

gard to other provisions of law or of the city charter. The city council shall pledge for the payment of said bonds and interest thereon all the revenues derived from rates, rents, fees, and charges collected by the city with respect to parking facilities, subject to the provisions of ordinances and resolutions heretofore or hereafter enacted by which such revenues, or any portion thereof, have been or may be pledged for the payment of particular bonds. The maturities of bonds for which revenues are so pledged shall be established in such manner as in the estimation of the council will best assure that the revenues from time to time received will be sufficient for the prompt payment of principal and interest, provided that all bonds shall mature within not more than 30 years from date of issue. The city council may also pledge the full faith and credit of the city for the payment of the bonds and interest thereon in the event of any deficiency in the revenues pledged for that purpose.

Sec. 5. This act shall become effective upon approval by a resolution adopted by the vote of a majority of all members of the council of the city of Saint Cloud, and upon compliance with Minnesota Statutes, Section 645.021.

Approved April 2, 1965.

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CHAPTER 160—H. F. No. 1027

[Coded]

*An act relating to domestic stock insurance companies and providing for regulation and disclosure of transactions of principal stockholders, directors, and officers in equity securities thereof and regulation of proxies, consents, and authorizations in respect of equity securities thereof.*

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

Section 1. **[60.95] Domestic stock insurance companies; transactions of principal stockholders, directors, and officers in equity securities.** Subdivision 1. Every person who is directly or indirectly the beneficial owner of more than ten percent of any class of any equity security of a domestic stock insurance company, or who is a director or an officer of such company, shall file in the

**Changes or additions indicated by italics, deletions by strikeout.**

office of the commissioner of insurance on or before January 31, 1966, or within ten days after he becomes such beneficial owner, director, or officer, a statement, in such form as the commissioner of insurance may prescribe, of the amount of all equity securities of such company of which he is the beneficial owner, and within ten days after the close of each calendar month thereafter, if there has been a change in such ownership during such month, shall file in the office of the commissioner of insurance a statement, in such form as the commissioner of insurance may prescribe, indicating his ownership at the close of the calendar month and such changes in his ownership as may have occurred during such calendar month.

Subd. 2. For the purpose of preventing the unfair use of information which may have been obtained by such beneficial owner, director, or officer by reason of his relationship to such company, any profit realized by him from any purchase and sale, or any sale and purchase, of any equity security of such company within any period of less than six months, unless such security was acquired in good faith in connection with a debt previously contracted, shall inure to and be recoverable by the company, irrespective of any intention on the part of such beneficial owner, director, or officer in entering into such transaction of holding the security purchased or of not repurchasing the security sold for a period exceeding six months. Suit to recover such profit may be instituted at law or in equity in any court of competent jurisdiction by the company, or by the owner of any security of the company in the name and in behalf of the company if the company shall fail or refuse to bring such suit within 60 days after request or shall fail diligently to prosecute the same thereafter; but no such suit shall be brought more than two years after the date such profit was realized. This subdivision shall not be construed to cover any transaction where such beneficial owner was not such both at the time of the purchase and sale, or the sale and purchase, of the security involved, or any transaction or transactions which the commissioner of insurance by rules and regulations may exempt as not comprehended within the purpose of this subdivision.

Subd. 3. It shall be unlawful for any such beneficial owner, director, or officer, directly or indirectly, to sell any equity security of such company if the person selling the security or his principal (a) does not own the security sold, or (b) if owning the security, does not deliver it against such sale within 20 days thereafter, or does not within five days after such sale deposit it in the mails or other usual channels of transportation; but no person shall be deemed to have violated this subdivision if he proves that notwithstanding the exercise of good faith he was unable to make such delivery or de-

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posit within such time, or that to do so would cause undue inconvenience or expense.

Subd. 4. The provisions of subdivision 2 of this section shall not apply to any purchase and sale, or sale and purchase, and the provisions of subdivision 3 of this section shall not apply to any sale, of an equity security of a domestic stock insurance company not then or theretofore held by him in an investment account, by a dealer in the ordinary course of his business and incident to the establishment or maintenance by him of a primary or secondary market, otherwise than on an exchange as defined in the federal Securities Exchange Act of 1934, for such security. The commissioner of insurance may, by such rules and regulations as he deems necessary or appropriate in the public interest, define and prescribe terms and conditions with respect to securities held in an investment account and transactions made in the ordinary course of business and incident to the establishment or maintenance of a primary or secondary market.

Subd. 5. The provisions of this section shall not apply to *foreign or domestic arbitrage transactions unless made in contravention of such rules and regulations as the commissioner of insurance may adopt in order to carry out the purposes of this section.*

Sec. 2. **[60.951] Regulation of proxies, consents, and authorizations.** Subdivision 1. It shall be unlawful for any person, in contravention of such rules and regulations as the commissioner of insurance may prescribe as necessary or appropriate in the public interest or for the protection of investors, to solicit or to permit the use of his name to solicit any proxy or consent or authorization in respect of any equity security of a domestic stock insurance company.

Subd. 2. Unless proxies, consents, or authorizations in respect of an equity security of a domestic stock insurance company are solicited by or on behalf of the management of such company from the holders of record of such security in accordance with the rules and regulations prescribed under subdivision 1 of this section, prior to any annual or other meeting of the holders of such security, such company shall, in accordance with such rules and regulations as the commissioner of insurance may prescribe as necessary or appropriate in the public interest or for the protection of investors, if required thereby, file with the commissioner of insurance and transmit to all holders of record of such security information substantially equivalent to the information which would be required to be transmitted if a solicitation were made.

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Sec. 3. **[60.952] Securities excepted.** The provisions of sections 1 and 2 of this act shall not apply to equity securities of a domestic stock insurance company if (a) any equity security of such company shall be registered, or shall be required to be registered, pursuant to section 12 of the federal Securities Exchange Act of 1934, or if (b) such company shall not have equity securities held of record by 100 or more persons on the last day of the year next preceding the year in which the provisions of sections 1 and 2 of this act would apply except for the provisions of this clause (b).

Sec. 4. **[60.953] Rules and regulations.** The commissioner of insurance shall have the power to make such rules and regulations as may be necessary for the execution of the functions vested in him by sections 1 and 2 of this act, and may for such purpose classify domestic stock insurance companies, securities, and other persons or matters within his jurisdiction. No provision of this act imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule or regulation of the commissioner of insurance, notwithstanding that such rule or regulation may, after such act or omission, be amended or rescinded or determined by judicial or other authority to be invalid for any reason.

Sec. 5. **[60.954] Definitions.** Subdivision 1. The term "equity security" when used in this act means any stock or similar security; or any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right; or any other security which the commissioner of insurance shall deem to be of similar nature and consider necessary or appropriate, by such rules and regulations as he may prescribe in the public interest or for the protection of investors, to treat as an equity security.

Subd. 2. The term "domestic stock insurance company" when used in this act includes a domestic stock and mutual insurance company as defined in sections 61.43 to 61.46.

Sec. 6. **Effective dates.** Section 1 of this act shall take effect January 1, 1966. Sections 2 through 5 of this act shall take effect at the beginning of the day next following final enactment of this act.

Approved April 2, 1965.

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