

455.08 History: 1969 c. 290; Stats. 1969 s. 455.08.

455.09 History: 1969 c. 290; Stats. 1969 s. 455.09.

455.10 History: 1969 c. 290; Stats. 1969 s. 455.10.

455.11 History: 1969 c. 290; Stats. 1969 s. 455.11.

CHAPTER 456.

Nursing Home Administrator Examining Board.

456.01 History: 1969 c. 478; Stats. 1969 s. 456.01.

456.02 History: 1969 c. 478; Stats. 1969 s. 456.02.

456.03 History: 1969 c. 478; Stats. 1969 s. 456.03.

456.04 History: 1969 c. 478; Stats. 1969 s. 456.04.

456.05 History: 1969 c. 478; Stats. 1969 s. 456.05.

456.06 History: 1969 c. 478; Stats. 1969 s. 456.06.

456.07 History: 1969 c. 478; Stats. 1969 s. 456.07.

456.08 History: 1969 c. 478; Stats. 1969 s. 456.08.

456.09 History: 1969 c. 478; Stats. 1969 s. 456.09.

456.10 History: 1969 c. 478; Stats. 1969 s. 456.10.

456.11 History: 1969 c. 478; Stats. 1969 s. 456.11.

CHAPTER 459.

Hearing Aid Dealers and Fitters Examining Board.

459.01 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.01.

459.02 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.02.

459.03 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.03.

459.035 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.035.

459.04 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.04.

459.05 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.05.

459.06 History: 1969 c. 300; 1969 c. 392 ss. 70, 71; Stats. 1969 s. 459.06.

459.07 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.07.

459.08 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.08.

459.085 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.085.

459.09 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.09.

459.10 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.10.

459.11 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.11.

459.12 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.12.

459.13 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.13.

459.14 History: 1969 c. 300; 1969 c. 392 s. 70; Stats. 1969 s. 459.14.

CHAPTER 551.

Wisconsin Uniform Securities Law.

Legislative Council Note, 1969: The advisory committee on securities laws was appointed by the 1967-69 legislative council as an advisory body to the interim insurance and banking committee. The council directed the advisory committee to conduct a comprehensive review of the existing Wisconsin securities law by comparing it with the laws of other states and the uniform law recommended by the national conference of commissioners on uniform state laws. This bill, which represents a comprehensive revision and recodification of the statutes relating to the regulation of securities, constitutes the recommendations of the advisory committee.

The proposed "Wisconsin Uniform Securities Law" makes no basic change in Wisconsin securities regulatory policy. While there are important changes introducing new safeguards for investors and cutting away unnecessary red tape, the principal change is one of simplification and coordination of the law with federal securities regulation and with regulation in other states.

The proposed law is based upon the "Uniform Securities Act" recommended by the commissioners on uniform state laws since the last general revision of the Wisconsin law. Securities regulation is a field in which uniformity is especially desirable because typical new issues of securities must simultaneously meet requirements of many states. The uniform act has been adopted (more or less completely) in over 20 states. While the proposed bill generally follows the uniform act, it departs from this model in retaining important safeguards of the present law. The most important of these is the "fair and equitable" standard for screening of securities.

The proposed law establishes a procedure by which securities registered under the federal securities act may be registered in the state by "coordination", a synchronized and expeditious procedure.

Wisconsin law concerning registration is to be simplified in another respect. There are to be only 2 modes of registration: "coordination" and "qualification". The cumbersome provisions of "sale upon notification" and "sale prior to registration" in the present law

have been eliminated but their useful features have been retained in the form of conditional exemptions from registration.

The 2nd advantage of the proposed law is that it facilitates legitimate transactions. Its provisions for dealer transactions are stricter than those of the uniform act, which exempts all securities listed in a manual such as *Standard and Poor's* or *Moody's*, but no longer is the cumbersome "notification" required before dealers may trade in securities of companies subject to the federal securities exchange act.

The proposed law also will provide a proceeding for the exemption from registration of securities listed on national exchanges. For example, the commissioner by rule may exempt from registration all securities traded on the New York exchange which are not now required to be registered in any state except Wisconsin.

The proposed law eliminates the requirement of annual licensing of banks handling security transactions for customers. Exemptions for small businesses are broadened by including both the present provision and that of the uniform act.

The proposed law also adds new protections for investors. The commissioner is authorized to suspend trading in particular securities for good cause. Prohibitions of fraud and other conduct are broadened and additional civil remedies are provided. The commissioner is given more flexible sanctions to use in cases of broker-dealer violations.

In the interest of uniformity, the language utilized in the various sections of this bill is generally the same as or adapted from the comparable sections of the uniform act. Therefore, a large part of the provisions of ch. 189 retained in the proposed law have been restated. In these instances, no change in existing law is intended.

Each section of proposed ch. 551 is followed by a note which explains the section and its relationship to the existing law or the uniform act. The existing law and provisions of the uniform act also can be traced into the proposed law by using the conversion tables at the end of this bill. [Bill 26-S]

Editor's Note: This table is designed to assist in tracing the provisions of ch. 551, Laws 1969, into the sections of ch. 551 as created by this act. This table does not show, except for deletions, what specifically happened to a particular section. To find that information, see the new section and the NOTE thereto.

1969 CONVERSION TABLE

1967 Stats.	1969 Stats.
189.01 (1) 1st sentence	Deleted
(1) 2nd and last sentences	551.51 (1)
(2)	Deleted
(3) 1st sentence	
1st part	551.51 (1)
2nd part	Deleted
last part	551.51 (1)
2nd sentence	551.51 (1)
last sentence	Deleted
(4)	Deleted
(5)	Deleted

