employees RIP Amendments

This means that the committee schedule for Friday, May 2, 1997 will be:

HB 142 - Business Practice Regulations (first hearing)
SB 88 - Board of Public Accountancy (first hearing in House)
SB 126 - State Employees RIP Amendments (first hearing in House)
HB 178 - Uniform Commercial Code: Letters of Credit
Bills Held From Previous Calendars

All other items (time, location, etc.) remain the same

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN
REPRESENTATIVE BILL HUDSON
REPRESENTATIVE JOE RYAN
REPRESENTATIVE JERRY SANDERS
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REPRESENTATIVE GENE KUBINA
COMMITTEE HEARING ROOM 17 STATE CAPITOL



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SESSION:
STATE CAPITOL, ROOM 24
JUNEAU, AK 99801-1182
PHONE: (907) 465-4954
FAX: (907) 465-2040

Labor and Commerce Committee

MEMORANDUM

TO: Suzi Lowell, Chief Clerk
House of Representatives

FROM: Rep. Norman Rokeberg *Norman Rokeberg / jr*
Chairman, House Labor & Commerce

DATE: May 1, 1997

RE: Committee Schedule

Please add the following to the House Labor & Commerce Committee schedule for tomorrow, May 2, 1997:

SB 88 Board of Public Accountancy

If you have any questions, please advise.

HNR:jss

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN
REPRESENTATIVE BILL HUDSON
REPRESENTATIVE JOE RYAN
REPRESENTATIVE JERRY SANDERS
REPRESENTATIVE TOM BRICE
REPRESENTATIVE GENE KUBINA
COMMITTEE HEARING ROOM 17 STATE CAPITOL



INTERIM:
718 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 258-8191
FAX: (907) 258-2316

SESSION:
STATE CAPITOL, ROOM 24
JUNEAU, AK 99801-1182
PHONE: (907) 465-4954
FAX: (907) 465-2040

Labor and Commerce Committee

MEMORANDUM

TO: Suzi Lowell, Chief Clerk
House of Representatives

FROM: Rep. Norman Rokeberg *Norman Rokeberg/lp*
Chairman, House Labor & Commerce Committee

DATE: April 30, 1997

RE: House Labor & Commerce Committee Schedule

Please add the following bill to the House Labor & Commerce Committee schedule for Friday, May 2, 1997:

HB 178 Uniform Commerce Code: Letters of Credit

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN
REPRESENTATIVE BILL HUDSON
REPRESENTATIVE JOE RYAN
REPRESENTATIVE JERRY SANDERS
REPRESENTATIVE TOM BRICE
REPRESENTATIVE GENE KUBINA
COMMITTEE HEARING ROOM 17 STATE CAPITOL



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 258-8191
FAX: (907) 258-2916

SESSION:
STATE CAPITOL, ROOM 24
JUNEAU, AK 99801-1102
PHONE: (907) 465-4954
FAX: (907) 465-2040

MEMORANDUM

Labor and Commerce Committee

TO: Susie Lowell, Chief Clerk

FROM: Representative Norman Rokeberg, Chairman *NR*
House Labor and Commerce Committee

DATE: April 23, 1997

SUBJECT: House Labor & Commerce Committee Meeting Schedule

**** REVISED PUBLIC NOTICE ****

Wednesday, April 23, 1997, at 3:15 pm Room 17, Capitol Building

HB 136 Board of Physical Therapy & Occupational Therapy
(BILL CANCELLED)
HB 116 Workers Compensation Self Insurance Group
*HB 192 Chemical Dependency Counselors
*HB 203 Unfair Trade Practices
HB 218 Omnibus Insurance Bill

Teleconference

Bills Held From Previous Calendars

Friday, April 25, 1997, at 3:15 pm Room 17, Capitol Building

*SB 89 Board of Barbers & Hairdressers
*SB 91 Board of Physical Therapy & Occupational Therapy (Pending Referral)
HB 178 Uniform Commercial Code: Letters of Credit
HB 218 Omnibus Insurance Bill
*HB 209 Project Labor Agreements on Public Construction

Teleconference

Bills Held From Previous Calendars

Monday, April 28, 1997, at 4:30 pm Room 17, Capitol Building *3:30*

HB 218 Omnibus Insurance Bill
*HB 223 No Overtime Exempt For Contract Flextime

Bills Held From Previous Calendars

Wednesday, April 30, 1997, at 3:30 pm Room 17, Capitol Building *3:30*

HB 218 Omnibus Insurance Bill, *HB 206 + HB 209*
Bills Held From Previous Calendars

Friday, May 2, 1997, at 3:15 pm Room 17, Capitol Building

*HB 142 Business Practice Regulations
*HB 78 Amend Definition of Program Receipts *107133*
Bills Held From Previous Calendars

*Bill's First Hearing

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN
REPRESENTATIVE BILL HUDSON
REPRESENTATIVE JOERYAN
REPRESENTATIVE JERRY SANDERS
REPRESENTATIVE TOM BRICE
REPRESENTATIVE GENE KUBINA
COMMITTEE HEARING ROOM 17 STATE CAPITOL



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 258-8191
FAX: (907) 258-2916

SESSION:
STATE CAPITOL, ROOM 24
JUNEAU, AK 99801-1182
PHONE: (907) 465-4954
FAX: (907) 465-2040

MEMORANDUM

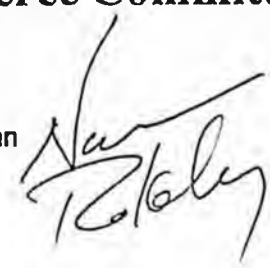
Labor and Commerce Committee

TO: Susie Lowell, Chief Clerk

FROM: Representative Norman Rokeberg, Chairman
House Labor and Commerce Committee

