

2001 DRAFTING REQUEST

Bill

Received: **02/13/2001**

Received By: **rmarchan**

Wanted: **As time permits**

Identical to LRB:

For: **Financial Institutions**

By/Representing: **Dave Anderson**

This file may be shown to any legislator: **NO**

Drafter: **rmarchan**

May Contact:

Addl. Drafters:

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

Extra Copies:

Submit via email: **NO**

Pre Topic:

No specific pre topic given

Topic:

Cross-border securities licensing requirements

Instructions:

See Attached. Exempt certain Canadian broker dealers and sales agents from securities licensing requirements.

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
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FE Sent For:

"/6" 2/20/02
 per Erin
 @
 Jeskewitz's
 office

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Marchant, Robert

From: Anderson, David
Sent: Monday, February 12, 2001 5:29 PM
To: Marchant, Robert
Cc: Roys, Lisa
Subject: FW: Cross Border Trading Draft Legislation & Draft Analysis

Rob, here is another issue with which we need your assistance. Included below is both a draft prepared by our Division of Securities as well as an explanation of what it is we are requesting. As always, we are more than happy to sit down and discuss this with you further should you have any questions and feel the need to do so. Thanks again for your help!

Dave Anderson
Executive Assistant
Department of Financial Institutions
207-1719

-----Original Message-----

From: Schumann, Randall
Sent: Monday, February 12, 2001 4:28 PM
To: Roys, Lisa
Cc: Struck, Patricia; Hojnacki, Kenneth
Subject: Cross Border Trading Draft Legislation & Draft Analysis

Lisa: Per previous messages, attached for forwarding to the LRB is a Revised Final Draft (dated 2/12/2001) of the so-called Cross-Border Trading legislation, together with a draft of a Bill Analysis. We are available to answer any technical questions the LRB drafter might have. Thanks.



2 12 2001 Amended
Final Draft ...



2 12 2001 Final Draft
Analysis...

Final Draft Analysis for Cross-Border Trading Legislation

ANALYSIS: Section 551.31(1) of the Wisconsin Uniform Securities Law requires securities broker-dealers and agents transacting securities business with persons in Wisconsin to be licensed in such capacities, unless they qualify for an exemption from the licensing requirement.

This legislation establishes an exemption from the securities broker-dealer and agent licensing requirement that would be available for Canadian broker-dealers and their sales agents who have no offices in Wisconsin and who transact business in Wisconsin solely with their Canadian customers who are either temporarily resident in Wisconsin or who have certain Canadian tax-deferred retirement accounts.

Under the exemption, Canadian broker-dealers and their agents would not need to be licensed in Wisconsin to be able to continue to provide securities services both to their existing Canadian customers temporarily present in Wisconsin (such as while on vacation), and to persons formerly resident in Canada who had established Canadian retirement accounts, but now reside in Wisconsin.

Recognizing the increasing globalization of the securities industry and the need for state and federal uniformity, 24 U.S. jurisdictions to date have acted by statute, rule or general order to provide so-called "cross border trading" authorization in their states for Canadian broker-dealers and agents. They have utilized one of two regulatory model approaches developed in 1995 and 1996 by the North American Securities Administrators Association ("NASAA," an organization of all of the 50 state securities administrators, and the securities administrators of all the Canadian provinces). One of the two NASAA model approaches provides an exclusion from the definition of "broker-dealer" (used in 18 states), the other utilizes a limited licensure approach (used in 6 states).

Because Wisconsin's broker-dealer and agent licensing provision in sec. 551.31(1), Wis. Stats., has specific language authorizing exemptions from licensure (which few other states have), Wisconsin's legislation utilizes a licensing exemption approach. The U.S. Securities and Exchange Commission used a similar type of licensing exemption approach in June 2000 when it adopted under Rule 15(a)(2) of the Securities Exchange Act, a federal cross-border trading exemption authorization for Canadian broker-dealers.

The Wisconsin licensing exemption does not require any filings with the Division. The exemption's requirements for use, following the NASAA model language, include that the Canadian broker-dealer and agent must be duly licensed in their "home" Canadian jurisdiction from where they are effectuating the transactions, and must disclose to each customer in Wisconsin that they are not licensed under the Wisconsin Uniform Securities Law.

