

1999 DRAFTING REQUEST

Bill

Received: **03/21/2000**

Received By: **rmarchan**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Council - LRC**

By/Representing: **gordon anderson**

This file may be shown to any legislator: NO

Drafter: **rmarchan**

May Contact:

Alt. Drafters:

Subject: **Fin. Inst. - securities**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

remedial changes to securities law

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Reauired</u>
/?	rmarchan 03/23/2000	csicilia 03/27/2000		_____			State
/1			jfrantze 03/27/2000	_____	lrb-docadmin 03/27/2000	lrb-docadmin 03/27/2000	

FE Sent For: **3/28/00**

<END>

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I?	rmarchan 03/23/2000	csicilia 03/27/2000		_____			State
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1/?	rmarchan	/i c j s	3/28 00	9	6/3/27						
					<i>[Signature]</i>						
					3/27						

FE Sent For:

<END>

Robert Marchant
[Law Revision]
from Gordon Anderson
6-2230

Department of Financial Institutions
Combine LRB-1028/P1 and SECTION 4 of LRB-3052/P1
Into One Draft

LRB-1028/P1

Budge +
did this!

1. On page 2, after line 7:

~~NOTE: SECTIONS 1 through 24 of this draft change references in current statutes to the division of savings and loan to division of savings institutions. Since the division currently examines both savings and loan associations and savings banks, the name change will reflect the fact that the 2 types of depository institutions, referred to as savings institutions, are regulated by the division.~~

2. On page 12, after line 6:

NOTE; **SECTIONS** 26 through 29 are changes made to the Wisconsin uniform securities law necessitated by 1997 Wisconsin Act 316, which creabd "**investment** advisor representative" as a category of licensee. Prior to that time, investment advisor representatives had been subject to a "**qualification**" procedure while brokerdealers, agents and investment advisors had been subject to licensure under the securities law.

References CO "investment advisor representative" are added to 5 securities licensing provisions to reflect the change made by 1997 Wisconsin Act 316. These changes provide that the securities licensing requirements that currently apply to licensed **broker-dealers**, agents and investment advisors are made applicable to investment advisor representatives.

3. On page 14, after line 9:

NOTE: This **SECTION** and **SECTION** 32 result from 1995 Wisconsin Act 364. The legislation, introduced as Assembly Bill 782, would have repealed s. 553.31, stats., which requires a franchise registrant to file material amendments to its uniform franchise offering circular. Assembly Amendment 4 to Assembly Bill 782 deleted the repeal of s. 551.3 1. However, the amendment did not include the necessary changes to ss. 553.26 (4m) and 553.31 (2), slats., to remove inconsistent language and to clarify that the **amendments** required under s. 553.3 1, stats., must still be **filed** with the division of securities in **the** department of financial institutions. These **SECTIONS** make those changes.

4. On page 14, after line 22:

NOTE: This **SKI-ION** amends s. 813.16 (7), stats., to reflect the change in the name of the division of savings and loan to the' division of savings institutions.

5. On page 15, after line 3:

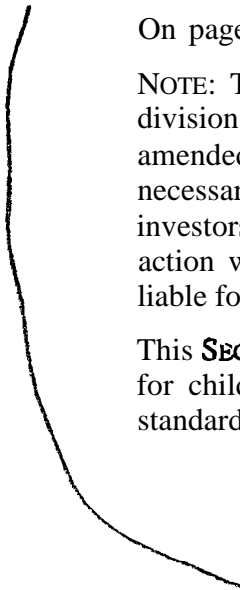
NOTE: This **SECTION** creates a provision in ch: 992 of the statutes to provide that any action that was taken by the division of savings and loan between July 1, 1996 and the effective date' of this provision while using the name "divisions of savings institutions" is validated **as** if the division had utilized its statutory name: "division of savings and loan".

LRB-3052/P1

On page 4, after line 3:

NOTE: The current standard in s. 551.63 (2), stats., for actions of the division of securities prohibits rules, forms or orders from being made, amended or rescinded unless **the** division finds **that** the action is necessary or appropriate in the public interest and for the protection of investors. However, current s. 55 1.34 (1m) (b) and (c), stats., **require** action when a licensee fails to pay **court-ordered** child support or is liable for delinquent taxes.

