WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1953

ENROLLED

HOUSE BILL No. 374

(By Mr. [Signature])

PASSED March 14, 1953

In Effect [Signature] from Passage
AN ACT to amend and reenact section three, article one, chapter thirty-two of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to securities not included under the act regulating and supervising the sale of securities.

Be it enacted by the Legislature of West Virginia:

That section three, article one, chapter thirty-two of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

Section 3. Securities Not Included.—Except as herein-after expressly provided, the provisions of this chapter shall not apply to any of the following classes of securities:

(a) Any security issued or guaranteed by the United States or any territory or insular possession thereof, or
by the District of Columbia, or by any state or political subdivision or agency thereof;

(b) Any security issued by a national bank or by any federal land bank or by a corporation created or acting as an instrumentality of the government of the United States pursuant to authority granted by the Congress of the United States, or any security issued by provisions of the federal laws: Provided, That such corporation is subject to supervision or regulation by the government of the United States;

(c) Any security issued or guaranteed either as to principal, interest or dividends by a corporation owning or operating a railroad engaged in interstate commerce and under supervision of the interstate commerce commission; any security issued or guaranteed either as to principal, interest or dividend by a corporation owning or operating any public service utility other than a railroad, provided the issuance of such security is supervised or regulated by a public commission, board or officer of the government of the United States or of any state, territory or insular possession of the United States, or of the District of Col-
umbia or of the Dominion of Canada or any province thereof; and any equipment security based on chattel mortgages, leases or agreements for conditional sale of cars, motive power or other rolling stock or equipment mortgaged, leased or sold to or furnished for the use of or upon a railroad or other public service utility corporation, or equipment securities where the ownership or title of such equipment is pledged or retained in accordance with the provisions of the laws of the United States or of any state, or of the Dominion of Canada, to secure the payment of such equipment securities;

(d) Any security issued by a person organized and operated exclusively for educational, benevolent, fraternal, charitable or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder or individual;

(e) Any security which, at the time of the sale, is listed on the New York stock exchange, the American stock exchange or the Midwest stock exchange, pursuant to authorization by any such exchange, and additional
amounts of any such securities when regularly approved for listing upon the issuance thereof and securities senior to the securities so listed: Provided, That the commissioner shall have power and authority at any time to withdraw such exemption for any security or group of securities so listed, pending an investigation and hearing on securities included in such order. A date for hearing shall be set by the commissioner not more than twenty days after such withdrawal order. The commissioner, by ruling, may grant this same exemption to securities listed on any other exchange following an application from such exchange and after an investigation and examination has been made by him. The expense of all hearings, investigations and examinations shall be paid by the exchange making application or receiving a hearing;

(f) Any security issued by a state bank, trust company, building and loan association or savings institution, incorporated under the laws of and subject to the examinations, supervision and control of any state or territory of the United States or any insular possession thereof;

(g) Any insurance or endowment policy or annuity
contract or optional annuity contract, issued by a person
licensed and supervised by the insurance commissioner
of this state;

(h) Any security other than common stock outstanding and in the hands of the public for a period of not less than three years upon which no default in payment of principal, interest or dividend exists and upon which no such default has occurred for a continuous immediately preceding period of three years: Provided, That the issuer of such securities has continued such payments of principal, interest or dividends as provided at the time of original issue: Provided further, That no plan or proposal of recapitalization, reorganization, rearrangement of capitalization, or other form of readjustment of issuer's finances, has been made or a petition of voluntary or involuntary bankruptcy has been filed in any court by or for such issuer within the preceding period of three years;

(i) Any securities bought or sold upon customers' orders: Provided, That such securities are bought or sold on an exchange which, at the time of such transaction, is registered as a national exchange by the securities and
91 exchange commission: *Provided further,* That no solicitation is made of the orders so executed.

93 (j) Any note, draft, bill of exchange or bankers acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for a current transaction, is not the subject of a public offering, has at the time of issuance a definite maturity (after all days of grace, if any) of not exceeding one year, is payable in cash only, and is not convertible into and does not carry an option or right to receive payment or any bonus in any other security.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

[Signature]
Chairman Senate Committee

[Signature]
Chairman House Committee

Originated in the House of Delegates

Takes effect sixty days from passage.

[Signature]
Clerk of the Senate

[Signature]
Clerk of the House of Delegates

[Signature]
President of the Senate

[Signature]
Speaker House of Delegates

The within approved this the 20th day of March, 1953.

[Signature]
Governor

Noted in the Office of the Secretary of State of West Virginia: MAR 20 1953

D. Pitt O'Brien, Secretary of State