

MAR 16 2011

SENATE CONCURRENT RESOLUTION

REQUESTING THE CONVENING OF A WORKING GROUP TO INVESTIGATE THE
CREATION OF A LOCALLY-FOCUSED, HAWAII-BASED STOCK EXCHANGE.

1 WHEREAS, sustainable economic diversification is essential
2 to Hawaii's continued fiscal growth and development; and
3

4 WHEREAS, currently, neither local lenders nor governmental
5 entities are equipped to make significant equity investments in
6 local enterprises; and
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8 WHEREAS, individual Hawaii residents, resident economic
9 entities, and institutional investors do frequently engage in
10 risk-oriented investments, but do so primarily through out of
11 state investment entities and national or international
12 exchanges; and
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14 WHEREAS, the requirements, including cost, for listing on
15 national and international exchanges are generally prohibitive
16 for small-to-medium sized businesses; and
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18 WHEREAS, Hawaii companies seeking local investment capital
19 under current state and federal securities laws are generally
20 limited to working privately with a small number of individual
21 investors with significant personal assets in closed
22 transactions subject to financial privacy protection; and
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24 WHEREAS, state and federal securities laws allow for a more
25 publicly transparent equity investment process to be conducted
26 between a private enterprise and investors, where all parties
27 are located within the same state; and
28

29 WHEREAS, local investment in local companies is an
30 effective means of driving economic growth and job creation
31 through development of diversified industries within the State;
32 and
33



1 WHEREAS, a local investment exchange is an effective and
2 efficient method of connecting potential investors, including
3 small investors, with local enterprises seeking equity capital;
4 and
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6 WHEREAS, a local investment exchange provides protection
7 for investors and listed enterprises through the enforcement of
8 clear standards and mandatory disclosures for listed enterprises
9 and clear criteria for qualified investments; and
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11 WHEREAS, a local investment exchange will generate
12 awareness of and interest in locally-based opportunities for
13 equity investment; and
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15 WHEREAS, several other jurisdictions have created or are
16 investigating the possibility of creating local investment
17 exchanges to promote locally-based investment with a high
18 multiplier effect; now, therefore,
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20 BE IT RESOLVED by the Senate of the Twenty-sixth
21 Legislature of the State of Hawaii, Regular Session of 2011, the
22 House of Representatives concurring, that the Department of
23 Commerce and Consumer Affairs is requested to convene a working
24 group, chaired by the Commissioner of Financial Institutions and
25 including the Securities Commissioner, a representative of the
26 Director of Commerce and Consumer Affairs, representatives from
27 the investor community, and other participants identified by the
28 Commissioner of Financial Institutions to investigate the
29 creation of a Hawaii investment exchange to be administered by a
30 nonprofit corporation and to be known as the Hawaii Exchange for
31 Local Investment; and
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33 BE IT FURTHER RESOLVED that the working group created by
34 this measure is requested to investigate the relevant state and
35 federal laws and regulations relating to the formation of a
36 local investment exchange and to develop recommendations for
37 legislation to create the necessary regulatory framework for a
38 local investment exchange including recommendations for the
39 appropriate agency to exercise regulatory authority, adequate
40 staffing levels within the identified regulatory agency,
41 criteria for appointment of the officers or directors of the
42 local investment exchange, criteria for listing enterprises on
43 the local investment exchange, indemnification of the investment
44 exchange from civil and criminal liability, and policies and



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1 procedures for collaboration with the federal Securities and
 2 Exchange Commission in the creation and administration of a
 3 local investment exchange; and
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5 BE IT FURTHER RESOLVED that the working group created by
 6 this measure is requested to submit a report of its findings and
 7 recommendations to the Legislature no later than twenty days
 8 before prior to the convening of the Regular Session of 2012;
 9 and
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11 BE IT FURTHER RESOLVED that certified copies of this
 12 Concurrent Resolution be transmitted to the Commissioner of
 13 Financial Institutions, Director of Commerce and Consumer
 14 Affairs, and Securities Commissioner.
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