

[Second Reprint]

ASSEMBLY, No. 1740

STATE OF NEW JERSEY
215th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2012 SESSION

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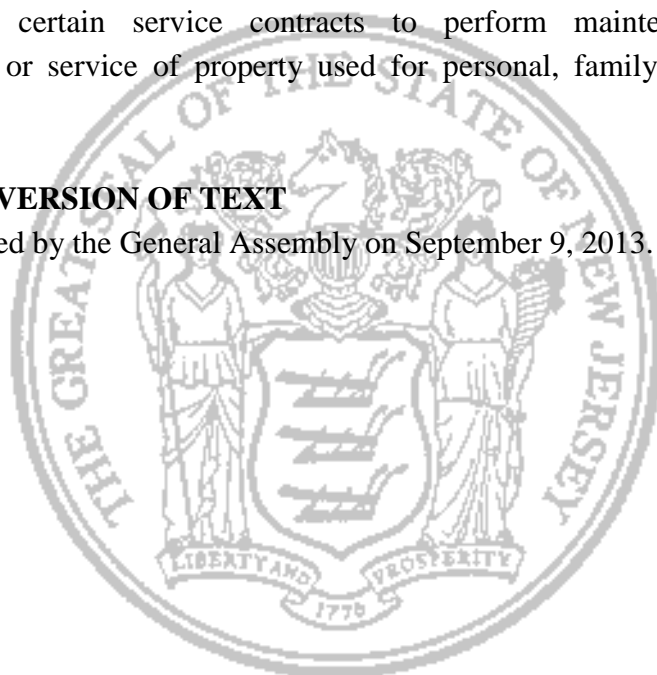
Assemblymen Diegnan and Singleton

SYNOPSIS

Regulates certain service contracts to perform maintenance, repair, replacement, or service of property used for personal, family, or household purposes.

CURRENT VERSION OF TEXT

As amended by the General Assembly on September 9, 2013.



(Sponsorship Updated As Of: 1/18/2012)

1 AN ACT concerning service contracts, and supplementing and
2 amending P.L.1980, c.125.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. (New section) As used in this act:

8 "Administrator" means a person who performs the third-party
9 administration of a service contract, pursuant to the provisions of
10 section 5 of this act, on behalf of a provider.

11 "Consumer" means a natural person who buys other than for
12 purposes of resale any ¹**[tangible personal]**¹ property that is
13 distributed in commerce and that is normally used for personal,
14 family, or household purposes and not for business or research
15 purposes.

16 "Director" means the Director of the Division of Consumer
17 Affairs ²**[**.

18 "Division" means the Division of Consumer Affairs² in the
19 Department of Law and Public Safety.

20 ²"Emergency, life safety, or property safety goods" means any
21 goods provided for installation in, as part of, or for addition to, a
22 system designed to prevent, respond to, alert regarding, suppress,
23 control, or extinguish an emergency or the cause of an emergency,
24 or assist evacuation in the event of an emergency, which emergency
25 could threaten life or property. Examples of these systems include
26 fire alarm, fire sprinkler, fire suppression, fire extinguisher,
27 security, gas detection, intrusion detection, access control, video
28 surveillance and recording, mass notification, public address,
29 emergency lighting, patient wandering, infant tagging, and nurse
30 call.²

31 "Maintenance agreement" means a contract of limited duration
32 that provides for scheduled maintenance only, and does not include
33 repair or replacement of the property subject to the contract.

34 ¹"Motor vehicle ancillary protection product" means a contract
35 or agreement between a provider and a consumer for a specific
36 duration, for a provider fee or other separately stated consideration,
37 to perform one or more of the following with respect to a motor
38 vehicle:

39 (1) the repair or replacement of tires or wheels on a motor
40 vehicle damaged as a result of coming into contact with road
41 hazards including but not limited to potholes, rocks, wood debris,
42 metal parts, glass, plastic, curbs, or composite scraps;

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ACO committee amendments adopted June 6, 2013.

²Assembly floor amendments adopted September 9, 2013.

1 (2) the removal of dents, dings, or creases on a motor vehicle
2 that can be repaired using the process of paintless dent removal
3 without affecting the existing paint finish and without replacing
4 vehicle body panels, sanding, bonding, or painting; or

5 (3) the repair of small motor vehicle windshield chips or cracks
6 which may include replacement of the windshield for chips or
7 cracks that cannot be repaired.¹

8 "Non-original manufacturer's part" means a replacement part not
9 made for or by the original manufacturer of the property, commonly
10 referred to as an "after market part."

