SEC. 3. The medals authorized to be issued pursuant to this Act shall be of such size or sizes and of such various metals as shall be determined by the Secretary of the Treasury in consultation with the American Numismatic Association. Sizes, materials.

Approved April 16, 1966.

Public Law 89-402

AN ACT

April 18, 1966
[H. R. 11664]

To confer additional jurisdiction upon the Superintendent of Insurance for the District of Columbia to regulate domestic stock insurance companies and to exempt such companies from section 12(g)(1) of the Securities Exchange Act of 1934.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, as used in this Act, unless the context otherwise requires, "domestic stock insurance company" means a stock insurance company incorporated or organized under the laws of the District of Columbia. D.C. Superintendent of Insurance. Additional jurisdiction. "Domestic stock company."

SEC. 2. (a) The Commissioners of the District of Columbia shall promulgate rules and regulations with respect to the solicitation and voting of proxies, consents, and authorizations of domestic stock insurance companies in conformity, as nearly as may be practicable, with those prescribed by the National Asscciation of Insurance Commissioners. The Superintendent of Insurance (hereinafter "Superintendent") shall have power to revoke or suspend the certificate of authority to transact business in the District of Columbia of any such company which has failed or refused to comply with the rules and regulations promulgated by the Commissioners of the District of Columbia.

(b) The Superintendent shall not revoke nor suspend the certificate of authority of any such company until he has given the company not less than thirty days' notice of the proposed revocation or suspension and of the grounds alleged therefor, and has afforded the company an opportunity for a full hearing: *Provided*, That if the Superintendent shall find upon examination that the further transaction of business by the company would be hazardous to the public or to the policyholders or creditors of the company in the District, he may suspend such authority without giving notice as herein required: *Provided further*, That in lieu of revoking or suspending the certificate of authority of any company, after hearing as herein provided, the Superintendent may subject such company to a penalty of not more than $500 when, in his judgment, he finds that the public interest would be best served by the continued operation of the company. The amount of any such penalty shall be paid by the company through the office of the Superintendent to the Commissioners of the District of Columbia. At any hearing provided by this section, the Superintendent shall have authority to administer oaths to witnesses. Anyone testifying falsely after having been administered such an oath shall be subject to the penalties of perjury. Notice of suspension. Penalties.

(c) The provisions of subsections (a) and (b) of this section shall not apply to securities of a domestic stock insurance company if such securities shall be registered, or shall be required to be registered, pursuant to section 12 of the Securities Exchange Act of 1934, as amended. 48 Stat. 892; 78 Stat. 565. 15 USC 78*l*.

SEC. 3. (a) Every person who is directly or indirectly the beneficial owner of more than 10 per centum of any class of any equity security of a domestic stock insurance company, or who is a director or an officer of such company, shall file in the office of the Superintendent on Registration requirements of beneficial owners, etc.

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or before the 31st day of December 1965, or within ten days after he becomes such beneficial owner, director, or officer, a statement, in such form as the Superintendent may prescribe, of the amount of all equity securities of such company of which he is the beneficial owner, and within ten days after the close of each calendar month thereafter, if there has been a change in such ownership during such month, shall file in the office of the Superintendent a statement, in such form as the Superintendent may prescribe, indicating his ownership at the close of the calendar month and such changes in his ownership as have occurred during such calendar month.

Six month-transaction limitation.

(b) For the purpose of preventing the unfair use of information which may have been obtained by such beneficial owner, director, or officer by reason of his relationship to such company, any profit realized by him from any purchase and sale, or any sale and purchase, of any equity security of such company within any period of less than six months, unless such security was acquired in good faith in connection with a debt previously contracted, shall inure to and be recoverable by the company, irrespective of any intention on the part of such beneficial owner, director, or officer in entering into such transaction of holding the security purchased or of not repurchasing the security sold for a period exceeding six months. Suit to recover such profit may be instituted at law or in equity in any court of competent jurisdiction by the company, or by the owner of any security of the company in the name and in behalf of the company if the company shall fail or refuse to bring such suit within sixty days after request or shall fail diligently to prosecute the same thereafter; but no such suit shall be brought more than two years after the date such profit was realized. This section shall not be construed to cover any transaction where such beneficial owner was not such both at the time of the purchase and sale, or the sale and purchase, of the security involved, or any transaction or transactions which the Commissioners of the District of Columbia by rules and regulations may exempt as not comprehended within the purpose of this section.