DATE: April 17, 1997

SUBJECT: House Labor & Commerce Committee Meeting Schedule



**** PUBLIC NOTICE ****

Friday, April 18, 1997, at 3:15 pm Room 17, Capitol Building

****REVISED****

HB 134 Barbers and Hairdressers
HB 189 Restrict Tobacco Sales/Possession
HB 218 Omnibus Insurance Bill
*HB 199 Community Property
HB 116 Workers Compensation Self Insurance Group
Teleconference
Bills Held From Previous Calendars

Monday, April 21, 1997, at 4:30 pm Room 17, Capitol Building

****NOTE TIME CHANGE****

Boards and Commissions Appointments
Bills Held From Previous Calendars

Wednesday, April 23, 1997, at 3:15 pm Room 17, Capitol Building

HB 136 Board of Physical Therapy & Occupational Therapy
HB 218 Omnibus Insurance Bill
*HB 203 Unfair Trade Practices
*HB 192 Chemical Dependency Counselors
Teleconference
Bills Held From Previous Calendars

Friday, April 25, 1997, at 3:15 pm Room 17, Capitol Building

HB 178 Uniform Commercial Code: Letters of Credit
HB 218 Omnibus Insurance Bill
*HB 209 Project Labor Agreements on Public Construction
Teleconference
Bills Held From Previous Calendars
*Bill's First Hearing

APR 25 1997



Chief Clerk's Office
House of Representatives
State Capitol, Room 214
Juneau, AK 99801-1182

ph# (907) 465-3725
fax# (907) 465-5334

Shirley -
Our records indicate
that one board &
commission appointment
is still outstanding.
Attached is the memo
~~we~~ we sent to you on
3/11.

Suzi



Alaska State Legislature
House of Representatives
Office of the Chief Clerk

Official Business

State Capitol, Rm 214
Juneau, AK 99801-1182
(907) 465-3725

MEMORANDUM

Date: March 10, 1997
TO: Labor & Commerce Committee
FROM: Suzi Lowell
Chief Clerk
SUBJECT: Governor's Appointment

Speaker Phillips referred the following Governor's appointment to the Labor and Commerce Committee:

Board of Barbers and Hairdressers

Rosalyn C. Wyche - Anchorage

Appointed: 03/03/97 Expires: 07/01/99

Attached is her resume and a committee report for your use.

Attachments as noted.



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

State Capitol
Juneau, AK 99801-1182

Date: _____

The Honorable Gail Phillips
Speaker of the House
State Capitol
Juneau, AK 99801

Dear Madam Speaker:

In accordance with AS 39.05.080, the Labor and Commerce Committee has reviewed the qualifications of the following and recommends that the appointment be forwarded to a joint session for consideration:

Board of Barbers and Hairdressers

Rosalyn C. Wyche - Anchorage

Appointed: 03/03/97 Expires: 07/01/99

This does not reflect an intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Rep. Norman Rokeberg, Chair

Rep. John Cowdery, Vice Chair

Rep. Bill Hudson

Rep. Jerry Sanders

Rep. Joe Ryan

Rep. Tom Brice

Rep. Gene Kubina

March 26th 4/3/97p
minutes

HOUSE RECORDS OFFICE ROUTE SLIP
GOLDSTEIN BUILDING
ROOM 211

APR 03 1997

TO: Shirley Armstrong Lady DATE: 4/3/97

COMMITTEE: Labor & Commerce

Approved as is

Approved with changes

For your files

For your information

REMARKS:

Please Review for changes -

FROM: Phyllis Jamie PHONE: 2627

SB 14
updates on K-K

4/3/97p

HOUSE RECORDS OFFICE ROUTE SLIP
GOLDSTEIN BUILDING
ROOM 211

APR 03 1997

TO: Shirley Armstrong Lady DATE: 4/3/97
COMMITTEE: Labor & Commerce

() Approved as is

~~Approved with changes~~ *Make change
and send
back*

() For your files

() For your information

REMARKS:

Please Review for changes -

FROM: Ann W. Jamie PHONE: 2627

March 27th records 4/2/97

HOUSE RECORDS OFFICE ROUTE SLIP
GOLDSTEIN BUILDING
ROOM 211

TO: S. Shirley DATE: 4-2-97

COMMITTEE: L & C

- Approved as is
- Approved with changes
- For your files
- For your information

REMARKS:

DRAFT

DRAFT

FROM: Cathy PHONE: 2214

March 14th Minutes

4/3/97 9:15 AM

HOUSE RECORDS OFFICE ROUTE SLIP
GOLDSTEIN BUILDING
ROOM 211

APR 03 1997

TO: Shirley Armstrong DATE: 4/2/97

COMMITTEE: LSC

- Approved as is Approved with changes
 For your files For your information

REMARKS: Please review for changes.

FROM: Dorcas - Jamie PHONE: 2627

4/2/97p March 19th minutes

MAR 27 1997

HOUSE RECORDS OFFICE ROUTE SLIP
GOLDSTEIN BUILDING
ROOM 211

TO: Shirley DATE: 3-27-97
COMMITTEE: LAC

- Approved as is
- Approved with changes
- For your files
- For your information

DRAFT

REMARKS:
Shirley, I skipped ahead and did these minutes as all 3 of these bills are in Rules and won't be scheduled until the minutes are in Basis.

FROM: Cathy PHONE: 2214

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, AND CORPORATIONS

TONY KNOWLES, GOVERNOR

333 Willoughby Avenue, 9th Floor

P.O. BOX 110807

JUNEAU, ALASKA 99811-0807

Banking & Securities (907) 465-2521

Corporation Section (907) 465-2530

ANCHORAGE

Corporation Information (907) 269-8140

TDD: (907) 465-5437

April 16, 1998

The Honorable Norman Rokeberg
Chairman, House Labor and Commerce Committee
Alaska House of Representatives
State Capitol Room 24
Juneau, AK 99801-1182

Dear Chairman Rokeberg:

Re: Corrective amendments to HB 486

The Division Banking, Securities and Corporations thanks the House Labor & Commerce Committee for introducing HB 486 to amend the Alaska Securities Act (AS 45.55). We reviewed the draft bill completed by Legislative Counsel at the request of Committee staff, and suggest the following corrective amendments:

1. (Section 1, page 2, line 14) Replace current AS 14.43.148(h)(1)(A)(xiii) with the following:

(xiii) registration as a broker-dealer, an agent, a state [OR] investment adviser, or an investment adviser representative under AS 45.55.030;

Since we will also register investment adviser representatives of federal covered advisers, who could be delinquent in student loan payments, this section should just refer to investment adviser representatives.