11 "Person" means any natural person, company, corporation,
12 association, society, firm, partnership, or other similar legal entity.

13 "Premium" means the consideration paid to an insurer for a
14 reimbursement insurance policy, and is subject to any applicable
15 premium tax.

16 "Provider" means a person who is contractually obligated to the
17 service contract holder under the terms of the service contract.

18 "Provider fee" means the consideration paid ¹by a consumer¹ for
19 a service contract, and is not subject to any premium tax.

20 "Reimbursement insurance policy" means a policy of insurance
21 issued to a provider to either provide reimbursement to, or payment
22 on behalf of, the provider under the terms of the insured service
23 contracts issued or sold by the provider, or, in the event of the
24 provider's non-performance, to provide or pay for, on behalf of the
25 provider, all covered contractual obligations incurred by the
26 provider.

27 "Service contract" means a contract or agreement ¹between a
28 provider and a consumer¹ for ¹[a specific] any¹ duration, for a
29 provider fee or other separately stated consideration, to perform ²,
30 or to provide indemnification for performance of,² the maintenance,
31 repair, replacement, or service of ¹[a motor vehicle or other]¹
32 property ²], or indemnification for maintenance, repair,
33 replacement, or service]² for the operational or structural failure of
34 the ¹[motor vehicle, or residential or other]¹ property ²],² due to a
35 defect in materials or workmanship ²],² or ²due to² normal wear
36 and tear, and which may include additional provisions for incidental
37 payment of indemnity under limited circumstances ¹], including,
38 but not limited to,] . In the case of a motor vehicle, such
39 circumstances may include¹ towing, rental, and emergency road
40 services, and other road hazard protections. A service contract may
41 provide for the maintenance, repair, replacement, or service of the
42 ¹[motor vehicle or other]¹ property for damage resulting from
43 power surges or interruption, or accidental damage from handling.
44 A service contract ¹[shall not be considered to be an insurance
45 contract, and shall not be subject to regulation as insurance pursuant
46 to Title 17 of the Revised Statutes] also includes a motor vehicle

1 ancillary protection product. Service contracts may provide for leak
2 or repair coverage to house roofing systems^{1 2}. A “service
3 contract” does not include a contract in writing to maintain
4 structural wiring associated with the delivery of cable, telephone, or
5 other broadband communication services².

6 "Service contract holder" or "contract holder" means a ¹**[person]**
7 consumer¹ who is the purchaser of a service contract or is entitled
8 to the contractual ¹**[obligations]** benefits¹ under the terms of the
9 contract.

10 "Warranty" means a warranty made solely by the manufacturer,
11 importer, or seller of property or services without ¹additional¹
12 consideration, that is incidental to, and not negotiated or separated
13 from, the sale of the property or services, that guarantees indemnity
14 for defective materials, parts, mechanical or electrical breakdown,
15 labor, or workmanship, or provides other remedial measures,
16 including repair or replacement of the property or repetition of
17 services.

18
19 2. (New section) a. ¹**[The purpose of this act is to create a**
20 **legal framework within which service]** Service¹ contracts may be
21 issued, offered for sale, or sold in this State ¹only in accordance
22 with the provisions of this act¹.

23 b. The following shall be exempt from the provisions of this
24 act:

25 (1) warranties;

26 (2) maintenance agreements;

27 (3) service contracts on ¹**[tangible]¹** property if the ¹**[tangible]¹**
28 property for which the service contract is sold has a purchase price
29 of \$250 or less, excluding sales tax;

30 (4) mechanical breakdown insurance policies offered by
31 licensed insurers pursuant to the insurance laws of this State;
32 ¹**[and]¹**

33 (5) ¹motor club or association membership contracts that
34 primarily provide for roadside assistance and towing services in
35 situations that involve impairment of the operation of a member's
36 motor vehicle, for reasons that include, but are not limited to,
37 mechanical breakdown or adverse road conditions; ²**[and]²**

38 (6) ^{1 2}newspapers that accept or publish advertising for items that
39 fall within the scope of this act;

40 (7) service contracts on emergency, life safety, or property
41 safety goods; and

42 (8) ² service contracts issued, offered, or sold:

43 (a) by a public utility to the extent that the public utility is
44 regulated by the Board of Public Utilities, or by a ¹**[person]**
45 ²**[public utility or its subsidiary¹]** person² providing central heating
46 and air conditioning services, but only with respect to a service

1 contract regarding the product sold to a consumer ²~~],~~² or installed
2 or repaired for the consumer at the consumer's household ²~~],~~² by
3 ²~~the~~ ^a utility ²~~or~~ ¹~~by a person providing central heating and~~
4 ~~air conditioning services] its] , a~~ ^a subsidiary¹ ²of a utility, or a
5 person providing central heating and air conditioning services² ; or

6 (b) to any person other than a consumer.

