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Commercial Transactions; securities regulations

NEV. REV. STAT. §§ 90.310, 90.350, 90.520, 90.530, 90.580, 90.650, 90.710, 207.260 (amended); § 90.810 (repealed).

AB 6 (Sader); 1989 STAT. Ch. 58
(Effective April 10, 1989)

Existing law exempts some broker-dealers¹ from securities licensing requirements.² Under prior law, broker-dealers registered in another state were exempt unless they conducted more than fifteen in-state securities transactions in a year.³ Under Chapter 58, these broker-dealers are exempt if they conduct in-state securities transactions with no more than five persons in a year, regardless of the total number of transactions.⁴

Existing law requires certain securities to be registered.⁵ Chapter 58 exempts from this requirement securities that are payable from the revenue of nongovernmental industrial or commercial enterprises when the payments are insured or guaranteed by the United States or other exempt entities⁶ or by a person ranked in one of the top four categories of *Moody's Investor Service, Inc.* or *Standard and Poor's Corporation*.⁷

Prior law required that a notice of intent to sell securities be filed

1. See NEV. REV. STAT. § 90.220 (1987) (definition of a broker-dealer).

2. NEV. REV. STAT. § 90.320 1(a) (1987) (amended by 1989 Nev. Stat. ch. 58, sec. 2, at 151). See generally NEV. REV. STAT. §§ 90.211-.860 (1987) (requirements for licensing individuals to sell securities, registering issued securities, and combating fraudulent securities transactions). See generally 1987 PAC. L.J. REV. NEV. LEGIS. 36-49 (reviewing the enactment of Nevada Revised Statutes secs. 90.211-.860, adopting the Uniform Securities Act).

3. 1987 Nev. Stat. ch. 794, sec. 23, at 2153 (amended by 1989 Nev. Stat. ch. 58, sec. 4, at 152).

4. 1989 Nev. Stat. ch. 58, sec. 2, at 151 (enacting NEV. REV. STAT. § 90.____).

5. NEV. REV. STAT. § 90.520 (1987) (amended by 1989 Nev. Stat. ch. 58, sec. 4, at 152). See *id.* §§ 90.460 (1987) (making the offer or sale of unregistered securities unlawful); 90.560 (1987) (authorizing the securities administrator to order the submission of literature advertising or promoting the sale of securities for examination).

6. 1989 Nev. Stat. ch. 58, sec. 4, at 152 (amending NEV. REV. STAT. § 90.520). Chapter 58 exempts securities insured or guaranteed by: (1) instrumentalities of the United States; (2) international organizations joined by the United States; (3) states and their local subdivisions; (4) Canada or any other foreign country; (5) depository institutions insured by an appropriate federal agency; (6) insurance companies permitted to do business in Nevada; (7) railroads, common carriers, public utilities, or holding companies regulated by the Interstate Commerce Commission or other federal authority; and (8) issuers of securities listed on the New York, American, Midwest, Pacific or other specified exchange. *Id.*

7. *Id.* The ranking must have been achieved within 12 months prior to the date the security is issued. *Id.*

before specified exemptions⁸ could be claimed.⁹ Chapter 58 eliminates this notice requirement.¹⁰ Under Chapter 58, however, certain of these exemptions¹¹ cannot be claimed unless a notice of claim of exemption is filed.¹²

Chapter 58 exempts non-issuer transactions¹³ from regulation if the financial condition of the issuer over the last two years is reported in a nationally recognized securities manual.¹⁴ Finally, Chapter 58 makes securities, commodities, and insurance fraud crimes "related to racketeering."¹⁵

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8. Exemptions that required notice of intent to sell or issue included: (1) A security issued, insured, or guaranteed by the United States or other government entities; (2) a security issued, insured or guaranteed by a foreign government; (3) a security issued by a depository insured by a federal agency; (4) a security issued by an insurance company authorized to do business in Nevada; (5) a security issued by a railroad, common carrier, public utility or holding company; (6) an equipment trust certificate; (7) a security listed on a recognized stock exchange; (8) a security designated for inclusion in either the national market system or the automated quotation system by the National Association of Securities Dealers, Inc.; (9) an option issued by a clearing house; (10) a promissory note, draft, bill of exchange or banker's acceptance; and (11) a security issued by an open end investment company. NEV. REV. STAT. § 90.530 (1987) (amended by Nev. Stat. ch. 58, sec. 4 at 152).

9. 1987 Nev. Stat. ch. 794, sec. 43, at 2171 (amended by 1989 Nev. Stat. ch. 58, sec. 4, at 152).

10. 1989 Nev. Stat. ch. 58, sec. 4, at 152 (amending NEV. REV. STAT. § 90.530).

11. The securities that must meet this filing requirement to be exempt are: (1) A security issued by a depository institution; (2) a security issued by a railroad, common carrier, public utility or holding company; (3) an equipment trust certificate; (4) a security listed on a designated stock exchange; (5) a security designated for inclusion in the National Association of Securities Dealers' national market or automated quotation system; (6) an option issued by a clearing agency registered under the Securities Exchange Act of 1934; and (7) certain promissory notes, drafts, bills of exchange or banker's acceptances. *Id.*

12. *Id.*

13. NEV. REV. STAT. § 90.260 (1987) (definition of non-issuer transaction).

14. 1989 Nev. Stat. ch. 58, sec. 5, at 155 (amending NEV. REV. STAT. § 90.530).

15. *Id.* sec. 10, at 160 (amending NEV. REV. STAT. § 207.360). See 1989 PAC. L.J. REV. NEV. LEGIS. — (reviewing AB 26, Chapter 16). Chapter 58 repeals a provision permitting the administrator to order subpoenas. *Id.* sec. 9, at — (repealing NEV. REV. STAT. § 90.810).

