

CHAPTER 177

FINANCIAL INSTITUTIONS

SENATE BILL 15-104

BY SENATOR(S) Holbert, Johnston, Kerr, Neville T.;
also REPRESENTATIVE(S) Lee, Kraft-Tharp, Lebsack.

AN ACT

CONCERNING THE CONTINUATION OF THE COLORADO DIVISION OF SECURITIES, AND, IN CONNECTION THEREWITH, IMPLEMENTING THE RECOMMENDATIONS OF THE 2014 SUNSET REPORT BY THE DEPARTMENT OF REGULATORY AGENCIES.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 24-34-104, **repeal** (46) (c); and **add** (57) as follows:

24-34-104. General assembly review of regulatory agencies and functions for termination, continuation, or reestablishment. (46) The following agencies, functions, or both shall terminate on July 1, 2015:

(c) ~~The division of securities, created pursuant to article 51 of title 11, C.R.S.;~~

(57) THE FOLLOWING AGENCIES, FUNCTIONS, OR BOTH, TERMINATE ON SEPTEMBER 1, 2026:

(b) THE DIVISION OF SECURITIES, CREATED IN SECTION 11-51-701, C.R.S.

SECTION 2. In Colorado Revised Statutes, 11-51-201, **amend** (3) and (20) (c) as follows:

11-51-201. Definitions. As used in this article, unless the context otherwise requires:

(3) "Central registration depository" means the computer registration system known as the central registration depository, which is maintained by the ~~national association of securities dealers~~ FINANCIAL INDUSTRY REGULATORY AUTHORITY and

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

the states that participate in that system, or any successor system.

(20) "Viatical settlement investment" means the contractual right to receive any portion of the death benefit or ownership of a life insurance policy or certificate, in exchange for consideration that is less than the expected death benefit of the life insurance policy or certificate. "Viatical settlement investment" does not include:

(c) The bona fide assignment of a life insurance policy to a bank, savings bank, savings and loan association, SAVINGS ASSOCIATION, credit union, or other licensed lending institution as collateral for a loan; or

SECTION 3. In Colorado Revised Statutes, **amend** 11-51-201.5 as follows:

11-51-201.5. Investment adviser registration depository - definition. As used in this article, unless the context otherwise requires:

(1) "Investment adviser registration depository" means the electronic computer registration system known as the investment adviser registration depository, ~~that~~ WHICH IS OPERATED AND MAINTAINED BY THE ~~NATIONAL ASSOCIATION OF SECURITIES DEALERS~~ FINANCIAL INDUSTRY REGULATORY AUTHORITY and by the states that participate in ~~such~~ THE system. ~~and~~ The term includes any successor system.

SECTION 4. In Colorado Revised Statutes, **amend** 11-51-303 as follows:

11-51-303. Registration by coordination. (1) Securities for which a registration statement has been filed under the federal "Securities Act of 1933" OR ANY SECURITIES FOR WHICH FILINGS HAVE BEEN MADE PURSUANT TO THE SECURITY AND EXCHANGE COMMISSION'S REGULATION A, PROMULGATED PURSUANT TO SECTION 3(b) OF THE FEDERAL "SECURITIES ACT OF 1933", in connection with the offering of the securities may be registered by coordination. A registration statement and accompanying records shall be filed with the securities commissioner pursuant to this section and ~~shall~~ MUST contain the following information and be accompanied by the consent to service of process required by section 11-51-706:

(a) A copy of the latest form of prospectus, OFFERING CIRCULAR, OR LETTER OF NOTIFICATION filed under the federal "Securities Act of 1933";

(b) (I) A current copy of the issuer's articles of incorporation and bylaws or, if so determined by the SECURITIES commissioner, the substantial equivalent of ~~such~~ THE ISSUER'S articles of incorporation and bylaws;

(II) A copy of any agreement with or among the underwriters of the security to be registered;

(III) A copy of any indenture or other instrument governing the issuance of the security to be registered;

(IV) A specimen, copy, or description of the security that is required by rule promulgated by the securities commissioner or order issued pursuant to this article; and

(c) A copy of other information or records filed by the issuer under the federal "Securities Act of 1933" that ~~may be requested by the securities commissioner~~ MAY REQUEST.

(d) (Deleted by amendment, L. 2004, p. 512, § 1, effective July 1, 2004.)

(2) Any amendments to the federal prospectus, OFFERING CIRCULAR, OR LETTER OF NOTIFICATION shall be promptly filed with the securities commissioner after the amended prospectus OR OTHER FILING is filed with the federal securities and exchange commission; except that an amendment to the prospectus that only delays the effective date of the registration statement shall not be filed with the securities commissioner.

