

## **Memorandum**

Date: August 15, 2000

To: USA Drafting Committee, Advisors, and Observers

From: Joel Seligman

RE: Revised Draft of Uniform Securities Act and Agenda, September 8-10, 2000

Because of the discussion at the February 25-27, 2000 meeting and subsequent correspondence and discussions, the attached Discussion Draft moves closer to the goals of this project. Let me again express my gratitude to those who have participated in the process to date.

On September 8-10 we will discuss approximately one half of this Draft, focusing on Exemptions, §§201-204; Securities Registration and Notice Filings of Federal Covered Securities, §§301-306; Fraud and Liability, §§501-510: and related definitions.

The balance of the draft will be addressed at a December 8-10 meeting.

While this remains a work in progress, I anticipate asking the Drafting Committee for initial votes on §§201-204, 301-306, 501-510, and related definitions where consensus has been achieved at the September meeting. I would be very grateful if comments were received before September 8<sup>th</sup> 2000 on these sections.

I anticipate that there should be further changes in Part IV, Broker-Dealers, Agents, Investors, Advisors, and Investment Advisor Representatives, and Part VI, Administration and judicial review, before the December meeting.

In Attachment A I have included a Comparison of this Draft to the February Draft. In Attachment B I have included an agenda for the September 8-10 meeting.

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ATTACHMENT A  
NEW DRAFT COMPARED TO FEBRUARY DRAFT

[PART A: DEFINITIONS]

**COMMENT**

SECTION 101 DEFINITIONS

(a) Administrator	
(b) Agent	REVISED
(c) Broker-Dealer	REVISED
(d) Depository Institution	REVISED
(e) Federal Covered Investment Adviser	REVISED
(f) Federal Covered Security	
(g) File, Filed, or Filing	REVISED
(h) Fraud	
(i) Guaranteed	
(j) Institutional Investor	REVISED
(k) Insurance Company	
(l) Insured	
(m) International Bank	
(n) Investment Adviser	REVISED
(o) Investment Adviser Representative	REVISED
(p) Issuer	

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**COMMENT**

(q) Nonissuer Transaction

(r) Person

(s) Price Amendment

(t) Promoter

RECOMMEND DELETION

(u) Sale or Sell

REVISED

(v) Securities Act of 1933, etc.

REVISED

(w) Security

REVISED

(x) Self-Regulatory Organization

(y) State

(z) Underwriter

[PART B: EXEMPTIONS]

SECTION 201 Exempt Securities

(a) United States Governments and Municipals

(b) Foreign Governments

(c) Depository Institutions and International Banks

REVISED

(d) Insurance Companies

REVISED

(e) Public Utilities

REVISED

(f) Certain Options and Rights

REVISED

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	<b>COMMENT</b>
(g) Not-for-Profit Organizations	REVISED
(h) Cooperatives	NEW
(i) Employee Benefit Plans	REVISED
(j) Equipment Trust Certificates	
SECTION 202 Exempt Transactions	
(a) Isolated Nonissuer Transactions	REVISED
(b) Certain Nonissuer Transactions	REVISED
(c) Foreign Nonissuer Transactions	NEW
(d) Nonissuer Transactions in Securities Subject to Securities Exchange Act Reporting	REVISED
(e) Specified Fixed Maturity, Interest or Dividend	REVISED
(f) Unsolicited Brokerage Transactions	REVISED
(g) Pledges	
(h) Underwriter Transactions	
(i) Unit Real Estate Transactions	REVISED
(j) Bankruptcy and Insolvency Transactions	
(k) Institutional Investors	REVISED
(l) Limited Offering Transactions	REVISED
(m) Transactions with Existing Security Holders	REVISED

**COMMENT**

(n) Offerings When Registered Under this Act and the Securities Act of 1933

(o) Offerings When Registered Under this Act and Exempt from the Securities Act of 1933

