



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

June 21, 2013

GOV. MSG. NO. 1268

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 21, 2013, the following bill was signed into law:

SB1066 HD1 CD1

RELATING TO SECURITIES LAW
ACT 165 (13)

Sincerely,
A handwritten signature in black ink that reads "Neil Abercrombie".

NEIL ABERCROMBIE
Governor, State of Hawaii

A BILL FOR AN ACT

RELATING TO SECURITIES LAW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 485A-102, Hawaii Revised Statutes, is
2 amended by amending the definition of "security" to read as
3 follows:

4 ""Security" means a note; stock; treasury stock; security
5 future; bond; debenture; evidence of indebtedness; certificate
6 of interest or participation in a profit-sharing agreement;
7 collateral trust certificate; preorganization certificate or
8 subscription; transferable share; investment contract; variable
9 annuity contract; voting trust certificate; certificate of
10 deposit for a security; fractional undivided interest in oil,
11 gas, or other mineral rights; put, call, straddle, option, or
12 privilege on a security, certificate of deposit, or group or
13 index of securities, including an interest therein or based on
14 the value thereof; put, call, straddle, option, or privilege
15 entered into on a national securities exchange relating to
16 foreign currency; in general, an interest or instrument commonly
17 known as a "security"; or a certificate of interest or
18 participation in, temporary or interim certificate for, receipt



1 for, guarantee of, or warrant or right to subscribe to or
2 purchase, any of the foregoing. The term:

- 3 (1) Includes both a certificated and an uncertificated
4 security;
- 5 (2) Does not include an insurance or endowment policy or
6 annuity contract under which an insurance company
7 promises to pay a fixed sum of money either in a lump
8 sum or periodically for life or other specified
9 period;
- 10 (3) Does not include an interest in a contributory or
11 noncontributory pension or welfare plan subject to the
12 Employee Retirement Income Security Act of 1974;
- 13 (4) Includes any contractual or quasi-contractual
14 arrangement pursuant to which:
 - 15 (A) A person furnishes value, other than services, to
16 an offeror;
 - 17 (B) A portion of that value is subjected to the risk
18 of the offeror's enterprise;
 - 19 (C) The furnishing of that value is induced by the
20 representations of an offeror which [~~gives~~] give
21 rise to a reasonable understanding that a



1 valuable benefit will accrue to the offeree as a
2 result of the operation of the enterprise; and

3 (D) The offeree does not [~~intend to be actively~~
4 ~~involved in the~~] receive the right to exercise
5 practical and actual control over the management
6 of the enterprise in a meaningful way; and

7 (5) Includes as an "investment contract", among other
8 contracts, an interest in a limited partnership and a
9 limited liability company and an investment in a
10 viatical settlement or similar agreement."

11 SECTION 2. Section 485A-402, Hawaii Revised Statutes, is
12 amended by amending subsection (b) to read as follows:

13 "(b) The following individuals are exempt from the
14 registration requirement of subsection (a):

15 (1) An individual who represents a broker-dealer in
16 effecting transactions in this State limited to those
17 described in section [~~15(h)(2)] 15(i)(3) of the~~
18 Securities Exchange Act of 1934 [~~(15 U.S.C.~~
19 ~~78(e)(2));~~] (15 U.S.C. 78o(i)(3)), relating to de
20 minimis transactions by associated persons;

21 (2) An individual who represents a broker-dealer that is
22 exempt under section 485A-401(b) or 485A-401(d);



- 1 (3) An individual who represents an issuer with respect to
2 an offer or sale of the issuer's own securities or
3 those of the issuer's parent company or any of the
4 issuer's subsidiaries, and who is not compensated in
5 connection with the individual's participation by the
6 payment of commissions or other remuneration based,
7 directly or indirectly, on transactions in those
8 securities;
- 9 (4) An individual who represents an issuer and who effects
10 transactions in the issuer's securities exempted by
11 section 485A-202, other than section 485A-202(a)(10)
12 and (13);
- 13 (5) An individual who represents an issuer that effects
14 transactions solely in federal covered securities of
15 the issuer; provided that an individual who effects
16 transactions in a federal covered security under
17 section 18(b)(3) or 18(b)(4)(D) of the Securities Act
18 of 1933 (15 U.S.C. 77r(b)(3) or 77r(b)(4)(D)) is not
19 exempt if the individual is compensated in connection
20 with the agent's participation by the payment of
21 commissions or other remuneration based, directly or
22 indirectly, on transactions in those securities;



- 1 (6) An individual who represents a broker-dealer
2 registered in this State under section 485A-401(a) or
3 exempt from registration under section 485A-401(b) in
4 the offer and sale of securities for an account of a
5 nonaffiliated federal covered investment adviser with
6 investments under management in excess of \$100,000,000
7 acting for the account of others pursuant to
8 discretionary authority in a signed record;
- 9 (7) An individual who represents an issuer in connection
10 with the purchase of the issuer's own securities;
- 11 (8) An individual who represents an issuer and who
12 restricts participation to performing clerical or
13 ministerial acts; or
- 14 (9) Any other individual exempted by rule adopted or order
15 issued under this chapter."

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect upon its approval.

APPROVED this 21 day of JUN, 2013



GOVERNOR OF THE STATE OF HAWAII