

Blue Sky Manual Exemptions

This section sets out the specific securities act and rule provisions concerning the blue sky manual exemptions of individual states which recognize this exemption. For convenience it also includes the foreign securities exemption where adopted. A written summary of the blue sky resale requirements and table of the blue sky manual exemptions is contained in our article entitled: [Blue Sky Resale Requirements, Standard & Poor & The Significance to Pink Sheet, OTCBB and Canadian Companies](#). You can check each provision out yourself by using the [blue sky state regulators link page](#) which has a link to each state securities regulator and the blue sky act and rules.

Alaska	Guam	Michigan	New Mexico	South Dakota
Arizona	Hawaii	Minnesota	North Carolina	Texas
Arkansas	Idaho	Mississippi	North Dakota	Utah
Colorado	Indiana	Missouri	Ohio	Vermont
Connecticut	Iowa	Montana	Oklahoma	Washington
Delaware	Kansas	Nebraska	Oregon	West Virginia
District of Columbia	Maine	Nevada	Puerto Rico	Wisconsin
Florida	Maryland	New Hampshire	Rhode Island	Wyoming
Georgia	Massachusetts	New Jersey	South Carolina	

This information was last updated on March 25, 2011. Always check with your legal counsel as to the current laws and requirements in the jurisdictions you are concerned. These provisions are subject to change and should not be relied on in substitution of legal advice. Please also note, this exemption is a non-issuer exemption.

Alaska Securities Act

45.55.900(b)(17) a nonissuer transaction by a registered agent of a registered broker-dealer, and a resale transaction by a sponsor of a unit investment trust registered under 15 U.S.C. 80a-1 - 80a-64 (*Investment Company Act of 1940*), in a security of a class that has been outstanding in the hands of the public for at least 90 days if, at the time of the transaction,

- (A) the issuer of the security is actually engaged in business and not in the organization stage or in bankruptcy or receivership and is not a blank check, blind pool, or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person or persons;
- (B) the security is sold at a price reasonably related to the current market price of the security;
- (C) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;
- (D) a nationally recognized securities manual, which may be designated by rule or order of the administrator, or a document filed with the United States Securities and Exchange Commission that is publicly available through the United States Securities and Exchange Commission's electronic data gathering and retrieval system, contains:
 - (i) a description of the business and operations of the issuer;
 - (ii) the names of the issuer's officers and directors, if any, or, in the case of an issuer not domiciled in the United States, the corporate equivalents of such persons in the issuer's country of domicile; an audited balance sheet of the issuer as of a date within 18 months or, in the case of a reorganization or merger where parties to the reorganization or merger had that audited balance sheet, a pro forma balance sheet; and
 - (iii)

- (iv) an audited income statement for each of the issuer's immediately preceding two fiscal years or for the period of existence of the issuer if the issuer has been in existence for less than two years or, in the case of a reorganization or merger where the parties to the reorganization or merger had that audited income statement, a pro forma income statement; and
- (E) the issuer of the security has a class of equity securities listed on a national securities exchange registered under 15 U.S.C. 78a - 78lll (Securities Exchange Act of 1934) or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless the issuer of the security:
 - (i) is a unit investment trust registered under 15 U.S.C. 80a-1 - 80a-64 (Investment Company Act of 1940);
 - (ii) including predecessors, has been engaged in continuous business for a least three years; or has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months or,
 - (iii) in the case of a reorganization or merger where parties to the reorganization or merger had that balance sheet, a pro forma balance sheet;

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Alaska Securities Regulations

Sec. 3 AAC 08.910. EXEMPTIONS. The following govern exemptions under AS 45.55 relating to securities and transactions as indicated:

- (1) manual exemptions
 - (A) for the purpose of the "manual exemption" under AS 45.55.900(b)(17), the following publications that contain information prescribed at AS 45.55.900(b)(17) are "nationally recognized securities manuals":
 - (i) Standard & Poor's;
 - (ii) Moody's Investors Service, Inc.;
 - (iii) Financial Communications Company, Inc., which were formerly known as "Moody's Manuals";
 - (iv) Fitch Investors Service, LP;
 - (B) the distribution of large blocks of securities by controlling persons will ordinarily be presumed to be for the direct or indirect benefit of the issuer, and not within the provisions of the manual exemption.
- (2) unsolicited orders--a purchaser acquiring securities in a nonissuer transaction by or through a registered broker-dealer under an unsolicited order to buy, and in which the broker-dealer acts as agent for the purchaser and receives no commission or other compensation from any source other than the purchaser, shall acknowledge in writing that the purchaser's order to buy was unsolicited; a signed copy of each acknowledgment shall be preserved by the broker-dealer as may be required by the SEC.

