

# State of South Dakota

SEVENTY-SIXTH SESSION  
LEGISLATIVE ASSEMBLY, 2001

400E0298

SENATE COMMERCE COMMITTEE ENGROSSED NO.

**SB 40** - 01/12/2001

Introduced by: The Committee on Commerce at the request of the Department of  
Commerce and Regulation

1 FOR AN ACT ENTITLED, An Act to exempt from registration certain Canadian broker-dealers  
2 and the securities offered by them.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 47-31A-401(c) be amended by adding thereto a NEW SUBSECTION to  
5 read as follows:

6 (5) A broker-dealer who is a resident of Canada, has no office or other physical presence  
7 in this state, and complies with the following conditions:

8 (a) Is a member of a self-regulatory organization or stock exchange in Canada;

9 (b) Maintains a provincial or territorial registration and a membership in a self-  
10 regulatory organization or stock exchange in good standing;

11 (c) Is not in violation of § 47-31A-101; and

12 (d) Only effects or attempts to effect transactions in securities:

13 (i) With or for a person from Canada who is temporarily present in this  
14 state, with whom the Canadian broker-dealer had a bona fide business-

1 client relationship before the person entered this state; or

2 (ii) With or for a person from Canada who is present in this state, whose  
3 transactions are in a self-directed tax-advantaged retirement plan in  
4 Canada of which the person is the holder or contributor.

5 Section 2. That § 47-31A-402(b) be amended by adding thereto a NEW SUBSECTION to  
6 read as follows:

7 (16) An offer or sale of a security effected by a person excluded from the definition of  
8 broker-dealer under § 47-31A-401(c)(5).

9 Section 3. That § 47-31A-201(g) be repealed.

10 ~~—(g) A broker-dealer that is resident in Canada and has no office or other physical presence~~  
11 ~~in this state may, provided the broker-dealer is registered in accordance with this chapter, and~~  
12 ~~any rules or orders as prescribed by the director, effect transactions in securities with or for, or~~  
13 ~~induce or attempt to induce the purchase or sale of any security by: (1) A person from Canada~~  
14 ~~who is temporarily resident in this state, with whom the Canadian broker-dealer had a bona fide~~  
15 ~~broker-dealer client relationship before the person entered the United States; or (2) A person~~  
16 ~~from Canada who is a resident in this state, whose transactions are in self-directed tax~~  
17 ~~advantaged retirement plan in Canada of which the person is the holder or contributor.~~

18 Section 4. That § 47-31A-201(h) be repealed.

19 ~~—(h) An agent who will be representing a Canadian broker-dealer registered under this section~~  
20 ~~may, provided the agent is registered in accordance with this chapter, effect transactions in~~  
21 ~~securities in this state as permitted for the broker-dealer in subdivision 47-31A-201(g) and any~~  
22 ~~rules or orders as prescribed by the director.~~