

STAND. COM. REP. NO.

992

Honolulu, Hawaii

March 18, 2013

RE: S.B. No. 1066

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 1066 entitled:

"A BILL FOR AN ACT RELATING TO SECURITIES LAW,"

begs leave to report as follows:

The purpose of this measure is to make clarifications and corrections to Hawaii's securities laws.

Specifically, this measure:

- (1) Corrects a grammatical error in the definition of the term "security;"
- (2) Amends the definition of "security" to correctly state the fourth element of an investment contract as determined by the Hawaii Supreme Court in *State v. Hawaii Market Center, Inc.*, 52 Haw. 642, 485 P.2d 105 (1971); and
- (3) Corrects an erroneous citation to the federal Securities and Exchange Act of 1934.

The Department of Commerce and Consumer Affairs submitted testimony in support of this measure. The American Council of Life Insurers submitted written comments on this measure.

SB1066 HD1 HSCR LRB 13-2108.doc



Your Committee finds that this measure will make corrections and clarifications to the Hawaii Uniform Securities Act, making it easier to follow and consistent with industry best practices.

Your Committee has amended this measure by changing the effective date to July 1, 2112, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1066, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1066, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