2. (Section 2, page 3, line 24) Replace current AS 25.27.244(s)(2)(A)(xii) with the following:

(xii) registration as a broker-dealer, an agent, a state [OR] investment adviser, or an investment adviser representative under AS 45.55.030;

Since we will also register investment adviser representatives of federal covered advisers, who could be out of compliance with child support enforcement, this section should just refer to investment adviser representatives.

Handwritten notes:
must be also used
because of
applying
no more
state
57 federal
investment

3. (Section 3, page 5, line 5) Replace current AS 25.27.244(s)(2)(A)(xii) with the following:

(xii) registration as a broker-dealer, an agent, a state [OR] investment adviser, or an investment adviser representative under AS 45.55.030;

Same as number 2, above.

4. (Section 4, page 5, line 30) Replace current AS 37.23.050(a)(2) with the following:

(2) a state [AN] investment adviser registered under AS 45.55.030 [AND UNDER 15 U.S.C. 80b-3 (INVESTMENT ADVISERS ACT OF 1940)] or a federal covered adviser that has made a notice filing under AS 45.55.040(h);

Since state investment advisers will no longer register with the Securities and Exchange Commission, that language should be deleted. Without this change, a state investment adviser could not provide services to public entities participating in an investment pool.

5. (Section 29, page 32, line 12) Replace current AS 45.55.060(d)(6) with the following:

(6) the administrator may by regulation provide for an examination, which may be written or oral or both, to be taken by any class of or all applicants, [AS WELL AS PERSONS WHO REPRESENT OR WILL REPRESENT AN INVESTMENT ADVISER IN DOING ANY OF THE ACTS WHICH MAKE THE INVESTMENT ADVISER AN INVESTMENT ADVISER] including applicants for registration as investment adviser representatives of state investment advisers or federal covered advisers, if [PROVIDED THAT] examinations required by this paragraph are not required of a registrant under this chapter who was doing business in this state and was a resident of this state on May 9, 1959.

The current language allows us to require a qualifying examination for investment adviser representatives of state investment advisers only. This amendment is needed to require the same examination for representatives of federal covered advisers as well.

6. (Section 46, page 39, line 20) Replace current AS 45.55.900(a)(5) with the following:

(5) a security issued in connection with an employee's stock purchase, savings, pension, profit-sharing, or similar employee's benefit plan, or a security issued by or an interest or participation in a church plan, company, or account that is excluded from the definition of an investment company under 15 U.S.C. 80a-3(c)(14) (Investment Company Act of 1940);

The current language incorrectly refers to the Investment Advisers Act of 1940. This amendment is needed to correct the reference to the Investment Company Act of 1940.

7. (Section 47, page 44, line 7) Replace current AS 45.55.900(b)(5)(C)(i) with the following:

(i) the persons are promoters as the administrator may define “promoter” by regulation or order; and

The current language includes the word, “promotor.” This amendment is needed to correct the spelling to “promoter.”

8. (Section 47, page 44, line 18) Replace current AS 45.55.900(b)(5)(D)(ii) with the following:

(ii) the seller provides full access to the buyer of the books and records of the enterprise or business; and

Legislative Counsel had changed “buyer or buyers” and “seller or sellers” to “buyer” and “seller” in (D) and (D)(i). This amendment makes the same change to (D)(ii).

9. (Section 47, page 52, line 2) Replace current AS 45.55.900(b)(18)(H) with the following:

(H) dissemination of the general announcement of the proposed offering to persons who are not accredited investors will not disqualify the issuer from claiming this exemption;

Current language “disqualifies” the issuer from the exemption for disseminating the general announcement. That is a typographical error. This amendment restores the section to the uniform language as drafted by NASAA so that the general announcement “will not disqualify” the issuer from using this exemption.

10. (Section 68, page 58, line 25) Replace current AS 45.55.980(f) with the following:

(f) AS 45.55.020, 45.55.023, 45.55.030(c), 45.55.030(e), 45.55.040(h), and 45.55.170, so far as state investment advisers, federal covered advisers, and investment adviser representatives are concerned, apply when any act instrumental in effecting prohibited conduct is done in this state, regardless of whether [OR NOT] either party is then present in this state.

Current language, based on an earlier draft of the bill, deletes reference to AS 45.55.030(c) and adds, among others, AS 45.55.030(d). This amendment removes that deletion of 030(c) and deletes the reference to 030(d) to reflect the current draft of the bill.

11. (Section 75, page 63, line 17) Add to AS 45.55.990(23) a new section (C) as follows:

(C) except for (37)(A)(ii) of this section, "investment adviser representative" does not include a person that would not be defined as an investment adviser representative under 17 C.F.R. 275.203A-3 adopted under 15 U.S.C. 80b-3A (Investment Advisors Act of 1940).

refers to solicitors

Since NSMIA provides that the SEC defines investment adviser representatives, this amendment is needed to keep our definition current with the SEC definition.

12. (Section 78, page 67, line 6) Change the date from November 1, 1999 to November 1, 1998.

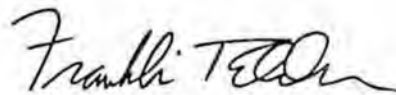
This amendment is needed so our regulations will take effect before October 11, 1999 to avoid preemption by NSMIA.

