



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4461/1
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2001 SENATE BILL 475

February 28, 2002 - Introduced by Senators ERPENBACH and HUELSMAN, cosponsored by Representatives JESKEWITZ, PLALE and TOWNSEND. Referred to Committee on Privacy, Electronic Commerce and Financial Institutions.

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 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 with certain current or former residents of Canada or persons with certain retirement plans in Canada. To qualify for the licensing exemption, 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:

SENATE BILL 475**SECTION 1**

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

2 551.23 **(20)** Any offer or sale of a security effected by a broker-dealer that is
3 exempt from licensing under s. 551.31 (1) (d).

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

5 551.31 **(1)** (d) A broker-dealer located in Canada that has no office or other
6 physical presence in this state and that satisfies all of the following conditions:

7 1. The broker-dealer effects or attempts to effect only transactions in securities
8 with a person specified in s. 551.23 (8) (a) to (f) or with or for any of the following:

9 a. A person who is in this state temporarily and who, while a resident of Canada
10 and before entering this state, established a bona fide business-client relationship
11 with the broker-dealer.

12 b. A person who is present in this state, whose transactions are in a
13 self-directed, tax-advantaged retirement plan in Canada of which the person is the
14 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, a 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 and its agents are not licensed under the Wisconsin Uniform
22 Securities Law.

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

