

February 8, 1963.
Place on Calendar.

House File 196
By COMMITTEE ON INSURANCE.

Passed House, Date 2-15-63

Passed Senate, Date 4-9-63

Vote: Ayes 87 Nays 3

Vote: Ayes 45 Nays 2

Approved 4-23-63

*Senate amend
House concurred 4/18
ayes 87 Nays 0*

*Insurance
Pass 4/3
Reconsider Vote 4/10
amended vote: 4/15
ayes 37 Nays 3*

A BILL FOR

An Act relating to regulation of securities agents and dealers under the Iowa Securities Law.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section five hundred two point eleven (502.11),
2 Code 1962, is amended by inserting after the word "repute" in
3 line thirty-five (35) the words "and has proven his competence
4 to act as a dealer".

1 Sec. 2. Section five hundred two point eleven (502.11), Code
2 1962, is amended by inserting after the word "character" in line
3 forty-three (43) the words "and competence".

1 Sec. 3. Section five hundred two point eleven (502.11), Code
2 1962, is amended by adding the following new paragraph after line
3 forty-nine (49):

4 "The commissioner of insurance may by a rule provide for an
5 examination, which may be written or oral, or both, to be taken
6 by any or all first-time applicants who apply for registration in
7 order to determine the skill, competency and training of such
8 applicants. The commissioner of insurance shall require payment
9 of an examination fee of five (5) dollars for each examination
10 taken which fee shall be in addition to registration fees
11 hereinafter provided."

EXPLANATION OF HOUSE FILE 196

This bill permits the insurance commissioner to examine securities dealer and salesman applicants in order to determine whether or not they possess adequate knowledge of the securities business. In its present form the Iowa Securities Law does not permit the insurance commissioner to consider such factors as an applicant's skill, training

and general knowledge of the securities business. Owing to the highly complex nature of the securities field, it is essential that a dealer or salesman be knowledgeable in the securities business as well as morally responsible.

The current trend in other states is toward an examination requirement. Presently 26 states require examinations. The North American Securities Commissioners Association and the Investment Bankers Association of America have been studying this matter for some time.

HOUSE FILE 196

- 1 Amend House File 196 as follows:
- 2 1. Amend section 3, line 6 by striking the
- 3 words "any or all".
- 4 2. Amend section 3, line 8 by inserting
- 5 following the word "applicants." the following: "Examinations
- 6 given pursuant to this section shall cover all subject matter
- 7 deemed by the commissioner of insurance to be germane to the
- 8 Iowa Securities Law and securities matters generally. The
- 9 commissioner of insurance may exempt from such examination
- 10 any applicant who is able to show affirmatively that he
- 11 possesses adequate skill, competency, training or experience
- 12 in securities matters generally and is otherwise qualified
- 13 to function as a securities salesman or dealer."

Filed—division 1 adopted.
division 2 withdrawn.
April 15, 1963.

House concurred 4/16

By BENEKE.