This **SECTION** amends s. 551.63 (2), stats., to exclude the actions required for child support enforcement and delinquent taxes from the general standard used for division actions.



only place section 4) of this draft
in

Marchant, Robert

To: Anderson, Gordon
Subject: Law revision committee request (DFI)

Hi, Gordon--

I have a couple of questions regarding this request. First, there are no notes for the treatment regarding the exercise of trust powers by state banks and trust company banks or for the treatment regarding the perfection of security interests under the UCC. Do you want to include notes for these provisions? If you do, please draft the notes and **email** them to me.

Second, the note regarding the treatment of ss. 553.26 (4m) and 553.31 (2) appears to be inaccurate. I don't think the treatment of s. 553.31 (2) is related to 1995 Act 364 and AA-4 to 1995 AB-762. If you want, I will correct the note to remove any discussion of s. 553.31 **(2)**, but you may want to draft a separate note to discuss the treatment of this statute.

Please let me know if you have any questions or if you would like to talk about any of these issues. I will wait to hear from you before doing any further work on this bill.

Thanks.

Robert J. Marchant

Legislative Attorney
State of Wisconsin Legislative Reference Bureau
robert.marchant@legis.state.wi.us



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-4795/11

RJM:y

SOON

gjs

RMN/C

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 AN ACT ^{Sen. act.}; relating to: the licensing of securities broker-dealers, agents ~~and~~
2 investment advisers; the regulation of investment adviser representatives; and
3 requirements for changing a franchise registration (suggested as remedial
4 legislation by the department of financial institutions).

and investment adviser representatives

Analysis by the Legislative Reference Bureau

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the department of financial institutions and introduced by the law revision committee under s. 13.83 (1) (c) 4., stats. After careful consideration of the various provisions of the bill, the law revision committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

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

NOTE: SECTIONS 1 to 5 are changes made to the Wisconsin uniform securities law necessitated by 1997 Wisconsin Act 316, which created "investment adviser representative" as a category of licensee. Prior to that time, investment adviser representatives had been subject to a "qualification" procedure while broker-dealers, agents and investment advisers had been subject to licensure under the securities law.

WPO: Please check auto-refs

INSERT ANALYSIS 1

INSERT ANALYSIS 2

INSERT A

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References to "investment adviser representative" are added to 5 securities licensing provisions to reflect the change made by 1997 Wisconsin Act 316. These changes provide that the securities licensing requirements that currently apply to licensed broker-dealers, agents and investment advisers are made applicable to investment adviser representatives.

INSERT B

NOTE: The current standard in s. 551.63 (2), stats., for actions of the division of securities prohibits rules, forms or orders from being made, amended or rescinded unless the division finds that the action is necessary or appropriate in the public interest and for the protection of investors. However, current s. 55 1.34 (1m) (b) and (c), stats., require action when a licensee fails to pay court-ordered child support or is liable for delinquent taxes.

INSERT C

This SECTION amends s. 551.63 (2), stats., to exclude the actions required for child support enforcement and delinquent taxes from the general standard used for division actions.

1995

NOTE: This SECTION results from 1995 Wisconsin Act 364. The legislation, introduced as Assembly Bill 782, would have repealed s. 553.31, stats., which requires a franchise registrant to file material amendments to its uniform franchise offering circular. Assembly Amendment 4 to Assembly Bill 782 deleted the repeal of s. 553.31. However, the amendment did not include the necessary changes to s. 553.26 (4m), stats., to remove inconsistent language and to clarify that the amendments required under s. 553.31, stats., must still be filed with the division of securities in the department of financial institutions. This SECTION makes those changes.

proposed

INSERT D

NOTE: This SECTION amends s. 553.31, stats., to clarify that any amendment that is filed with the division of securities after the effective date of a registration of the sale of a franchise is effective upon receipt of the amendment by the division. The current statute is ambiguous as to whether it applies to an amendment filed after an effective registration or to an attempt to amend an application that was filed after an effective registration.

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and investment adviser representatives

when a bankruptcy proceeding begins, the security interest terminates five years after the date of that filing or 60 days after the bankruptcy proceeding ends, whichever is later. However, the federal Bankruptcy Reform Act of 1994 clarified that, under federal law, a perfected security interest that exists at the time that a bankruptcy proceeding begins may be continued by a properly filed continuation statement. In response to this change in federal law, this bill removes the alternate termination date applicable to a security interest perfected by a filing that exists at the time that a bankruptcy proceeding begins.