Sales, restriction.

(c) It shall be unlawful for any such beneficial owner, director, or officer, directly or indirectly, to sell any equity security of such company if the person selling the security or his principal (i) does not own the security sold, or (ii) if owning the security, does not deliver it against such sale within twenty days thereafter, or does not within five days after such sale deposit it in the mails or other usual channels of transportation; but no person shall be deemed to have violated this section if he proves that, notwithstanding the exercise of good faith, he was unable to make such delivery or deposit within such time, or that to do so would cause undue inconvenience or expense.

(d) The provisions of subsection (b) of this section shall not apply to any purchase and sale, or sale and purchase, and the provisions of subsection (c) of this section shall not apply to any sale, of an equity security of a domestic stock insurance company not then or theretofore held by him in an investment account, by a dealer in the ordinary course of his business and incident to the establishment or maintenance by him of a primary or secondary market (otherwise than on an exchange as defined in the Securities Exchange Act of 1934) for such security. The Commissioners of the District of Columbia may, by such rules and regulations as they deem necessary or appropriate in the public interest, define and prescribe terms and conditions with respect to securities held in an investment account and transactions made in the ordinary course of business and incident to the establishment or maintenance of a primary or secondary market.

48 Stat. 882.
15 USC 78c.

(e) The provisions of subsections (a), (b), and (c) of this section shall not apply to foreign or domestic arbitrage transactions unless made in contravention of such rules and regulations as the Commissioners of the District of Columbia may adopt in order to carry out the purposes of this section.

"Equity security."

(f) The term "equity security" when used in this section means any stock or similar security; or any security convertible with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right; or any other security which the Commissioners of the District of Columbia shall deem to be of similar nature and consider necessary or appropriate, by such rules and regulations as they may prescribe in the public interest or for the protection of investors, to treat as an equity security.

(g) The provisions of subsections (a), (b), and (c) of this section shall not apply to securities of a domestic stock insurance company if (i) such securities shall be registered, or shall be required to be registered, pursuant to section 12 of the Securities Exchange Act of 1934, as amended, or if (ii) such domestic stock insurance company shall not have any class of its equity securities held of record by one hundred or more persons on the last business day of the year next preceding the year in which equity securities of the company would be subject to the provisions of subsections (a), (b), and (c) of this section except for the provisions of this subsection (g) (ii).

48 Stat. 892; 78 Stat. 565. 15 USC 78*l*.

(h) The Commissioners of the District of Columbia shall make such rules and regulations as may be necessary for the execution of the functions vested in the Superintendent by subsections (a) through (g) of this section, and may for such purpose classify domestic stock insurance companies, securities, and other persons or matters within his jurisdiction. No provisions of subsection (a), (b), or (c) of this section imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule or regulation of the Commissioners of the District of Columbia notwithstanding that such rule or regulation may, after such act or omission, be amended or rescinded or determined by judicial or other authority to be invalid for any reason.

Penalty.

(i) Any person who willfully violates any provision of this section, or any rule or regulation thereunder the violation of which is made unlawful by this section or the observance of which is required under the terms of this section, or any person who willfully and knowingly makes, or causes to be made, any statement in any application, report, or document required to be filed under this section, which statement was false or misleading with respect to any material fact, shall upon conviction be fined not more than $1,000, or be imprisoned not more than thirty days, or both.

Effective date.

(j) This section shall take effect thirty days after enactment.

SEC. 4. Nothing in this Act shall be construed so as to affect the authority vested in the Board of Commissioners of the District of Columbia by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824). The performance of any function vested by this Act in the Board of Commissioners or in any office or agency under the jurisdiction and control of said Board of Commissioners may be delegated by said Board of Commissioners in accordance with section 3 of such plan.

D.C. Code. 1 App.

Approved April 18, 1966.

65-300 O-67—11