The bill also creates a securities registration exemption in sec. 551.23(20) of the Wisconsin Uniform Securities Law that is necessary to enable the Canadian broker-dealers and agents making use of the licensing exemption to effectuate transactions in various types of securities for the benefit of their customers in this state.

* * * * *

2/12/2001

Final Draft

CROSS BORDER TRADING
LICENSING EXEMPTION FOR CANADIAN BROKER-DEALERS
AND THEIR SALES AGENTS

SECTION _____ 551.31(1)(d) and (e) of the statutes are created to read:

551.31(1)(d) A broker-dealer located in Canada that has no office or other physical presence in this state, and complies with all of the following conditions:

1. The broker-dealer only effects or attempts to effect transactions in securities with or for persons specified in subd. 1.a. or b., or both, with the issuers of the securities involved in the transactions, or with broker-dealers, banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees.
 - a. A customer from Canada, who is present temporarily in this state, with whom the Canadian broker-dealer had a bona fide business relationship before the customer entered this state.
 - b. A customer from Canada who is present in this state, whose transactions are in a self-directed, tax advantaged retirement plan in Canada of which the customer is the holder or contributor.

2. The broker-dealer is registered with or a member of a self-regulatory organization, a stock exchange in Canada, or the Bureau des services financiers.
3. The broker-dealer maintains in good standing its provincial or territorial registration, and its registration with or membership in a self-regulatory organization, stock exchange, or the Bureau des services financiers.
4. The broker-dealer discloses to each customer in this state that it is not licensed under the Wisconsin Uniform Securities Law.

551.31(1)(e) A securities agent who represents a broker-dealer that meets the requirements for the broker-dealer licensing exemption in par. (1)(d), and the agent complies with all of the following conditions:

1. The transactions effectuated by the agent for persons in this state are limited to customers described in subd. (1)(d)1.a. or 1.b., or both.
2. The agent maintains in good standing his or her Canadian provincial or territorial registration.
3. The agent discloses to each customer in this state that he or she is not licensed under the Wisconsin Uniform Securities Law.

SECTION _____ 551.23(20) is created to read:

551.23(20) Any offer or sale of a security effectuated by a broker-dealer meeting the requirements for the licensing exemption in s. 551.31(1)(d).

(End)



State of Wisconsin
2001 - 2002 LEGISLATURE

1
LRB-2505R
RJM: /...
WJ (PUNK)

5-11-01

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

DNOTE

GEN

- 1 AN ACT ..., relating to: creating an exemption from securities broker-dealer and
- 2 securities agent licensing requirements.

Analysis by the Legislative Reference Bureau

With certain exceptions, current law requires securities broker-dealers and their agents who transact securities business in this state to be licensed with the division of securities in the department of financial institutions. This bill exempts certain Canadian broker-dealers and their agents from this licensing requirement. The bill specifies certain conditions that broker-dealers and their agents must satisfy ~~in order~~ to qualify for the licensing exemption. For example, in addition to other requirements, broker-dealers must be located in Canada and have no office or other physical presence in this state and must effect or attempt to effect only transactions with specified financial entities or Canadian residents. Securities agents, in addition to other requirements, must act on behalf of broker-dealers that qualify for the licensing exemption.

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:

→ INSERT SECTION from page 3

3

SECTION 1. 551.31 (1) (d) and (e) of the statutes are created to read:

1 551.31 (1) (d) A broker-dealer located in Canada that has no office or other
2 physical presence in this state and that satisfies with all of the following conditions:

3 1. The broker-dealer only effects or attempts to effect transactions in securities
4 with the issuers of the securities involved in the transactions; with broker-dealers,
5 banks, savings institutions, trust companies, insurance companies, investment
6 companies as defined in 15 USC 80a-3, pension or profit-sharing trusts, other
7 financial institutions, or institutional buyers, whether acting for themselves or as
8 trustees; or with or for any of the following persons:

9 a. Customers who are residents of Canada, who are in this state temporarily,
10 and with whom the broker-dealer had a bona fide business relationship before the
11 customers entered this state.

