

SECTION 3. This act shall take effect upon passage and publication.

Approved June 20, 1931.

No. 212, S.]

[Published June 23, 1931.

CHAPTER 300.

AN ACT to repeal subsection (4a) of section 189.03 of the statutes, to create section 189.055, and to amend sections 189.04 and 189.06 of the statutes, relating to the securities law.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. Subsection (4a) of section 189.03 of the statutes is repealed.

SECTION 2. A new section is added to the statutes to be numbered and to read: 189.055 (1) The securities described in this section shall be designated unclassified securities and shall include only trust certificates representing proportionate shares in a fund of securities theretofore deposited with a trustee where the trust indenture or trust agreement authorizing the issuance of such certificates or other irrevocable written agreement shall in substance provide that:

(a) Such deposited securities shall have been fully paid for prior to the deposit thereof with said trustee.

(b) Such securities are to remain on deposit unless there is deposited with said trustee in lieu thereof the market value of such securities in money or other securities at their market value on the date of substitution.

(c) Income from securities and from money on deposit with the trustee, together with all other income from the trust fund, shall belong to the holders of said certificates, provided, however, that the rate of interest payable on all money on deposit shall be no less than the current rate on daily balances established by the clearing house association of which the trustee is a member, or if the trustee is not a member of a clearing house association, then at a rate not less than the current rate on daily balances established by the New York Clearing House Association.

(d) Neither said trust certificates nor any coupons accompanying such certificates shall in any way refer to or promise payment of a fixed amount per fiscal period to the holder thereof.

(e) No reserve fund nor any fund otherwise designated shall be created for the purpose, or which may have the effect, of stabilizing the amount distributable per fiscal period to the holders of said certificates.

(f) No capital distribution shall be made during the life of the trust payable out of the proceeds from the sale of any securities received by the trustee as split-ups of stocks theretofore deposited or as stock dividends; provided, however, that provisions authorizing the trustee to distribute the proceeds from (1) the sale of stock subscription rights accruing to the trustee or its nominee as the record holder of title to the deposited securities, (2) the sale of fractional shares per unit received as the result of a stock dividend or stock split-up, (3) the sale of shares received as stock dividends but not in excess of ten per cent per annum of the stock with respect to which such dividend or dividends shall be paid, (4) the sale of securities received as a distribution upon a deposited security in the trust and which, if a security of the same company, has rights and preferences different (other than different voting rights) than the security upon which it is distributed, or to distribute the entire trust fund or any unit thereof at any time, shall not be deemed inconsistent with the provisions of this section. The term unit as used herein shall mean a number of full shares of each of the deposited stocks equal to the result obtained by dividing the number of shares of each stock deposited in a stock unit as defined in the trust indenture by the greatest common divisor applicable thereto.

(g) The trustee named in said trust agreement or trust indenture shall be a bank or trust company with a capital and surplus of at least one million dollars, and no resignation by, or discharge of said trustee shall become effective until some other bank or trust company with a capital and surplus of at least one million dollars shall have accepted the trust, or until a trustee shall have been appointed by a court of competent jurisdiction and the trustee so named shall have accepted the trust, unless the agreement or indenture provides that the trust shall terminate unless a successor trustee shall have been appointed and accepted the trust within a reasonable time.

(h) Neither the trustee nor the depositor shall have any lien upon the trust fund, nor any claim against holders of certificates for management charges or trustee's fees (other than fees for

transfer, exchange, registration, conversion, liquidation or similar extraordinary fees.)

(2) Upon the filing of an application for a permit authorizing the sale of securities described in this section the commission shall examine the same and all papers and documents filed therewith. The applicant shall furnish such information as the commission may reasonably require concerning the depositor, the deposited securities, and the issuers thereof. If the proposed plan of business of the depositor with reference to such trust certificates is not unlawful, unfair, unjust, or inequitable, and the securities which it is proposed to issue or sell, and the methods to be used in the issue or sale of such securities are not such as will mislead or work a fraud on the purchaser thereof, the commission, upon payment of the required fee and of any examination or inspection expense incurred, shall issue a written permit to sell such securities, upon such terms and conditions as the permit provides; otherwise, the commission shall deny the application and notify the applicant in writing of its decision. The commission may deny the application if it is not established by the applicant that the available supply of each of the securities to be deposited is sufficient so that the market price of such securities will not be materially influenced by purchase for any fixed trust.

(3) No permit shall be issued under any provisions of this chapter for securities of the type herein referred to which fail to meet the requirements of this section and securities of such type may be sold in this state only under permits issued by authority of this section. Every permit issued under this section shall terminate one year from the date of issuance thereof, but upon written request and submission of evidence equivalent to the evidence required in the original application the commission may, from time to time, extend such permit, but no such extension shall exceed one year, and upon each request for an extension the commission shall charge and the applicant shall pay, in lieu of a filing fee, the cost of examination of such application. Such permit shall provide that the price at which said trust shares may be sold shall not exceed the sum of:

(a) The latest market price of the deposited securities available at the time of such sale, which, in the case of listed securities shall be round lot prices exclusive of commissions, and shall be based on actual stock exchange transactions, and which, in cases

where the securities are not so listed, shall be the average of the bid and asked prices of the next preceding day for which bid and asked prices are available. To such market price may be added a sum not exceeding six and one-half per cent thereof, plus one-fourth of one per cent for each full year of the remaining life of the trust but in no case shall such increase above the market price exceed ten per cent thereof.