13. (Section 82, page 67, line 13) Change the date from November 1, 1999 to November 1, 1998.

This amendment is needed so our regulations will take effect before October 11, 1999 to avoid preemption by NSMIA.

We appreciate the work of Legislative Counsel in preparing HB 486. They worked closely with us. The amendments listed in this letter are small, but necessary corrective changes to the current draft of the bill. The solid work of Legislative Counsel is reflected in this short list of corrective amendments.

Yours truly,



Franklin T. Elder
Senior Securities Examiner



NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

10 G Street N.E., Suite 710
Washington, DC 20002
202/737-0900

Telecopier: 202/783-3571

E-mail: general@nasaa.org

Web Address: <http://www.nasaa.org>

NEAL F. SULLIVAN

Executive Director

E-mail: nes@nasaa.org

23 April, 1998

Mr. Franklin Terry Elder
Division of Banking, Securities & Corporations
State Office Building, 9th Floor
333 Willoughby Avenue
P.O. Box 110807
Juneau, Alaska 99811

Dear Mr. Elder:

I write to report on the status of state legislative and regulatory actions in order to ensure state compliance with changes in federal law.

As of this date, 36 states have amended their statutes; two other states' bills have passed their legislatures (Colorado and Iowa) and await their Governor's signature. The State of Texas also promulgated regulations to comply with federal law, for a total of 39. In addition, Ohio has introduced conforming legislation, which it expects will pass both houses of the legislature this spring.

As you know, NASAA has been very supportive of its members' corrective legislation. Alaska is no exception. Please feel free to contact me directly if we can be of any assistance.

Sincerely,

Neal E. Sullivan
Executive Director

/er



STATE OF ALASKA

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

TONY KNOWLES, GOVERNOR

DIVISION OF BANKING, SECURITIES &
CORPORATIONS
PO BOX 110807
JUNEAU, AK 99811-0807

PHONE: (907) 465-2521

E-mail: dbsc@commerce.state.ak.us

FACSIMILE: (907) 465-2549

<http://www.state.ak.us/bsc/bsc.htm>

TELECOPIER TRANSMITTAL SHEET

To: The Honorable Norman Rokeberg	For Information Call: 907-465-2521
From : Terry Elder	At: Division of Banking & Securities
Pages: 5	Fax Number : 907-465-2549

Here is a first shot at the Questions and Answers for CS HB 486(L&C). I added it to the "Talking Points" I had drafted earlier. Please call me if there is anything else you need. When it is scheduled for the floor, please let me know and I will be available in the gallery to assist Representative Rokeberg in any way I can. We spoke with Representative Kott this afternoon, and he indicated an interest in getting the bill to the floor tomorrow. That would be wonderful, of course.

Terry

If FAX does not transmit properly, please call (907) 465-2521 immediately.

The information contained in this FAX is CONFIDENTIAL and/or PRIVILEGED. This FAX is intended to individual named above. If the reader of this transmittal page is not the intended recipient or a repres recipient, you are hereby notified that any review, dissemination, or copying of this FAX or the inform prohibited. If you received this FAX in error, please immediately notify the sender by telephone, and at the above address. Thank you.

Executive Summary for CSHB 486(L&C)

This bill accomplishes two main objectives: (1) it preserves more than \$4 million in annual general fund revenues currently received from mutual funds and investment advisers, that pay a fee for offering their funds and services in Alaska, by bringing the Alaska Securities Act into conformance with federal law; and (2) it modernizes and updates language in the Act to assist small business formation and disposition. These amendments to the Act will bring our securities law into conformance with the National Securities Markets Improvement Act (NSMIA) passed by congress in 1996. Forty other states have already passed this legislation preserving their fees and regulatory authority. The bill is supported by the industry groups most affected by changes to the Act. We have received letters of support from the Investment Company Institute, representing the mutual fund industry, and from the Investment Counsel Association of America, representing investment advisers. The bill adds new exemptions from registration for businesses that, for example, will allow them to use ACE-Net, an electronic listing of businesses and wealthy investors created by the Small Business Administration. Another exemption is added for initial issues of securities when made in a limited offering to 10 or fewer. A third example is a new exemption for transactions solely between family members. Finally, other language in the bill codifies current practice and policies with respect to the filing of proxy materials by certain ANCSA corporations. This language does not change anything. It only provides a clearer statutory basis for existing regulations.

Talking points for CSHB 486(L&C)

The bill preserves the ability of the State General Fund to continue receiving more than \$4 million in fee income from certain securities offered for sale in Alaska. That fee income stream has been growing at a 14% rate in recent years, so the annual dollar amount received could double in about 5 years.

It preserves the State's revenue by bringing the Alaska Securities Act into compliance with the federal law entitled the National Securities Markets Improvement Act (NSMIA). That law requires states to amend their securities acts to require notice filings and notice fees for a new type of security and investment adviser, created by NSMIA, called federal covered securities and federal covered advisers.

So far, according to the North American Securities Administrators Association (NASAA), 39 states have already amended their statutes and rules to comply with NSMIA, and one additional state has already introduced legislation which it expects to pass this spring. Alaska makes 41.

The Division of Banking, Securities and Corporations which drafted the bill worked cooperatively with the industry, and received letters of support for the legislation from the Investment Company Institute (ICI), representing the mutual fund industry, and the Investment Counsel Association of America (ICAA), representing investment advisers.

Without these amendments to our Securities Act, we would not be in compliance with those requirements of the federal law. Alaska would lose the fees and would lose authority for investor protection over large investment advisers and their representatives, the people in this state giving advice to Alaskans.

Language is added to the bill to regulate the sales practices of the federal covered advisers and investment advisers and their representatives that will still register with the State. This is critical because NSMIA changed the federal law so that many SEC rules no longer apply to investment advisers registered in the State. To treat them equally, this bill also covers sales practices by broker-dealers and their agents.