1967 Stats.	1969 Stats.
(6)	551.01
189.02 (1) All 1st sentence except ("property, leasehold, royalty, patent right, copyright, trade mark, process, formula")	551.02 (13) (a)
Excluded parts of 1st sentence	Deleted
Last sentence except reference to "beneficial interest in a business trust"	Deleted
Excluded part of last sentence	551.02 (13) (a)
(1a)	551.02 (13) (b)
	1st part
(2) All except "or instrumentality"	551.02 (10)
"Or instrumentality"	Deleted
(3) (a) (intro.)	551.02 (11) (a)
	and (b)
	1st part
1. and 2.	Deleted, see Note to 551.23 (2)
3. 1st sentence, 1st and last parts	Deleted
2nd part	551.02 (11) (b)
	last part
	last sentence
	Deleted
(b)	Deleted
(c)	551.02 (11) (c)
(4)	551.02 (8)
(5) (intro.)	551.02 (3)
	(intro.)
	and (a)
(a) 1st part	551.02 (3) (d)
last part	Deleted
(b) 1st part	551.02 (3) (d)
last part	Deleted
(c)	551.02 (3) (f)
(d)	551.02 (3) (e)
(6)	Deleted
(7) 1st and last parts	551.02 (2)
2nd part	(189.05 exception) Deleted
(8)	Deleted
(9) (intro.) 1st and last parts	551.02 (7)
	(intro.), and (a)
	2nd part (189.07)
(10) exception)	Deleted
(a)	551.02 (7) (b)
(b)	551.02 (7) (d)
(c) broadened	551.02 (7) (e)
(10)	Deleted
(11)	Deleted
(12)	551.63 (1)
189.03 1st sentence	551.31 (1), (2) and (3)
	551.31 (4)
	1st sentence
189.04 (1) (a) 1st sentence	551.32 (1) 1st and 2nd sentences

1967 Stats.	1969 Stats.	1967 Stats.	1969 Stats.
189.04 (1) (a) 2nd sentence,		(4)	551.22 (6)
1st part	551.32 (2),	(5) 1st part	551.22 (6)
	except last	last 4 words	Deleted
	4 words, and	(6) 1st part	551.22 (1)
	551.27 (5)	last part	551.22 (1)
2nd sentence,		(7) 1st part	551.22 (8)
2nd part		2nd part	None
(issuance of		proviso	551.22 (8)
license)	551.32 (1)	(8) 1st part	
(payment of		(state banks)	551.22 (3)
fee)	551.34 (1) (k)	2nd part (state	
(payment of		S & L—Wis. only)	551.22 (4)
expense)	551.32 (2)	3rd part	
last 4 words		(national banks)	551.22 (3)
2nd sentence,		4th part	
last part	551.34 (1)	(national S. & L.)	551.22 (4)
3rd sentence	551.31 (2)	last part (federal	
(1) (b) 1st line	551.31 (1)	housing &	
remainder	551.65 (1)	agencies)	551.22 (1)
(1) (c)	551.33 (2)	(9)	Deleted
(2) (intro.)	551.34 (1)	(10)	551.22 (1)
	(intro.) and	189.07 (intro.) 1st part	Deleted
	551.34 (6)	last part	551.23 (intro.)
(a)	551.34 (1) (c)	(1) (a) 1st part	
(b)	551.34 (1) (g)	excluding sub.	
(c) 1st part	551.34 (1) (b)	(5) reference	551.23 (10)
last part	551.34 (1) (g)	Sub. (5) refer-	
(d)	Deleted	ence and	
(e)	551.34 (1) (i)	last part	Deleted
(f)	551.34 (1) (h)	(b) 1st part	
(g)	551.34 (1) (e), (L)	excluding sub.	
(h) 1st part	551.34 (1) (b)	(5) reference	551.23 (10)
last part	Deleted	Sub. (5) refer-	
(i)	551.34 (1) (m);	ence and	
	also, see Note	last part	Deleted
	to 551.54	(c)	Deleted
(j)	551.34 (1) (e)	(2)	551.22 (8)
	and (f)	(3)	551.23 (5)
(k)	Deleted	(4)	Deleted. See
(L)	Deleted		Note to
(3)	551.34 (2)		551.23 (5)
(4)	551.34 (3)	(5) 1st sentence,	
	and (4)	1st part	551.23 (1)
(5) 1st part	551.33 (2)	1st sentence, last	
2nd part	551.33 (5)	part, and	
last part	551.33 (6)	2nd sentence	Deleted
(6) (a)	551.33 (1)	(6) 1st part	551.23 (14)
(b)	551.33 (4)	last part	Deleted
(7) (a)	551.33 (4)	(7) 1st part	551.23 (6)
(b) 1st sentence,		last part	551.23 (13)
1st part	551.33 (4)	(8)	551.23 (7)
1st sentence,		(9)	Deleted
last part	Deleted	(10)	551.23 (8)
2nd sentence	551.51 (2)	(11)	551.22 (12)
(c)	Deleted. See	(12)	551.22 (13)
	Note to	(13)	551.23 (12)
	551.33 (5)	(14) (intro.) 1st and	
(d)	551.44	last parts	551.23 (13)
189.05	551.22 (1)	2nd part	Deleted
189.06 (intro.) 1st part	Deleted	(a) and (b)	Deleted
last part	551.22 (intro.)	(15) (a) 1st part	551.23 (13)
(1) state exemption	551.22 (1)	last part	Deleted
territory or insular		(16)	551.23 (17) Also,
possession of the			see Note to
U.S. exemption	551.22 (1), using		551.02 (11)
	551.02 (14)		(d)
foreign govern-		(17)	Deleted
ment exemption	551.22 (2)	(18)	551.23 (12)
last part	Deleted	(19)	551.23 (14)
(2)	551.22 (9)	(20) (intro.) except	
(3) 1st part	551.22 (6)	last 9 words	551.22 (1)
last 4 words	Deleted	Last 9 words of	

