

mittees or duly appointed subcommittees thereof, the state auditor, public examiner, commissioner of administration, and all other state departments and agencies shall cooperate and furnish such assistance as may be requested for the study.

Sec. 51. *Minnesota Statutes 1967, Sections 6.32; 6.321; 10.34; 16.20, Subdivision 4; 290.065; 295.021; 295.361; 297A.44, Subdivision 3; 361.27, Subdivision 3, are hereby repealed.*

Sec. 52. *This act is in effect on and after July 1, 1969.*

Approved May 14, 1969.

CHAPTER 400—H. F. No. 402

An act requiring the registration by notification of certain securities; amending Minnesota Statutes 1967, Section 80.09, Subdivision 2; and repealing Minnesota Statutes 1967, Section 80.05, Subdivision 7.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1967, Section 80.09, Subdivision 2, is amended to read:

Subd. 2. **Securities; registration by notification; kinds of securities.** The securities which may be registered by notification are as follows:

(1) **Securities secured by first mortgage on real estate.** Any notes or bonds secured by a first mortgage or deed of trust upon real estate or leaseholds on real estate (not including oil, gas or mining property) situated in any state or territory of the United States or in the District of Columbia or in the Dominion of Canada.

(a) When the mortgage is upon agricultural lands used and valuable principally for agricultural purposes and the aggregate face value of the notes or bonds covered by such notification together with all notes or bonds already outstanding and equally secured by such mortgage does not exceed 70 percent of the then fair market value of said lands, including any improvements appurtenant thereto.

(b) When the mortgage is upon city or village real estate or leaseholds and the aggregate face value of the notes or bonds covered

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by such notification together with all notes or bonds outstanding and equally secured by such mortgage does not exceed 70 percent of the then fair market value of the real estate or leaseholds, including any improvements appurtenant thereto, and when the mortgaged property is used principally to produce through rental a net annual income, after deducting operating expenses and taxes, or has a fair rental value after deducting operating expenses and taxes, at least equal to the annual interest on such aggregate face value of notes or bonds plus not less than three percent of the principal of the mortgage indebtedness.

(c) When the mortgage is upon city or village real estate or leaseholds upon which real estate or leaseholds a building or buildings is or are about in good faith forthwith to be erected according to the expressed terms of the mortgage and when reasonable adequate provision has been made for financing the full completion of the building free and clear of any lien superior to the mortgage, and the aggregate face value of the notes or bonds covered by such notification together with all notes or bonds outstanding and equally secured by such mortgage does not exceed 70 percent of the fair market value of such mortgaged property, including the building or buildings to be erected thereon, as aforesaid, and when the mortgaged property is to be used principally to produce through rental a net annual income, after deducting operating expenses and taxes, or will have a fair rental value after deducting operating expenses and taxes, at least equal to the annual interest on such aggregate face value of notes or bonds plus not less than three percent of the principal of the mortgage indebtedness.

(2) **Securities of business having certain qualifications.** Securities issued by any person who, at the time of the notification, owns a property, business, or industry which has been in continuous operation, either under a single ownership or under several ownerships for not less than five years next preceding the filing of the notification, and which property, business, or industry has shown, during a period of not less than three years or more than ten years next prior to the close of its fiscal year next preceding such notification, average annual net earnings, after income taxes, determined in accordance with accepted accounting practices, after deducting all charges, excepting the charges and fixed dividends upon any securities to be retired out of the proceeds of such sale, and assets (not including patents, copyrights, secret processes, formulas, good will, trade-marks, trade brands, franchises, and other like intangible property), as of the close of its fiscal year next preceding such notification, together with the proceeds of the sale of such securities accruing to the issuer, as follows:

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(a) In the case of interest-bearing securities, not less than one and one-half times the annual interest charge thereon and upon all other outstanding interest-bearing obligations of equal rank, and assets at least equal to 125 percent of the face value of such interest-bearing securities, and all other obligations of equal or prior rank outstanding and not to be retired out of the proceeds of the sale of such securities.