In addition to the NSMIA-required changes, there are some additional improvements to the Securities Act, some of which were drafted by NASAA and supported by a trade group called the Securities Industry Association, representing broker-dealers and other market participants.

Examples of those changes are (1) a new exemption from registration for firms that are limiting sales of securities to certain wealthy investors called "accredited investors;" and (2) an improved exemption for certain transactions where the information on the company is available to the public in modern electronic format.

Another new, automatic exemption is included to cover the initial issuance of shares to people who are forming the company. They are issuing the shares to themselves and not the general public. This will help the many small businesses, for example, that are organizing and issuing shares to themselves with no intention to sell shares to the public. They will no longer have to apply for an exemption from registration.

Another new, automatic exemption is included to cover the transfer of stock from the seller of a business to the buyer of a business where the transfer is solely incidental to the sale of the business. This will help people who sell their small business to someone only to find themselves sued up to 3 years later because they neglected to seek an exemption for the stock transfer.

Finally, the bill increases investor protection against fraud by changing the limitation on when a suit can be filed. Currently, suits cannot be filed more than 3 years from the date of sale. This bill changes that so that when fraud is involved in the sale, a suit may be filed 3 years later or 2 years after the buyer discovered or should have discovered the fraud, whichever is later.

Questions and Answers for CSHB 486(L&C)

1. Failure to enact CSHB 486(L&C) would jeopardize \$4 to \$8 million of fee revenue to the general fund of the State of Alaska. What and where does this revenue come from?
 - A. 99% of the revenue comes from fees paid by mutual funds to the state for the ability to offer their funds in Alaska. The other 1% comes from fees paid by large investment advisers (called Federal Covered Advisers) and their representatives for the ability to provide investment advisory services in Alaska.
 - B. These fees are deposited to the General Fund and are available to pay for investor protection services and other services the legislature may determine.
2. What are and what does this bill have on:
 - A. Federal Covered Advisers
 - i. These are large investment advisers with at least \$25 million under management that now, because of NSMIA, register only with the SEC.
 - ii. The bill requires them to file a notice and pay a notice fee before providing investment advisory services in Alaska (AS 45.55.040(h); sec. 21, page 26 line 18)
 - iii. The bill lists unethical and fraudulent business practices (AS 45.55.023; sec. 9, page 7 line 7)
 - B. State Investment Advisers
 - i. These are investment advisers with less than \$25 million under management that, because of NSMIA, will only register with the state and not with the SEC.
 - ii. The bill requires them to register and pay a registration fee before providing investment advisory services in Alaska(AS 45.55.030(c); sec. 10, page 19 line 21).
 - iii. The bill lists the same unethical practices as for Federal Covered Advisers, and additionally requires certain books and records be maintained and furnished for examination, much as they have had to in the past.
 - C. Investment Adviser Representatives
 - i. These are the agents and employees of Federal Covered Advisers and State Investment Advisers who actually give the investment advice to clients.
 - ii. The bill requires them to register if they work for a State Investment Adviser or have a place of business in Alaska and work for a Federal Covered Adviser (AS 45.55.030(c); sec 10, page 19 line 21).
 - iii. The bill lists the same unethical practices as for Federal Covered Advisers and State Investment Advisers.
 - D. Broker-dealers and broker-dealer agents (sometimes called stock brokers)
 - i. These are the firms and their agents that effect securities transactions for customers.
 - ii. They currently must register (AS 45.55.030(a)) and this bill does not change that requirement.

- iii. The bill lists unethical business practices (AS 45.55.025, 027, and 028, beginning at sec. 9, page 11, line 31), most of which are currently in regulations, but moved to the statute to treat them the same as investment advisers.

E. Financial Planners (fee and no-fee)

- i. Financial planners are not regulated by this bill unless they provide investment advisory services for compensation, in which case they must register as State Investment Advisers (AS 45.55.990(35), sec. 75, page 65 line 8)

F. Investment Bankers

- i. These are underwriters of financial offerings and their activities are not affected by this bill

G. Investment Advisers

- i. Because of NSMIA, there are now two kinds of investment advisers: Federal Covered Advisers and State Investment Advisers and they are described above.

3. How will this bill protect Alaskan investors?

- A. Unethical business practices are listed in statute for broker-dealers and their agents, and for Federal Covered Advisers, State Investment Advisers and Investment Adviser Representatives (AS 45.55.023, 025, 027, and 028, sec. 9, page 7 line 7).
- B. While in the past, regulations at 3 AAC 98.060 and 061 covered broker-dealers and agent business practices, the Securities Act had no language relating to investment advisers since it could rely on rules adopted by the SEC. Because of NSMIA, the State may no longer rely on those rules without specific provision in its Act.
- C. The bill provides additional time for investors to bring suit against sellers if the sellers committed fraud (AS 45.55.930(f); sec. 54, page 54 line 23).

4. What is the Bankers Association position on the bill?

- A. This bill does not affect banks, except to add a new exemption from registration for a bank that is forming a holding company (AS 45.55.900(a)(13); sec. 46, page 41 line 13).
- B. The largest changes are in the area of mutual funds and investment advisers, and we have received letters of support for this legislation from the Investment Company Institute (ICI), which represents mutual funds, and the Investment Counsel Association of America (ICAA) which represents investment advisers.
- C. A draft of the bill was presented by Division staff at a continuing legal education (CLE) seminar of the Bar Association in Anchorage in October 1997.

5. What are some of the bill's provisions for assisting small business formation and disposition in Alaska?

- A. The limited offering exemptions from registration at AS 45.55.900(b)(5)(A) (sec. 47, page 42 line 31) and (b)(5)(B) (sec. 47, page 43 line 20) have been increased 50% to \$150,000 and \$750,000, respectively. This will allow more businesses to qualify for these exemptions.

