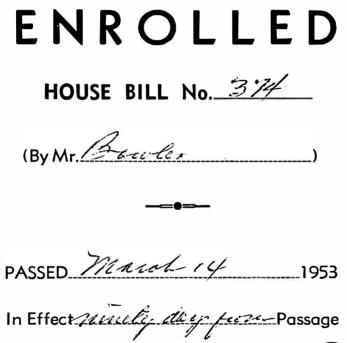
WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1953



ENROLLED House Bill No. 374

(By MR. Bowles)

[Passed March 14, 1953; in effect ninety days 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-2 after expressly provided, the provisions of this chapter 3 shall not apply to any of the following classes of securi-4 ties:

5 (a) Any security issued or guaranteed by the United6 States or any territory or insular possession thereof, or

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7 by the District of Columbia, or by any state or political8 subdivision or agency thereof;

9 (b) Any security issued by a national bank or by any 10 federal land bank or by a corporation created or acting 11 as an instrumentality of the government of the United 12 States pursuant to authority granted by the Congress of 13 the United States, or any security issued by provisions 14 of the federal laws: *Provided*, That such corporation is 15 subject to supervision or regulation by the government 16 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-

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umbia or of the Dominion of Canada or any province 28 thereof; and any equipment security based on chattel 29 30 mortgages, leases or agreements for conditional sale of cars, motive power or other rolling stock or equipment 31 32 mortgaged, leased or sold to or furnished for the use of 33 or upon a railroad or other public service utility corpora-34 tion, or equipment securities where the ownership or title 35 of such equipment is pledged or retained in accordance 36 with the provisions of the laws of the United States or of 37 any state, or of the Dominion of Canada, to secure the 38 payment of such equipment securities;

39 (d) Any security issued by a person organized and
40 operated exclusively for educational, benevolent, frater41 nal, charitable or reformatory purposes and not for pecun42 iary profit, and no part of the net earnings of which inures
43 to the benefit of any person, private stockholder or in44 dividual;

45 (e) Any security which, at the time of the sale, is
46 listed on the New York stock exchange, the American
47 stock exchange or the Midwest stock exchange, pursuant
48 to authorization by any such exchange, and additional

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amounts of any such securities when regularly approved 49 for listing upon the issuance thereof and securities senior 50 to the securities so listed: Provided. That the commission-51 52 er shall have power and authority at any time to with-53 draw such exemption for any security or group of securities so listed, pending an investigation and hearing on 54 securities included in such order. A date for hearing shall 55 56 be set by the commissioner not more than twenty days 57 after such withdrawal order. The commissioner, by ruling, 58 may grant this same exemption to securities listed on any other exchange following an application from such ex-59 60 change and after an investigation and examination has been made by him. The expense of all hearings, investi-61 62 gations and examinations shall be paid by the exchange 63 making application or receiving a hearing;

64 (f) Any security issued by a state bank, trust company,
65 building and loan association or savings institution, incor66 porated under the laws of and subject to the examinations,
67 supervision and control of any state or territory of the
68 United States or any insular possession thereof;

69 (g) Any insurance or endowment policy or annuity

70 contract or optional annuity contract, issued by a person
71 licensed and supervised by the insurance commissioner
72 of this state;

(h) Any security other than common stock outstand-73 ing and in the hands of the public for a period of not less 74 75 than three years upon which no default in payment of 76 principal, interest or dividend exists and upon which no 77 such default has occurred for a continuous immediately preceding period of three years: Provided, That the issuer 78 79 of such securities has continued such payments of principal, interest or dividends as provided at the time of 80 original issue: Provided further, That no plan or pro-81 posal of recapitalization, reorganization, rearrangement 82 of capitalization, or other form of readjustment of issuer's 83 84 finances, has been made or a petition of voluntary or in-85 voluntary bankruptcy has been filed in any court by or for such issuer within the preceding period of three years; 86 87 (i) Any securities bought or sold upon customers' or-88 ders: Provided, That such securities are bought or sold 89 on an exchange which, at the time of such transaction, 90 is registered as a national exchange by the securities and

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91 exchange commission: Provided further, That no solic-92 itation is made of the orders so executed.

93 (j) Any note, draft, bill of exchange or bankers accept-94 ance which arises out of a current transaction or the proceeds of which have been or are to be used for a current 95 96 transaction, is not the subject of a public offering, has at 97 the time of issuance a definite maturity (after all days 98 of grace, if any) of not exceeding one year, is payable 99 in cash only, and is not convertible into and does not carry an option or right to receive payment or any bonus 100 101 in any other security.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

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len Chairman Senate Committee

Chairman House Committee

Originated in the House of Delegates

ty days f Takes effect mil passage. medthe to Clerk of the Senate

Clerk of the House of Delegates President of the Senate

mery Speaker House of Delegates

approved this the 20 th The within

day of march, 1953.

William C. Marlow Governor

STATING OF STATE

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