

of sub-section 3 of this section shall not apply to any sale of an equity security of a domestic stock insurer 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, except as to such equity securities then or theretofore held by him in an investment account. The Commissioner may, by such rules and regulations as he deems 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.

(5) The provisions of sub-sections 1, 2, and 3 of this section shall not apply to foreign or domestic arbitrage transactions unless made in contravention of such rules and regulations as the Commissioner may adopt in order to carry out the purposes of this section.

(6) 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 Commissioner shall deem to be of similar nature and consider necessary or appropriate, by such rules and regulations as he may prescribe in the public interest or for the protection of investors, to treat as an equity security.

(7) The provisions of sub-sections 1, 2, and 3 of this section shall not apply to equity securities of a domestic stock insurer if (a) 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 (b) such domestic stock insurer 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 insurer would be subject to the provisions of sub-sections 1, 2, and 3 of this section except for the provisions of this sub-section 7 (b).

(8) The Commissioner shall have the power to make such rules and regulations as may be necessary for the execution of the functions vested in him by sub-sections 1 through 7 of this section, and may for such purpose classify domestic stock insurers, securities, and other persons or matters within his jurisdiction. No provision of sub-sections 1, 2, and 3 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 Commissioner, 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.

SEC. 2. And be it further enacted, That this Act is hereby declared to be an emergency measure and necessary for the immediate preservation of the public health and safety, and having been passed by a ye and nay vote supported by three-fifths of the members elected to each of the two houses of the General Assembly, the same shall take effect from the date of its passage.

Approved April 8, 1965.