- B. A new exemption at AS 45.55.900(b)(5)(C) (sec. 47, page 44 line 6) provides an exemption from registration for the initial issue of securities when limited to 10 or fewer buyers and disclosure and commission requirements are met.
 - C. A new exemption at AS 45.55.900(b)(5)(D) (sec. 47, page 44 line 10) provides an automatic exemption from registration for the seller of a business who transfers the stock to the buyer of the business when the transfer of stock is solely incidental to the sale of the business. This takes the securities worry out of selling a business.
 - D. A new exemption at AS 45.55.900(b)(18) (sec. 47, page 49 line 5) provides an exemption from registration for businesses beyond the development stage when limiting sales to wealthy investors, known as accredited investors. This exemption, called the "accredited investor exemption" was drafted by the North American Securities Administrators Association and is supported by a trade group in the industry, the Securities Industry Association (SIA). This will allow businesses to access the ACE-Net electronic listing created by the Small Business Administration.
 - E. A new exemption at AS 45.55.900(b)(20) (sec. 47, page 52 line 8) provides for an automatic exemption from registration for transactions solely within the family. This allows family members to help finance a family member's business without having to register with the state.
6. What is a "promoter" and does this bill change anything about them?
- A. Promoter is defined in regulations at 3 AAC 08.950(16) essentially as a person or persons, or their affiliates, taking the initiative in founding, organizing, or incorporating a business or enterprise.
 - B. This bill does not affect this definition, but does require a promoter to obtain a waiver from the administrator of securities before using the exemption at AS 45.55.900(b)(9) (sec. 47, page 45 line 10) since that exemption is not for use by "issuers" and promoters may, in effect, be issuers.
7. What does this bill say about electronic commerce?
- A. As stated above, the exemption at AS 45.55.900(b)(18), the "accredited investor exemption" allows businesses to list themselves on an electronic system restricted to accredited investors.
 - B. A new paragraph at AS 45.55.900(g) (sec 48, page 52 line 11) codifies current policy adopted by order allowing issuers to post an offering on the Internet without registration as long as it clearly states it is not offering the securities in Alaska, an offer is not otherwise directed into this state, and no sale is made in this state as a result of the Internet offer. Without this provision, offers of unregistered securities on the Internet that are accessed by Alaskans would violate the Alaska Securities Act.

AMENDMENT 4

*Repealed
no objection
adopted*

OFFERED IN THE HOUSE
TO: HB 486

BY REPRESENTATIVE RYAN

1 Page 44, lines 4 - 12:

2 Delete all material and insert:

3 "(C) to 10 or fewer persons who are to receive the initial
4 issue of shares of a nonpublicly traded corporation, limited liability
5 company, limited partnership, or limited liability partnership if a legend
6 is placed on the certificate or other document evidencing ownership of the
7 security stating that the security is not registered under this chapter and
8 cannot be resold without registration or exemption from it:"

LAW OFFICES OF
DAVID G. SHAFTEL
A PROFESSIONAL CORPORATION
BANK OF AMERICA CENTER
550 WEST SEVENTH AVE, SUITE 703
ANCHORAGE, ALASKA 99501

(907) 276-6015
FAX (907) 278-6015

FAX TRANSMITTAL

TO: Terry Elder
Division of Securities, State of Alaska

FAX NO.: (907) 465-2521

FROM: David G. Shaftel

DATE: April 23, 1998

SENDING FAX: (907) 278-6015

NUMBER OF PAGES (INCLUDING THIS PAGE) 2

RE: Amendment to House Bill 486

MESSAGE: Terry, attached is the exemption which our estate planning group discussed with you on April 23, 1998. Please call Bob Manley or me if you have any questions or need any additional input. Bob's number is 263-8251, my number is 276-6015

Thank you very much for your consideration of this amendment. As I discussed, it is quite important to professionals working in the estate planning area in Alaska.

David G. Shaftel

SHOULD YOU FAIL TO RECEIVE THE NUMBER OF PAGES INDICATED ABOVE,
PLEASE CALL US IMMEDIATELY AT (907) 278-6015 AND ASK FOR SHARON

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*Orders
moved
no objection*

AMENDMENT TO HOUSE BILL 486

5

Add a new subsection to A.S. 45.55.900(b), as follows:

(20)

a transaction involving only family members who are related within the fourth degree of affinity or consanguinity (including adoption).

ALASKA STATE LEGISLATURE

House of Representatives

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Labor and Commerce Committee

JUST THE FAX

Date: 4/27/98

TO: LAA Legal / Barnister

FAX: 2029 Telephone: _____

FROM: Shuly

FAX: 2029 Telephone: 2450

Number of Pages: 3 (including this page)

Comments:

Please prepare a amendment
to the new CS/07 HB486
for today.
Shuly
Shuly

Have a Nice Day

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, AND CORPORATIONS

TONY KNOWLES, GOVERNOR

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JUNEAU, ALASKA 99811-0807
Banking & Securities (907) 465-2521
Corporation Section (907) 465-2530

ANCHORAGE

Corporation Information (907) 269-8140
TDD: (907) 465-5437

April 27, 1998

The Honorable Norman Rokeberg
Chairman, House Labor and Commerce Committee
Alaska House of Representatives
State Capitol Room 24
Juneau, AK 99801-1182

Dear Chairman Rokeberg:

Re: Final proposed amendment to HB 486

The Division of Banking, Securities and Corporations thanks the Chairman for allowing everyone the opportunity to consider HB 486 over the weekend. We took that opportunity to review and consider some of the implications of Amendment No. 4 which was adopted by the Committee on Friday, April 24, 1998, amending a new exemption, AS 45.55.900(b)(5)(C), proposed by the Division in Section 47, page 44 line 4 of HB 486.