1967 Stats.	1969 Stats.	1967 Stats.	1969 Stats.
(intro.) and pars.	Deleted	189.15	551.27 (11)
(a) and (b)	Deleted	189.16 (intro.)	551.28 (1)
(21)	Deleted	(1)	551.28 (1) (f)
(22)	551.22 (10)		and (i)
(23)	Deleted	(2)	551.28 (1) (c)
189.08	Deleted. See	(3) 1st part	551.28 (1) (b)
	Note to 551.21	last part	551.28 (1) (e)
189.09	Deleted. See	(4)	551.28 (1) (h)
	Notes to	(5)	551.28 (1) (d)
	551.21 and		and (i)
	551.23 (15)	(6) 1st part	551.28 (1) (b)
189.10 (1)	Deleted	last part	551.28 (1) (a)
(2)	Deleted	(7)	Deleted
(3)	Deleted	189.17 (1) 1st sentence,	
(4)	Deleted	1st part	551.27 (10);
189.11 (1)	551.60 (2) Also,		551.32 (7)
	see Note to	2nd part	Deleted
	551.24	3rd part	
(2)	Deleted. See	(impounded) and	
	551.59,	4th part (escrow)	551.27 (7)
	however.	5th part (report	
189.12 1st sentence, 1st part	551.21	of sales)	551.27 (12)
1st sentence, 2nd part		last part	551.27 (12)
except references to		2nd sentence	Deleted
189.08 and 189.09	551.21	(2)	551.63 (1),
1st sentence,			(2) and (3)
references to		(3)	551.56 (1) (a),
189.08 and 189.09	Deleted		(b) and (d)
1st sentence, last part	Deleted	(4) 1st and 2nd	
last 3 sentences	Deleted	sentences	551.56 (2)
189.13 (1)	551.26	last 3 sentences	Deleted
(2) 1st sentence	551.27 (1)	(5)	551.57
last sentence	551.26 (2)	(6)	551.56 (1) (c)
(3) (intro.),		(7)	551.60 (2)
1st sentence,			and (3)
1st part	551.26 (2)	(8) 1st sentence	551.60 (4)
1st sentence,		last sentence	Deleted. See
last part	551.27 (5),		551.58 (1),
	last sentence		however.
2nd sentence,		189.18 (1)	551.41 (2), 551.59
1st part	551.27 (5),		(1) and (7)
	last sentence	(2)	Deleted
2nd sentence,		(3) 1st sentence	551.59 (5)
last part	551.26	2nd sentence	Deleted
(a) through (h)	Deleted. See	(4)	551.59 (6)
	Notes to	(5) 1st and 2nd	
	551.28 (1)	sentences	551.59 (6)
	and (3)	3rd sentence	551.59 (8)
(4)	551.22 (8) and	last sentence	Deleted
	551.27 (8)	(6) 1st sentence	Deleted
(5)	Deleted	last sentence	Deleted; see
(6)	Deleted		note to
(7)	551.27 (13)		551.59 (6)
(8)	551.27 (13)	(7)	551.59 (9)
(9)	551.27 (15) also,	189.19 (1) and (2)	Deleted. See
	see Note to		Note to
	551.02 (11)		551.58 (1)
	(d) and see	(3) and (4)	551.56 (3)
	551.60 (2)	(5)	551.58 (1)
(10)	551.23 (9)	189.20 (1)	Deleted
(11)	551.65 (1),	(2)	551.28 (2)
	1st sentence	(3) 1st and 2nd	
(12)	Deleted. See	sentences	551.58 (2)
	Note to 551.02	last sentence	Deleted
	(11) (d)	189.21 (1) 1st and last	
189.14 (1) 1st part	551.53, 551.02 (1)	sentences	551.64 (4)
last part	Deleted. See	2nd sentence	551.64 (2)
	s. 551.54 and	(2)	551.64 (4)
	s. 551.55	(3)	Deleted
	however	(4) 1st part	551.24 (2)
(2)	551.53	2nd part	551.28 (3)
(3)	Deleted		

1967 Stats.	1969 Stats.
(5).....	Deleted
(6).....	Deleted
(7).....	Deleted
189.22 (1).....	551.61 (1) Also, see Note to 551.28 (4)
(2) 1st, 2nd, 5th and 6th sentences.....	551.61 (2)
3rd and 4th sentences.....	Deleted
(3).....	Deleted
(4).....	Deleted. See Note to 551.61 (4)
(5).....	551.61 (4)
189.25.....	551.62
189.27 1st sentence and 2nd sentence, 1st part.....	551.65 (1)
2nd sentence, last part, 3rd and 4th sentences.....	Deleted
189.28.....	Deleted. See Note to 551.31 (5)
189.29.....	551.52
189.30.....	Deleted

Editor's Note: Notes of decisions and opinions concerned with provisions of law based on ch. 674, Laws 1919, and ch. 327, Laws 1941, as amended from time to time, are set out in Wis. Annotations, 1960, and Wis. Statutes, 1967. See also Schaller v. Litton Industries, Inc. 307 F Supp. 126.

On legislative power generally and on delegation of power see notes to sec. 1, art. IV.

See notes to sec. 1, art. I, on equality and on exercises of police power, citing Kreutzer v. Westfahl, 187 W 463, 204 NW 595.

See note to sec. 8, art. I, on limitations imposed by the Fourteenth Amendment, citing State v. Woodington, 31 W (2d) 151, 142 NW (2d) 810, 143 NW (2d) 753.

Watered stock and blue sky legislation. Richards, 2 WLR 1 and 86.

A study of the Wisconsin blue sky law and its administration. Sammond, 1956 WLR 196.

551.01 History: 1969 c. 71; Stats. 1969 s. 551.01.

Legislative Council Note, 1969: This section is adapted from the uniform act s. 416. The corresponding provision is s. 189.01 (6). [Bill 26-S]

551.02 History: 1969 c. 71, 392; 1969 c. 424 s. 26; Stats. 1969 s. 551.02.

Legislative Council Note, 1969: Sub. (1) is adapted from uniform act s. 403 and s. 189.14.

Sub. (2) is adapted from uniform act s. 401 (b) and corresponds to s. 189.02 (7).

Sub. (3) is adapted from uniform act s. 401 (c) and corresponds to s. 189.02 (5).

Sub. (4) is adapted from uniform act s. 401 (a). Ch. 189 has no corresponding definition.

Sub. (5) is uniform act. s. 401 (d) and is new.

Sub. (6) is uniform act s. 401 (e) and is new.

Sub. (7) is adapted from uniform act s. 401 (f) and corresponds to s. 189.02 (9).

Sub. (8) is adapted from uniform act s. 401 (g) and corresponds to s. 189.02 (4). Par. (b) follows the language of federal securities act s. 2 (4).