(b) A sum in cash equal to the aggregate of the proportionate part applicable to the number of shares issued against stock units of any currently distributable funds held by the trustee.

(c) A sum in cash equal to all cash dividends payable on or after the date of the deposit to holders of such stock of record on a date prior to the date of such deposit, and the latest available market price figured at round lot prices of all stock dividends, shares of stock, subscription rights, or other property distributable on and after the date of such deposit with respect to shares of stock so deposited where such stock dividends, shares of stock, subscription rights and other property belong to previous holders of such stock of record of a date prior to the date of such deposit, provided, however, that such amount shall be added to the selling price only to the extent that such dividends, shares of stock, subscription rights and other property are payable or distributable with respect to similar shares of stock held by the trustee at the time of such deposit.

(4) In any case where any of the deposited securities are not listed on a stock exchange, the applicant shall furnish proof that a ready market for such securities actually exists and that bid and asked prices are actually maintained and that the method for determining the price of such securities on the basis of the bid and asked price as herein provided is reasonable with reference to the particular securities to be deposited in such trust. Such permit shall require that all trustee's fees (other than fees for transfer, exchange, registration, conversion, liquidation or similar extraordinary fees and management charges for the entire life of said trust shall be paid immediately upon the sale of such trust shares. Such permit shall fix the maximum price at which such securities may be sold and in fixing such price the commission shall consider the earnings of the issuers of the deposited securities, and such other factors as may be necessarily considered in determining a reasonable price.

(5) Every permit issued under the provisions of this section shall recite that the securities therein permitted to be sold in this state are unclassified securities, and such securities shall be generally known as unclassified securities.

(6) No person or company shall issue, circulate, or publish any advertisement, pamphlet, prospectus or circular, or make any representation concerning any unclassified securities to be issued or sold, or that such person or company desires or proposes to sell, until the commission has issued a permit authorizing the sale of such securities; nor shall any company, broker, agent, or any other person issue, circulate, or publish any advertisement, pamphlet, prospectus, or circular concerning any unclassified securities sold or offered for sale by it unless the name of the company, broker, agent, or person issuing, circulating, or publishing the same shall be subscribed thereto, and a true copy thereof shall have been first filed in the office of the commission and the use thereof allowed by it; nor shall any company, broker, agent or any other person issue, circulate, or publish any advertisement, pamphlet, prospectus or circular after notice in writing given to it by the commission that the same contains any statement that is false or misleading or otherwise likely to deceive the public.

(7) No company, broker, agent or other person shall publish or cause to be published, or insert or cause to be inserted, any notice or advertisement in any newspaper or other publication of general circulation in this state, offering for sale any unclassified securities, without furnishing the publisher of such newspaper or other publication, at the time of submitting the copy of such advertisement, a certificate showing that the original copy of such advertisement or notice is on file in the office of the commission.

(8) Any advertisement, prospectus or other written or printed representation as to unclassified securities which refers to the security being authorized or passed by the railroad commission shall contain this clause: "Passed by the Railroad Commission of Wisconsin but without recommendation as to value."

SECTION 3. Sections 189.04 and 189.06 of the statutes are amended to read: 189.04 All securities not mentioned or described in section 189.03 are divided into * * * *three* classes, namely, Class A and Class B *and unclassified*.

189.06 All securities not included in section 189.03 or 189.05 or 189.055 shall be known as securities in Class B.

SECTION 4. This act shall take effect sixty days after passage and publication.

Approved June 22, 1931.

No. 345, S.]

[Published June 23, 1931.

CHAPTER 301.

AN ACT to renumber section 2 of chapter 485 of the laws of 1927, to be section 3 of said chapter 485; and to create a new section 2 of said chapter, relating to establishing a dock line on Lake Monona, Dane county, Wisconsin.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. Section 2 of chapter 485 of the laws of 1927 is renumbered to be section 3 of said chapter 485.

SECTION 2. A new section is added to chapter 485 of the laws of 1927 to be numbered and to read: (Chapter 485, laws of 1927) Section 2. Said dock line on Lake Monona established by this chapter, is hereby declared to be so established only for the purpose of authorizing said city of Madison to construct and maintain on, in, or over said Lake Monona, but not beyond said established line, parks, playgrounds, bathing beaches, municipal boat houses, piers, wharves, public buildings, highways, streets, pleasure drives and boulevards. Said dock line shall in no wise affect or supersede the dock lines on said Lake Monona already existing and established pursuant to law by the said city of Madison, insofar as riparian owners are concerned, and said dock line so established shall in no wise be construed as being for the benefit of riparian owners. Said city of Madison is hereby granted and given concurrent jurisdiction with the state of Wisconsin of and over said Lake Monona and its lake bed between the low water mark or the dock lines heretofore established by the city of Madison and the dock line established by this chapter and said city may bring any action to restrain, enjoin or abate any nuisance or purpresture within such limits.

SECTION 3. Nothing in this chapter shall be construed to take or deprive any riparian owner of any property or riparian rights.

SECTION 4. This act shall take effect upon passage and publication.

Approved June 22, 1931.