

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Judiciary** recommends **SB 23** be amended on page 15, in line 22, after "commissioner" by inserting ", subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto,"; in line 28, before the period by inserting "and shall be subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto"; also in line 28 by striking all after the period; by striking all in lines 29 and 30;

On page 16, following line 8, by inserting:

"Sec. 12. K.S.A. 2016 Supp. 17-12a302 is hereby amended to read as follows: 17-12a302. (a) *Required filing of records.* With respect to a federal covered security, as defined in section 18(b)(2) of the securities act of 1933 (15 U.S.C. § 77r(b)(2)), that is not otherwise exempt under K.S.A. 17-12a201 through 17-12a203, and amendments thereto, a rule adopted or order issued under this act may require the filing of any or all of the following records:

(1) Before the initial offer of a federal covered security in this state, all records that are part of a federal registration statement filed with the securities and exchange commission under the securities act of 1933 and a consent to service of process complying with K.S.A. 17-12a611, and amendments thereto, signed by the issuer and the payment of a fee not to exceed \$2,500;

(2) after the initial offer of the federal covered security in this state, all records that are part of an amendment to a federal registration statement filed with the securities and exchange commission under the securities act of 1933; and

(3) to the extent necessary or appropriate to compute fees, a report of the value of the federal covered securities sold or offered to persons present in this state, if the sales data are not

included in records filed with the securities and exchange commission and payment of a fee not to exceed \$2,500.

(b) *Notice filing effectiveness and renewal.* A notice filing under subsection (a) is effective for one year commencing on the later of the notice filing or the effectiveness of the offering filed with the securities and exchange commission. On or before expiration, the issuer may renew a notice filing by filing a copy of those records filed by the issuer with the securities and exchange commission that are required by rule or order under this act to be filed and by paying a renewal fee not to exceed \$2,500. A previously filed consent to service of process complying with K.S.A. 17-12a611, and amendments thereto, may be incorporated by reference in a renewal. A renewed notice filing becomes effective upon the expiration of the filing being renewed.

(c) *Notice filings for federal covered securities under section 18(b)(4)(E)(F).* With respect to a security that is a federal covered security under section 18(b)(4)(E)(F) of the securities act of 1933 (15 U.S.C. § 77r(b)(4)(E)(F)), a rule under this act may require: (1) A notice filing by or on behalf of an issuer to include a copy of form D, including the appendix, as promulgated by the securities and exchange commission, and a consent to service of process complying with K.S.A. 17-12a611, and amendments thereto, signed by the issuer, not later than 15 days after the first sale of the federal covered security in this state; and (2) the payment of a fee not to exceed \$2,500 for a timely filing and the payment of a fee not to exceed \$5,000 for any late filing.

(d) *Stop orders.* Except with respect to a federal security under section 18(b)(1) of the securities act of 1933 (15 U.S.C. § 77r(b)(1)), if the administrator finds that there is a failure to comply with a notice or fee requirement of this section, the administrator may issue a stop order suspending the offer and sale of a federal covered security in this state. If the deficiency is corrected, the stop order is void as of the time of its issuance and no penalty may be imposed by the administrator other than a late

filing fee.

Sec. 13. K.S.A. 2016 Supp. 17-12a402 is hereby amended to read as follows: 17-12a402. (a) *Registration requirement.* It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection (b).

(b) *Exemptions from registration.* The following individuals are exempt from the registration requirement of subsection (a):

(1) An individual who represents a broker-dealer in effecting transactions in this state limited to those described in section 15(i)(3) of the securities exchange act of 1934 (15 U.S.C. § 78o(i)(3));

(2) an individual who represents a broker-dealer that is exempt under K.S.A. 17-12a401(b) or (d), and amendments thereto;

(3) an individual who represents an issuer with respect to an offer or sale of the issuer's own securities or those of the issuer's parent or any of the issuer's subsidiaries, and who is not compensated in connection with the individual's participation by the payment of commissions or other remuneration based, directly or indirectly, on transactions in those securities;

(4) an individual who represents an issuer and who effects transactions in the issuer's securities exempted by K.S.A. 17-12a202, and amendments thereto, other than K.S.A. 17-12a202 (11) and (14), and amendments thereto;

(5) an individual who represents an issuer that effects transactions solely in federal covered securities of the issuer, but an individual who effects transactions in a federal covered security under section 18(b)(3) or 18(b)(4)(~~E~~)(F) of the securities act of 1933 (15 U.S.C. § 77r(b)(3) or 77r(b)(4)(~~E~~)(F)) is not exempt if the individual is compensated in connection with the agent's participation by the payment of commissions or other remuneration based, directly or indirectly, on transactions in those

securities;

(6) an individual who represents a broker-dealer registered in this state under K.S.A. 17-12a401(a), and amendments thereto, or exempt from registration under K.S.A. 17-12a401(b), and amendments thereto, in the offer and sale of securities for an account of a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record;

(7) an individual who represents an issuer in connection with the purchase of the issuer's own securities;

(8) an individual who represents an issuer and who restricts participation to performing clerical or ministerial acts; or

(9) any other individual exempted by rule adopted or order issued under this act.

(c) *Registration effective only while employed or associated.* The registration of an agent is effective only while the agent is employed by or associated with a broker-dealer registered under this act or an issuer that is offering, selling, or purchasing its securities in this state.

(d) *Limit on employment or association.* It is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection (a) or exempt from registration under subsection (b).

(e) *Limit on affiliations.* An individual may not act as an agent for more than one broker-dealer or one issuer at a time, unless the broker-dealer or the issuer for which the agent acts are affiliated by direct or indirect common control or are authorized by rule or order under this act.";

Also on page 16, in line 9, after the first comma by inserting "17-12a302, 17-12a402,";

And by renumbering sections accordingly;

On page 1, in the title, in line 7, after the semicolon by inserting "the Kansas uniform securities act; updating references to the federal securities act of 1933;"; in line 8, after the first comma by inserting "17-12a302, 17-12a402, "; and the bill be passed as amended.

_____Chairperson