7 c. Service contracts are not insurance in this State or
8 otherwise regulated under ²~~the insurance code.~~¹ Title 17 of the
9 Revised Statutes.² The making, proposing to make, issuing,
10 marketing, offering, selling, administering of, or providing
11 contractual obligations for, a service contract shall not be construed
12 to be the business of insurance and shall be exempt from regulation
13 as insurance pursuant to Title 17 of the Revised Statutes, however
14 nothing in this act shall be construed to exempt the making, issuing,
15 marketing, offering, or selling of a reimbursement insurance policy
16 from any applicable provisions of Title 17 of the Revised Statutes.

17
18 3. (New section) ¹~~a.~~¹ A provider of service contracts
19 issued, offered for sale, or sold in this State, shall not use in its
20 name the words "insurance," "casualty," "surety," "mutual" or any
21 other word descriptive of the insurance, casualty, or surety business,
22 or a name deceptively similar to the name or description of any
23 insurance or surety corporation, or to the name of any other
24 provider registered pursuant to section 4 of this act, but may use the
25 word "guaranty" or similar word.

26 ¹~~b.~~ This section shall not apply to the name of a provider of
27 service contracts in effect prior to the effective date of this act.¹

28
29 4. (New section) a. A person shall not issue, offer to sell, or
30 sell service contracts in this State unless the provider ¹~~is~~ registered
31 with the director. A provider of service contracts issued, offered for
32 sale, or sold in this State, shall file a registration, to be updated
33 within 30 days of any change in the information included in or filed
34 with the registration, and renewed at least annually, with the
35 director, which shall include: the provider's name, which shall
36 comply with the provisions of section 3 of this act; principal
37 business address; name and telephone number of an appropriate
38 contact person; and name and address of the provider's agent for
39 service of process in this State, which may be the director, if the
40 provider's principal business address is not in this State.

41 b. The registration shall also include an attestation from an
42 owner, partner, proprietor, corporate officer or director, or member,
43 as appropriate to the organizational structure of the provider as to
44 the provider's compliance] complies¹ with ¹~~at least~~¹ one ¹or
45 more¹ of the following means of assuring faithful performance to its
46 contract holders:

1 (1) ~~insuring~~ each service contract shall be insured under a
2 reimbursement insurance policy issued by an insurer licensed,
3 registered, or otherwise authorized to transact the business of
4 insurance in this State, and which complies with the provisions of
5 section 6 of this act;

6 (2) ~~maintaining~~ a funded reserve account shall be
7 established and maintained for its obligations under each contract
8 issued and outstanding in this State, with reserves calculated at
9 not less than ~~20%~~ 40% of gross consideration received, then
10 less the amount of claims paid ~~under those~~ for all in force ,
11 under those contracts. If those reserves fall below the minimum
12 required, the provider has 90 days to come into compliance without
13 violating this section. The reserve account shall be subject to
14 examination and review by the director pursuant to section 10 of
15 this act ~~1~~. If said reserves fall below the minimum required, the
16 provider has 90 days to come into compliance without violating this
17 section ~~1~~ ²; or

18 (3) ~~maintaining~~ alone or together with the provider's parent
19 or other affiliated corporation, the provider shall maintain a net
20 worth or stockholders' equity of not less than \$100,000,000. ~~At~~
21 ~~the time of registration or any time upon~~ Upon request by the
22 director, the provider shall provide the director with a copy of the
23 provider's or its parent's or other affiliated corporation's most
24 recent Form 10-K or Form 20-F, or successor form containing
25 substantially the same information, filed with the Securities and
26 Exchange Commission within the last 12-month period, or if the
27 provider, or parent or other affiliated corporation, does not file this
28 form with the Securities and Exchange Commission, a copy of the
29 entity's audited financial statements, which show a net worth of the
30 provider, or parent or other affiliated corporation, of not less than
31 \$100,000,000. If the provider's parent's or other affiliated
32 corporation's form or financial statements are filed to meet the
33 provider's means of assuring faithful performance to its contract
34 holders, the parent or other affiliated corporation shall agree to
35 guarantee the obligations of the provider.