Under current law, the division of securities in (DF) oversees the licensing of securities broker-dealers, agents, and investment advisors. Current law generally requires every order of the division of securities to be appropriate for the protection of both investors and the public interest. Current law also specifically requires the division of securities to restrict or suspend a license if the licensee fails to pay court-ordered child support and to revoke a license if the licensee is liable for delinquent taxes. This bill clarifies that the general standard regarding protection of investors and the public interest does not apply to an order restricting, suspending or revoking a license due to unpaid child support or delinquent taxes.

For further information, see the NOTES provided by the law revision committee of the joint legislative council.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal requested by the department of financial institutions and introduced by the law revision committee under s. 13.83 (1) (c) 4., stats. After careful consideration of the various provisions of the bill, the law revision committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

SECTION 1. 221.0316 (4) of the statutes is amended to read:

221.0316 (4) TRUST SERVICE OFFICES. A state bank exercising trust powers may, with the approval of the division, establish and maintain a trust service office at any office in this state of any other depository institution, as defined under s. 221.0901 (2) (i). A state bank may, with the approval of the division, permit any other depository institution, as defined under s. 221.0901 (2) (i), exercising trust powers or any trust company bank organized under ch. 223 to establish and maintain a trust service office at any of its banking offices. The establishment and operation of a trust

INSERT ANALYSIS I

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1 service office are subject to s. 223.07. This subsection does not authorize branch
2 banking.

3 SECTION ~~223.07~~ 223.07 (1) of the statutes is amended to read:

4 223.07 (1) Any trust company bank may, with the approval of the division,
5 establish and maintain a trust service office at any office in this state of a depository
6 institution, as defined in s. 221.0901 (2) (i), if the establishment of the trust service
7 office has been approved by the board of directors of the state or national bank at a
8 meeting called for that purpose.

9 SECTION ~~409.403~~ 409.403 (2) of the statutes is amended to read:

10 409.403 (2) Except as provided in sub. (6) a filed financing statement is
11 effective for a period of 5 years from the date of filing. The effectiveness of a filed
12 financing statement lapses on the expiration of the 5-year period unless a
13 continuation statement is filed prior to the lapse. ~~If a security interest perfected by~~
14 ~~filing exists at the time insolvency proceedings are commenced by or against the~~
15 ~~debtor, the security interest remains perfected until termination of the insolvency~~
16 ~~proceedings and thereafter for a period of 60 days or until expiration of the 5-year~~
17 ~~period, whichever occurs later.~~ Upon lapse the security interest becomes
18 unperfected, unless it is perfected without filing. If the security interest becomes
19 unperfected upon lapse, it is deemed to have been unperfected as against a person
20 who became a purchaser or lien creditor before lapse.

21 SECTION ~~551.63~~ 551.63 (2) of the statutes is amended to read:

22 551.63 (2) ~~No~~ Except as provided under s. 551.34 (1m) (b) and (c), no rule, form
23 or order may be made, amended or rescinded unless the division finds that the action
24 is necessary or appropriate in the public interest and for the protection of investors.
25 In prescribing rules and forms the division may cooperate with the securities

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B

1 administrators of other states and the securities and exchange commission with a
2 view to achieving maximum uniformity in the form and content of registration
3 statements, notice filings, applications and reports wherever practicable.

4 **SECTION #. Effective date.**

5 (1) The treatment of section 409.403 (2) of the statutes takes effect on the first
6 day of the 6th month beginning after publication.

7 (END)

~~INSERT~~

~~F~~

~~This act takes effect the
day after publication, except
as follows.~~

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

INSERTS

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~~AN ACT to amend 15.183 (2), 20.144 (1) (g), 20.912 (4), 34.01 (2) (a), 34.10, 138.052 (5) (am) 2 a., 138.052 (5) (am) 2. b., 138.055 (4) (a), 138.056 (1) (a) 4. a., 186.098 (12), 214.01 (1) (im), 214.592, 215.01 (6), 215.02 (title), 215.141, 221.0303 (2), 221.0321 (5), 223.105 (3) (a), 223.105 (4), 223.105 (5), 223.105 (6), 227.52 (5), 227.53 (1) (b) 4., 227.53 (1) (b) 5., 551.31 (6), 551.33 (1), 551.33 (6), 551.34 (1) (e), 551.34 (1) (f), 552.23 (1), 553.26 (4m), 553.31 (2) and 813.16 (7); and to create 992.21 of the statutes; relating to: changing a franchise registration, regulating investment adviser representatives, and changing the name of the division of savings and loan (suggested as remedial legislation by the department of financial institutions).~~

current law contains

current

Analysis by the Legislative Reference Bureau

Under the Wisconsin uniform securities law, an investment adviser representative is generally subject to licensing requirements similar to those applicable to a securities broker-dealer, agent or investment adviser. Furthermore, the statutes contain numerous requirements regulating licensed securities broker-dealers, agents and investment advisers. This bill expands existing law to include investment adviser representatives as regulated individuals under certain