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Arizona Securities Act

44-1844(A)11. A nonissuer transaction in an outstanding security, including the sale by a dealer, including an underwriter no longer acting as an underwriter in respect to the securities involved, of securities sold and distributed to the public, but not including securities constituting an unsold allotment to or subscription by the dealer as a participant in the distribution of the securities by the issuer or by or through an underwriter, if the class of security has been outstanding in the hands of the public for not less than ninety days preceding the date of the transaction and a recognized manual of securities designated by the commission by rule or order at the time of sale contains the names of the issuer's officers and directors, a statement of financial condition of the issuer as of a date within eighteen months of the date of the sale and a statement of income or operations for each of the two fiscal years next before the date of the statement of financial condition or for the period from the commencement of the issuer's existence to the date of the statement of financial condition if the period is less than two years.

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Arizona Securities Rules

R14-4-114. Recognized Manuals of Securities

- A. For purposes of A.R.S. § 44-1844(A)(11), each of the following publications is approved by the Commission as a recognized manual of securities.
 - 1. Mergent's Industrial Manual.
 - 2. Mergent's Municipal and Government Manual.
 - 3. Mergent's Transportation Manual.
 - 4. Mergent's Public Utility Manual.
 - 5. Mergent's Bank and Finance Manual.
 - 6. Standard & Poor's Corporation Records.
- B. A "publication" for purposes of this Section includes electronic publication formats that are as readily available to the general public as the printed version, including CD-ROM and electronic dissemination over the Internet.

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R14-4-138. Foreign Security Exemption

- A. The following transactions are added to the class of transactions exempt under A.R.S. § 44-1844. Pursuant to A.R.S. § 44-1848, no dealer or salesman as defined in A.R.S. § 44-1801 shall engage in the following transactions unless such dealer or salesman is registered under A.R.S. Title 44, Chapter 12, Article 9 or unless such transactions are exempt pursuant to A.R.S. § 44-1844(A)(4) and dealer registration is not required by R14-4-104:
 - 1. A non-issuer transaction in an outstanding security (including an American Depository Receipt representing such a security), of an issuer domiciled in a foreign country with which the United States is at the time of the transaction maintaining diplomatic relations (including the sale by a dealer, including an underwriter no longer acting as an underwriter in respect to the securities involved, but not including securities constituting an unsold allotment to or subscription by the dealer as a participant in the distribution of the securities by the issuer or by or through an underwriter), if the class of security has been outstanding in the hands of the public for not less than 90 days preceding the date of the transaction and if, at the time of the transaction, the conditions of subsections (a) and (b) hereof are met:
 - a. The exemption of subsection (A)(1) is not available unless one of the following requirements is met:
 - i. The most recent edition of Moody's International Manual or Standard & Poor's Corporation Records, or the periodic supplements to such publications (hereinafter referred to as the "Manual"), contains a description of the issuer's business or operations, the names of the issuer's officers and directors (or their corporate equivalents in the issuer's country of domicile), an audited balance sheet of the issuer as of a date within 18 months of the date of the transaction and audited profit and loss statements for each of the issuer's two fiscal years immediately preceding the date of such balance sheet (such statements to be prepared in accordance with U.S. or Foreign GAAP); or
 - ii. The issuer of the security has a class of securities subject to the reporting requirements of Section 13 of the Securities Exchange Act, 15 U.S.C.A. 78m (West 1981 & Supp. 1992) ("Section 13") or Section 15(d) of the Securities Exchange Act, 15 U.S.C.A. 78o(d) (West 1981) ("Section 15(d)") and is not delinquent in such reporting. Section 13 and Section 15(d) are incorporated herein by reference and on file with the Secretary of State; or
 - iii. The security is exempted from the provisions of Section 12(g) of the Securities Exchange Act of 1934, 15 U.S.C.A. 78l(g) (West 1981) by Section 12(g)(3) of that Act, 15 U.S.C.A. 78l(g)(3) (West 1981) and the issuer is in compliance with all of the conditions of Section 12g3-2(b)(1), 17 CFR 240.12g3-2(b)(1) (1992) which sections and rule are incorporated herein by reference and on file with the Secretary of State.
 - b. The exemption of subsection (A)(1) is not available unless all of the following requirements are met:
 - i. The issuer, including any predecessors, has been in continuous operation for at least the preceding five years, is a going concern actually engaged in business and is not in an organizational or developmental stage, and is not in bankruptcy or receivership; and
 - ii. The issuer has net tangible assets of at least U.S. \$25,000,000 as of the date of its most recent audited financial statement prepared in accordance with U.S. or Foreign GAAP. Such statement shall be dated as of a date within 18 months of the date of the transaction; and