12 b. Customers who are residents of Canada, who are in this state, and whose
13 transactions are in a self-directed, tax advantaged retirement plan in Canada of
14 which the customer is the holder or contributor.

15 2. The broker-dealer is registered with or a member of a self-regulatory
16 organization, a stock exchange in Canada, or the bureau des services financiers.

17 3. The broker-dealer maintains in good standing its provincial or territorial
18 registration in Canada and its registration with or membership in a self-regulatory
19 organization, stock exchange, or the bureau des services financiers.

20 4. The broker-dealer discloses to each customer in this state that the
21 broker-dealer is not licensed under the Wisconsin Uniform Securities Law.

22 (e) A securities agent who represents a broker-dealer that is exempt from
23 licensing under par. (d), if the securities agent satisfies all of the following conditions:

24 1. The transactions effected by the securities agent for persons in this state are
25 limited to transactions for or with customers described in par. (d) 1. a. or b., or both.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2505/1dn

RJM:/:...
WJ

David Anderson:

I have reworded some of the attached draft ~~in order~~^J to bring it more into line with our standard drafting style and to use uniform terminology where appropriate. Please review the draft to ensure that I have not inadvertently altered its intended effect.

Please let me know if you have any questions or suggested changes.

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: robert.marchant@legis.state.wi.us

P By providing a special benefit to certain persons based upon their national origin, this bill may be subject to challenge under the Equal Protection Clause of the U. S. Constitution. You may want to consider expanding the scope of the bill to include any foreign broker-dealers or securities agents.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2505/1dn
RJM:wlj:km

May 1, 2001

David Anderson:

I have reworded some of the attached draft to bring it more into line with our standard drafting style and to use uniform terminology where appropriate. Please review the draft to ensure that I have not inadvertently altered its intended effect.

By providing a special benefit to certain persons based upon their national origin, this bill may be subject to challenge under the Equal Protection Clause of the U.S. Constitution. You may want to consider expanding the scope of the bill to include any foreign broker-dealer or securities agents.

Please let me know if you have any questions or suggested changes.

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: robert.marchant@legis.state.wi.us

Marchant, Robert

From: Marchant, Robert
Sent: Tuesday, July 03, 2001 2:48 PM
To: Schumann, Randall
Cc: Roys, Lisa; Anderson, David
Subject: LRB-2505 (Canadian securities advisors)

Randy--

I have reviewed your memorandum dated May 18, 2001, and, for the most part, the revisions you requested are straightforward. I do have one question, though. You indicated that the concept of residency should be eliminated from proposed s. 551.31 (1) (d) 1. a. and b.; however, it is not specific enough from a drafting standpoint to refer to a person "from Canada." I think the subdivision would more accurately reflect your intent if it read as follows:

1. The broker-dealer effects or attempts to effect transactions in securities only with a person specified in s. 551.23 (8) (a) to (f) or with or for any of the following:
- a. An individual who is in this state temporarily and who, while a resident of Canada and before entering this state, established a bona fide business relationship with the broker-dealer.
 - b. An individual who is a resident of this state, whose transactions are in a self-directed, tax advantaged retirement plan in Canada of which the individual is the holder or contributor, and who established the retirement plan while a resident of Canada.

*OK
per
Schumann*

As for the equal protection issue, I have reviewed the material you supplied with regard to NAFTA and it doesn't resolve the issue, in my opinion. As I read it, the material says that, under NAFTA, the U.S. government is required to treat any party to NAFTA the same as it treats any other party or any non-party, unless an exception applies which permits the U.S. government to treat a party more favorably based upon that country's level of regulation and oversight. As proposed, LRB-2505 treats Canadians and former Canadians differently than residents and former residents of every other country. I infer that this difference is based upon the level of regulation and oversight of the Canadian government.

However, the authority of the U.S. government under its treaties is really unrelated to the authority of this state, under the equal protection provisions of the state and U.S. Constitutions, to grant special benefits to persons based upon their national origin. In order to survive an equal protection challenge, this state would have to justify the special treatment of Canadians and former Canadians, vis-a-vis residents and former-residents of other countries. If there are other countries that exercise similar levels of regulation and oversight as Canada, the proposed exemption may well be struck down.