INSERT ANALYSIS

the coverage of current

that reflect material changes

DFI

requirements currently applicable to securities broker-dealers, agents and investment advisers.,,

Also, under Wisconsin's current franchise investment law, a person attempting to sell a franchise must generally register the franchise offered for sale with the division of securities in ~~the department of financial institutions~~. It is unclear, though, whether the person is similarly required to register any material changes to the registration statement. This bill clarifies that, once a person has properly registered a franchise, the person is not required to file any additional information except ~~material~~ amendments to the registration statement. This bill also changes the effective date of any amendment filed after the effective date of the registration from the date the division of securities approves of the amendment to the date the division of securities receives the amendment.

~~In addition, this bill changes the name of the division of savings and loan in the department of financial institutions to the division of savings institutions. The bill further provides that any action taken by the division of savings and loan under the name of the division of savings institutions has the same effect as if the action had been taken under the name of the division of savings and loan.~~

For further information, see the NOTES provided by the law revision committee of the joint legislative council.

FE-S

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

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the department of financial institutions and introduced by the law revision committee under s. 13.83 (1) (c) 4., stats. After careful consideration of the various provisions of the bill, the law revision committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy

1 SECTION 1. 15.183 (2) of the statutes is amended to read:
2 15.183 (2) ~~DIVISION OF SAVINGS AND LOAN INSTITUTIONS~~. There is created a
3 division of savings ~~and loan~~ institutions. Prior to July 1, 2000, the division is
4 attached to the department of financial institutions under s. 15.03. After June 30,
5 2000, the division is created in the department of financial institutions. The
6 administrator of the division shall be appointed outside the classified service by the
7 secretary of financial institutions and shall serve at the pleasure of the secretary..

8 SECTION 2. 20.144 (1) (g) of the statutes is amended to read:

1 20.144 (1) (g) *General program operations.* The amounts in the schedule for
2 the general program operations of the department of financial institutions. Except
3 as provided in pars. (a), (h), (i) and (u), all moneys received by the department, other
4 than by the office of credit unions, the division of banking and the division of savings
5 and loan institutions, and 88% of all moneys received by the department's division
6 of banking and the department's division of savings and loan institutions shall be
7 credited to this appropriation, but any balance at the close of a fiscal year exceeding
8 10% of the previous fiscal year's expenditures under this appropriation shall lapse
9 to the general fund. Annually, \$200,000 of the amounts received under this
10 appropriation account shall be transferred to the appropriation account under s.
11 20.575 (1) (g).

12 SECTION 3. 20.912 (4) of the statutes is amended to read:

13 20.912 (4) **INSOLVENT DEPOSITORIES.** When the bank, savings and loan
14 association, savings bank or credit union on which any check, share draft or other
15 draft is drawn by the state treasurer before payment of such check, share draft or
16 other draft becomes insolvent or is taken over by the division of banking, division of
17 savings and loan institutions, the federal home loan bank board, the U.S. office of
18 thrift supervision, the federal deposit insurance corporation, the resolution trust
19 corporation, the office of credit unions, the administrator of federal credit unions or
20 the U.S. comptroller of the currency, the state treasurer shall on the demand of the
21 person in whose favor such check, share draft or other draft was drawn and upon the
22 return to the treasurer of such check, share draft or other draft issue a replacement
23 for the same amount.

24 SECTION 4. 34.01 (2) (a) of the statutes is amended to read:

1 34.01 (2) (a) Any loss of public moneys, which have been deposited in a
2 designated public depository in accordance with this chapter, resulting from the
3 failure of any public depository to repay to any public depositor the full amount of
4 its deposit because the office of credit unions, administrator of federal credit unions,
5 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift
6 supervision, federal deposit insurance corporation, resolution trust corporation,
7 division of banking or division of savings and loan institutions has taken possession
8 of the public depository or because the public depository has, with the consent and
9 approval of the office of credit unions, administrator of federal credit unions, U.S.
10 office of thrift supervision, federal deposit insurance corporation, resolution trust
11 corporation, division of banking or division of savings and loan institutions, adopted
12 a stabilization and readjustment plan or has sold a part or all of its assets to another
13 credit union, bank, savings bank or savings and loan association which has agreed
14 to pay a part or all of the deposit liability on a deferred payment basis or because the
15 depository is prevented from paying out old deposits because of rules of the office of
16 credit unions, administrator of federal credit unions, U.S. comptroller of the
17 currency, federal home loan bank board, U.S. office of thrift supervision, federal
18 deposit insurance corporation, resolution trust corporation, division of banking or
19 division of savings and loan institutions.

