

ACT 108

H.B. NO. 1490

A Bill for an Act Relating to Taxation.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 237-24.5, Hawaii Revised Statutes, is amended to read as follow:

“§237-24.5 Additional exemptions. (a) In addition to the amounts exempt under section 237-24, this chapter shall not apply to amounts received by:

- (1) An exchange from:
 - (A) Transaction fees charged exchange members by the exchange for:
 - (i) The sale or purchase of securities or products, or both, bought or sold on an exchange by exchange members for their own account or an account for which they have responsibility as an agent, broker, or fiduciary;
 - (ii) Order book executions made for purposes of effecting transactions; and
 - (iii) Trade processing performed by an exchange in matching trades, keypunching, record keeping, post cashiering, and notarization;
 - (B) Membership dues, fees, charges, assessments, and fines from individuals or firms, including charges for firm symbols (member identification), application processing, registration, initia-

- tion, membership transfers, floor or post privileges, transaction time extensions, expediting transactions, crossover trades (trading out of assigned functions) and rule infractions;
- (C) Service fees charged to members including fees for communications, badges, forms, documents, and reports;
 - (D) Listing fees and listing maintenance fees charged to companies that wish to be listed and have their securities or products traded on the exchange; and
 - (E) Participation in the communication network consortium operated collectively by United States exchanges or other markets recognized by the Securities and Exchange Commission, the Commodities Futures Trading Commission, or similar regulatory authorities outside the United States that provides last sale and quote securities information to subscribers or that connects such markets or exchanges for purposes of data transmission;
- (2) Exchange members by reason of executing a securities or product transaction on an exchange; provided that this exemption shall apply only to amounts received by exchange members from brokers or dealers registered with the Securities and Exchange Commission, from futures commission merchants, brokers, or associates registered with the Commodities Futures Trading Commission, or from similar individuals or firms registered with similar regulatory authorities outside the United States; and
 - (3) Exchange members as proceeds from the sale of their exchange memberships.

(b) As used in this section:

“Exchange” means an exchange or board of trade as defined in 15 U.S.C. section 78c(a)(1) or in 7 U.S.C. section 7, respectively, which is subject to regulation by the Securities and Exchange Commission or the Commodities Futures Trading Commission or an organization subject to similar regulation under the laws of a jurisdiction outside the United States.

“Exchange member” means an individual or firm that is qualified by an exchange as a member and pays membership dues to an exchange in order to trade securities or products on an exchange.

“Securities” means securities as defined in 15 U.S.C. section 78c and “products” means contracts of sale of commodities for future delivery, futures contracts, options, calls, puts, and similar rights as defined in 7 U.S.C. section 2, which securities or products are permitted to be traded on an exchange.

(c) This section is repealed on June 30,[1992.] 2000.”

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved June 8, 1990.)