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STATE OF WEST VIRGINIA

## WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1973

—●—

# ENROLLED

HOUSE BILL No. 1172

(By Mr. Quinn and Mr. Shiflet)

—●—

PASSED April 7 1973

In Effect Ninety days from Passage



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FILED IN THE OFFICE  
EDGAR F. WEISKELL III  
SECRETARY OF STATE  
THIS DATE \_\_\_\_\_

1172

**ENROLLED**  
**COMMITTEE SUBSTITUTE**  
**FOR**  
**House Bill No. 1172**  
**(By MR. OURS and MR. SHIFLET)**

(Originating in the House Committee on the Judiciary)

[Passed April 7, 1973; 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 the exemption of certain securities from registration with the commissioner of securities and exempting securities issued by agriculture co-operative associations.

*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:

**ARTICLE 1. SECURITIES; DEFINITIONS; REGISTRATION; UNLAWFUL ACTS; PENALTIES; LIABILITIES.**

**§32-1-3. Securities not included.**

- 1 Except as hereinafter expressly provided, the provisions of
- 2 this chapter shall not apply to any of the following classes of
- 3 securities:
- 4 (a) Any security issued or guaranteed by the United
- 5 States or any territory or insular possession thereof, or by the
- 6 District of Columbia, or by any state or political subdivision

7 or agency thereof;

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

15 (c) Any security issued or guaranteed either as to princi-  
16 pal, interest or dividends by a corporation owning or operating  
17 a railroad engaged in interstate commerce and under super-  
18 vision of the interstate commerce commission; any security  
19 issued or guaranteed either as to principal, interest or dividend  
20 by a corporation owning or operating any public service utility  
21 other than a railroad, provided the issuance of such security  
22 is supervised or regulated by a public commission, board or  
23 officer of the government of the United States or of any state,  
24 territory or insular possession of the United States, or of the  
25 District of Columbia or of the Dominion of Canada or any  
26 province thereof; and any equipment security based on chattel  
27 mortgages, leases or agreements for conditional sale of cars,  
28 motive power or other rolling stock or equipment mortgaged,  
29 leased or sold to or furnished for the use of or upon a rail-  
30 road or other public service utility corporation, or equipment  
31 securities where the ownership or title of such equipment is  
32 pledged or retained in accordance with the provisions of the  
33 laws of the United States or of any state, or of the Dominion  
34 of Canada, to secure the payment of such equipment securities;

35 (d) Any security issued by a person organized and oper-  
36 ated exclusively for educational, benevolent, fraternal, chari-  
37 table or reformatory purposes and not for pecuniary profit,  
38 and no part of the net earnings of which inures to the bene-  
39 fit of any person, private stockholder or individual;

40 (e) Any security which, at the time of the sale, is listed  
41 on the New York Stock Exchange, the American Stock Ex-  
42 change or the Midwest Stock Exchange, pursuant to authoriz-  
43 ation by any such exchange, and additional amounts of any  
44 such securities when regularly approved for listing upon the  
45 issuance thereof and securities senior to the securities so listed:  
46 *Provided*, That the commissioner shall have power and author-

47 ity at any time to withdraw such exemption for any security  
48 or group of securities so listed, pending an investigation and  
49 hearing on securities included in such order. A date for  
50 hearing shall be set by the commissioner not more than twenty  
51 days after such withdrawal order. The commissioner, by rul-  
52 ing, may grant this same exemption to securities listed on any  
53 other exchange following an application from such exchange  
54 and after an investigation and examination has been made by  
55 him. The expense of all hearings, investigations and examina-  
56 tions shall be paid by the exchange making application or  
57 receiving a hearing;

58 (f) Any security issued by a state bank, trust company,  
59 building and loan association or savings institution, incorpor-  
60 ated under the laws of and subject to the examinations, super-  
61 vision and control of any state or territory of the United  
62 States or any insular possession thereof;

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

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

80 (i) Any securities bought or sold upon customers' orders:  
81 *Provided*, That such securities are bought or sold on an ex-  
82 change which, at the time of such transaction, is registered as a  
83 national exchange by the securities and exchange commission:  
84 *Provided further*, That no solicitation is made of the orders so  
85 executed;

86 (j) Any note, draft, bill or exchange or bankers accept-

87   ance which arises out of a current transaction or the proceeds  
88   of which have been or are to be used for a current trans-  
89   action, is not the subject of a public offering, has at the  
90   time of issuance a definite maturity (after all days of grace,  
91   if any) of not exceeding one year, is payable in cash only,  
92   and is not convertible into and does not carry an option or  
93   right to receive payment or any bonus in any other security;  
94   and

95   (k) Any security issued by an agricultural cooperative  
96   association operating in this state that is organized under  
97   article four, chapter nineteen of this code, or as a foreign  
98   cooperative association organized under the laws of another  
99   state that has been duly qualified to transact business in this  
100   state.

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

H. Darrel Darby  
Chairman Senate Committee

Clarence C. Stumacher Jr.  
Chairman House Committee

Originated in the House.

Takes effect ninety days from passage.

Howard W. Carson  
Clerk of the Senate

C. A. Blankenship  
Clerk of the House of Delegates

H. T. Brotherton Jr.  
President of the Senate

Louis J. McManus  
Speaker House of Delegates

The within approved this the 13th  
April day of \_\_\_\_\_, 1973.

Arch A. Shaw Jr.  
Governor



PRESENTED TO THE  
GOVERNOR

Date 4/11/73

Time 3:55 p.m.

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