Sub. (9) is uniform act s. 401 (h) and is new. Sub. (10) is uniform act s. 401 (i) and corresponds to s. 189.02 (2).

Sub. (11) is adapted from uniform act s. 401 (j) and corresponds to s. 189.02 (3). However, the exclusion of solicited agency transactions included in s. 189.02 (3), which has been limited by administrative rule 1.08, is omitted. Under par. (d) of this subsection the sale of a warrant or convertible security includes a sale of the security deliverable on exercise of the warrant or conversion privilege. S. 551.27 (15) provides that warrants or convertibles shall not be registered unless the security deliverable also meets the requirements of the chapter. S. 551.23 (16) exempts from registration sales of warrants if sale of the security deliverable on their exercise would be in compliance with the chapter.

Sub. (12) is adapted from uniform act s. 401 (k) and is new.

Sub. (13) is adapted from uniform act s. 401 (L) and corresponds to s. 189.02 (1) which included also "any interest . . . in any . . . property". This concept has been deleted on the basis that it is too broad and would include interests which are not properly a subject of securities regulation. Commodity futures have been added to the definition of "securities" but have been exempted from registration. See NOTE to s. 551.22 (15). Insurance and annuity contracts are excluded from the definition in accordance with s. 189.02 (1a).

Sub. (14) is uniform act s. 401 (m). Ch. 189 has no corresponding definition.

This listing of definitions is not intended to be all inclusive. S. 551.63 authorizes the commissioner to adopt rules defining any terms whether or not they are used in this chapter. [Bill 26-S]

Revisor's Note, 1969: Advertising material may include purchases as well as sales; see the last clause of this subsection. Requested by commissioner of securities. [Bill 780-S]

551.21 History: 1969 c. 71; Stats. 1969 s. 551.21.

Legislative Council Note, 1969: This section is uniform act s. 301. The parallel prohibition of s. 189.12 also excepts the "sales upon notification" authorized by s. 189.08 and the "sales prior to registration" authorized by s. 189.09. These categories of exceptions have been omitted although the transaction exemptions provided in s. 551.23 include some of the transactions for which ss. 189.08 and 189.09 have been used. See NOTE to s. 551.23. [Bill 26-S]

551.22 History: 1969 c. 71; Stats. 1969 s. 551.22.

Legislative Council Note, 1969: This section listing classes of exempt securities covers the subject matter of uniform act s. 402 (a) and s. 189.06.

Sub. (1) is uniform act s. 402 (a) (1) but excluding industrial revenue bonds. In ch. 189, this subject matter is covered by s. 189.05, 189.06 (1), (6), (8) and (10), and by s. 189.07

(20) which provides only a conditional transaction exemption for out-of-state revenue bonds.

Sub. (2) is uniform act s. 402 (a) (2) but excluding foreign revenue bonds, thus conforming to s. 189.06 (1).

Sub. (3) is adapted from uniform act s. 402 (a) (3) and corresponds to s. 189.06 (8) which, however, does not exempt securities of state banks outside Wisconsin.

Sub. (4) is uniform act s. 402 (a) (4) and corresponds to s. 189.06 (8), which, however, does not exempt savings and loan associations not chartered by the state of Wisconsin.

Uniform act s. 402 (a) (5), which exempts securities of insurance companies, is omitted. The proposed act continues the Wisconsin policy of requiring both compliance with the securities law and approval by the commissioner of insurance. See s. 551.27 (13).

Sub. (5) is uniform act s. 402 (a) (6). Ch. 189 contains no exemption for credit unions.

Sub. (6) is adapted from uniform act s. 402 (a) (7) and restates in part the subject matter covered by s. 189.06 (3), (4) and (5).

Sub. (7) is adapted from uniform act s. 402 (a) (8), which exempts securities listed on the New York, American and Midwest stock exchanges. The proposed subsection would provide for exemption only after the commissioner has held a hearing as part of the rule-making process. Ch. 189 has no parallel provision.

Sub. (8) is adapted from uniform act s. 402 (a) (9) and corresponds in part to s. 189.07 (2). A proviso with respect to trust indenture provisions has been added in conformity with the policy underlying ss. 189.06 (7) and 189.13 (4). Security issues of foreign nonprofit corporations are covered by s. 551.23 (14).

Sub. (9) is uniform act s. 402 (a) (10) and corresponds to s. 189.06 (2).

Sub. (10) is adapted from uniform act s. 402 (a) (11) and corresponds to s. 189.07 (22). The uniform act and s. 189.07 (22) require notice in all cases. However, the proposed subsection only requires notice for nonqualified, contributory plans.

Sub. (11) is a new provision with respect to professional service corporations.

Sub. (12) is based on s. 189.07 (11).

Sub. (13) is adapted from s. 189.07 (12).

Sub. (14) is a new provision exempting securities issued by broker-dealers who are subject to the licensing provisions of this chapter.

Sub. (15) is a new provision. Commodities futures have been added to the definition of "securities" in s. 551.02 (13), thus making applicable the fraud provisions of the act. Registration of such contracts has never been required and sub. (15) continues this policy. [Bill 26-S]

551.23 History: 1969 c. 71; 1969 c. 392 ss. 73 to 76; Stats. 1969 s. 551.23.

Legislative Council, 1969: This section exempts particular transactions, not securities. It covers the subject matter of uniform act s. 402 (b) and s. 189.07.

Sub. (1) is uniform act s. 402 (b) (1). It has no exact counterpart in ch. 189 although s. 189.07 (5) exempts many isolated transactions. Sub.

(1) is available to any seller other than the issuer of the securities.

Sub. (2) is adapted from uniform act s. 402 (b) (3). Ch. 189 has no exact counterpart. S. 189.02 (3) (a) initially provided a much broader immunity by excluding solicited agency transactions from the definition of "sale". However, administrative rule 1.08 of the office of the commissioner of securities reduced this immunity by prohibiting commissions on solicited transactions in unregistered securities, with certain exceptions. S. 189.02 (3) has been replaced by this subsection.

