

House Bill 2607

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Judiciary)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Exempts certain securities issued in connection with employee benefit plans from securities registration requirements.

A BILL FOR AN ACT

1
2 Relating to exemption from registration of securities issued in connection with employee benefit
3 plans; amending ORS 59.025.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 59.025 is amended to read:

6 59.025. The following securities are exempt from ORS 59.049 and 59.055:

7 (1)(a) A security issued or guaranteed by the United States or a state, or by a political subdivi-
8 sion, agency or other instrumentality of the United States or a state.

9 (b) Any other security offered in connection with or as part of a security described in paragraph
10 (a) of this subsection, if the security cannot be severed and sold separately from the security in
11 paragraph (a) of this subsection.

12 (2) A security issued or guaranteed by a foreign government with which the United States is
13 at the time of the sale maintaining diplomatic relations, or by a state, province or political subdivi-
14 sion of the foreign government that has the power of taxation or assessment, if the foreign gov-
15 ernment, state, province or political subdivision recognizes the security as a valid obligation.

16 (3) A security that represents an interest in or a direct obligation of, or is guaranteed by, a
17 national bank, a federal savings and loan association, a federal credit union, a federal land bank or
18 joint stock land bank or a national farm loan association.

19 (4) Any of the following securities:

20 (a) A security that, at the time the security is issued, is listed or approved for listing on the
21 New York Stock Exchange, the American Stock Exchange, the Midwest Stock Exchange, the Pacific
22 Stock Exchange or any other exchange that the Director of the Department of Consumer and Busi-
23 ness Services recognizes by rule;

24 (b) A security that the NASDAQ Stock Market, NASDAQ Options Market or NASDAQ OMX
25 Futures Exchange has designated or approved for designation at the time the security was issued;

26 (c) Any other security issued by a person or entity that issues a security listed or designated
27 under paragraph (a) or (b) of this subsection, if the other security is of senior or substantially equal
28 rank to the listed or designated security;

29 (d) A security issuable under rights or warrants listed or approved under paragraph (a), (b) or
30 (c) of this subsection; or

31 (e) A warrant or right to purchase or subscribe to any security described in paragraph (a), (b),

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (c) or (d) of this subsection.

2 (5) A security that maintains a rating that the director approves in a recognized securities
3 manual.

4 (6) A security that represents an interest in or a direct obligation of, and that has been or will
5 be issued by, a bank, trust company, savings and loan association or credit union and that is subject
6 to the examination, supervision and control of a regulatory agency of this state.

7 (7) Commercial paper issued, given or acquired in a bona fide way in the ordinary course of le-
8 gitimate business, trade or commerce, if the commercial paper is not made the subject of a public
9 offering.

10 (8) A security, the issuance of which the Public Utility Commission supervises, regulates or
11 controls, if the Public Utility Commission supervises, regulates or controls the person or entity that
12 issues the security.

13 (9) Stock or membership certificates that an agricultural cooperative corporation or irrigation
14 association issues, if the agricultural cooperative corporation or irrigation association issues the
15 stock or membership certificate as evidence of membership in the cooperative or association, as a
16 patronage dividend or as evidence of a member's or a patron's respective interests in reserves or
17 patronage dividends. This exemption does not apply to a cooperative or association that expects to
18 engage in or is engaged in producing, processing or marketing forest products.

19 (10) Stock or membership certificates that a fishing cooperative corporation issues to members
20 of the fishing cooperative corporation either for the purpose of showing membership or for the
21 purpose of showing the members' respective interests in reserves or patronage dividends. For pur-
22 poses of this subsection, a fishing cooperative corporation is an association of persons engaged
23 commercially in harvesting, marketing or processing products of aquatic life from fresh and salt
24 water, that is formed or operated under ORS chapter 62 with the purpose of commercially harvest-
25 ing, marketing or processing such products or engaging in group bargaining with respect to the sale
26 of such products.

27 (11) Stock or membership certificates issued by an association of consumers that is formed or
28 operated under ORS chapter 62 with the purpose of providing groceries to the association's mem-
29 bers, if the association issues the stock or certificates to members either for the purpose of showing
30 membership in the association or for the purpose of showing the members' respective interests in
31 patronage dividends or reserves. For purposes of the exemption under this subsection:

32 (a) The price of stock or a membership certificate may not exceed \$300.

33 (b) The benefits must be limited to discounts on purchases or patronage dividends, or any com-
34 bination of discounts and dividends.

35 (c) The association may issue only one stock or membership certificate to an individual.

36 (12) Subject to conditions that the director adopts by rule, stock or membership certificates that
37 a renewable energy cooperative corporation issues to members of the cooperative corporation, if the
38 cooperative corporation issues the stock or certificates to members either to show membership in
39 the cooperative corporation or to show the members' respective interests in or entitlement to assets,
40 reserves or dividends. For the purpose of this subsection, a renewable energy cooperative corpo-
41 ration is an association of persons that is organized as a cooperative corporation under ORS chapter
42 62 with the purpose of developing and operating facilities to generate electricity from renewable
43 energy resources, as defined in ORS 757.600 (27)(a), (c) and (d), or from a type of energy listed in
44 ORS 469A.025 (1)(c).

45 *[(13) Any security issued in connection with an employee stock purchase, savings, pension, profit*

1 *sharing or similar employee benefit plan, provided that:]*

2 *[(a) The plan meets the requirements for qualification under section 401 of the Internal Revenue*
3 *Code of 1986; and]*

4 *[(b) The terms of the plan are fair, just and equitable to employees under rules of the director.]*

5 **(13) Any security issued in connection with an employee stock purchase, savings, option,**
6 **profit-sharing, pension or similar employee benefit plan, if the plan is:**

7 **(a) Contained in a written record; and**

8 **(b) Established by the issuer or its parent, its direct or indirect majority-owned subsid-**
9 **iaries or the majority-owned subsidiaries of its parent for the participation of their employ-**
10 **ees, directors, consultants or advisors.**

11 (14) Any security issued by a person that is:

12 (a) Organized and operated exclusively for a religious, educational, benevolent, fraternal, chari-
13 table or reformatory purpose and not for pecuniary profit;

14 (b) Organized or constituted so that the person's net earnings do not inure to the benefit of any
15 person, private stockholder, or individual; and

16 (c) Designated by rule of the director.

17 (15) Any other security the director exempts by rule.
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