

**Mississippi Secretary of State
2008 Business Reform Committees
Minutes of the Securities Law Study Group
June 26, 2008**

The second meeting of the Securities Law Study Group was called to order on Thursday, June 26, 2008 at 11:00 A.M. at the Office of the Secretary of State, 700 North Street, Jackson, Mississippi. A list of the persons who were present in person or by telephone is attached at Exhibit A.

Introduction

Cliff Hodge, Chairman, welcomed the members to the meeting. The Chairman then yielded the floor to Cheryn Baker, Assistant Secretary of State, so that she could give a presentation.

Presentation on the Uniform Securities Act

Mrs. Baker's power point presentation on the Uniform Securities Act of 2002 ("USA") is attached at Exhibit B, which is based on the summary of the USA contained on the website of the Uniform State Laws Commission (NCCUSL.org).

Subcommittee Overview

Chairman Hodge distributed the sub-committee assignments attached at Exhibit C. He stated that he expected each sub-committee to review the provisions of the USA that are assigned to their sub-committee. Furthermore, the Chairman asked the subcommittees to identify any provisions that the sub-committee believed should not be included in Mississippi's adoption of the act. Mrs. Baker stated that she would have a chart that compares the USA to Mississippi's Act in the near future to send to the members. Hodge asked the Chairs of the sub-committees to report back at the next meeting on their sections of the USA. The report should include an overview of their sections of the Act and the issues or provisions to be added, changed or not adopted. Mrs. Baker commented that she would supply the group with legislative history from states that have adopted the USA, but have not adopted all the provisions. In addition to the legislative history, a group member requested information on any kind of split in authority in any of the states that have adopted the USA.

Conclusion

Mrs. Baker noted that there are three upcoming meeting dates. She continued to explain that the week of September 8th was the proposed date for the study groups to have recommendations for the legislature.

With no further business, the meeting adjourned at 12:15 P.M.

Respectfully Submitted,


Cheryn Baker
Assistant Secretary of State
Policy and Research Division

Exhibit A

to the June 26, 2008 Minutes of the Securities Law Study Group Meeting

In Attendance:

Chair – Cliff Hodge

Suzie Baker

Matt Ballew

Tom Bertaut

Pete Cajoleas

Barry Cannada

Danny Chancellor

David Clark

John Flynt

Greg Frascogna

Earle Jones

Tricia Melvin for Mike Huggs

Keith Parsons

Marc Porter

Tom Ramsey

William Ray

Felice Wicks

By Telephone:

Vice-Chair – Mercer Bullard

Charles Adams

Charles Banks

Jeremy Chalmers

Felicia Smith

Secretary of State Staff

Sec. Delbert Hosemann – Secretary of State

Cheryn Baker – Assistant Secretary of State, Policy and Research Division

Dave Scott – Assistant Secretary of State, Business Regulation Enforcement

Doug Jennings – Senior Attorney, Policy and Research Division

Melanie Thomas – Senior Attorney, Business Regulation Enforcement

Pamela Weaver – Director of Communications

Phillips Strickland – Division Coordinator


Jeff Lee - Intern

Brian Bledsoe - Intern

Exhibit B

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The Uniform Securities Act of 2002



Delbert Hosemann
Mississippi Secretary of State
Policy & Research Division
June 2008

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State Adoptions

- 15 States so far
- Georgia
- Hawaii
- Idaho
- Indiana
- Iowa
- Kansas
- Maine
- Minnesota
- Missouri
- Oklahoma
- South Carolina
- South Dakota
- US Virgin Islands
- Vermont
- Wisconsin

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Purpose

- The Uniform Securities Act (the "USA" or "Act") which was completed by the Uniform Law Commissioners in 2002 is a revision of earlier versions of the Uniform Securities Act from 1956 and 1985.
- The Act gives state securities regulators powers to investigate, prosecute and sanction individuals and securities firms.
- The Act is also consistent with current federal law.