20 **SECTION 5.** 34.10 of the statutes is amended to read:

21 **34.10 Reorganization and stabilization of financial institutions.**

22 Whenever the office of credit unions, administrator of federal credit unions, U.S.
23 comptroller of the currency, federal home loan bank board, U.S. office of thrift
24 supervision, federal deposit insurance corporation, resolution trust corporation,
25 division of banking or division of savings and loan institutions has taken charge of

1 a credit union, bank, savings bank or savings and loan association with a view of
2 restoring its solvency, pursuant to law, or with a view of stabilizing and readjusting
3 the structure of any national or state credit union, bank, savings bank or savings and
4 loan association located in this state, and has approved a reorganization plan or a
5 stabilization and readjustment agreement entered into between the credit union,
6 bank, savings bank or savings and loan association and depositors and unsecured
7 creditors, or when a credit union, bank, savings bank or savings and loan association,
8 with the approval of the office of credit unions, administrator of federal credit unions,
9 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift
10 supervision, federal deposit insurance corporation, resolution trust corporation,
11 division of banking or division of savings and loan institutions proposes to sell its
12 assets to another credit union, bank, savings bank or savings and loan association
13 which agrees to assume a part or all of the deposit liability of such selling credit
14 union, bank, savings bank or savings and loan association and to pay the same on
15 a deferred payment basis, the governing board of the public depositor may, on the
16 approval of the division of banking, join in the execution of any reorganization plan,
17 or any stabilization and readjustment agreement, or any depositor's agreement
18 relative to a proposed sale of assets if, in its judgment and that of the division of
19 banking, the reorganization plan or stabilization and readjustment agreement or
20 proposed sale of assets is in the best interest of all persons concerned. The joining
21 in any reorganization plan, or any stabilization and readjustment agreement, or any
22 proposed sale of assets which meets the approval of the division of banking does not
23 waive any rights under this chapter.

24 SECTION 6. 138.052 (5) (am) 2. a. of the statutes is amended to read: :

1 138.052 (5) (am) 2. a. On January 1, 1994, and annually thereafter, the division
2 of banking for banks, the division of savings ~~and loan institutions~~ for savings and
3 loan associations and savings banks and the office of credit unions for credit unions
4 shall determine the interest rate that is the average of the interest rates paid,
5 rounded to the nearest one-hundredth of a percent, on regular passbook deposit
6 accounts by institutions under the division's or office's jurisdiction at the close of the
7 last quarterly reporting period that ended at least 30 days before the determination
8 is made.

9 **SECTION 7.** 138.052 (5) (am) 2. b. of the statutes is amended to read:

10 138.052 (5) (am) 2. b. The office of credit unions shall report the rate calculated
11 to the division of savings ~~and loan institutions~~ within 5 days after the date on which
12 the determination is made. The division of savings ~~and loan institutions~~ shall
13 calculate the average, rounded to the nearest one-hundredth of a percent, of the 3
14 rates and report that interest rate to the revisor of statutes within 5 days after the
15 date on which the determination is made.

16 **SECTION 8.** 138.055 (4) (a) of the statutes is amended to read:

17 138.055 (4) (a) The division of savings ~~and loan institutions~~, if the lender is a
18 savings and loan association or savings bank;

19 **SECTION 9.** 138.056 (1) (a) 4. a. of the statutes is amended to read:

20 138.056 (1) (a) 4. a. The division of savings ~~and loan institutions~~, if the lender
21 is a savings and loan association or savings bank;

22 **SECTION 10.** 186.098 (12) of the statutes is amended to read:

23 186.098 (12) LOANS TO MEMBERS. A credit union may make loans to members
24 secured by assignment or transfer of stock certificates or other evidence of the
25 borrower's ownership interest in a corporation formed for the cooperative ownership

1 of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a
2 mortgage involving a one-family residence, apply to a proceeding to enforce the
3 lender's rights in security. given for a loan under this subsection. The office of credit
4 unions shall promulgate joint rules with the ~~divisions of savings and loan and~~
5 division of savings institutions and the division of banking that establish procedures
6 for enforcing a lender's rights in security given for a loan under this subsection.