- iii. The issuer had an average net income after taxes of at least U.S. \$1,000,000 over its most recent two consecutive years of operation according to audited profit and loss statements of the issuer prepared in accordance with U.S. or Foreign GAAP for the issuer's two fiscal years immediately preceding the date of the financial statement referred to in subsection (A)(1)(b)(ii) hereof; and
 - iv. The issuer has a class of securities listed or traded on a stock exchange or automated quotation system organized under the laws of its country of domicile; and
 - v. For the issuer's securities in the United States, there are at least two market makers, who are registered broker-dealers under the Securities Exchange Act of 1934, or at least one market maker who is a registered broker-dealer under the Securities Exchange Act of 1934 and who has a net capital of at least \$25,000,000.
2. A non-issuer transaction in an outstanding security, other than a revenue obligation, which is issued or guaranteed by any foreign government with which the United States is at the time of sale maintaining diplomatic relations, or by a political subdivision of Canada or Mexico having the power of taxation, if the securities when offered for sale in this state are acknowledged by the foreign government or political subdivision as valid obligations, and none of the securities of the foreign government or political subdivision are in default either as to principal or interest.
- B. The Commission may by order revoke or suspend this exemption with respect to any securities or the use of the exemption by any dealer if it finds that the further sale in this state of the securities or by the dealer would work, or tend to work, a fraud or deceit on the purchaser. The Director may temporarily suspend this exemption with respect to any security or the use of the exemption by any dealer pursuant to the procedures for a temporary cease and desist order under R14-4-307.
- C. For purposes of this rule, the following definitions shall apply:
- 1. "American Depositary Receipt" is a negotiable certificate issued by a U.S. depository pursuant to an effective registration statement filed on Form F-6 with the Securities and Exchange Commission, representing the securities of a non-U.S. company, which securities are held in custody by a custodian in the company's country of domicile; or a similar type of receipt or instrument issued in respect of a security which receipt or instrument has been approved for sale by order of the Commission.
 - 2. "Issuer" of an American Depositary Receipt shall be deemed to be the non-U.S. company that issued the securities represented by the American Depositary Receipt.
 - 3. "U.S. or Foreign GAAP" shall mean generally accepted accounting principles of the United States or of the foreign country in which the issuer is domiciled.

Adopted effective March 4, 1993 (Supp. 93-1).

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Arkansas Securities Act

23-42-504(a)(2) Any nonissuer transaction by a registered agent of a registered broker-dealer, and any resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety (90) days provided, at the time of the transaction:

- (A) The issuer of the security is actually engaged in business and not in the organization stage or in bankruptcy or receivership and is not a blank check, blind pool or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person or persons;
- (B) The security is sold at a price reasonably related to the current price of the security;
- (C) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;
- (D) A nationally recognized securities manual designated by rule or order of the commissioner or a document filed with the Securities and Exchange Commission that is publicly available through the Securities and Exchange Commission's Electronic Data Gathering and Retrieval System (EDGAR) and contains:
 - (i) A description of the business and operations of the issuer;
 - (ii) The names of the issuer's officers and directors, if any, or, in the case of an issuer not domiciled in the United States, the corporate equivalents of such persons in the issuer's country of domicile;
 - (iii) An audited balance sheet of the issuer as of a date within eighteen (18) months or, in the case of a reorganization or merger where parties to the reorganization or merger had such audited balance sheets, a pro forma balance sheet; and