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2008 Introductions

- District of Columbia
- Michigan
- Washington



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Endorsements

- North American Securities Administrators Association
- Securities Industry Association
- New York Stock Exchange
- National Association of Securities Dealers
- Investment Counsel Association of America
- American Bar Association

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Background

The Uniform Law Commissioners have turned to the subject of securities regulation four times in their history:

- 1930
- 1956 – enacted in 37 jurisdictions
- 1985
- 2002 – replaces the 1956 and 1985 Acts

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Federal and State Law

- Coordinating federal and state regulation has been a substantial objective of the Act.
- There are at least 13 different federal statutes that regulate securities.
- National Securities Markets Improvements Act of 1996 (NSMIA)
 - NSMIA preempts much of our current State Act
 - The Act was adopted post NSMIA and is in sync with the federal preemption provisions of NSMIA

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Registration and Filing for Securities Offerings

- Notice Filing
 - For certain "federal covered securities"
 - Act provides a platform for eventually effectuating one-stop filing
- Registration by Coordination
 - For securities registered with the SEC
- Registration by Qualification
 - For all other offerings, such as intra-state

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State Role In Securities Regulation

- Fraudulent activity
- Non- "federal covered securities"
- Locally-generated schemes and scams
- Civil and criminal enforcement of the law in state courts



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Registration of Securities Professionals

- The Act systematizes and reorganizes the provisions dealing with these securities professionals and coordinates them with federal regulation.
- Dual registration with SEC and NASD
- Investment Advisors
 - Large (manage assets over \$25M) – dual registration
 - Smaller IAs – State Registration only

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Elements of Securities Regulation

- Registration of IPOs and control persons
- Registration of broker-dealers, agents, investment advisors, representatives
- Prohibition of fraud in securities transactions
- Enforcement Powers to appropriate state regulatory agency
 - The USA brings all of this up to date with expansion of states' enforcement authority.

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Registration of Securities Professionals (continued)


- Act supports creation of centralized filing system for IA representatives.
- NASD and National assn of state securities regulators are cooperating on this.



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Enforcement

- Against fraudulent practices
- Against issuers and securities professionals for failure to comply with applicable registration requirements

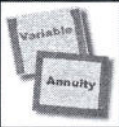


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Enforcement (continued)

But the Act leaves open
for resolution by state
whether variable annuity contracts
should be excluded from definition of "security"



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Enforcement (continued)


- Act enhances the enforcement powers contained in 1956 Act
 - Authorizes state securities administrators to issue cease and desist orders for violations of the Act
 - Authorizes courts to enforce such orders
 - Authorizes investigations and issuance of subpoenas and provision of assistance to securities regulators in other jurisdictions
 - Includes civil liability provisions for defrauded persons to obtain relief that are substantially the same as the 1956 Act, except that the SOL is lengthened to be the same as the federal SOL for securities fraud liability

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Why MS Should Adopt the Act

It will give MS regulatory and enforcement authority that avoids duplication of regulatory effort and blends with federal regulation and enforcement in a more efficient system for investor protection.



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Enforcement


- Act tracks the federal definition of "security" with some additional explicit language to clarify that Act applies to certain named investments
- Act defines "investment contract"
- Insurance contracts which are regulated under other law are excluded from definition of "security"

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Next Steps


- Assignment of Sub-Committees to review Act sections and make recommendations
- Sub-Committee Reports for Next Meeting
- Any Research or Resources Needed?
- Questions?



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The Uniform Securities
Act of 2002



Delbert Hosemann
Mississippi Secretary of State
Policy & Research Division
June 2008

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Exhibit C

to the June 26, 2008 Minutes of the Securities Law Study Group Meeting

Exempt Securities

Sarah Clark
Felice Dowd Wicks
John M. Flynt
Keith Parsons
Marc Porter
Tom Ramsey

Broker/Dealers

Matt Ballew
Suzie Baker
Charlie Banks
Tom Bertaut
Danny Chancellor
Greg Frascogna
Jane Shaw-Jackson

Fraud

Charles Adams
Pete Cajoleas
Jeremy Chalmers
David Clark
Charles McBride
William Ray

Criminal Liability

Barry Cannada
Roger Davis
Mike Huggs
Earle Jones
Justin McClure
Hugh Potts
Felicia Smith