

CORPORATIONS

CHAPTER 124

S. B. No. 16

(Brant for Legislative Research Committee
at the request of Office of State Examiner)

SECURITIES EXEMPTED FROM SUPERVISION OF ISSUE AND SALE

AN ACT

To amend and reenact Section 10-0403 of the North Dakota Revised Code of 1943 defining securities exempted from the provisions of Chapter 10-04 of the North Dakota Revised Code of 1943.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1.] That Section 10-0403 of the North Dakota Revised Code of 1943 be amended and reenacted to read as follows:

10-0403. SECURITIES EXEMPTED FROM THE PROVISIONS OF THIS CHAPTER.] The provisions of this chapter, except as otherwise herein expressly provided, shall not apply to the following securities:

1. Any security issued or guaranteed by the United States or by any state, territory, or insular possession thereof;
2. Any security which is a general obligation of, and is or may be payable directly or indirectly from ad valorem taxes levied by any county, city, village, township, school district, or other public taxing subdivision of the United States or of any state, territory, or insular possession thereof, if in each of the ten fiscal years next preceding the date of the issuance of the securities, the issuing taxing district has paid the matured principal and interest due on all of its outstanding general obligations, and if its net debt, as defined by law under which the securities are issued, does not exceed ten percent of the assessed valuation of all of the taxable property within such taxing district;
3. Any security issued or guaranteed as to principal, interest, or dividends, by a corporation owning or op-

erating a railroad or other public service utility, if the corporation is subject to regulation or supervision either as to its rates and charges or as to the issue of its securities by a public service commission, or by a board, body, or official having like powers, of the United States or of any state, territory, or insular possession thereof, or of any municipality located therein, or of the District of Columbia, or of the Dominion of Canada or any province thereof. Provided, however, that a corporation issuing securities, exempted under this subdivision, and who have not filed an application for approval of such securities with the Public Service Commission of the State of North Dakota, shall file with the secretary of the North Dakota securities commission a copy of the registration statement with all amendments thereto filed with the securities and exchange commission of the United States, if such a registration statement is made or filed, or a copy of the informative statement made to or filed with any commission, board, or body of the United States or of any state, territory, or insular possession thereof, or of any municipality located therein, or of the District of Columbia, or of the Dominion of Canada, or any province thereof, by which said corporation is subject to regulation or supervision either as to its rates and charges or as to the issue of its securities, and shall pay a filing fee of twenty-five dollars;

4. Any equipment security based on a chattel mortgage, lease, or agreement for the conditional sale of cars, motive power, or other rolling stock mortgaged, leased, sold to or furnished for the use of a railroad or other public service utility corporation, and any equipment security where the ownership of or title to such equipment is pledged or retained in accordance with the provisions of the laws of the United States or of any state thereof, or of the Dominion of Canada, to secure the payment of such equipment security whether it be an equipment trust certificate, bond, or note;
5. Any bond, note, or other evidence of debt issued by a holding corporation and secured by collateral consisting of any of the securities described in Subsections 3 and 4 of this section, if the collateral securities equal in fair value at least one hundred twenty-five percent of the par value of the bonds, notes, or other evidences of debt secured thereby. Before any security described in this subsection is offered for sale, the person intending to offer it shall file with the commis-

sion descriptive circulars of the collateral securities, and pay a filing fee to the commission of twenty-five dollars, and unless the commission makes its order within three days after the receipt of such circulars requiring the securities to be qualified by application under this chapter, the securities shall be exempt;

6. The securities of any state or national bank or trust company, or of any building and loan association authorized to do business in this state;
7. The securities of any domestic corporation organized without capital stock for charitable or reformatory purposes; or
8. Any security listed on the New York stock exchange, the New York curb exchange, or the Chicago stock exchange and such other exchanges as may be approved by the North Dakota securities commission, pursuant to official authorization by the exchange on which it is listed, and all securities senior to any securities so listed or represented by subscription rights which have been so listed, and any evidence of indebtedness guaranteed by any company the stock of which is so listed. Securities exempted under this subsection shall be exempt only so long as the listing herein described remains in effect.

Approved March 10, 1947.