During the Committee meeting, the Division said it would not recommend, but would not oppose Amendment No. 4. Our position has not changed, but, with further reflection, we believe some amendment of the new language is required in the interest of investor protection. Specifically, we propose the following (note that the language below amends Amendment No. 4 and not the proposed language originally in HB 486):

(Section 47, page 44 line 4) Replace amended AS 45.55.900(b)(5)(C) with the following:

(C) to 10 or fewer persons who are to receive the initial issue of shares of a nonpublicly traded corporation, limited liability company, limited partnership, or limited liability partnership if the requirements of (b)(5)(B)(ii), (iv), (v), and (vii) are met [A LEGEND IS PLACED ON THE CERTIFICATE OR OTHER DOCUMENT EVIDENCING OWNERSHIP OF THE SECURITY STATING THAT THE SECURITY IS NOT REGISTERED UNDER THIS CHAPTER AND CANNOT BE RESOLD WITHOUT REGISTRATION OR EXEMPTION FROM IT];

Because Amendment No. 4 removed from the Division's proposal the limitation of this exemption to promoters as defined by regulation, it is important to assure that reasonable disclosure will be made to the purchasers. Even though the exemption is limited to a maximum of 10 purchasers, there is no dollar limit. That makes disclosure even more critical.

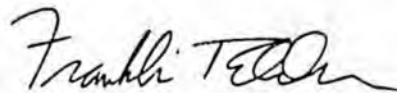
This amendment removes the language about the legend since that is found in (b)(5)(B)(v). The only additional limitations added by this amendment are the disclosure requirements of (b)(5)(B)(ii), found on page 43 line 13, the commission requirements of (b)(5)(B)(iv), found on page 43 line 19), and the prohibition against public solicitation and advertising in (b)(5)(B)(vii), found on page 43 line 30.

These limitations were not needed in the initial proposal because promoters are defined in regulation at 3 AAC 08.950 essentially as persons, or their affiliates, acting alone or with others and taking the initiative in founding, organizing, or incorporating a business. These persons did not need disclosure protection. The current language in (b)(5)(C) places no limitation on the buyers, which means they may include persons who have no knowledge of the business. With no limit on the dollar amount these persons may invest under this exemption, ensuring full disclosure is the only method to provide adequate investor protection. In a similar vein, limiting commissions, if any, to registered persons will help prevent abuse of this exemption, thus preserving it for the use as described by the maker of Amendment No. 4.

We believe the proposed amendment will preserve the usefulness of the amendment for persons the division originally had in mind as well as those described by the maker of Amendment No. 4. The broad language of the exemption and its lack of dollar limitation, however, make it imperative that we minimize the opportunity of abuse that could be so costly to our investing citizens.

Thank you for considering this amendment, and thank you for introducing HB 486. We respectfully encourage the Committee to pass out this important piece of legislation.

Yours truly,



Franklin T. Elder
Senior Securities Examiner

Apr-27-98 11:13

<u>Identification</u>	<u>Result</u>	<u>Pages</u>	<u>Type</u>	<u>Date</u>	<u>Time</u>	<u>Duration</u>	<u>Diagnostic</u>
2029	OK	03	Sent	Apr-27	11:10	00:01:58	002485030022

AMENDMENTS TO THE ALASKA SECURITIES ACT

Congress has recently enacted federal securities laws¹ that have a direct effect on Alaska (and other states) securities law and regulations. This federal action results in significant changes in both the registration of securities and those who market them. It is therefore essential that Alaska amend the Alaska Securities Act to conform to new federal provisions and to assure a degree of uniformity with other states. Another primary issue is to preserve Alaska's ability to collect designated revenues in excess of \$3 million that funds the division's investor protection programs.

The new federal law (NSMIA) provides in part:

- New class of security **Federal Covered Securities**, exempt from state registration. These include securities like Mutual Funds and limited offerings under Regulation D of the SEC.
- Federal Covered Securities would:
 - File a Notice with the State².
 - Pay Notice fees.
- New class of **Federal Covered Advisers** which are those with more than \$25 million under management. This class would no longer fall under the jurisdiction of the States. Although exempt, they too would have to file Notice and pay fees for the purpose of funding local investor protection.

The effect of this federal legislation also provides greater responsibility of the state to register and regulate those who are not within the Federal Covered Advisers and their investment adviser representatives (equivalent to Broker Dealer representatives.)

The legislation we propose covers the areas that need to be addressed because of federal action. This will allow Alaska to:

- Preserve funding for investor protection.
- Conform with securities laws of other states.
- Establish regulation for state licensed investment advisers and representatives of investment advisers. Also regulation for those Federal Covered Advisers who have a place of business in Alaska.

There are two primary points to consider. This legislation preserves the right for Alaska to continue to collect over \$3 million dollars in Notice fees. If by 1999 we do not enact legislation, Alaska will be preempted from requiring Notice and the intended fees. With the increase of problems in Alaska in investment advising it is essential that Alaska continues to receive this financial support.

¹ The National Securities Markets Improvement Act (NSMIA) enacted October 11, 1996.

² NSMIA requires the states to amend their securities law by October 1999 to prevent preemption of Notice and fees.

Comments On Sections Of HB 486

Overview

The National Securities Markets Improvement Act (NSMIA), enacted on October 11, 1996, resulted in significant changes to the regulatory landscape of securities markets and people who sell securities or give investment advice.

By preempting certain securities and investment advisers from state registration, NSMIA would result in a loss of annual fee revenue for the State of Alaska of more than \$4 million, unless Alaska adopts the changes described below to preserve its revenues through notice filings and fees, which are allowed by NSMIA. These fees are our primary source of fee revenue available for regulation of securities and investor protection. Without these changes, in addition to losing significant revenue, the State will be hampered significantly in its ability to protect investors from abusive practices of those who provide investment advice.