Thanks to the information you provided to me, I now understand why DFI may not want to expand the exemption to residents and former residents of any other country. However, to insulate the statute from an equal protection challenge, you may want to eliminate the specific reference to Canada and, in stead, refer to any country that, in the opinion of DFI, has a sufficient level of regulatory oversight of securities transactions to provide at least as much protection to customers as the laws of this state. This approach would entail some re-working of the language of the draft, but it would make the statutes more flexible over time and more legally defensible.

I look forward to your reply. As long as the conference committee fails to meet, I should be able to redraft this bill shortly.

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

*go w/ original language + DFI
equal protection issue*

Marchant, Robert

From: Roys, Lisa
Sent: Tuesday, May 22, 2001 9:47 AM
To: Marchant, Robert
Cc: Anderson, David
Subject: LRB 2505 - 1 DFI Proposed changes

Attached are proposed changes to LRB 2505/1 related to Canadian Securities advisors. Feel free to contact Randy Schumann directly with any questions.



LRB 2505-1 DFI
comments.PDF

Lisa Roys
Policy Advisor, DFI
(608) 266-0450




State of Wisconsin
Department of Financial Institutions

Scott McCallum, Governor

John F. Kundert, Secretary

Date: May 18, 2001

✓ To: Robert Marchant, LRB Drafting Section Attorney

From: Randall E. Schumann, Legal Counsel for the Division of Securities, DFI 

Subject: Revisions to LRB-2505/1, Licensing Exemption for Canadian B-Ds and Agents

The attached hand-edited changes to Bill Draft LRB-2505/1 are made for the following reasons:

- (1) In s. 551.31(1)(d), the substitution of the cross-reference to s. 551.23 (8)(a) to (f) is done not only to eliminate unnecessary recitation of the types of financial institutions and institutional investors specified in those cross-referenced provisions, but also to have that exemption from licensure subsection language be consistent with the language in the existing exemption-from-licensure subsection s. 551.31(1)(a).
- (2) In s. 551.31(1)(d)1.a., the concept of "residency" in that rule section is deleted. It is sufficient for purposes of the statute to just have the language read "Customers from Canada, who are"
- (3) In s. 551.31(1)(d) 1.b., line 16, again delete the residency concept because this subparagraph is intended to cover persons formerly living in Canada when the person set up his or her Canadian retirement account, but who now are permanently relocated in Wisconsin and need to do transactions in their retirement account with the Canadian broker-dealer who still holds and administers the customer's retirement plan.
- (4) In 551.31(1)(e)1, line 4, the terminology "customers" is changed to "persons" for the same reason referenced in Item 3 above. Also in line 4, the reference to "a. or b. or both" is deleted so that agents can use the exemption from licensure for transactions with the institutional investors specified in the language of (1)(d) 1.(intro.) as well. [Without such deletion, agents would have the exemption only for (d) 1. a or b., or both, but not for transactions covered in the (1)(d)1. preamble/(intro.).]
- (5) The revisions to the language in the LRB Analysis reflect changes made in Items (2) and (3) above.
- (6) Also, in response to the Equal Protection Clause/NAFTA-type point mentioned in your May 1, 2001 memo, attached is a copy of a legal memorandum previously prepared by the British Columbia Securities Commission addressing the point and citing the relevant NAFTA provision permitting this treatment by U.S. jurisdictions for Canadian broker-dealers.

* * * * *



Mail: PO Box 1768 Madison, WI 53701-1768
Voice: (608) 266-1064

Division of Securities
Fax: (608) 256-1259

Courier: 345 W. Washington Ave. 4th Floor Madison, WI 53703
TTY: (608) 266-8818
Internet: www.wdfi.org

DFI/DOS
Editing Revisions
5/18/2001

2001 BILL

1 AN ACT *to create* 551.23 (20) and 551.31 (1) (d) and (e) of the statutes: **relating**
 2 **to:** creating an exemption from securities broker-dealer and securities agent
 3 licensing requirements.