7 **SECTION 11.** 214.01 (1) (im) of the statutes is amended to read:

8 **214.01 (1) (im)** "Division" means the division of savings and loan institutions.

9 **SECTION 12.** 214.592 of the statutes is amended to read:

10 **214.592 Financially related services tie-ins.** In any transaction conducted
11 by a savings bank, a savings bank holding company or a subsidiary of either with a
12 customer who is also a customer of any other subsidiary of any of them, the customer
13 shall be given a notice in 12-point boldface type in substantially the following form:

14 **NOTICE OF RELATIONSHIP**

15 This company, (insert name and address of savings bank, savings bank
16 holding company or subsidiary), is related to (insert name and address of savings
17 bank, savings bank holding company or subsidiary) of which you are also a customer.
18 You may not be compelled to buy any product or service from either of the above
19 companies or any other related company in order to participate in this transaction.

20 If you feel that you have been compelled to buy any product or service from
21 either of the above companies or any other related company in order to participate
22 in this transaction, you should contact the management of either of the above
23 companies at either of the above addresses or the division of savings and loan
24 institutions at (insert address).

25 **SECTION 13.** 215.01 (6) of the statutes is amended to read:

1 215.01 (6) "Division" means the division of savings ~~and loan~~ institutions.

2 SECTION 14. 215.02 (title) of the statutes is amended to read:

3 **215.02 (title) Division of savings and loan institutions.**

4 SECTION 15. 215.141 of the statutes is amended to read:

5 **215.141 Financially related services tie-ins.** In any transaction conducted
6 by an association, a savings and loan holding company or a subsidiary of either with
7 a customer who is also a customer of any other subsidiary of any of them, the
8 customer shall be given a notice in 12-point boldface type in substantially the
9 following form:

10 NOTICE OF RELATIONSHIP

11 This company, (insert name and address of association, savings and loan
12 holding company or subsidiary), is related to (insert name and address of
13 association, savings and loan holding company or subsidiary) of which you are also
14 a customer. You may not be compelled to buy any product or service from either of
15 the above companies or any other related company in order to participate in this
16 transaction.

17 If you feel that you have been compelled to buy any product or service from
18 either of the above companies or any other related company in order to participate
19 in this transaction, you should contact the management of either of the above
20 companies at either of the above addresses or the division of ~~savings and loan~~
21 institutions at ... (insert address).

22 SECTION 16. 221.0303 (2) of the statutes is amended to read:

23 **221.0303 (2) OPERATION AND ACQUISITION OF CUSTOMERBANK COMMUNICATIONS**
24 **TERMINALS.** A bank may, directly or indirectly, acquire, place and operate, or
25 participate in the acquisition, placement and operation of, at locations other than its

1 main or branch offices, customer bank communications terminals, in accordance
2 with rules established by the division. The rules of the division shall provide that
3 any such customer bank communications terminal shall be available for use, on a
4 nondiscriminatory basis, by any state or national bank and by all customers
5 designated by a bank using the terminal. This subsection does not authorize a bank
6 which has its principal place of business outside this state to conduct banking
7 business in this state. The customer bank communications terminals also shall be
8 available for use, on a nondiscriminatory, basis, by any credit union, savings and loan
9 association or savings bank, if the credit union, savings and loan association or
10 savings bank requests to share its use, subject to rules jointly established by the
11 division of banking, the office of credit unions and the division of savings and loan
12 institutions. The division by order may authorize the installation and operation of
13 a customer bank communications terminal in a mobile facility, after notice and
14 hearing upon the proposed service stops of the mobile facility.

15 SECTION 17. 221.0321 (5) of the statutes is amended to read:

16 221.0321 (5) CERTAIN SECURED LOANS. A bank may make loans secured by
17 assignment or transfer of stock certificates or other evidence of the borrower's
18 ownership interest in a corporation formed for the cooperative ownership of real
19 estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage
20 involving a one-family residence, apply to a proceeding to enforce the lender's rights
21 in security given for a loan under this subsection. The division shall promulgate joint
22 rules with the office of credit unions and the division of savings and loan institutions
23 that establish procedures for enforcing a lender's rights in security given for a loan
24 under this subsection.

