

TESTIMONY BEFORE THE MINNESOTA SENATE JUDICIARY COMMITTEE
March 2, 2006

Good afternoon, my name is Bill Strusinski. I thank you for opportunity to testify on behalf of my client, Securities Industry Association (SIA)¹, in support of HF 2514, the Uniform Securities Act (USA), under consideration by this Committee, today. The SIA brings together the shared interests of nearly 600 securities firms to accomplish common goals. SIA members (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. We strongly urge the Committee to vote in favor of HF 2514, and refer it for floor consideration immediately.

Last summer, SIA sent a letter to the Department of Commerce commending their efforts on the USA draft bill. The Department's draft adopted much of the model act, which was developed by a group of securities experts including state securities commissioners, professors, lawyers, and practitioners lead by the National Conference of Commissioners on Uniform State Laws (NCCUSL). To date, nine states and the U.S. Virgin Islands have enacted the USA. We would be very interested in assisting you and your Committee in efforts to have Minnesota join these other states in adoption of the USA.

For the securities industry, a major advantage of the Act is uniformity. Uniformity of state securities laws is critical to making compliance as standardized as possible from state to state. Our firms are operating nationally, and keeping up with each states' filing and registration requirements is a daunting task.

Further, the USA facilitates electronic signatures, filings and records, which are an increasingly important aspect of securities transactions and regulation. This is a key feature of the USA, as today's securities industry is international in scope, "virtual" in location, and instantaneous in execution. The exchanges of today no longer need to operate from within the confines of buildings, but rather business can be and is conducted by computer and over the Internet from any location. Issuers expect offerings to be transacted electronically and virtually instantaneously. The demands of capital formation necessitate an international approach to securities offerings.

It is our view that the enforcement provisions in the USA provide a fair balance between investor protection and the ability of the industry to conduct business. The Act provides state regulators with the tools to take appropriate and swift actions against those who perpetrate frauds through the state courts and administrative actions, such as cease and desist orders.

Finally, we are pleased that the USA creates an optional fund to support investor education programs highlighting the need to help investors protect themselves against fraud. The Securities Industry Foundation for Economic Education created the Stock Market Game (SMG) to teach investing skills to students to foster their confidence in managing their investments.

SIA looks forward to continuing our involvement in this effort to achieve greater uniformity and efficiency in state regulation of the securities marketplace. Please contact either Nancy Donohoe Lancia of SIA State Government Affairs at 212-618-0533, or me, if you have any questions.

Footnotes:

1. The Securities Industry Association brings together the shared interests of nearly 600 securities firms to accomplish common goals. SIA's primary mission is to build and maintain public trust and confidence in the securities markets. At its core: Commitment to Clarity, a commitment to openness and understanding as the guiding principles for all interactions between investors and the firms that serve them. SIA members (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. According to the Bureau of Labor Statistics, the U.S. securities industry employs nearly 800,000 individuals, and its personnel manage the accounts of nearly 93-million investors directly and indirectly through corporate, thrift, and pension plans. In 2004, the industry generated an estimated \$227.5 billion in domestic revenue and \$305 billion in global revenues.