(p) Control Transactions

REVISED

SECTION 203 Additional Exemptions

REVISED

SECTION 204 Denial, Condition, Limitation or Revocation of Exemptions

REVISED

[PART C: REGISTRATION OF SECURITIES  
AND NOTICE FILINGS OF FEDERAL COVERED SECURITIES]

SECTION 301 Securities Registration Requirement

SECTION 302 Notice Filings and Fees Applicable to Federal Covered Securities

REVISED

SECTION 303 Securities Registration by Coordination

REVISED

SECTION 304 Securities Registration by Qualification

REVISED

SECTION 305 General Securities Registration Provisions

REVISED

SECTION 306 Denial, Suspension, and Revocation of Securities Registration

REVISED

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[PART D: BROKER-DEALERS, AGENTS,  
INVESTMENT ADVISERS, AND INVESTMENT ADVISER REPRESENTATIVES]

**COMMENT**

SECTION 401 Registration Requirements for Broker-Dealers,  
Agents, Investment Advisers, and Investment Adviser  
Representatives **REVISED**

SECTION 402 Exempt Broker-Dealers, Agents, Investment  
Advisers, and Investment Adviser Representatives **REVISED**

SECTION 403 Registration Procedures for Broker-Dealers,  
Agents, Investment Advisers, and Investment Adviser  
Representatives and Notice Filing Procedure for  
Federal Covered Investment Advisers **REVISED**

SECTION 404 Postregistration Procedures **REVISED**

SECTION 405 Denial, Revocation, Suspension, Cancellation,  
and Withdrawal of Registration **REVISED**

[PART E: FRAUD AND LIABILITIES]

SECTION 501 General Fraud Provision

SECTION 502 Fraud in Providing Investment Advice

SECTION 503 Burden of Proof **REVISED**

SECTION 504 Filing of Sales and Advertising Literature **REVISED**

SECTION 505 Misleading Filings **REVISED**

SECTION 506 Misrepresentations Concerning Registration  
or Exemption **REVISED**

SECTION 507 Qualified Immunity **RECOMMEND DELETION**

SECTION 508 Criminal Penalties **REVISED**

SECTION 509 Civil Liberties **REVISED**

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**COMMENT**

SECTION 510 Jurisdiction and Service of Process REVISED

[PART F: ADMINISTRATION AND JUDICIAL REVIEW]

SECTION 601 Administration of Act REVISED

SECTION 602 Investigations and Subpoenas REVISED

SECTION 603 Enforcement REVISED

SECTION 604 Rules, Forms, Orders, and Hearings REVISED

SECTION 605 Administrative Files and Opinions REVISED

SECTION 606 Public Information; Confidentiality REVISED

SECTION 607 Cooperation With Other Agencies REVISED

SECTION 608 Judicial Review of Orders REVISED

SECTION 609 Uniformity of Application and Construction

[PART G: MISCELLANEOUS]

SECTION 701 Short Title

SECTION 702 Severability

SECTION 703 Repeal and Savings Provisions

SECTION 704 Effective Date

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ATTACHMENT B  
UNIFORM SECURITIES ACT (2001)

AGENDA: SEPTEMBER 8-10, 2000

**Friday September 8**

EXEMPTIONS AND RELATED DEFINITIONS: SECTIONS 201-204 AND 101 (f), (j), (k), (e), (v), (w)

**Saturday a.m., September 9**

REGISTRATION OF SECURITIES AND NOTICE FILINGS OF FEDERAL COVERED SECURITIES AND RELATED DEFINITIONS: SECTIONS 301-306 AND 101 (g), (i), (p), (q), (r), (s), (t), (u), (z)

**Saturday p.m.**

FRAUD AND LIABILITIES AND RELATED DEFINITIONS: SECTIONS 501-510 AND 101 (h), (x), (y)

**Sunday a.m., September 10**

FRAUD AND LIABILITIES AND RELATED DEFINITIONS: SECTIONS 501-510 AND 101 (h), (x), (y)

During this meeting I may seek initial votes by the Drafting Committee on specific Sections or questions.