Sub. (3) is a new provision adopted in lieu of uniform act s. 402 (b) (2). This subsection is designed to afford an appropriate exemption for dealers' trading transactions. Dealers are excluded from the exemption for sales by stockholders under s. 189.07 (5). Dealers in the past have typically used the cumbersome "sale upon notification" procedure of s. 189.08. Par. (a) is taken from California s. 25101 and exempts transactions in securities of corporations which meet the requirements of s. 12 of the federal securities exchange act. Par. (b) is new but continues the present statutory policy permitting secondary trading in registered securities. Par. (c) conditionally exempts securities of corporations which have issued securities registered under the federal securities act. Par. (d) permits corporations not subject to these requirements to meet comparable requirements which the commissioner will prescribe. This subsection does not contain the uniform act's exemption of transactions in securities listed in "a recognized securities manual".

Sub. (4) is uniform act s. 402 (b) (4). There is no counterpart in ch. 189.

Sub. (5) is uniform act s. 502 (b) (5) and corresponds to s. 189.07 (3) and the first part of s. 189.07 (4). The \$15,000 exemption limit on real estate bond issues in s. 189.07 (4) has been deleted.

Sub. (6) is uniform act s. 402 (b) (6) expanded to conform to s. 189.07 (7).

Sub. (7) is uniform act s. 402 (b) (7) and corresponds to s. 189.07 (8).

Sub. (8) is adapted from uniform act s. 402 (b) (8) and is similar to s. 189.07 (10). The commissioner is given authority to add to the class of institutional purchasers whose transactions will be exempted.

Sub. (9) exempts revocable preorganization subscriptions and is adapted from s. 189.13 (10). Uniform act s. 402 (b) (10) deals with the same subject.

Subs. (10) and (11) are both "small issues" exemptions. Sub. (10) is based on s. 189.07 (1) and exempts sales where security holders do not exceed 15. Sub. (11), based on uniform act s. 402 (b) (9), exempts transactions pursuant to offers to not more than 10 persons in any year.

Sub. (12) conditionally exempts transactions between an issuer and its own security holders. It is adapted from uniform act s. 402 (b) (11). Corresponding provisions in the present Wisconsin law are s. 189.07 (13) and (18).

Sub. (13) includes mergers and other transactions effective pursuant to a class vote of shareholders. The uniform act excludes such transactions from the definition of sale [s.

401 (j) (6)]. This makes inapplicable the fraud as well as the registration provisions of the act. S. 189.07 (7), (14) and (15) deal with similar transactions but are not limited to those effected by a shareholder vote.

Sub. (14) is adapted from s. 189.07 (6) and (19). Uniform act s. 401 (j) (6) excludes such transactions from the definition of sale.

Sub. (15) replaces s. 189.09 and provides a conditional exemption for sales of bonds of nonprofit institutions subject to criteria adapted from s. 189.09.

Sub. (16) is uniform act s. 402 (b) (12) and is an adaptation of the policy underlying s. 189.02 (3) (a).

Sub. (17) is s. 189.07 (16).

Sub. (18) is adapted from California s. 25105 and is new. [Bill 26-S]

Revisor's Note, 1969: [As to sub. (11) (a)] "Offeror" is used everywhere else in this context. Requested by commissioner of securities.

[As to sub. (12)] In numerous other places in the new law defined words are in quotation marks. Requested by commissioner of securities.

[As to sub. (14)] Section 189.07 (19) of the present Wisconsin Securities Law already exempts stock dividends and stock splits from registration if distributed by the issuer. The purpose of s. 551.23 (14) was to broaden this exemption to permit certain forms of non-issuer stock dividends, as permitted under Section 401 (j) (6) of the Uniform Securities Act, under the conditions set forth in the "if . . . and . . ." proviso. However, the use of the word "and" could result in an erroneous interpretation that the proviso also applies to issuer stock dividends. Changing "and" to "when" would correct this possible misinterpretation and would follow the Uniform Act language. Requested by commissioner of securities.

[As to sub. (16)] There is no such thing as "refusing" a registration statement; the procedure is to "deny" effectiveness. See s. 551.28 (1). Requested by commissioner of securities. [Bill 780-S]

551.24 History: 1969 c. 71; Stats. 1969 s. 551.24.

Legislative Council Note, 1969: Sub. (1) is uniform act s. 402 (c) adapted to conform to s. 189.11, authorizing revocation of all exemptions of securities as well as all transactions.

Sub. (2) is uniform act s. 402 (d) and corresponds to s. 189.21 (4). [Bill 26-S]

551.25 History: 1969 c. 71; Stats. 1969 s. 551.25.

Legislative Council Note, 1969: This section is uniform act s. 303, adapted. It has no counterpart in ch. 189. The section provides a procedure for registration of securities coordinated and synchronized with registration under the federal securities act. Sub. (1) makes this procedure unavailable for securities whose registration under the federal act has already been completed, as to which the coordination procedure is not necessary. [Bill 26-S]

551.26 History: 1969 c. 71; Stats. 1969 s. 551.26.

Legislative Council Note, 1969: This section is adapted from uniform act s. 304 and corresponds to s. 189.13.

Sub. (2) omits the detailed requirements for registration statements which are listed in uniform act s. 304 (b) and follows s. 189.13 (2) in providing for rules.

In sub. (3) the first sentence is uniform act s. 304 (c). The remainder of the subsection was added to provide a new procedure for expediting rulings on applications for registration.

Sub. (4) is uniform act s. 304 (d) and is new. [Bill 26-S]

551.27 History: 1969 c. 71, 392; Stats. 1969 s. 551.27.

Legislative Council Note, 1969: Sub. (1) is uniform act s. 305 (a) and corresponds to s. 189.13 (2).

Sub. (2) is uniform act s. 305 (c) without the addition of a required disclosure of withdrawals of applications. Ch. 189 has no corresponding provision.

Sub. (3) is uniform act s. 305 (d). Ch. 189 has no corresponding provision.

Sub. (4) is uniform act s. 305 (e). Ch. 189 has no corresponding provision.

Sub. (5) is adapted from Michigan uniform act s. 451.704 (e) and includes certain policies expressed in ss. 189.04 (1) (a) and 189.13 (3).

Sub. (6) is uniform act s. 305 (f). Ch. 189 has no corresponding provision.