36 ~~c.~~ b. Except for the requirements set forth in subsection
37 ~~b.~~ a. of this section, the provider shall not be subject to any
38 additional financial security requirements by the director in order to
39 issue, offer, or sell service contracts in this State.

40 d. At the time of registration, and annually thereafter, the
41 provider shall pay a fee to the director in the amount of \$500, which
42 the director may adjust pursuant to regulation to reflect the actual
43 costs of administering the provisions of this act.

44 e. (1) Upon acceptance and approval of the registration, the
45 director shall make appropriate information from the registration
46 and any updates available to providers and sellers of service

1 contracts, as well as the public, by posting the information on the
 2 division's official Internet website. The information shall include
 3 the provider's name, principal business address, telephone number,
 4 form of financial security as required pursuant to subsection b. of
 5 this section, and any other appropriate information as determined by
 6 the director.

7 (2) If the provider fails to comply with any provision of this act
 8 after the director's posting of information from the initial
 9 registration, the director, upon notice to the provider and
 10 opportunity for a hearing which concludes with a finding of
 11 noncompliance, shall post on the website that the provider is
 12 deemed noncompliant and that the provider or any other seller of
 13 the provider's contracts shall no longer offer for sale or sell those
 14 contracts until the provider's noncompliance is resolved.】

15 c. In addition to any applicable damages and penalties pursuant
 16 to subsection a. of section 10 of P.L. , c. (C.) (pending
 17 before the Legislature as this bill), a person who sells a service
 18 contract that is not in compliance with P.L. , c. (C.)
 19 (pending before the Legislature as this bill) or that is issued by a
 20 provider that is not in compliance with P.L. , c. (C.)
 21 (pending before the Legislature as this bill) shall be jointly and
 22 severally liable for all covered contractual obligations arising under
 23 the terms of such contract or any service contract sold at a time
 24 when the provider of the contract is non-compliant.¹

25
 26 5. (New section) A provider of any service contract issued,
 27 offered for sale, or sold in this State may appoint an administrator
 28 to perform the third-party administration of any contract, which
 29 shall include, but not be limited to:

30 a. ¹【arranging or submitting the information and materials
 31 required for the provider's initial or updated registration pursuant to
 32 section 4 of this act;

33 b.】¹ maintaining the accounts, books, papers, documents, and
 34 other records concerning the provider's activities and transactions
 35 regulated under this act;

36 ¹【c.】 b.¹ performing or arranging the collection, maintenance,
 37 or disbursement of payments on behalf of the provider, related to
 38 any claim arising under the provider's contracts; or

39 ¹【d.】 c.¹ participating in the processing or adjustment of any
 40 claim arising under the provider's contracts.

41
 42 6. (New section) a. An insurer issuing a reimbursement
 43 insurance policy to a provider for any service contract issued,
 44 offered for sale, or sold in this State shall:

45 (1) be deemed to have received the premium for ²【¹【the】
 46 such¹】 the² insurance ²【policy】² ¹【:

47 (a) upon payment of a provider fee to the provider for the

1 contract; or

2 (b) upon payment or other consideration to the provider by the
3 seller of the contract **】** upon the payment of the provider fee by a
4 consumer for a service contract issued by an insured provider¹ ;

5 (2) (a) provide reimbursement to, or payment on behalf of, the
6 provider under the terms of the contract; or

7 (b) in the event of the provider's non-performance, provide or
8 pay for, on behalf of the provider, all covered contractual
9 obligations incurred by the provider;

10 (3) accept a claim arising under the contract directly from a
11 contract holder, if the provider does not comply with any
12 contractual obligation pursuant to the contract within 60 days of
13 presentation of a valid claim by the contract holder; and

14 (4) terminate or not renew the policy covering the contract only
15 after a notice of termination or nonrenewal is presented to the
16 director, at least 10 days prior to the termination or nonrenewal of
17 the policy, which termination or nonrenewal shall not reduce the
18 insurer's responsibility for any insured contract issued or sold prior
19 to the date of termination or nonrenewal.

20 b. This section shall not be construed to limit the right of the
21 insurer to seek indemnification or subrogation against the provider
22 if the insurer provides or pays, or is obligated to provide or pay, for
23 any covered contractual obligation incurred by the provider.

