

ASSEMBLY BILL

No. 2610

**Introduced by Assembly Member Holden
(Coauthor: Assembly Member Brown)**

February 19, 2016

An act to amend Section 25114 of the Corporations Code relating to securities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2610, as introduced, Holden. Securities: qualification.

Existing law, the Corporate Securities Law of 1968, requires securities offered or sold in this state in an issuer transaction to be qualified through an application filed with the Commissioner of Business Oversight, unless exempt from the qualification requirements. Existing law generally provides that every qualification under these provisions is effective for 12 months from its effective date. Existing law makes it unlawful for a person in connection with the offer, sale, or purchase of a security to engage in fraudulent or misleading acts or omissions.

This bill would increase that effective period of qualification from 12 months to 36 months unless an issuer makes a change to its board members, directors, officers, partners, members, or trustees, in which case the qualification would become ineffective, as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 25114 of the Corporations Code is
2 amended to read:

1 25114. ~~Every~~ (a) *Subject to the limitations in subdivisions (b)*
2 *and (c), every qualification under this chapter is effective for 36*
3 *months from its effective date, unless the commissioner by*
4 *order or rule specifies a different period, except during the time*
5 *an order under Section 25140 or subdivision (a) of Section 25143*
6 *is in effect.*

7 (b) (1) *Any qualification under this chapter immediately*
8 *becomes ineffective upon any change in board members, directors,*
9 *officers, partners, members, or trustees of the issuer.*

10 (2) *If any of the changes specified in paragraph (1) occur, an*
11 *issuer shall reapply for qualification pursuant to this chapter. If*
12 *a qualification becomes ineffective pursuant to paragraph (1) but*
13 *the issuer subsequently successfully obtains qualification for the*
14 *securities, then that qualification shall only remain effective for*
15 *the same period of time as the original qualification issued*
16 *pursuant to subdivision (a).*

17 (c) *The provisions of this section shall not change the*
18 *qualification requirements of Sections 25111, 25112, or 25113.*