

THE STATE OF UTAH
OFFICE OF THE ATTORNEY GENERAL
Salt Lake City

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July 8, 1959

Department of Business Regulation
Securities Commission Building

REQUESTED BY: Mr. G. Hardy, Director, Securities Commission.

OPINION BY: Walter L. Budge, Attorney General; Raymond W. Gee, Assistant
Attorney General.

QUESTIONS: 1. Are stock "warrants", "rights", "options", "participation
plans", etc. within the Utah statutory definition of "security"?
2. Must such "rights", "warrants", "options", or "plans" be
registered if the common stock which is the subject of their
exercise is listed on a responsible stock exchange?

CONCLUSIONS: 1. Yes
2. Yes

1. Section 61-1-4, U.C.A. 1953, provides in part as follows:

"* * *

(1) 'Security' shall include * * * certificate of interest in a profit-sharing agreement; * * * investment contract, * * *; and any other instrument commonly known as a security * * *."

Stock "warrants", "rights", "options", and "participation plans" are commonly known as securities. They are investment contracts, and in many instances certificates of interest in a profit-sharing agreement, forming an integral part of securities trading. We therefore conclude that your first question be answered in the affirmative.

2. Section 61-1-5, U.C.A. 1953, provides in part:

"Except as hereinafter otherwise expressly provided, the provisions of this chapter shall not apply to any of the following classes of securities:

"* * *

(9) Securities appearing in any list of securities dealt in on any recognized and responsible stock exchange which has been previously approved by the commission, if such securities have been so listed pursuant to official authorization by such exchange, and also all securities senior to any securities so listed, and evidences of indebtedness guaranteed by companies any stock of which is so listed; such securities to be exempt only so long as such listing shall remain in effect; * * *"

Even though a security is listed on a responsible stock exchange, the rights, warrants, options or participation plans pertaining to that security are not exempt by virtue of such listing. Stock warrants, rights, options and participation plans partake of a dual character: they are securities and they are offers to sell securities. As securities they require registration unless otherwise exempt by law. We are of the opinion that listing of a security does not exempt from registration the right, option, warrant or agreement to purchase or sell that security.

Very truly yours,

s/ Walter L. Budge

WALTER L. BUDGE
Attorney General

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