- (ix) An audited income statement for each of the issuer's immediately preceding two (2) fiscal years, or for the period of existence of the issuer, if in existence for less than two (2) years, or, in the case of a reorganization or merger where the parties to the reorganization or merger had such audited income statements, a pro forma income statement; and
- (E) The issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934, or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless:
 - (i) The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940, or
 - (ii) The issuer of the security has been engaged in continuous business (including predecessors) for at least three (3) years, or
 - (iii) The issuer of the security has total assets of at least two million dollars (\$2,000,000) based on an audited balance sheet as of a date within eighteen (18) months or, in the case of a reorganization or merger where parties to the reorganization or merger had such audited balance sheets, a pro forma balance sheet.

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Arkansas Securities Regulations

Rule 504.01(A)(2) Manual Exemption.

- (a) The following will be considered recognized manuals:
 - (1) Standard & Poor's Standard Corporation Records;
 - (2) Moody's Industrial Manual;
 - (3) Moody's Bank and Finance Manual;
 - (4) Moody's Municipal and Government Manual;
 - (5) Moody's Transportation Manual;
 - (6) Moody's Public Utility Manual;
 - (7) Moody's OTC Industrial Manual;
 - (8) Moody's International Manual.
- (b) Supplements to the above recognized manuals are recognized, provided that the necessary information required by the Act is disclosed and the supplements are subsequently incorporated and published in the respective annual manual.
- (c) The distribution of large blocks of securities by controlling persons in firmly underwritten offerings will ordinarily be presumed to be for the direct or indirect benefit of the issuer, and not within the provisions of the manual exemption.

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California

260.105.11. Securities of Foreign Issuers

- (a) There is hereby exempted from the provisions of Section 25130 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors, any offer or sale of a security issued by any corporation organized under the laws of a foreign country or of a certificate of deposit, receipt or other evidence relating to such a security, provided one of the following conditions is met:
 - (1) The issuer is currently required to file with the Securities and Exchange Commission information and reports pursuant to Section 15(d) of the Securities Exchange Act of 1934 [15 U.S.C. 78a et seq.] and is not delinquent in such filing.
 - (2) (i) The security appears in on the most recent Federal Reserve Board List of Foreign Margin Stocks or (ii) the security is deemed by the Securities and Exchange Commission to have a "ready market" for purposes of Securities and Exchange Commission Rule 15c3-1 (17 C.F.R. 240.15c3-1). A broker-dealer may rely on written "no action" or interpretive letters issued by the Securities and Exchange Commission or its staff regarding the Securities and Exchange Commission's "ready market" criteria.
 - (3) The issuer is not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 and all of the following conditions are met:

- (A) The issuer, including any predecessors, has been in continuous operation for at least 5 years and is a going concern actually engaged in business and neither in the organization stage nor in bankruptcy or receivership.
 - (B) The number of shares outstanding is at least 2.5 million worldwide and the number of shareholders is at least 5,000 worldwide.
 - (C) The market value of the outstanding shares, other than debt securities and preferred stock, is at least US\$100 million worldwide.
 - (D) The issuer, as of the date of its most recent financial statements, which may not be more than 18 months old and which have been audited in accordance with the generally accepted accounting principles of its country of domicile, has net tangible assets of at least US\$100 million worldwide.
 - (E) The issuer has net income after all charges, including taxes and extraordinary losses, and excluding extraordinary gains, or either:
 - 1. At least US\$50 million in total for its last 3 fiscal years; or
 - 2. At least US\$20 million in each of its last 2 fiscal years.
 - (F) If the security is a debt security or preferred stock, the issuer has not, during the past five years or during the period of its existence if shorter, defaulted in the payment of any dividend, principal, interest or sinking fund installment thereon.
- (b) A broker-dealer may recommend to an investor a security which is exempted under this rule only where the broker-dealer can demonstrate that an adequate and reasonable basis exists for such recommendation.
 - (c) Except in the case of an unsponsored American Depository Receipt ("ADR"), a broker-dealer initiating a quotation for a security which is exempted under this rule shall comply with all of the requirements of Rule 15c2-11 [17 C.F.R. Sec. 240.15c2-11] of the Securities Exchange Act of 1934, except that a broker-dealer may not rely on the information set forth in paragraphs (2) and (4) of subsection (a) of that rule. A broker-dealer initiating a quotation in an unsponsored ADR exempted under this rule shall comply with all of the applicable requirements of Rule 15c2-11, including the exemptive provisions of subsection (f) of that rule.