Sub. (7) is adapted from uniform act s. 305 (g) and corresponds to s. 189.17 (1).

Sub. (8) is inserted to permit the trust indenture requirements of s. 189.13 (4) to be incorporated in rules.

Sub. (9) is uniform act s. 305 (h). Ch. 189 has no corresponding provision.

Sub. (10) is adapted from Michigan uniform act s. 451.705 (g). S. 189.17 (1) has a similar provision.

Sub. (11) is adapted from uniform act s. 305 (i) and replaces s. 189.15 which has a 5-year expiration provision.

Sub. (12) is uniform act s. 305 (j). The last sentence of this subsection, which is similar to a provision in s. 189.17 (1), has been added.

Sub. (13) is adapted from s. 189.13 (7) and (8).

Sub. (14) is adapted from uniform act s. 305 (k). Ch. 189 has no corresponding provision.

Sub. (15) is adapted from s. 189.13 (9). [Bill 26-S]

Revisor's Note, 1969: The purpose of the sentence amended was to limit the right of withdrawal of registration statements if any securities had been sold pursuant to the registration statement. This also follows Section 305 (i) of the Uniform Securities Act. There is no purpose in keeping a registration statement in effect if no securities have been sold. However, there are several ways in which securities of the same class could be outstanding otherwise than pursuant to the registration statement, such as sales exempt from registration pursuant to s. 551.23 or sales pursuant to a prior registration statement. The proposed revision would clarify the sentence in accordance with its purpose, and would be

parallel language to that used in s. 551.27 (12), relating to extension of the filing period of registration statements if any of the securities registered have been sold. Amendment requested by commissioner of securities. [Bill 780-S]

551.28 History: 1969 c. 71; Stats. 1969 s. 551.28.

Legislative Council Note, 1969: Sub. (1) is adapted from uniform act s. 306 (a). Corresponding provisions are ss. 189.13 (3) and 189.16. Par. (e) departs from the language of the corresponding provision in the uniform act [sub. (a) (E)] in that it retains the "fair and equitable" standard of s. 189.13 (3). No change of substance is intended by the omission of the detailed criteria listed in s. 189.13 (3).

Sub. (2) is the last paragraph of uniform act s. 306 (a). Ch. 189 has no corresponding provision.

The first sentence of sub. (3) is based upon ss. 189.13 (3) (h) and 189.21 (4). The second sentence, providing with respect to securities registered under the federal act that the commissioner has the burden of establishing a cause for refusing registration, is new.

Sub. (4) is adapted from uniform act s. 306 (b). S. 189.22 (1) has parallel provisions in regard to hearings.

Sub. (5) is uniform act s. 306 (c) and is new.

Sub. (6) is uniform act s. 306 (d) and is new. [Bill 26-S]

551.31 History: 1969 c. 71; Stats. 1969 s. 551.31.

Legislative Council Note, 1969: The first sentence of sub. (1) is adapted from uniform act s. 201 (a) and includes the dealer licensing requirement of s. 189.03. The 2nd sentence of sub. (1) is adapted from the first part of s. 189.04 (1) (b).

Sub. (2) is adapted from uniform act s. 201 (b) and includes the agent licensing requirement of s. 189.03. The 3rd sentence of sub. (2) is based on the last sentence of s. 189.04 (1).

Sub. (3) is adapted from uniform act s. 201 (c) and includes the investment adviser licensing requirement of s. 189.03.

Sub. (4) is adapted from uniform act s. 201 (d) and is a revision of s. 189.03 which provides for expiration of licenses on December 31.

Sub. (5) is a new provision, replacing the bank licensing procedure of s. 189.28. [Bill 26-S]

551.32 History: 1969 c. 71; Stats. 1969 s. 551.32.

Legislative Council Note, 1969: Sub. (1) is adapted from uniform act s. 202 (a), omitting that section's provision for automatic licensing of agents who are partners or officers of broker-dealers. Sub. (1) corresponds to s. 189.04 (1).

Sub. (2) is a new provision similar to s. 551.27 (5) and incorporates certain policies expressed in s. 189.04 (1) (a).

Sub. (3) is uniform act s. 202 (c). Ch. 189 contains no corresponding provision.

Sub. (4) is a new provision which includes the examination requirement of uniform act s. 204 (b) (6). The provision for standards is

inserted in lieu of the remainder of uniform act s. 204 (b). Agents' examinations are presently provided for under s. 189.29 (1).

Sub. (5) combines provisions of uniform act s. 202 (d) and securities exchange act s. 8 (b). Ch. 189 contains no corresponding provision.

Sub. (6) is adapted from uniform act s. 202 (e). Ch. 189 contains no corresponding provision.

Sub. (7) is adapted from s. 189.17 (1). [Bill 26-S]

551.33 History: 1969 c. 71; Stats. 1969 s. 551.33.

Legislative Council Note, 1969: Sub. (1) is uniform act s. 203 (a) with the addition of the last sentence which is based on s. 189.04 (6) (a).

Sub. (2) is uniform act s. 203 (b). Corresponding provisions s. 189.04 (1) (c) and (5) include more detailed reporting requirements.

Sub. (3) is adapted from uniform act s. 203 (c). Ch. 189 has no corresponding provision.

Sub. (4) is adapted from s. 189.04 (6) (b) and (7) (a) and (b) and is similar to uniform act s. 203 (d).

Sub. (5) has been created to replace s. 189.04 (5), which gives the commissioner power to fix charges, and s. 189.04 (7) (c), which deals with charges of investment advisers.

Sub. (6) is adapted from the last part of s. 189.04 (5). [Bill 26-S]

551.34 History: 1969 c. 71; Stats. 1969 s. 551.34.

Legislative Council Note, 1969: Subs. (1) and (3) are adapted from uniform act s. 204 (a). Provisions of ch. 189 which correspond to parts of these subsections are s. 189.04 (1), which provides a general standard for granting licenses; s. 189.04 (2), which enumerates grounds for revocation similar to those in sub. (1); and s. 189.04 (4), which provides for suspension. Sub. (1) (j) is new and is taken from s. 25212 of the California act. S. 189.04 (2) does not presently grant the power to suspend or censure licensees.