Analysis by the Legislative Reference Bureau

With certain exceptions, current law requires securities broker-dealers and their agents who transact securities business in this state to be licensed with the division of securities in the department of financial institutions. This bill exempts certain Canadian broker-dealers and their agents from this licensing requirement. The bill specifies certain conditions that broker-dealers and their agents must satisfy to qualify for the licensing exemption. For example, in addition to other requirements, broker-dealers must be located in Canada and have no office or other physical presence in this state and must effect or attempt to effect only transactions with specified financial entities or Canadian residents. Securities agents, in addition to other requirements, must act on behalf of broker-dealers that qualify for the licensing exemption.

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:

customers from Canada temporarily in Wisconsin, or persons present in this state that are holders of, or contributors to, certain Canadian retirement accounts.

BILL

persons specified in s. 551.23(8)(a) to (f),

SECTION 1. 551.23 (20) of the statutes is created to read:

551.23 (20) Any offer or sale of a security effected by a broker-dealer that is exempt from licensing under s. 551.31 (1) (d).

SECTION 2. 551.31 (1) (d) and (e) of the statutes are created to read:

551.31 (1) (d) A broker-dealer located in Canada that has no office or other physical presence in this state and that satisfies ²with all of the following conditions:

1. The broker-dealer effects or attempts to effect only transactions in securities with the issuers of the securities involved in the transactions; with broker-dealers, banks, savings institutions, trust companies, insurance companies, investment companies as defined in 15 USC 80a-3, pension or profit-sharing trusts, other financial institutions, or institutional buyers, whether acting for themselves or as trustees; or with or for any of the following persons:

a. Customers ^{from}who are residents of Canada, who are in this state temporarily, and with whom the broker-dealer had a bona fide business relationship before the customers entered this state.

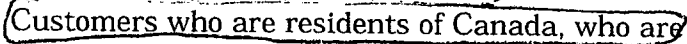
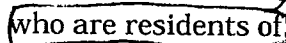
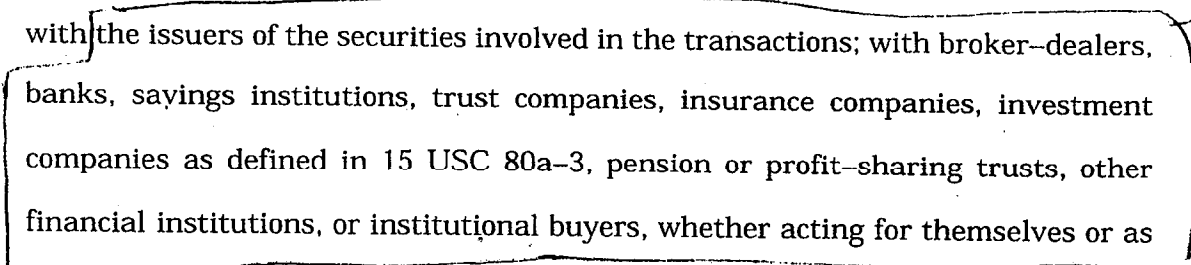
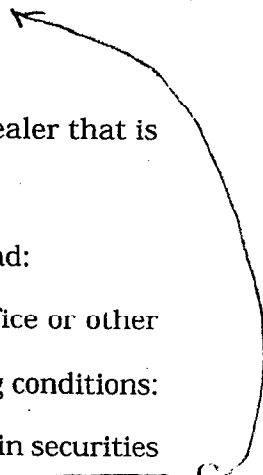
b. ^{Persons present}Customers who are residents of Canada, who are ²in this state, and whose transactions are in a self-directed, tax advantaged retirement plan in Canada of which the customer is the holder or contributor.

2. The broker-dealer is registered with or a member of a self-regulatory organization, a stock exchange in Canada, or the bureau des services financiers.

3. The broker-dealer maintains in good standing its provincial or territorial registration in Canada and its registration with or membership in a self-regulatory organization, stock exchange, or the bureau des services financiers.

4. The broker-dealer discloses to each customer in this state that the broker-dealer is not licensed under the Wisconsin Uniform Securities Law.

persons are



BILL

1 (e) A securities agent who represents a broker-dealer that is exempt from
2 licensing under par. (d), if the securities agent satisfies all of the following conditions:

3 1. The transactions effected by the securities agent for persons in this state are
4 *persons* ← limited to transactions for or with customers described in par. (d) 1. a. or b., or both.