In particular, NSMIA created a new security, the Federal Covered Security (FCS), which is preempted from the registration requirements of the states. While some FCSs were already exempt from registration under the Alaska Securities Act (the Act), the largest impact of NSMIA in Alaska was the preemption of mutual fund and Regulation D 506 securities registrations. These securities may no longer be registered by Alaska, but Alaska may require the issuers of these securities to file a notice and pay a notice fee in order to sell the security in this state. NSMIA requires states to change their statutes and regulations to provide for these notice filings and notice fees before October 1999, however, in order to preserve the state's ability to require notices and collect fees.

NSMIA also changed the regulatory landscape for broker-dealers and their agents, and for investment advisers and their investment adviser representatives. For example, states may no longer impose certain financial requirements for broker-dealers that are different from those imposed by the United States Securities and Exchange Commission (SEC). More significantly, however, NSMIA ended the dual registration requirements for investment advisers by creating Federal Covered Advisers (FCAs), essentially investment advisers with more than \$25-30 million under management. These FCAs are now registered only with the SEC, while smaller investment advisers, we call State Investment Advisers (SIAs), continue to register with the states. Like FCSs described above, however, FCAs may be required to file notice and pay fees for providing investment advisory services in Alaska, and FCAs remain subject to the anti-fraud provisions of the Act.

Additional language is needed in our Act for SIAs registered with the states because those SIAs are no longer subject to some of the rules of the SEC as they were prior to NSMIA. Further, additional language is needed to specifically license Investment Adviser Representatives (IARs). These are essentially equivalent to agents of broker-dealers. In the past, we have licensed them based on the fact that they met the statutory definition of an investment adviser. NSMIA, however, provided that the SEC would define IARs and

further provided that the states could register IARs of FCAs, if those IARs have a place of business in the state. Thus, it becomes important to treat IARs of SIAs and FCAs more like agents of broker-dealers.

Many of the changes described below are made to bring the Act into conformity with NSMIA and to preserve the ability of the state to provide investor protection for Alaskans and to continue to collect the fees from market participants who seek to provide various investment services to Alaskans. Much of the language proposed in these changes was developed by the North American Securities Administrators Association (NASAA) in order to promote uniformity among states, a major policy of the Act. For the same reason, some other changes are suggested to conform with language adopted by NASAA and essentially similar to that used in other states.

Finally, the language in the Act needs to be flexible enough to adapt to changing conditions in this new environment. In particular, since the SEC now has the authority to define FCSs and IARs, for example, the state's definitions of those have to be able to quickly reflect those changes, or be subject to playing catch up with each revision. NSMIA has made it imperative for states to take into consideration what the federal government and other states are doing in the regulation of securities markets participants.

We have received letters of support for the legislative changes described below from the Investment Company Institute (ICI), the major association for the mutual fund industry, and from the Investment Counsel Association of America, Inc. (ICAA), the major association for investment advisers. These organizations represent the market participants most affected by the changes required in our Act by NSMIA.

Section 1

Section 14.43.148(h)(1)

Adds state investment advisers and their representatives to list of those whose license may be revoked for defaulting on a state student loan.

Old law did not specify state-registered investment advisers or their representatives.

Sections 2 and 3

Section 25.27.244(s)(2)

Adds state investment advisers and their representatives to list of those whose license may be revoked for noncompliance with child support enforcement requirements.

Old law did not specify state-registered investment advisers or their representatives.

Section 4

Section 37.23.050

Adds registered state investment advisers and noticed federal covered advisers to list of those entities that can contract to manage investment pools of public entities.

Old law did not differentiate between state investment advisers and federal covered advisers.

Section 5

Section 45.55.010

Provides that neither exemption by statute nor preemption by NSMIA will exempt a person from this anti-fraud provision.

Old law did not mention preempted federal covered securities.

Section 6

Section 45.55.020(b)

These restrictions on contracts are limited to state investment advisers since federal covered advisers are covered by SEC rules. Section 2 deleted since covered by new section 45.55.023(a)(16)(E).

Old law did not mention state investment advisers and federal covered advisers.

Section 7

Section 45.55.020(c)

Certain state investment adviser contracts may be allowed if they conform to the requirements of Section 205 of the Investment Advisers Act of 1940.

Old law prohibited all contracts based on capital appreciation.

Section 8

Section 45.55.020(e)

These restrictions on custody are limited to state investment advisers since federal covered advisers are covered by SEC rules.

Old law did not mention state investment advisers and federal covered advisers.

Section 9

Section 45.55.023, 45.55.025, 45.55.027, and 45.55.028

New sections are added providing investor protection from unethical business practices by persons providing investment advisory and securities business services.

Old law did not contain these provisions since we could rely on SEC rules for advisers, and broker-dealers and agents were covered in our regulations at 3 AAC 08.060 and 061.

Section 10

Section 45.55.030(c)

Registration limited by NSMIA to state investment advisers and investment adviser representatives, and registration exemptions inserted here rather than in definition section.

Old law did not mention investment adviser representatives, and registration exceptions were treated as exclusion from definition.

Section 11

Section 45.55.030(d)

Adds reference to notice filings as required by NSMIA so that both registrations and notice filings expire in one year.

Old law did not provide for notice filings.

Section 12

Section 45.55.030(e)-(j)

New sections require federal covered advisers to file notices (e), and investment advisers to hire registered representatives (g)-(i); also, allow agents to do wrap accounts without registration as investment adviser representatives (j); and prohibit agents from dual registration (f).

Old law did not mention federal covered advisers, notice filings, or investment adviser representatives, and dual registration was part of current regulations.

Section 13

Section 45.55.035

New section to Uniform Securities Act to provide for reciprocal limited registration of Canadian and US broker-dealers and their agents to serve existing customers.

Old law does not provide for anything less than full registration, limiting the ability of Canadian and US broker-dealers to serve clients temporarily located outside their registered locations.

Section 14

Section 45.55.040(a)

Provides for the registration of state investment advisers and investment adviser representatives as permitted by NSMIA, deleting fingerprint and photograph requirements, and allowing filing of promotional materials.

Old law did not mention state investment advisers or investment adviser representatives.