25 SECTION 18. 223.105 (3) (a) of the statutes is amended to read:

1 223.105 (3) (a) To assure compliance with such rules as may be established
2 under s. 220.04 (7) the division of banking, the office of credit unions and the division
3 of savings and loan institutions shall, at least once every 18 months, examine the
4 fiduciary operations of each organization which is under its respective jurisdiction
5 and is subject to examination under sub. (2). If a particular organization subject to
6 examination under sub. (2) is not otherwise under the jurisdiction of one of the
7 foregoing agencies, such examination shall be conducted by the division of banking.

8 SECTION 19. 223.105 (4) of the statutes is amended to read:

9 223.105 (4) NOTICE OF FIDUCIARY OPERATION. Except for those organizations'
10 licensed under ch. 221 or this chapter, any organization engaged in fiduciary
11 operations as defined in this section shall, as required by rule, notify the division of
12 banking, the office of credit unions or the division of savings and loan institutions of
13 that fact, directing the notice to the agency then exercising regulatory authority over
14 the organization or, if there is none, to the division of banking. Any organization
15 which intends to engage in fiduciary operations shall, prior to engaging in such
16 operations, notify the appropriate agency of this intention. The notifications
17 required under this subsection shall be on forms and contain information required
18 by the rules promulgated by the division of banking.

19 SECTION 20. 223.105 (5) of the statutes is amended to read:

20 223.105 (5) ENFORCEMENT REMEDY. The division of banking or the division of
21 savings and loan institutions or office of credit unions shall upon the failure of such
22 organization to submit notifications or reports required under this section or
23 otherwise to comply with the provisions of this section, or rules established by the
24 division of banking under s. 220.04 (7), upon due notice, order such defaulting.

1 organization to cease and desist from engaging in fiduciary activities and may apply
2 to the appropriate court for enforcement of such order.

3 ~~SECTION 21. 223.105 (6) of the statutes is amended to read:~~

4 ~~223.105 (6) SUNSET. Except for an organization regulated by the office of credit
5 unions or the division of savings and loan institutions or an organization authorized
6 by the division of banking to operate as a bank or trust company under ch. 221 or this
7 chapter, an organization may not begin activity & a fiduciary operation under this
8 section after May 12, 1992. An organization engaged in fiduciary operations under
9 this section on May 12, 1992, may continue to engage in fiduciary operations after
10 that date.~~

11 ~~SECTION 22. 227.52 (5) of the statutes is amended to read:~~

12 ~~227.52 (5) Decisions of the division of savings and loan institutions.~~

13 ~~SECTION 23. 227.53 (1) (b) 4. of the statutes is amended to read:~~

14 ~~227.53 (1) (b) 4. The savings and loan review board, the division of savings and
15 loan institutions, except if the petitioner is the division of savings and loan
16 institutions, the prevailing parties before the savings and loan review board shall be
17 the named respondents.~~

18 ~~SECTION 24. 227.53 (1) (b) 5. of the statutes is amended to read:~~

19 ~~227.53 (1) (b) 5. The savings bank review board, the division of savings and loan
20 institutions, except if the petitioner is the division of savings and loan institutions,
21 the prevailing parties before the savings bank review board shall be the named
22 respondents.~~

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23 ~~SECTION #5. 551.31 (6) of the statutes is amended to read:~~

24 ~~551.31 (6) It is unlawful for any licensed broker-dealer, agent or, investment
25 adviser, or investment adviser representative, or any person directly or indirectly~~

1 controlling a licensed broker-dealer or investment adviser, to transact business in
2 this state if the licensee is in violation of this chapter, or any rule under this chapter,
3 or any order under this chapter of which the licensee or person has notice, or if the
4 information contained in the licensee's or person's application for license, as of the
5 date of such transactions, is incomplete in any material respect or is false or
6 misleading with respect to any material fact.

7 ~~SECTION 26.~~ 551.33 (1) of the statutes is amended to read:

8 551.33 (1) Every licensed broker-dealer, agent ~~and~~, investment adviser and ✓
9 investment adviser representative shall make and keep all accounts,
10 correspondence, memoranda, papers, books and other records which the division
11 prescribes by rule or order, subject to the limitations of section 15 of the Securities
12 Exchange Act of 1934 for broker-dealers and section 222 of the Investment Advisers
13 Act of 1940 for investment advisers. All records required shall be preserved for the
14 period prescribed by the division by rule or order. All required records shall, at the
15 request of the division, be made available at any time for examination by the division
16 either in the principal office of the licensee or by production of exact copies thereof
17 in this state.

