

## 2023 Kansas Statutes

**17-12a201. Exempt securities.** The following securities are exempt from the requirements of K.S.A. 17-12a301 through 17-12a306 and 17-12a504, and amendments thereto:

- (1) A security, including a revenue obligation or a separate security as defined in Rule 131 (17 C.F.R. § 230.131) adopted under the securities act of 1933, issued, insured, or guaranteed by the United States; by a state; by a political subdivision of a state; by a public authority, agency, or instrumentality of one or more states; by a political subdivision of one or more states; or by a person controlled or supervised by and acting as an instrumentality of the United States under authority granted by the congress; or a certificate of deposit for any of the foregoing;
- (2) a security issued, insured, or guaranteed by a foreign government with which the United States maintains diplomatic relations, or any of its political subdivisions, if the security is recognized as a valid obligation by the issuer, insurer, or guarantor;
- (3) a security issued by and representing or that will represent an interest in or a direct obligation of, or be guaranteed by:
  - (A) An international banking institution;
  - (B) a banking institution organized under the laws of the United States; a member bank of the federal reserve system; or a depository institution a substantial portion of the business of which consists or will consist of receiving deposits or share accounts that are insured to the maximum amount authorized by statute by the federal deposit insurance corporation, the national credit union share insurance fund, or a successor authorized by federal law or exercising fiduciary powers that are similar to those permitted for national banks under the authority of the comptroller of currency pursuant to section 1 of public law 87-722 (12 U.S.C. section 92a); or
  - (C) any other depository institution, unless by rule or order the administrator proceeds under K.S.A. 17-12a204, and amendments thereto;
- (4) a security issued by and representing an interest in, or a debt of, or insured or guaranteed by, an insurance company authorized to do business in this state;
- (5) a security issued or guaranteed by a railroad, other common carrier, public utility, or public utility holding company that is:
  - (A) Regulated in respect to its rates and charges by the United States or a state;
  - (B) regulated in respect to the issuance or guarantee of the security by the United States, a state, Canada, or a Canadian province or territory; or
  - (C) a public utility holding company registered under the public utility holding company act of 1935 or a subsidiary of such a registered holding company within the meaning of that act;
- (6)
  - (A) a federal covered security specified in section 18(b)(1) of the securities act of 1933 (15 U.S.C. section 77r(b)(1)) or by rule adopted under that provision;
  - (B) a security listed or approved for listing on another securities market specified by rule under this act;
  - (C) a put or a call option contract; a warrant; or a subscription right on or with respect to securities described in subsections (A) or (B);
  - (D) an option or similar derivative security on a security or an index of securities or foreign currencies issued by a clearing agency registered under the securities exchange act of 1934 and listed or designated for trading on a national securities exchange, a facility of a national securities exchange, or a facility of a national securities association registered under the securities exchange act of 1934;
  - (E) an offer or sale of the underlying security in connection with the offer, sale, or exercise of an option or other security that was exempt when the option or other security was written or issued; or
  - (F) an option or a derivative security designated by the securities and exchange commission under section 9(b) of the securities exchange act of 1934 (15 U.S.C. section 78i(b));
- (7) a security issued by a person organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, social, athletic, or reformatory purposes, or as a chamber of commerce, and not for pecuniary profit, no part of the net earnings of which inures to the benefit of a private stockholder or other person, or

a security of a company that is excluded from the definition of an investment company under Section 3(c)(10)(B) of the investment company act of 1940 (15 U.S.C. section 80a-3(c)(10)(B)). With respect to the offer or sale of a note, bond, debenture, or other evidence of indebtedness issued by such a person, a rule may be adopted under this act limiting the availability of this exemption by classifying securities, persons, and transactions, imposing different requirements for different classes, specifying with respect to paragraph (B) the scope of the exemption and the grounds for denial or suspension, and requiring an issuer:

(A) To file a notice specifying the material terms of the proposed offer or sale and copies of any proposed sales and advertising literature to be used and provide that the exemption becomes effective if the administrator does not disallow the exemption within the period established by the rule;

(B) to file a request for exemption authorization for which a rule under this act may specify the scope of the exemption, the requirement of an offering statement, the filing of sales and advertising literature, the filing of consent to service of process complying with K.S.A. 17-12a611, and grounds for denial or suspension of the exemption; or

(C) to register under K.S.A. 17-12a304;

(8) any stock or other security evidencing membership or ownership in, evidencing the right to patronize, issued in lieu of a cash patronage dividend by, or representing a debt of a cooperative organized under K.S.A. 17-1601 et seq., and amendments thereto, but the administrator, by rule or order, may require the filing of a notice and place conditions upon the exemption for sales of securities to persons who are not members within the meaning of K.S.A. 17-1606, and amendments thereto; and

(9) an equipment trust certificate with respect to equipment leased or conditionally sold to a person, if any security issued by the person would be exempt under this section or would be a federal covered security under Section 18(b)(1) of the securities act of 1933 (15 U.S.C. section 77r(b)(1)).

**History:** L. 2004, ch. 154, § 6; July 1, 2005.