24
25 7. (New section) A service contract issued, offered for sale, or
26 sold in this State shall be written ¹**【**, printed, or typed in clear and
27 understandable language, **】** in a simple, clear, understandable, and
28 easily readable way¹ and shall contain the requirements set forth in
29 this section, as applicable:

30 a. the provider's name, principal or other appropriate business
31 address, and telephone number;

32 b. ¹**【**a statement accompanying the provider's name, if the
33 name is exempt from any wording prohibitions pursuant to
34 subsection b. of section 3 of this act, in substantially the following
35 form: "This service contract is not an insurance contract."[;]

36 c. ¹**】** the administrator's name, principal or other appropriate
37 business address, and telephone number;

38 ¹**【d.】** c.¹ the service contract holder's name and address, to the
39 extent this information is furnished by the contract holder ²,
40 provided, however, that a provider that bills a consumer for the
41 provider fee on a periodic basis at a physical or electronic address
42 provided by the service contract holder shall be exempt from the
43 requirement of this subsection²;

44 ¹**【e.】** d.¹ the provider fee, or a reference to any other
45 documentation which contains the provider fee ¹, and the terms
46 under which the contract is sold¹ ;

1 ¹**[f.] e.**¹ the property subject to coverage by the service
2 contract, ¹**[and]**¹ the contractual obligations of the provider with
3 respect to that property ¹any limitations, exceptions, and exclusions,
4 a toll-free telephone number for claim service, and complete
5 instructions for making a claim for service on or replacement of the
6 property covered by the contract, or for reimbursement for service
7 on or replacement of the property¹ ;

8 ¹**[g.] f.**¹ the amount of any deductible or service fee, as
9 applicable;

10 ¹**[h.] g.**¹ whether the provider's use of refurbished,
11 reconditioned, or non-original manufacturer's parts is permitted;

12 ¹**[i.] h.**¹ whether the service contract provides for
13 consequential damages or preexisting conditions;

14 ¹**[j.] i.**¹ the contractual obligations of the service contract
15 holder, including, but not limited to, the duty of the contract holder
16 to comply with the provisions of the owner's manual for the
17 property and to protect the property against any further damage;

18 ¹**[k.] j.**¹ the conditions governing the transferability of the
19 service contract;

20 ¹**[l.] k.**¹ the conditions governing the cancellation of the
21 service contract by the service contract holder, which shall:

22 (1) permit the ¹**[contact] contract**¹ holder, if the contract holder
23 makes no claim arising under the contract, to cancel the contract:

24 (a) within 10 days of receipt of the contract, or a longer period
25 specified in the contract, if delivered at the time of purchase; or

26 (b) within 20 days of ²**[receipt of the contract]** the date the
27 contract was sent to the contract holder² , or a longer period
28 specified in the contract, if ²**[mailed]** not delivered at the time of
29 purchase² ; and

30 (2) if cancelled within the time period specified in subparagraph
31 (a) or (b) of paragraph (1) of this subsection,¹ require the provider
32 ¹**[**:

33 (a)¹ to provide the contract holder with the full purchase price
34 ¹**[of] or amount paid on**¹ the contract by ¹**[**:

35 (i)¹ refund ¹**[;**¹ or

36 ¹**[(ii)]**¹ credit to the account of the contract holder ¹**[;** and

37 (b)¹ , ¹ ²and² to additionally pay the contract holder a 10% per
38 month penalty, based upon the purchase price of the contract, if the
39 refund or credit is not completed within 45 days of the cancellation
40 of the contract;

41 ¹**[m.] l.**¹ the conditions governing cancellation of the service
42 contract by the provider, prior to the expiration of the contract,
43 which shall:

44 (1) require, except as provided in paragraph (2) of this
45 subsection, that the provider mail a written notice to the contract