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Colorado Securities Act

Manual exemption

11-51-308(b) Any nonissuer distribution of an outstanding security:

(I) If a recognized securities manual contains the name of the issuer, the names of the issuer's officers and directors, a balance sheet of the issuer as of a date within the eighteen-month period immediately preceding the date of the distribution, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations;

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Colorado Securities Rules

51-3.9 Transactional Securities Exemption for Non-Issuer Distribution of Outstanding Security

For the purposes of section 11-51-308(1)(b)(I), C.R.S. the following manuals are recognized:

- A. Moody's Industrial Manual;
- B. Moody's Municipal and Government Manual;
- C. Moody's Transportation Manual;
- D. Moody's Public Utility Manual;
- E. Moody's Bank and Finance Manual;
- F. Moody's OTC Industrial Manual
- G. Moody's International Manual;
- H. Standard & Poor's Standard Corporation Descriptions;
- I. Periodic supplements to each recognized securities manual.

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Connecticut: Uniform Securities Act

Sec. 36b-21(b)(2) any nonissuer transaction by a registered agent of a registered broker-dealer in a security of a class that has been outstanding in the hands of the public for at least ninety days provided, at the time of the transaction:

- (A) The security is sold at a price reasonably related to the current market price of the security;
- (B) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;
- (C) a nationally recognized securities manual contains:
 - (i) a description of the business and operations of the issuer;
 - (ii) the names of the issuer's officers and directors or, in the case of a non-United-States issuer, the corporate equivalents of such persons in the issuer's country of domicile;
 - (iii) an audited balance sheet of the issuer as of a date within eighteen months, or in the case of a reorganization or merger where the parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; and
 - (iv) an audited income statement for each of the issuer's immediately preceding two fiscal years, or for the period of existence of the issuer, if in existence for less than two years, or in the case of a reorganization or merger where the parties to the reorganization or merger had such audited income statement, a pro forma income statement; and
- (D) the issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934, or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless the issuer, including any predecessors of the issuer
 - (i) has been engaged in continuous business for at least three years, or
 - (ii) has total assets of at least two million dollars based on an audited balance sheet of the issuer as of a date within eighteen months, or in the case of a reorganization or merger where the parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet.

The exemption in this subdivision shall not be available for any distribution of securities issued by a blank check company, shell company, dormant company or any issuer that has been merged or consolidated with or has bought out a blank check company, shell company or dormant company unless the issuer or any predecessor has continuously operated its business for at least the preceding five years and has had gross operating revenue in each of the preceding five years, including gross operating revenue of at least five hundred thousand dollars per year in three of the preceding five years;

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Regulations to the Connecticut Uniform Securities Act

Sec. 36b-31-21b-2. Manual exemption

In implementing section 36b-21(b)(2)(A) of the general statutes, "recognized securities manual" shall include only Standard & Poors Standard Corporation Descriptions, Standard & Poors Corporation Records, Moody's Industrial Manual, Moody's Bank and Finance Manual, Moody's Transportation Manual, Moody's OTC Industrial Manual, Moody's Public Utility Manual and Moody's International Manual. Supplements to such manuals are recognized if the information required by section 36b 21(b)(2)(A) of the general statutes is disclosed in the supplement and the supplement is subsequently incorporated and published in the respective annual manual. If the manual contains the information required by section 36b 21(b)(2)(A) of the general statutes only in abbreviated form, the securities transaction is not exempt under section 36b 21(b)(2)(A) of the general statutes.

