

January 27, 1995 LB 92, 97

closing, so closing is waived. Question is, shall LB 92 be advanced? All in favor vote aye, opposed vote nay. Record, Mr. Clerk.

CLERK: 26 ayes, 0 nays, Mr. President, on the advancement of LB 92.

SPEAKER WITHEM: Mr. Clerk, LB 97.

CLERK: Mr. President, LB 97, by Senator Landis. (Read title.) The bill was introduced on January 5, referred to the Banking, Commerce, and Insurance Committee, advanced to General File. I have no amendments to the bill at this time, Mr. President.

SPEAKER WITHEM: Senator Landis, to open on your bill.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. This bill was advanced unanimously with the support of the Nebraska State Bar Association, the Nebraska Bankers Association and John McCabe from the Commission on Uniform State Laws. LB 97 is a redraft of Article VIII, our Investment Securities Act in this state, consistent with the Uniform State Law that was drafted by the commissioners in 1994. There is some reason to act expeditiously here because the Securities and Exchange Commission has said if the states don't act in this area and pass reasonable and effective laws it's possible that they will preempt the area with their own rules on the sale of investment securities and secured transactions. Now, our existing Article VIII, which is consistent with the old Uniform State Law, acknowledges two different ways in which stock purchases, investment purchases can be...can occur and the rights that the stockholder has in those exchanges. The oldest way, and what used to be the common way was what's called the certificated exchange. It means that as a stockholder you buy a share of IBM stock, you hold a share of the stock in the form of a piece of paper and IBM has your name on their stock registry back at the IBM corporate headquarters. Because of the vast amount of purchases and exchange and the paper crunch of the sixties, we invented a second way of doing business, it was called the uncertificated sale, and it meant that the stockholder did not hold a piece of paper that was called a share of stock, but that the stockholders name appeared on the books at IBM and the shareholder didn't have a piece of paper, but they were kept on the records of IBM and they had the same rights as if they did have a piece of paper. We expected this