Sub. (2) restates s. 189.04 (3).

Sub. (4) is uniform act s. 204 (c) and corresponds in part to s. 189.04 (4).

Subs. (5), (6) and (7) are uniform act s. 204 (d), (e) and (f), respectively, and are new. [Bill 26-S]

551.41 History: 1969 c. 71; Stats. 1969 s. 551.41.

Legislative Council Note, 1969: This section is uniform act s. 101 which is taken from rule 10b-5 of the securities exchange act of 1934. It corresponds to s. 189.18 (1) which makes fraudulent sales voidable. S. 551.59 (1) and (2) provide civil remedies for deception in sales and purchases. [Bill 26-S]

551.42 History: 1969 c. 71; Stats. 1969 s. 551.42.

Legislative Council Note, 1969: This section is adapted from California s. 25400 which is based upon securities exchange act s. 9 (a). Ch. 189 has no corresponding provision. S. 551.59 (3) imposes civil liability for violation of this section. [Bill 26-S]

551.43 History: 1969 c. 71; Stats. 1969 s. 551.43.

Legislative Council Note, 1969: This section is adapted from securities exchange act s. 15 (c). Ch. 189 has no corresponding provision. [Bill 26-S]

551.44 History: 1969 c. 71; Stats. 1969 s. 551.44.

Legislative Council Note, 1969: This section is adapted from uniform act s. 102, and is in part comparable to s. 189.04 (7) (d). [Bill 26-S]

551.51 History: 1969 c. 71; Stats. 1969 s. 551.51.

Legislative Council Note, 1969: Sub. (1) is adapted from uniform act s. 406 (a) and corresponds to s. 189.01 (1) and (3).

Sub. (2) is adapted from uniform act s. 406 (b). The 2nd sentence of this subsection is similar to the last sentence of s. 189.04 (7) (b). [Bill 26-S]

551.52 History: 1969 c. 71; Stats. 1969 s. 551.52.

Legislative Council Note, 1969: This section is an adaptation and simplification of s. 189.29. Minimum and maximum filing fees have been increased. Examination expenses are to be determined by rule. [Bill 26-S]

551.53 History: 1969 c. 71; Stats. 1969 s. 551.53.

Legislative Council Note, 1969: This section is adapted from s. 189.14 and uniform act s. 403. "Advertising" is defined in s. 551.02 (1). [Bill 26-S]

551.54 History: 1969 c. 71; Stats. 1969 s. 551.54.

Legislative Council Note, 1969: This section is uniform act s. 404, adapted by addition of clause dealing with omissions. S. 189.04 (2) (i) makes similar conduct a ground for revocation of licenses. [Bill 26-S]

551.55 History: 1969 c. 71; Stats. 1969 s. 551.55.

Legislative Council Note, 1969: This section is adapted from uniform act s. 405. Ch. 189 contains no corresponding provision, but this requirement has been imposed by administrative policy. [Bill 26-S]

551.56 History: 1969 c. 71; Stats. 1969 s. 551.56.

Legislative Council Note, 1969: Sub. (1) is adapted from uniform act s. 407 (a). Pars. (a), (b) and (d), in part, correspond to provisions in s. 189.17 (3) and par. (c) is based on the last part of s. 189.17 (6).

Sub. (2) is uniform act s. 407 (b), with an additional last sentence, and corresponds to the first sentence of s. 189.17 (4).

Sub. (3) is based on s. 189.19 (3) and (4). Uniform act s. 407 (d) is similar. [Bill 26-S]

551.57 History: 1969 c. 71; Stats. 1969 s. 551.57.

Legislative Council Note, 1969: This section is adapted from uniform act s. 408. S. 189.17 (5) is similar. [Bill 26-S]

551.58 History: 1969 c. 71; Stats. 1969 s. 551.58.

Legislative Council Note, 1969: Sub. (1) is uniform act s. 409 (a) adapted to require notice of an order violated, to introduce reference to "reasonable cause to believe", and to change prison term and limitation period to conform to s. 189.19. Sub. (1) replaces s. 189.19 (1), (2) and (5).

Sub. (2) is adapted from uniform act s. 409 (b). The last sentence, based on s. 189.20 (3), has been added.

Sub. (3) is uniform act s. 409 (c). Ch. 189 contains no corresponding provision. [Bill 26-S]

551.59 History: 1969 c. 71; Stats. 1969 s. 551.59.

Legislative Council Note, 1969: Sub. (1) is adapted from uniform act s. 410 (a). S. 189.18 makes sales under similar conditions voidable. The sections referred to in this subsection deal with the following matters: 551.21 registration requirement; 551.31 licensing requirement; 551.55 misrepresentation concerning registration or licensing; 551.26 prospectus; 551.27 escrow and contract forms.

Sub. (2) is a new provision giving a remedy to a seller and is adapted from California s. 25501.

Sub. (3) imposes liability for market manipulation in violation of s. 551.42. It is based on California s. 25500. Ch. 189 has no corresponding provision.

Sub. (4) is based upon California s. 25504. Uniform act s. 410 (b) is similar but ch. 189 contains no corresponding provision.

Sub. (5) is adapted from s. 189.18 (3), with the additional requirement from California s. 25507 (a) that action must be brought within one year of plaintiff's discovery of the facts. Uniform act s. 410 (e) is comparable.

Sub. (6) is adapted from California s. 25507 (b), expanded to cover liabilities to purchasers. S. 189.18 (4) and (5) make similar provision for repurchase offers but provide a 15-day period. The last sentence is adapted from s. 189.18 (6). Uniform act s. 410 (e) is like sub. (6) in that it provides for a 30-day period.

Sub. (7) is uniform act s. 410 (f) and includes certain policies stated in s. 189.18 (1).

Sub. (8) is uniform act s. 410 (g) and corresponds to s. 189.18 (5) which makes ineffective any waiver of a repurchase offer.

Sub. (9) is the first clause of uniform act s. 410 (h), omitting "but this act does not create any cause of action not specified . . ." and is similar to s. 189.18 (7). Thus, implied civil remedies are permitted. [Bill 26-S]

551.60 History: 1969 c. 71; Stats. 1969 s. 551.60.

Legislative Council Note, 1969: Sub. (1) is a new provision adapted from the Indiana uniform act s. 25-859e. S. 180.43 requires Wisconsin corporations to mail this information on request.

