

MAINE STATE LEGISLATURE

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(EMERGENCY)

SECOND REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 1898

H.P. 1446

House of Representatives, January 10, 1984

Submitted by the Department of Business, Occupational and Professional Regulation pursuant to Joint Rule 24.

Reference to the Committee on Business Legislation is suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Murray of Bangor.

Cosponsors: Representative Martin of Van Buren and Representative Pouliot of Lewiston.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-FOUR

**AN ACT Facilitating Maine's Participation
in the National Central Registration
Depository.**

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, in the first quarter of 1984 the Securities Division of the Bureau of Banking will begin computerized registration of agents of certain dealers in securities through the Central Registration Depository (CRD) which is operated jointly by the North American Securities Administrators Association, Inc. and the National Association of Securities Dealers, Inc.; and

Whereas, the use by the Securities Division of the Bureau of Banking of the Central Registration Depository for registration of certain agents is antic-

1 ipated to provide greater protection to the public
2 which buys securities and to ease the burden on in-
3 dustry in registering agents; and

4 Whereas, the use of the Central Registration De-
5 pository for registration of certain agents requires
6 a change in the effective dates of registration which
7 could cause confusion unless the legislation becomes
8 effective immediately upon enactment; and

9 Whereas, in the judgment of the Legislature,
10 these facts create an emergency within the meaning of
11 the Constitution of Maine and require the following
12 legislation as immediately necessary for the preser-
13 vation of the public peace, health and safety; now,
14 therefore,

15 Be it enacted by the People of the State of Maine as
16 follows:

17 Sec. 1. 32 MRSA, §802, as amended by PL 1981, c.
18 698, §156, is repealed and the following enacted in
19 its place:

20 §802. List of dealers

21 The Bank Superintendent shall maintain a list of
22 the then registered dealers in securities and their
23 registered agents. The Bank Superintendent shall,
24 upon reasonable request, inform any inquirer whether
25 any particular person is registered as a dealer or
26 agent. The Bank Superintendent shall, upon reason-
27 able request and for such reasonable fee as he shall
28 establish, provide any inquirer with a list of the
29 then registered dealers in securities and their reg-
30 istered agents.

31 Sec. 2. 32 MRSA, §805, sub-§5, as enacted by PL
32 1981, c. 448, §8, is repealed and the following en-
33 acted in its place:

34 5. Evidence of registration. In case of revoca-
35 tion or suspension of a dealer's registration, any
36 evidence of registration previously issued by the
37 Bank Superintendent or his authorized agents to the
38 dealer shall be surrendered to the superintendent im-
39 mediately upon his request.

1 Sec. 3. 32 MRSA, §806, sub-§3, as enacted by PL
2 1981, c. 448, §8, is repealed and the following en-
3 acted in its place:

4 3. Evidence of registration. In case of revoca-
5 tion or suspension of an agent's registration, any
6 evidence of registration previously issued by the
7 Bank Superintendent or his authorized agents shall be
8 surrendered to the superintendent immediately upon
9 his request.

10 Sec. 4. 32 MRSA, §852, sub-§8, as enacted by PL
11 1981, c. 448, § 11, is repealed and the following
12 enacted in its place:

13 8. Evidence of registration. Upon registration
14 of any dealer, an evidence of registration may be is-
15 ssued by the Bank Superintendent to the dealer in such
16 form as the superintendent determines. If the super-
17 intendent delegates to the Central Registration De-
18 pository of the North American Securities Administra-
19 tors Association, Inc. and the National Association
20 of Securities Dealers, Inc. the authority to issue
21 that evidence of registration, then the evidence of
22 registration shall be in such form as is acceptable
23 to the superintendent. The dealer shall notify the
24 superintendent or his authorized agents of changes in
25 the personnel of a partnership or in the principals,
26 officers, directors or managing agents of any dealer,
27 together with a statement of the facts necessitating
28 such change within 30 days after the change or at
29 such other time as prescribed by the superintendent
30 or his authorized agents.

31 Sec. 5. 32 MRSA, §853, as repealed and replaced
32 by PL 1981, c. 448, § 12, is repealed and the follow-
33 ing enacted in its place:

34 §853. Fees

35 An applicant for initial registration as a dealer
36 shall pay to the Bank Superintendent a filing fee of
37 \$50 and a registration fee of \$50. Thereafter, an
38 applicant for renewal registration as a dealer shall
39 pay to the Bank Superintendent an annual registration
40 fee of \$50 only. An applicant for initial registra-
41 tion or renewal registration as an agent for an issu-

1 er or an agent for a dealer shall pay to the Bank Su-
2 perintendent an annual registration fee of \$10.

3 There shall be no charge for the first copy of
4 the dealer's or agent's evidence of registration if
5 issued by the Bank Superintendent or his authorized
6 agents. Thereafter, a dealer or issuer shall pay to
7 the Bank Superintendent, for the use of the State, a
8 fee of \$2 for each additional copy of any evidence of
9 registration requested, if issued by the Bank Super-
10 intendent or his authorized agents.