(3) A registration statement OR OTHER FILING required to be filed with the securities commissioner pursuant to this section shall be considered effective simultaneously with or subsequent to the federal registration statement OR OTHER FILING when all of the following conditions are satisfied:

(a) A stop order under subsection (4) of this section or section 11-51-306, or issued by the federal securities and exchange commission, is not in effect and a proceeding is not pending against the issuer under section 11-51-410; and

(b) The registration statement OR OTHER FILING has been on file with the securities commissioner for at least twenty days; except that the securities commissioner may establish, ~~pursuant to~~ BY rule or order, a period less than twenty days.

(4) The registrant shall promptly notify the securities commissioner of the date when the federal registration statement OR OTHER FILING becomes effective and the content of any price amendment. The registrant shall promptly file the notice containing the price amendment with the securities commissioner. If the notice is not timely received, the securities commissioner may, without prior notice or hearing, issue a stop order, which ~~shall retroactively deny~~ DENIES the effectiveness of a registration statement or ~~suspend~~ SUSPENDS the effectiveness of the registration statement until the registrant complies with ~~the provisions of~~ this section. The securities commissioner shall promptly notify the registrant of a stop order by ~~telegram, telephone, or electronic means~~ The securities commissioner shall AND be able to confirm that notice of the stop order was given to the registrant. If the registrant subsequently complies with the notice requirements of this section, the stop order ~~shall become~~ BECOMES void as of the date of its issuance.

(5) If the federal registration statement OR OTHER FEDERAL FILING becomes effective before all of the conditions of this section are satisfied, or if a condition of this section is waived by the securities commissioner, the registration statement ~~shall be~~ OR OTHER FILING BECOMES effective when all of the conditions of this section are either satisfied or waived by the securities commissioner. If the registrant notifies the securities commissioner of the date when the federal registration statement OR OTHER FEDERAL FILING is expected to become effective, the securities commissioner shall promptly notify the registrant by ~~telegram, telephone or electronic means~~ whether all of the conditions of this section have been satisfied by the registrant or the securities commissioner is waiving one or all of the conditions. The securities

commissioner shall also notify the registrant if the SECURITIES commissioner intends to institute a proceeding against the registrant pursuant to section 11-51-306. ~~The securities commissioner shall~~ AND be able to confirm that such notice was provided to the registrant. Failure of the securities commissioner to notify the registrant of the SECURITIES commissioner's intent to institute an action pursuant to section 11-51-306 ~~shall~~ DOES not invalidate or preclude the institution of such action.

(6) The commissioner shall promulgate a rule that defines the prompt filing and notification provisions of this section.

SECTION 5. In Colorado Revised Statutes, 11-51-308, **amend** (1) (p) as follows:

11-51-308. Exempt transactions. (1) The following transactions are exempted from sections 11-51-301 and 11-51-305:

(p) Any offer or sale of a security in compliance with an exemption from registration with the securities and exchange commission under section 3(b)(1) or ~~4(2)~~ 4(a)(2) of the federal "Securities Act of 1933", AS AMENDED, pursuant to regulations adopted ~~thereunder~~ IN ACCORDANCE WITH THE FEDERAL ACT by the securities and exchange commission; EXCEPT THAT AN OFFER OR SALE OF A SECURITY IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER REGULATION A, CODIFIED AT 17 CFR 230.251 TO 17 CFR 230.263 AND ADOPTED PURSUANT TO SECTION 3(b) OF THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED, IS NOT EXEMPTED UNDER THIS SECTION. The issuer shall file with the securities commissioner a notification of exemption, ~~upon such~~ IN A FORM AS PRESCRIBED BY the securities commissioner, ~~may prescribe~~; and pay an exemption fee to be determined and collected pursuant to section 11-51-707.

SECTION 6. In Colorado Revised Statutes, 11-51-404, **amend** (1) (a) as follows:

11-51-404. License and notice fees. (1) (a) An applicant for a license as a broker-dealer, sales representative, investment adviser, or investment adviser representative shall pay an initial license fee, and a licensed person shall pay an annual license fee, ~~which shall be~~ determined and collected BY THE DIVISION OF SECURITIES pursuant to section 11-51-707. ~~except that no such license fee for a sales representative or investment adviser representative shall be more than twenty-five dollars.~~

SECTION 7. In Colorado Revised Statutes, 11-51-803, **amend** (1) as follows:

11-51-803. Repeal of article. (1) This article is repealed, effective ~~July 1, 2015~~ SEPTEMBER 1, 2026.

SECTION 8. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 11, 2015