(Effective July 3, 1995)

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Delaware Securities Act

7309(b)(2) Any nonissuer transaction by a registered agent of a registered broker-dealer, and any resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days, provided, at the time of the transaction:

- a. The issuer of the security is actually engaged in business and not in the organization stage or in bankruptcy or receivership and is not a blank check, blind pool or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person or

- persons;
- b. The security is sold at a price reasonably related to the current market price of the security;
 - c. The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;
 - d. A nationally recognized securities manual designated by rule or order of the Commissioner or a document filed with the Securities and Exchange Commission that is publicly available through the SEC's Electronic Data Gathering and Retrieval System (EDGAR) and contains:
 1. A description of the business and operations of the issuer;
 2. The names of the issuer's officers and directors, if any, or, in the case of an issuer not domiciled in the United States, the corporate equivalents of such persons in the issuer's country of domicile;
 3. An audited balance sheet of the issuer as of a date within 18 months or, in the case of a reorganization or merger where parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; and
 4. An audited income statement for each of the issuer's immediately preceding 2 fiscal years, or for the period of existence of the issuer, if in existence for less than 2 years or, in the case of a reorganization or merger where the parties to the reorganization or merger had such audited income statement, a pro forma income statement; and
 - e. The issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934, or designated for trading on the National Association of Securities Dealers Automated Quotation System (NASDAQ), unless:
 1. The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
 2. The issuer of the security has been engaged in continuous business (including predecessors) for at least 3 years; or
 3. The issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months or, in the case of a reorganization or merger where parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet.

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Delaware Securities Act Rules and Regulations

§508 Recognized Securities Manuals

- (a) Each of the following manuals shall be deemed a "Recognized Securities Manual" for the purposes of 6 Del. C. §7309(b)(2):
 - (1) Moody's Industrial Manual;
 - (2) Moody's Transportation Manual;
 - (3) Moody's Public Utility Manual;
 - (4) Moody's Bank and Finance Manual;
 - (5) Standard & Poor's Standard Corporation Records;
 - (6) Fitch's Individual Stock Bulletin;
 - (7) Moody's OTC Industrial Manual.
- (b) The term "manual" for purposes of this rule includes all commonly recognized formats of publications, including CD-ROM and electronic dissemination over the Internet.

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District of Columbia Securities Act

§ 31-5604.02(2) A nonissuer transaction by a licensed agent of a licensed broker-dealer, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding and publicly held for at least 90 days; provided, that at the time of the transaction:

- (A) The issuer of the security is actually engaged in business and not in the organizational stage or in bankruptcy or receivership and is not a blank check, blind pool, or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (B) The security is sold at a price reasonably related to the current market price of the security;

- (C) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;
- (D) A nationally recognized securities manual designated by rule or order of the Commissioner or a document filed with the Securities and Exchange Commission which is publicly available through the Securities and Exchange Commission's Electronic Data Gathering and Retrieval System contains:
 - (i) A description of the business and operations of the issuer;
 - (ii) The names of the issuer's officers and directors, if any, or, in the case of a non-United States issuer, the corporate equivalents of such persons in the issuer's country of domicile;
 - (iii) An audited balance sheet of the issuer as of a date within 18 months, or in the case of a reorganization or merger where parties to the reorganization or merger had an audited balance sheet, a pro forma balance sheet as of a date within 18 months;
 - (iv) An audited income statement for each of the issuer's immediately preceding 2 fiscal years or for the period of existence of the issuer, if in existence for less than 2 years or, in the case of a reorganization or merger where the parties to the reorganization or merger had an audited income statement, a pro forma income statement; and
- (E) The issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934, or designated for trading on the National Association of Securities Dealers Automated Quotation System or any other electronic trading system which the Commissioner designates by rule to have substantially the same standards for listing or trading, unless:
 - (i) The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
 - (ii) The issuer of the security has been engaged in continuous business (including predecessors) for at least 3 years; or
 - (iii) The issuer of the security has total assets of at least \$2 million based on an audited balance sheet as of a date within 18 months or, in the case of a reorganization or merger where parties to the reorganization or merger had an audited balance sheet, a pro forma balance sheet;

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District of Columbia Rules

1900.11 Pursuant to the power granted in Section 307 of the District of Columbia Securities Act of 2000 (the "Act"), the Commissioner of the District of Columbia Department of Insurance and Securities Regulation hereby recognizes each of the securities manuals listed in § 1900.12 to be a "nationally recognized securities manual" under Title IV, Section 402(2)(D) of the Act and the conditions attached therein. The term "manual" for purposes of this order shall include all commonly recognized formats of publications, including CD-ROM and electronic dissemination over the Internet.