11 Sec. 6. 32 MRSA, §854, as amended by PL 1983, c.
12 553, § 46, is repealed and the following enacted in
13 its place:

14 §854. Expiration of registration

15 Registration of a dealer, agent of a dealer or
16 agent of an issuer shall expire on December 31st im-
17 mediately following the effective date of registra-
18 tion or at such other times as the Commissioner of
19 Business, Occupational and Professional Regulation
20 may designate. Registration of a dealer, agent of a
21 dealer or agent of an issuer may be renewed for the
22 succeeding calendar year, upon application by a deal-
23 er or issuer and payment of the fees provided for in
24 section 853, without the filing of further statements
25 or the furnishing of any further information, unless
26 specifically required by the Bank Superintendent.
27 Applications for renewal of registrations for deal-
28 ers, agents of a dealer or agents of an issuer re-
29 ceived after the expiration of their registration
30 shall be treated as and be subject to the same fees
31 provided for original registration.

32 Sec. 7. 32 MRSA, §855, as amended by PL 1981, c.
33 448, §13, is repealed and the following enacted in
34 its place:

35 §855. Use of evidence of registration

36 Any registered dealer in securities or any regis-
37 tered agent may, on behalf of any dealer or issuer,
38 sell, offer for sale or invite offers for or in-
39 quiries about securities in this State. No regis-
40 tered dealer or registered agent shall advertise pub-

1 licly the fact of his registration or use that fact
2 or any evidence of registration in connection with
3 any sale or effort to sell securities, except by
4 statement of the fact of registration or by exhibi-
5 tion of any evidence of registration or any copy
6 thereof.

7 Sec. 8. 32 MRSA, §856, first ¶, as amended by PL
8 1981, c. 448, §14, is repealed and the following en-
9 acted in its place:

10 Upon written application by a registered dealer
11 or by an issuer whose securities are registered, the
12 Bank Superintendent may register, as agents of the
13 dealer or issuer, such individuals as the dealer or
14 issuer may request. The application shall be in such
15 form as the superintendent may prescribe, and shall
16 state the name, residence and address of those indi-
17 viduals whose registration is requested. An agent of
18 a dealer who is a member of the National Association
19 of Securities Dealers, Inc. may, if authorized by the
20 superintendent, be registered by filing an applica-
21 tion directly with the Central Registration Deposito-
22 ry operated jointly by the North American Securities
23 Administrators Association, Inc. and the National As-
24 sociation of Securities Dealers, Inc.

25 Sec. 9. 32 MRSA, §856, 3rd ¶, as repealed and
26 replaced by 1981, c. 448, §17, is amended to read:

27 The superintendent may by rule provide for an ex-
28 amination, which may be written or oral, or both, to
29 be taken by applicants or any class of applicants,
30 except that no applicant ~~shall~~ may be required to
31 take an examination if he was registered as an agent
32 of a dealer or of an issuer at any time during the
33 calendar year preceding the date of the application
34 or was registered as an agent of a dealer on October
35 1, 1967, and, further, provided any applicant who has
36 passed prior to the date of the application an exami-
37 nation for brokers or salesmen required by the Feder-
38 al Securities and Exchange Commission or the National
39 Association of Securities Dealers and is a registered
40 principal or representative under the jurisdiction of
41 the commission or the association at the date of the
42 application shall only be required to take an exami-
43 nation which relates to the securities laws of the

1 State. A \$10 examination fee in addition to all other
2 fees may be charged to an applicant required to take
3 an examination. Unless an applicant fails to pass
4 such a written examination, the superintendent shall
5 issue to each person so registered a registration
6 certificate, stating his name, residence address, the
7 name, principal place of business or the mailing ad-
8 dress of the dealer or issuer for whom he is an
9 agent, and the fact that he is registered for the ap-
10 plicable registration period as an agent of the deal-
11 er or issuer. The certificate shall, in other re-
12 spects, be in such form as the Bank Superintendent
13 shall determine, but shall state in bold type that
14 the superintendent does not recommend or assume any
15 responsibility for securities offered by the dealer
16 or issuer or their agents. Upon application by the
17 dealer or issuer, the registration of any agent shall
18 be canceled. When an agent begins or terminates a
19 connection with a dealer or issuer, or begins or ter-
20 minates those activities which make him an agent, the
21 agent as well as the dealer or issuer shall promptly
22 notify the superintendent.

23 Sec. 10. 32 MRSA, §856, last ¶, as repealed and
24 replaced by PL 1981, c. 448, §18, is repealed.

25 Emergency clause. In view of the emergency
26 cited in the preamble, this Act shall take effect
27 when approved.

28 STATEMENT OF FACT

29 The purpose of this bill is to change the date of
30 expiration of registration of dealers and agents, to
31 provide for an annual renewal of registration of
32 dealers and agents, to eliminate the requirement of
33 the issuance of a registration certificate and to
34 modify the requirement of the preparation of an annu-
35 al list of registered dealers and agents. These
36 changes are necessitated, because beginning in the
37 first quarter of 1984 the Securities Division of the
38 Bureau of Banking will be registering agents of cer-
39 tain securities dealers through the Central Registra-
40 tion Depository, a computerized applica-
41 tion/registration system operated jointly by the
42 North American Securities Administrators Association,

1 Inc. and the National Association of Securities Deal-
2 ers, Inc. The Central Registration Depository re-
3 quires an annual registration period ending on Decem-
4 ber 31st, and it does not issue a licensing certifi-
5 cate as contemplated by the existing statute. Forty-
6 six other states or jurisdictions are using this sys-
7 tem, and it is anticipated that it will increase ef-
8 ficiency and reduce costs both to the Securities Di-
9 vision of the Bureau of Banking and to the regulated
10 industry.

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