Sub. (2) is adapted from s. 189.11 (1) and s. 189.17 (7).

Sub. (3) is adapted from California ss. 25219 and 25220. S. 189.17 (7) confers similar authority.

Sub. (4) is s. 189.17 (8) omitting forfeiture provision. [Bill 26-S]

551.61 History: 1969 c. 71; Stats. 1969 s. 551.61.

Legislative Council Note, 1969: Subs. (1), (2) and (4) are adapted from s. 189.22. The application for rehearing has been made voluntary and judicial review may be obtained without it being made. S. 189.22 (4) makes the filing of an application for rehearing a prerequisite of judicial review. Sub. (4) corresponds to uniform act s. 411 (a).

Sub. (3) is uniform act s. 412 (f) and is new. [Bill 26-S]

551.62 History: 1969 c. 71; Stats. 1969 s. 551.62.

Legislative Council Note, 1969: This section is based upon s. 189.25. [Bill 26-S]

551.63 History: 1969 c. 71; Stats. 1969 s. 551.63.

Legislative Council Note, 1969: Sub. (1) is uniform act s. 412 (a) and corresponds to ss. 189.02 (12) and 189.17 (2).

Sub. (2) is uniform act s. 412 (b). S. 189.17 (2) provides a similar standard.

Sub. (3) is uniform act s. 412 (c). This authority is included in the general authority granted by s. 189.17 (2).

Sub. (4) is uniform act s. 412 (e). Ch. 189 has no corresponding provision. [Bill 26-S]

551.64 History: 1969 c. 71; Stats. 1969 s. 551.64.

Legislative Council Note, 1969: Sub. (1) is uniform act s. 413 (a). Ch. 189 contains no corresponding provision.

Sub. (2) is uniform act s. 413 (b) and is similar to s. 189.21 (1).

Sub. (3) is uniform act s. 413 (c). Ch. 189 contains no corresponding provision.

Sub. (4) is uniform act s. 413 (d) and corresponds to s. 189.21 (1) and (2).

Sub. (5) is uniform act s. 413 (e). Ch. 189 contains no corresponding provision. [Bill 26-S]

551.65 History: 1969 c. 71; Stats. 1969 s. 551.65.

Legislative Council Note, 1969: Sub. (1) is adapted from uniform act s. 414 (g). Corresponding provisions are ss. 189.04 (1) (b), 189.13 (11) and 189.27.

Sub. (2) is uniform act s. 414 (h). Ch. 189 has no corresponding provision.

Sub. (3) is uniform act s. 414 (i). Ch. 189 has no corresponding provision. [Bill 26-S]

551.66 History: 1969 c. 71; Stats. 1969 s. 551.66.

Legislative Council Note, 1969: This section is adapted from uniform act s. 414 (a) through (e). Ch. 189 has no corresponding provision. S. 189.30, concerning interstate commerce, has been omitted as unnecessary. [Bill 26-S]

551.67 History: 1969 c. 71; Stats. 1969 s. 551.67.

Legislative Council Note, 1969: This section is uniform act s. 415. Ch. 189, not being a uniform act, has no corresponding provision. [Bill 26-S]

551.68 History: 1969 c. 71; Stats. 1969 s. 551.68.

Legislative Council Note, 1969: This section is adapted from uniform act s. 418. [Bill 26-S]

551.69 History: 1969 c. 71; Stats. 1969 s. 551.69.

CHAPTER 601.

Administration of the Insurance Laws.

Editor's Note, 1969: Ch. 337, Laws 1969, which created this chapter, contains extensive explanatory notes; these notes are printed in full in the bound volume containing the session laws, Laws of Wisconsin, 1969.

601.01 History: 1969 c. 337; Stats. 1969 s. 601.01.

601.02 History: 1969 c. 337; Stats. 1969 s. 601.02.

601.11 History: 1969 c. 337; Stats. 1969 s. 601.11.

The deputy insurance commissioner may certify to the authority of a surety company to do business in this state, but an ordinary clerk in the office cannot do so. 5 Atty. Gen. 334.

601.12 History: 1969 c. 337; Stats. 1969 s. 601.12.

601.13 History: 1969 c. 337; Stats. 1969 s. 601.13.

Editor's Note: Predecessor legislation on the subject of deposits was construed by the attorneys general in opinions published in 35 Atty. Gen. 117, 35 Atty. Gen. 387, and 47 Atty. Gen. 248.

601.14 History: 1969 c. 337; Stats. 1969 s. 601.14.

601.15 History: 1969 c. 337; Stats. 1969 s. 601.15.

601.16 History: 1969 c. 337; Stats. 1969 s. 601.16.

601.17 History: 1969 c. 337; Stats. 1969 s. 601.17.

601.18 History: 1969 c. 337; Stats. 1969 s. 601.18.

601.19 History: 1969 c. 337; Stats. 1969 s. 601.19.

601.20 History: 1969 c. 337; Stats. 1969 s. 601.20.

601.31 History: 1870 c. 56 s. 31; 1870 c. 59 s. 24; 1878 c. 214; R. S. 1878 s. 1972; 1879 c. 162; 1880 c. 240 s. 6; Ann. Stats. 1889 s. 1972; 1891 c. 268 s. 11; Stats. 1898 s. 1972; 1905 c. 90 s. 1; Supl. 1906 s. 1972; 1909 c. 296; 1919 c. 417; 1923 c. 291 s. 1; Stats. 1923 s. 200.13; 1933 c. 236 s. 2; 1933 c. 487 s. 13; 1935 c. 130; 1937 c. 76; 1951 c. 574; 1955 c. 600; 1961 c. 562, 624; 1963 c. 344; 1965 c. 163; 1967 c. 43; 1969 c. 144 ss. 8 to 11; 1969 c. 337 s. 20; 1969 c. 485 s. 1; Stats. 1969 s. 601.31.

The commissioner of insurance may revoke the license of any foreign company for its failure or refusal to pay the license of the