The Louisiana Legislature has passed a landmark bill that will substantially streamline and modernize the state's securities laws. The bill, introduced by Sen. Thomas (Tommy) H. Hudson, chairman of the Senate Committee on Commerce, was signed by Gov. Edwin Edwards and will become effective on Sept. 6, according to Kenneth E. Pickering, commissioner of financial institutions and ex officio commissioner of securities.

James Hayes, former commissioner of financial institutions and member of the team of securities attorneys that wrote the legislation, explained some of the significant changes to be brought about by the revised law:

- The elimination of merit regulation review for offerings of securities registered under federal law with the Securities and Exchange Commission.
- An exemption from the registration or other qualification provisions under Louisiana securities laws for securities in the NASDAQ National Market System.
- The adoption of amendments to facilitate the registration of broker-dealers, agents and investment advisors by participation in national recordkeeping systems and depositories.

Under current law, Louisiana's securities commissioner makes an affirmative determination that an offering is "fair, just and equitable" in its terms and conditions.

The subjectiveness of this regulatory approach and the concentration of that decision-making process in a single person is being replaced with comprehensive standards requiring a company to disclose all pertinent information and material facts about securities it is offering to the public, Hayes said.

The securities commissioner will no longer approve or disapprove an issue for sale to residents of the state; it will simply require that all material facts be disclosed.

The revised law also will grant NASDAQ National Market System securities blue-sky registration parity with those listed on the New York and American Stock Exchanges. Under current Louisiana law, securities that are offered for sale in the state and that are not listed on either the New York or American Stock Exchange must be registered or otherwise qualified for sale with the securities commissioner in addition to the U.S. Securities and Exchange Commission.

"The NASDAQ/NMS has emerged as a major domestic and international securities market, not only in terms of the number of companies listed and their trading volume, but in terms of the quality of those companies," Hayes said.

"The listing standards governing the admission of securities to NASDAQ/NMS and the extent of information on them available to investors permit us to reduce the regulatory burdens that have been imposed on these companies of substance without compromising investor protection," he added.

Among the Louisiana companies in the NASDAQ National Market System are First Commerce Corp., Hibernia Corp., International Shipholding, Louisiana Bancshares Inc., and Piccadilly Cafeterias Inc.

The new law also formally authorizes the securities commissioner to participate in the Central Registration Depository, or similar systems, in cooperation with the National Association of Securities Dealers Inc., other states and the federal government.

CRD is the computerized system of the NASD and the North American Securities Administrators Association that has streamlined the application and licensing procedures for registering securities industry personnel. Most state jurisdictions now participate in CRD.

Hayes commented that "our involvement in the CRD has helped eliminate a lot of paperwork associated with registering securities salesmen and principals. Because of this, we have been able to reduce some of the costs of doing business in our state for the securities industry."

In commenting on the revised securities law, John B. Levert, president and chief executive officer of Howard, Weil, Labouisse, Friedrichs Inc., a major regional firm based in New Orleans, and a governor of the NASD, said:

"The new law will greatly improve the investment environment in our state for issuers of securities, broker-dealers, investors and taxpayers. Our legislators are to be congratulated. The procedures to be followed by companies in issuing securities have been simplified and the associated costs reduced, the administrative costs of broker-dealers in registering their personnel have been lowered, investors will have the opportunity to purchase a greater number of quality NASDAQ/NMS issues, and taxpayers will be saved the expense of merit reviews."

Gordon S. Macklin, NASD president, said that "the bill is extremely farsighted and clearly in the public interest."

"We are particularly pleased with the exemption for NASDAQ/NMS companies. It will substantially ease the burdens of capital raising for a large number of companies of size and quality."

The NASD is the self-regulatory body of the securities industry which is responsible for the regulation of the over-the-counter securities market. It also operates NASDAQ, the nationwide electronic system that collects quotations from more than 460 dealers in over 4,700 NASDAQ securities and disseminates them to securities firms and information vendors worldwide. Of those 4,700 securities, approximately 2,000 are now included in NASDAQ/NMS.