- 1 holder at the contract holder's last known address:
- 2 (a) which contains the reason for the cancellation and the
3 effective date of the cancellation; and
- 4 (b) is delivered at least five days prior to the effective date of the
5 cancellation; and
- 6 (2) explain that a written notice shall not be required if the
7 reason for cancellation is nonpayment of the provider fee, a material
8 misrepresentation or omission, or a substantial breach of contractual
9 obligations concerning the property or its use; and
- 10 ¹**[n.] m.**¹ whether the service contract is insured by a
11 reimbursement insurance policy, and:
- 12 (1) if insured, the contract shall contain:
- 13 (a) the insurer's name, principal or other appropriate business
14 address, and telephone number accompanied by a conspicuous
15 statement in substantially the following form: "Obligations of the
16 provider under this service contract are insured under a service
17 contract reimbursement insurance policy."; and
- 18 (b) information concerning the procedure for the contract holder
19 to present a claim arising under the contract directly to the
20 reimbursement insurance company, pursuant to the insurer's
21 obligations set forth in section 6 of this act, in the event that the
22 provider does not comply with any contractual obligation pursuant
23 to the contract within 60 days of presentation of a valid claim by the
24 contract holder; or
- 25 (2) if not insured, the contract shall contain a conspicuous
26 statement in substantially the following form: "Obligations of the
27 provider under this service contract are backed by the full faith and
28 credit of the provider."
29
- 30 8. (New section) A service contract shall not be issued, offered
31 for sale, or sold in this State unless the provider or seller, if not the
32 provider, presents:
- 33 a. a receipt for, or other written evidence of, the purchase of
34 the service contract to the contract holder ¹**[**, which shall include
35 the provider's registration number¹ **]**; and
- 36 b. a copy of the service contract to the service contract holder
37 ², which may be presented electronically or in writing, at the point
38 of sale or² within a reasonable period of time from the date of
39 purchase.
40
- 41 9. (New section) a. A provider of any service contract issued,
42 offered for sale, or sold in this State shall keep accurate accounts,
43 books, papers, documents, and other records concerning the
44 activities and transactions regulated under this act.
- 45 b. The provider's accounts, books, papers, documents, and other
46 records shall include:
- 47 (1) a copy of each contract issued or sold;

1 (2) the name and address of each service contract holder, to the
2 extent this information is furnished by the contract holder; and

3 (3) information concerning any claim arising under each
4 contract, which shall include, but not be limited to, the date of claim
5 filing, claim description, and provider's response.

6 c. (1) Except as provided by paragraph (2) of this subsection, the
7 provider shall retain all records related to a contract required by the
8 provisions of this section for at least one year after the expiration of
9 all contractual obligations under the terms of the contract.

10 (2) A provider discontinuing business in this State shall maintain
11 the means of assuring faithful performance to its contract holders as
12 required by subsection ¹~~1~~¹ **[b.] a.** of section 4 of this act and all
13 records related to each contract issued or sold in this State until the
14 provider submits appropriate proof, satisfactory to the director, that
15 it discharged or transferred its contractual obligations for all
16 contracts so issued or sold.

17 d. The records required and maintained pursuant to this section
18 may be maintained electronically or through other record keeping
19 technology, but if maintained in a format other than by hard copy,
20 the records shall be capable of duplication to legible hard copy at
21 the request of the director.

22

23 10. (New section) a. A violation of any of the provisions of this
24 act shall be an unlawful practice and a violation of P.L.1960, c.39
25 (C.56:8-1 et seq.).

26 b. In order to enforce the provisions of this act, the director may
27 conduct examinations of any provider, administrator, seller, or other
28 person subject to the provisions of this act. Upon request by the
29 director, a provider, administrator, seller, or other person shall make
30 any accounts, books, papers, documents and other records required
31 and maintained pursuant to section 9 of this act available to the
32 director for inspection which are necessary to enable the director to
33 reasonably determine compliance with this act.

34

35 11. Section 1 of P.L.1980, c.125 (C.56:12-1) is amended to read
36 as follows:

37 1. As used in this act:

38 "Consumer contract" means a written agreement in which an
39 individual:

40 a. Leases or licenses real or personal property;

41 b. Obtains credit;

42 c. Obtains insurance coverage, except insurance coverage
43 contained in policies subject to the "Life and Health Insurance
44 Policy Language Simplification Act" **[(P.L.1979, c. 167, C.**
45 **17B:17-17 et seq.)]** P.L.1979, c.167 (C.17B:17-17 et seq.);

46 d. Borrows money;

47 e. Purchases real or personal property;

1 f. Contracts for services including professional services ;
2 g. Enters into a service contract, as defined in section 1 of P.L.
3 c. (C.)(pending before the Legislature as this bill), for cash or
4 on credit and the money, property or services are obtained for
5 personal, family or household purposes. "Consumer contract"
6 includes writings required to complete the consumer transaction.
7 "Consumer contract" does not include a written agreement
8 involving a transaction in securities with a broker-dealer registered
9 with the Securities and Exchange Commission, or a transaction in
10 commodities with a futures commission merchant registered with
11 the ²**Commodities** Commodity² Futures Trading Commission.
12 (cf: P.L.1982, c.195, s.1)

13
14 12. This act shall take effect on the ¹**[365th]** 180th¹ day
15 following enactment ¹**;**; except that the director may take any
16 anticipatory administrative action in advance thereof as shall be
17 necessary for the implementation of this act, and the act shall
18 remain inoperative until the final adoption by the director of all
19 regulations necessary for the implementation of this act¹.