

SESSION OF 2006

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2663**

As Recommended by House Committee  
on Financial Institutions

**Brief\***

HB 2663 would amend several provisions of the Kansas Uniform Securities Act. Specifically, the bill would amend a cross-reference to the defined term, "Predecessor Act". New language would be added to the Act to create an exemption from the requirements for transactions involving an interest in oil, gas, or other mineral rights that are conducted in compliance with a rule adopted or an order issued under the Act. The Securities Commissioner, as administrator of the Act, would be permitted to limit the scope of exemptions for transactions involving these rights through rule or order.

The bill also would eliminate the requirement for the Office to send written notice when post-effective amendments have been accepted, allowing that post-effective amendments become effective when filed with the administrator. The bill also would amend the effectiveness of registration requirements to insert that if "the administrator finds that the applicant, and if applicable, the officers, directors or partners of the applicant are of sufficient character and reputation to warrant the public trust." Finally, the Act is amended to include a new grounds for discipline provision to allow the Securities Commissioner to deny or revoke licenses to individuals who lack sufficient character or reputation to warrant the public trust.

The bill also would make two technical amendments.

**Background**

The bill was requested by the Office of the Securities Commissioner whose representative indicated that the amendments to the Kansas Uniform Securities Act were necessary to remedy some flaws discovered during the implementation of the Act. The Act

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

became effective on July 1, 2005. The bill was supported by the Kansas Independent Oil and Gas Association. Amendments to the Uniform Act restore the exemption for sellers of oil and gas interests as it existed under the former statute.

The fiscal note prepared by the Division of the Budget indicates that passage of the bill would have no fiscal effect.