

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

2

HOUSE BILL 1019
Committee Substitute Favorable 5/5/89

Short Title: Exempt Nat. Market System Securities.

(Public)

Sponsors:

Referred to:

April 5, 1989

A BILL TO BE ENTITLED

AN ACT TO EXEMPT SECURITIES DESIGNATED OR APPROVED FOR DESIGNATION UPON NOTICE OF ISSUANCE ON THE NATIONAL ASSOCIATION OF SECURITIES DEALERS AUTOMATED QUOTATION NATIONAL MARKET SYSTEM FROM THE REGISTRATION AND FILING REQUIREMENTS OF THE NORTH CAROLINA SECURITIES ACT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 78A-16 is amended by adding a new subdivision to read:

"(15) Any security listed or approved for listing upon notice of issuance on an exchange registered with the United States Securities and Exchange Commission or quoted or approved for quotation upon notice of issuance on an automated quotation system operated by a national securities association registered with the United States Securities and Exchange Commission, provided such security or class of securities, exchange or system is approved by rule of the Administrator; any other security of the same issuer which is of senior or substantially equal rank; any security called for by subscription rights or warrants so listed or approved; or any warrant or right to purchase or subscribe to any of the foregoing."

Sec. 2. G.S. 78A-18(a) reads as rewritten:

"(a) The Administrator may by order deny or revoke any exemption specified in subdivisions (8), (9), ~~or (11)-(11)~~, or (15) of G.S. 78A-16 or in 78A-17 with respect to a specific security or transaction. No such order may be entered without appropriate prior

1 notice to all interested parties, opportunity for hearing, and written findings of fact and
2 conclusions of law, except that the Administrator may by order summarily deny or
3 revoke any of the specified exemptions pending final determination of any proceeding
4 under this section. Upon the entry of a summary order, the Administrator shall promptly
5 notify all interested parties that it has been entered and of the reasons therefor and that
6 within 15 days of the receipt of a written request the matter will be set down for hearing.
7 If no hearing is requested and none is ordered by the Administrator, the order will
8 remain in effect until it is modified or vacated by the Administrator. If a hearing is
9 requested or ordered, the Administrator, after notice of an opportunity for hearing to all
10 interested persons, may not modify or vacate the order or extend it until final
11 determination. No order under this subsection may operate retroactively. No person may
12 be considered to have violated G.S. 78A-24 or 78A-49(d) by reason of any offer or sale
13 effected after the entry of an order under this subsection if he sustains the burden of
14 proof that he did not know, and in the exercise of reasonable care could not have
15 known, of the order."

16 Sec. 3. This act shall become effective October 1, 1989.