1900.12 The Department recognizes the following securities manuals:

- (a) Mergent's Industrial Manual;
- (b) Mergent's Transportation Manual;
- (c) Mergent's Public Utility Manual;
- (d) Mergent's Bank and Finance Manual;
- (e) Mergent's International Manual;
- (f) Standard & Poor's Standard Corporation Descriptions;
- (g) Fitch's Individual Stock Bulletin; and
- (h) Mergent's OTC Industrial Manual.

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Florida Securities and Investor Protection Act

517.061 (20) Any nonissuer transaction by a registered associated person of a registered dealer, and any resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days; provided, at the time of the transaction:

- (a) The issuer of the security is actually engaged in business and is not in the organization stage or in bankruptcy or receivership and is not a blank check, blind pool, or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, any unidentified person;
- (b) The security is sold at a price reasonably related to the current market price of the security;
- (c) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;
- (d) A nationally recognized securities manual designated by rule of the commission or order of the office or a document filed with the Securities and Exchange Commission that is publicly available through the commission's electronic data gathering and retrieval system contains:
 1. A description of the business and operations of the issuer;
 2. The names of the issuer's officers and directors, if any, or, in the case of an issuer not domiciled in the United States, the corporate equivalents of such persons in the issuer's country of domicile;
 3. An audited balance sheet of the issuer as of a date within 18 months before such transaction or, in the case of a reorganization or merger in which parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; and
 4. An audited income statement for each of the issuer's immediately preceding 2 fiscal years, or for the period of existence of the issuer, if in existence for less than 2 years or, in the case of a reorganization or merger in which the parties to the reorganization or merger had such audited income statement, a pro forma income statement; and
- (e) The issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless:
 1. The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
 2. The issuer of the security has been engaged in continuous business, including predecessors, for at least 3 years; or
 3. The issuer of the security has total assets of at least \$2 million based on an audited balance sheet as of a date within 18 months before such transaction or, in the case of a reorganization or merger in which parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet.

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Florida Securities Rules

69W-500.010 Recognized Manuals of Securities.

The following publications are hereby approved as recognized securities manuals: "Securities manuals published by Mergent FIS, Inc., and all commonly recognized formats of Mergent's Manuals, including CD-ROM and electronic dissemination over the Internet and securities manuals published by Standard and Poor's Corporation."

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Georgia Uniform Securities Act of 2008

10-5-11(2) A nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, 15 U.S.C. Section 80a-1, et seq., in a security of a class that has been outstanding in the hands of the public for at least 90 days, if, at the date of the transaction:

- (A) The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business

- plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (B) The security is sold at a price reasonably related to its current market price;
 - (C) The security does not constitute the whole or part of an unsold allotment to or a subscription or participation by the broker-dealer as an underwriter of the security or a redistribution;
 - (D) A nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the Securities and Exchange Commission that is publicly available contains:
 - (i) A description of the business and operations of the issuer;
 - (ii) The names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iii) An audited balance sheet of the issuer as of a date within eighteen (18) months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (iv) An audited income statement for each of the issuer's two (2) immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and
 - (E) The issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq., or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless the issuer of the security is a unit investment trust registered under the Investment Company Act of 1940, 15 U.S.C. Section 80a-1, et seq.; or the issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or the issuer of the security has total assets of at least \$2 million based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization;

Effective: July 1, 2009

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10-5-11(23) Foreign Securities Exemption. A nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this subsection or by a rule adopted or an order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than one hundred eighty (180) days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this subsection or by a rule adopted or an order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this subsection, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **the Toronto stock exchange, inc., is a designated securities exchange**. After an administrative hearing in compliance with chapter 52, title 67, Idaho Code, the administrator, by rule adopted or an order issued under this chapter, may revoke the designation of a securities exchange under this subsection, if the administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

Effective: July 1, 2009

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HISTORY: Code 1981, § 10-5-11, enacted by Ga. L. 2008, p. 381, § 1/SB 358 See: [Senate Bill 358](#)

Guam Uniform Securities Act

46402(12)(b)(2) any non-issuer distribution of an outstanding security if (A) a recognized securities manual contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date within eighteen (18) months, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations, or (B) the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three (3) preceding fiscal years, or during the existence of the issuer and any predecessors if less than three (3) years, in the payment of principal, interest, or dividends on the security;

