

Kansas Administrative Regulations
Agency 40. Insurance Department
Article 13. Insider Stock Trading

40-13-24 Exemption from K.S.A. 40-265 of certain transactions; conversion of equity securities.

(a) Deposit or withdrawal of equity securities under a voting trust or deposit agreement. Each acquisition or disposition of an equity security involved in the deposit of a security under, or the withdrawal of security from, a voting trust or deposit agreement, and the acquisition or disposition in connection therewith of the certificate representing the security, shall be exempt from the operation of K.S.A. 40-265 if all assets held under the voting trust or deposit agreement immediately after the deposit or immediately prior to the withdrawal consisted of equity securities of the same class as the security deposited or withdrawn. This section shall not apply if the following conditions exist:

(1) A purchase of an equity security of the class deposited and a sale of any certificate representing an equity security of the class; or

(2) a sale of an equity security of the class deposited and purchase of a certificate representing an equity security of the class, other than in a transaction involved in the deposit or withdrawal or in a transaction exempted by another provision of the regulations under K.S.A. 40-265, within a period of less than six months which includes the date of the deposit or withdrawal.

(b) Any acquisition or disposition of an equity security involved in the conversion of an equity security which, by its terms or pursuant to the terms of the insurer's charter or other governing instruments, shall be converted immediately or after a stated period of time into another equity security of the same insurer, shall be exempt from the operation of K.S.A. 40-265. This section shall not apply if the following conditions exist:

(1) A purchase of an equity security of the class convertible (including any acquisition of or change in a conversion privilege) and a sale of any equity security of the class issuable upon conversion, or

(2) a sale of an equity security of the class convertible and a purchase of any equity security issuable upon conversion, other than in a transaction involved in the conversion or in a transaction exempted by another provision of K.S.A. 40-265, within a period of less than six months which includes the date of conversion.

(c) An equity security shall not be acquired or disposed of upon conversion of an equity security if the terms of the equity security converted require the payment or entail the receipt, in connection with the conversion, of cash or other property, other than equity securities involved in the conversion, equal in value at the time of conversion to more than 15 percent of the value of the equity security issued upon conversion.

(d) An equity security shall be convertible if it is convertible at the option of the holder or of some other person or by operation of the terms of security or the governing instruments.

(Authorized by K.S.A. 40-103, 40-271; implementing K.S.A. 40-265; effective Jan. 1, 1970; amended May 1, 1980; amended May 1, 1986.)