18 ~~SECTION 27.~~ 551.33 (6) of the statutes is amended to read:

19 551.33 (6) The division may by rule establish standards for the conduct of
20 business by broker-dealers, agents, investment advisers, investment adviser ✓
21 representatives and clearing corporations as defined in s. 408.102 (1) (e).

22 ~~SECTION 28.~~ 551.34 (1) (e) of the statutes is amended to read:

23 551.34 (1) (e) Is the subject of an order of the division denying an application
24 or suspending or revoking a license as a broker-dealer, agent ~~or~~, investment adviser
25 or investment adviser representative;

1 ~~SECTION 29~~ 551.34 (1) (f) of the statutes is amended to read:

2 551.34 (1) (f) Is the subject of an order entered within the past 5 years by the
3 securities administrator of any other state or by the securities and exchange
4 commission denying, suspending or revoking the person's registration or license as
5 a brokerdealer, agent, investment adviser, investment adviser representative or
6 federal covered adviser, or is the subject of an order of the securities and exchange
7 commission or of a securities exchange or association registered under the Securities
8 Exchange Act of 1934 suspending or expelling such person from a securities
9 exchange or association or forbidding the association or affiliation of the person with
10 a broker-dealer or investment adviser, or is the subject of a U.S. postal service fraud
11 order. The division may not institute a revocation or suspension proceeding under
12 this paragraph more than one year from the date of the order relied on, and the
13 division may not enter an order under this paragraph on the basis of an order under
14 another state law or federal law unless the order was based on facts which would
15 currently constitute a ground for an order under this section;

16 ~~SECTION 29~~ 552.23 (1) of the statutes is amended to read:

17 552.23 (1) If the target company is an insurance company subject to regulation
18 by the commissioner of insurance, a banking corporation subject to regulation by the
19 division of banking, a savings bank or savings and loan association subject to
20 regulation by the division of savings and loan institutions, or a company subject to
21 regulation by the public service commission, the department of transportation or the
22 office of the commissioner of railroads, the division of securities shall promptly
23 furnish a copy of the registration statement filed under this chapter to the regulatory
24 agency having supervision of the target company. Any hearing under this chapter
25 involving any such target company shall be held jointly with the regulatory agency

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1 having supervision, and any determination following the hearing shall be made
2 jointly with that regulatory agency.

3 SECTION ~~31~~. 553.26 (4m) of the statutes is amended to read:

4 553.26 (4m) A person who has complied with sub. (1) need not file with the
5 division, during the period when the registration is effective, any more information,
6 ~~including any amendments to the offering circular other than an application or~~
7 ~~amendment required to be filed under s. 553.31.~~ The division may not require
8 changes in the offering circular filed by the franchisor, subject to the division's
9 authority to suspend or revoke a registration for any of the causes under s. 553.28.

10 SECTION ~~32~~. 553.31 (2) of the statutes is amended to read:

11 553.31 (2) An amendment ~~to an application~~ filed after the effective date of the
12 registration of the sale of franchises, ~~if the amendment is approved by the division,~~
13 ~~is effective on the date the division determines, having due regard for the public~~
14 ~~interest or the protection of franchisees~~ is effective upon receipt of the amendment
15 by the division.

16 SECTION 33. 813.16 (7) of the statutes is amended to read:

17 813.16 (7) If the person seeking the appointment of a receiver under sub. (1)
18 is a corporation supervised by the division of savings and loan institutions, home
19 loan bank board, U.S. office of thrift supervision, federal deposit insurance
20 corporation or resolution trust corporation, the court, unless the opposing party
21 objects, shall appoint an officer of such corporation as receiver to act without
22 compensation and to give such bond as the court requires.

23 SECTION 34. 992.21 of the statutes is created to read:

24 **992.21 Actions by division of savings and loan validated.** Any action
25 taken by the division of savings and loan between July 1, 1996, and the effective date

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1 of this section [revisor inserts date], under the name of the division of savings
2 institutions has the same force and effect in all respects as if the action had been
3 taken under the name of the division of savings and loan.

4

(END)

**SUBMITTAL
- FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 03/27/2000

To: Legislative Council - LRC

Relating to LRB drafting number: LRB-4795

Topic

remedial changes to securities law

Subject(s)

Fin. Inst. - securities

1. **JACKET** the draft for introduction Law Revision Committee - Gordon Anderson
in the **Senate** or the Assembly (only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT**. See the changes indicated or attached _____
A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Robert J. Marchant, Legislative Attorney
Telephone: (608) 261-4454