(b) In the case of preferred stock, not less than one and one-half times the annual dividend on such preferred stock and on all other outstanding stock of equal rank, and assets at least equal to 125 percent of the par value of the aggregate amount of such preferred stock and all other outstanding preferred stock of equal rank, after the deduction from such assets of all indebtedness, which will be existing and all stock of senior rank which will be outstanding after the application of the proceeds of the preferred stock offered for sale.

(c) In the case of common stock, not less than four percent upon all outstanding common stock of equal rank together with the amount of common stock then offered for sale, all reckoned upon the price at which the stock is then offered for sale or sold.

For the purpose of registering under this subsection securities of any issuer owning more than 50 percent of the outstanding voting stock of a subsidiary company, such issuer shall be deemed to be the owner of the business of the subsidiary company, and the earnings of the subsidiary company applicable to the payment of dividends upon all stock of the subsidiary company owned by such issuer shall be considered as *earnings of such issuer*.

(3) **Certain seasoned securities.** (a) Securities which have been outstanding more than five years, which have a fixed interest or dividend rate, as to which no default exists or has existed for five years, and the issuer of which, as of the close of its fiscal year next preceding such notification, has, in the case of interest-bearing securities, assets (not including patents, copyrights, secret processes, formulas, good will, trade-marks, trade brands, franchises, and other like intangible property), at least equal to 125 percent of the face value of such securities and all other securities of the issuer of equal or prior rank thereto, and, in the case of dividend bearing securities, assets, as above defined, after deducting therefrom all indebtedness of the issuer, at least equal to 125 percent of the par or liquidating value, whichever is greater, of such securities and all other capital shares of the issuer of equal or prior rank thereto.

(b) Capital shares which have been outstanding more than

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five years, which have no fixed dividend charge, and the issuer of which has had, during a period of five years next prior to the close of its last fiscal year next preceding such notification, average annual net earnings available for dividends thereon, determined according to sound accounting practice, at least equal to four percent upon all of the outstanding issue of which the shares are a part, reckoned upon the price at which the shares are proposed to be sold. The provisions of clause (2) with respect to the ownership by an issuer of stock of a subsidiary company shall be applicable to this clause (3).

(4) **Securities of nonprofit associations.** *Any securities issued by a person, organized exclusively for social, religious, educational, benevolent, fraternal, charitable, reformatory, athletic, chamber of commerce, trade, industrial development, or professional association purposes and not for pecuniary gain, and no part of the net earnings of which inures to the benefit of any private stockholder or individual; provided, that any security, in whatever form, issued by any such person offering and furnishing a burial service or funeral benefit, directly or indirectly, for a financial consideration, shall be subject to registration by application.*

The commission shall have the same powers and duties with respect to a notification under any of the subdivisions of this section as it has with respect to an application. If no action is taken by the commission with respect to a notification within 48 hours after the filing thereof, the securities covered thereby shall become registered, subject to the terms of the notification, provided that the commission may, within that period, extend the same for such reasonable time as it deems necessary or may, within such 48-hour period, or any extension thereof, require the registration to be made by application notwithstanding that it would otherwise be registerable by notification, and in such event all provisions with respect to registration by application shall apply. Notice of any such extension of time or of such requirement of registration by application shall be deemed to have been given when deposited in the post office in and for the city of St. Paul addressed to the person giving such notification, first-class postage prepaid thereon, or when filed with a telegraph company in that city addressed to such person and sent collect or prepaid. In the event that the commission shall so require registration to be made by application, the applicant may withdraw such notification and in such event the entire fee paid by the applicant, except the sum of \$10, shall be returned to the applicant.

Sec. 2. *Minnesota Statutes 1967, Section 80.05, Subdivision 7, is repealed.*

Approved May 15, 1969.

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