5 2. The securities agent maintains in good standing his or her provincial or
6 territorial registration in Canada.

7 3. The securities agent discloses to each customer in this state that the
8 securities agent is not licensed under the Wisconsin Uniform Securities Law.

9 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2505/1dn
RJM:wj:km

May 1, 2001

DFI/DOS
Comments
5/18/2001

David Anderson:

I have reworded some of the attached draft to bring it more into line with our standard drafting style and to use uniform terminology where appropriate. Please review the draft to ensure that I have not inadvertently altered its intended effect.

By providing a special benefit to certain persons based upon their national origin, this bill may be subject to challenge under the Equal Protection Clause of the U.S. Constitution. You may want to consider expanding the scope of the bill to include any foreign broker-dealer or securities agents.

Please let me know if you have any questions or suggested changes.

Robert J. Marchant
Legislative Attorney
Phone: (608) 261 4454
E-mail: robert.marchant@legis.state.wi.us

Robert: See attached legal memo/analysis from the
British Columbia Securities Commission
re this point.

-----Original Message-----

From: BBenham@bcsc.bc.ca [mailto:BBenham@bcsc.bc.ca]

Sent: Thursday, November 30, 2000 2:04 PM

To: mSENDROW@CCSD.CC.STATE.AZ.US; SD@CCSD.CC.STATE.AZ.US

Cc: RHudson@bcsc.bc.ca; mdelagorgendiere@ssc.gov.sk.ca; ACulbert@bcsc.bc.ca; AKrawchenko@bcsc.bc.ca

Subject: NASAA Cross Border exemption and NAFTA provisions

At the NASAA Fall Conference in Montreal, you had asked for some information about NAFTA and whether it would preclude you adopting the NASAA Cross Border exemption/limited registration for Canadian dealers to deal with certain pre-existing Canadian clients in the US. I promised to get you that information, asked our Co-op student to look into it but somehow neglected to send the necessary information to you. My apologies for taking so long to get back to you.

I have reviewed Chapter 14 of NAFTA, which deals with Financial Services. Article 1406, the article that provides for Most Favoured Nation Treatment allows the adoption of this sort of exemption. Article 1406(1) sets out the general MFN requirement. It effectively requires a Party (the US) to treat another Party (Mexico) as well as it treats any Party (Canada) or non-Party (e.g. UK, France, Australia, etc.).

Absent 1406(2), this would be a problem and prohibit the NASAA cross border exemption or simplified registration for Canadian registrants unless Mexican registrants were given the same treatment.

However, 1406(2) provides the necessary exemption. It allows a Party (the US) to recognize the prudential measures of another Party (Canada) in the application of measures to which Chapter 14 obligations, such as Article 1406(1), MFN Treatment, apply.

Article 1406(3) goes on to require a Party (US) that accords recognition under paragraph 2 to provide another Party (Mexico) an opportunity to demonstrate that there is equivalent regulation, oversight, etc.

Article 1406(4) indicates that there is an agreement recognizing prudential measures under paragraph 2 and if another Party (Mexico) demonstrates that the conditions in paragraph 3 are satisfied, then the Party (US or Canada) must allow the new Party to negotiate a comparable agreement.

Hopefully this is the information you require. By copy of this note, I am asking my assistant Ann to fax you Article 1406 so you can review the applicable text. If you have any questions relating to this, please give me a call.

I enjoyed meeting you in Montreal and I hope to see you again at another NASAA function, perhaps next year in San Francisco.

Brenda J. Benham
Director, Policy and Legislation
British Columbia Securities Commission
604-899-6635

En 9-14

2001 BILL

RMOR
MOTZ
iKg

Gen. Cont.

1 AN ACT to create 551.23 (20) and 551.31 (1) (d) and (e) of the statutes; relating
2 to: creating an exemption from securities broker-dealer and securities agent
3 licensing requirements.

