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HOUSE JOINT RESOLUTION NO. 665

Offered January 20, 1997

Establishing a joint subcommittee to study the effectiveness of the Commonwealth's securities laws.

Patrons—Callahan, Cantor, Guest, Keating and Scott; Senators: Barry, Colgan, Gartlan, Saslaw and Waddell

Referred to Committee on Corporations, Insurance and Banking

WHEREAS, Virginia's requirements that securities be sold through registered broker-dealers and agents of the issuer, even in many cases when the offering itself is exempt from registration and other regulatory requirements applicable to small issues of securities in the Commonwealth, significantly increase the cost of issuing securities in the Commonwealth; and

WHEREAS, because the costs of issuing securities in the Commonwealth are so high, few small or early development companies can afford to finance their growth in this manner; and

WHEREAS, federal securities laws and the trend of securities laws in other states favor a less restrictive and less costly regulatory environment for small issues of securities; and

WHEREAS, impediments to capital growth exist in the Commonwealth because securities regulatory requirements are not consistent with the trends in other states and with federal securities regulations; and

WHEREAS, the Joint Subcommittee Studying Capital Access and Business Financing, pursuant to House Joint Resolution No. 208 (1996), urged the State Corporation Commission to undertake a review of its regulations, but little progress on removing regulatory barriers to small issues of securities has been achieved; and

WHEREAS, a thorough examination of the Commonwealth's securities laws is necessary to determine what changes are appropriate to enable small business enterprises to issue securities and raise necessary capital; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study the effectiveness of the Commonwealth's securities laws.

The joint subcommittee shall be composed of 7 members as follows: 4 members of the House of Delegates to be appointed by the Speaker of the House; and 3 members of the Senate to be appointed by the Senate Committee on Privileges and Elections.

In conducting its study, the joint subcommittee shall conduct a "best practices" study to evaluate the appropriateness of the Commonwealth's existing securities laws, in view of the trends of federal and other states' securities regulations, to simplify and reduce the cost of compliance for small issues of securities, and to determine whether the Commonwealth should adopt legislation that would create a securities regulatory framework that encourages capital formation for small and early development companies while maintaining appropriate protection for the general public.

The direct costs of this study shall not exceed \$3,150.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the State Corporation Commission. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1998 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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