Analysis by the Legislative Reference Bureau

With certain exceptions, current law requires securities broker-dealers and their agents who transact securities business in this state to be licensed with the division of securities in the department of financial institutions. This bill exempts certain Canadian broker-dealers and their agents from this licensing requirement. The bill specifies certain conditions that broker-dealers and their agents must satisfy to qualify for the licensing exemption. For example, in addition to other requirements, broker-dealers must be located in Canada and have no office or other physical presence in this state and must effect or attempt to effect only transactions with specified financial entities or Canadian residents. Securities agents, in addition to other requirements, must act on behalf of broker-dealers that qualify for the licensing exemption.

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:

certain current or former residents of Canada

To qualify for the licensing exemption

BILL

a person specified in s. 551.23 (8)(a) to (f)

SECTION 1. 551.23 (20) of the statutes is created to read:

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551.31 (1) (d) A broker-dealer located in Canada that has no office or other physical presence in this state and that satisfies with all of the following conditions:

1. The broker-dealer effects or attempts to effect only transactions in securities with the issuers of the securities involved in the transactions; with broker-dealers, banks, savings institutions, trust companies, insurance companies, investment companies as defined in 15 USC 80a-3, pension or profit-sharing trusts, other financial institutions, or institutional buyers, whether acting for themselves or as trustees, or with or for any of the following persons:

a. Customers who are residents of Canada, who are in this state temporarily, while a resident of Canada and before entering this state, established and with whom the broker-dealer had a bona fide business relationship before the customers entered this state, with the broker-dealer

b. Customers who are residents of Canada, who are in this state, and whose transactions are in a self-directed, tax-advantaged retirement plan in Canada of which the customer is the holder or contributor, and who established the retirement plan while a resident of Canada

2. The broker-dealer is registered with or a member of a self-regulatory organization, a stock exchange in Canada, or the bureau des services financiers.

3. The broker-dealer maintains in good standing its provincial or territorial registration in Canada and its registration with or membership in a self-regulatory organization, stock exchange, or the bureau des services financiers.

4. The broker-dealer discloses to each customer in this state that the broker-dealer is not licensed under the Wisconsin Uniform Securities Law.

BILL

1 (e) A securities agent who represents a broker–dealer that is exempt from
2 licensing under par. (d), if the securities agent satisfies all of the following conditions:

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4 limited to transactions for or with customers described in par. (d) 1. a. or b. *or both.*

5 2. The securities agent maintains in good standing his or her provincial or
6 territorial registration in Canada.

7 3. The securities agent discloses to each customer in this state that the
8 securities agent is not licensed under the Wisconsin Uniform Securities Law.

9 (END)

NOTE

By providing a special benefit to certain persons based upon their national origin, this bill may be subject to challenge under the Equal Protection Clause of the U.S. Constitution. You may want to eliminate the specific reference to Canada and, instead, refer to any country that, in the opinion of DFI, has a sufficient level of regulatory oversight of securities transactions to provide at least as much protection to ^{US} customers as the laws of this state.

RJM

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2505/2dn
RJM:kg.rs

September 5, 2001

By providing a special benefit to certain persons based upon their national origin, this bill may be subject to challenge under the Equal Protection Clause of the U.S. Constitution. You may want to eliminate the specific reference to Canada and, instead, refer to any country that, in the opinion of DFI, has a sufficient level of regulatory oversight of securities transactions to provide at least as much protection to customers as the laws of this state.

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: robert.marchant@legis.state.wi.us

Basford, Sarah

From: Basford, Sarah
Sent: Wednesday, September 05, 2001 2:34 PM
To: Lisa Roys
Subject: LRB -2505/2 & /2dn (attached)



01-2505/2



01-2505/2dn

Marchant, Robert

From: Schumann, Randall
Sent: Tuesday, September 25, 2001 5:32 PM
To: Marchant, Robert
Cc: Anderson, David; Roys, Lisa; Struck, Patricia
Subject: DOS Revisions to LRB-2505-2 and Explanatory Memo

Robert: Attached are hand-edits to the LRB Bill Draft 2505/2, accompanied by a Memo summarizing each Item. If there are any questions, please call me at 6-3414.



DOS edits to LRB-2505-2.PDF 9-25-2001 Memo to LRB re Revis...