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Hawaii Uniform Securities Act (2002)

202(2) A nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety days, if, at the date of the transaction:

- (A) The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (B) The security is sold at a price reasonably related to its current market price;
- (C) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;
- (D) A nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the Securities and Exchange Commission that is publicly available and contains:
 - (i) A description of the business and operations of the issuer;
 - (ii) The names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iii) An audited balance sheet of the issuer as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (iv) An audited income statement for each of the issuer's two immediate previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement;
- (e) Any one (1) of the following requirements is met:
 - (i) The issuer of the security has a class of equity securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers' Automated Quotation System;
 - (ii) The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
 - (iii) The issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or
 - (iv) The issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization;

Effective: July 1, 2008

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202(23) Foreign Securities Exemption. A nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than one hundred eighty days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by rule adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **the Toronto Stock Exchange, Inc., is a designated securities exchange**. After an administrative hearing in accordance with chapter 91, the commissioner, by rule adopted or order issued under this chapter, may revoke the designation of a securities exchange under this paragraph, if the commissioner finds that revocation is necessary or appropriate in the public interest and for the protection of investors;

Effective July 1, 2008

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Idaho Uniform Securities Act

30-14-202(2) *Nonissuer transactions in specified outstanding securities.* A nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the investment company act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety (90) days, if, at the date of the transaction:

- (a) The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (b) The security is sold at a price reasonably related to its current market price;
- (c) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;
- (d) A nationally recognized securities manual or its electronic equivalent designated by any rule adopted or an order issued under this chapter or a record filed with the securities and exchange commission that is publicly available contains:
 - (i) A description of the business and operations of the issuer;
 - (ii) The names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iii) An audited balance sheet of the issuer as of a date within eighteen (18) months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (iv) An audited income statement for each of the issuer's two (2) immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and
- (e) any one (1) of the following requirements is met:
 - (i) The issuer of the security has a class of equity securities listed on a national securities exchange registered under section 6 of the securities exchange act of 1934 or designated for trading on the national association of securities dealers automated quotation system;
 - (ii) The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
 - (iii) The issuer of the security, including its predecessors, has been engaged in continuous business for at least three (3) years; or
 - (iv) The issuer of the security has total assets of at least two million dollars (\$2,000,000) based on an audited balance sheet as of a date within eighteen (18) months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization;

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30-14-202(23) Foreign Securities Exemption. A nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this subsection or by a rule adopted or an order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than one hundred eighty (180) days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this subsection or by a rule adopted or an order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this subsection, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **the Toronto stock exchange, inc., is a designated securities exchange**. After an administrative hearing in compliance with chapter 52, title 67, Idaho Code, the administrator, by rule adopted or an order issued under this chapter, may revoke the designation of a securities exchange under this subsection, if the administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

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Idaho Rules to the Uniform Securities Act

056.MANUAL EXEMPTION (RULE 56)

For the purpose of the manual exemption (Section 30-14-202(2), Idaho Code), the following securities manuals or portions of the manuals are recognized.

- (a) Best's Insurance Reports- Life-Health.
- (b) Mergent's Industrial Manual.
- (c) Mergent's International Manual.
- (d) Standard & Poor's Corporation Records.
- (e) Walkers Manual of Western Corporations.

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Indiana Securities Code

23-19-2-2 Section 2(2) A nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this article, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety (90) days, if, at the date of the transaction:

- (A) the issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (B) the security is sold at a price reasonably related to its current market price;
- (C) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;
- (D) a nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this article or a record filed with the Securities and Exchange Commission that is publicly available contains:
 - (i) a description of the business and operations of the issuer;
 - (ii) the names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iii) the names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iv) an audited income statement for each of the issuer's two (2) immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and
- (E) any one (1) of the following requirements is met:
 - (i) The issuer of the security has a class of equity securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System.
 - (ii) The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940.
 - (iii) The issuer of the security, including its predecessors, has been engaged in continuous business for at least three (3) years.
 - (iv) The issuer of the security has total assets of at least two million dollars (\$2,000,000) based on an audited balance sheet as of a date within eighteen (18) months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization.

As added by P.L.27-2007, SEC.23.

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23-19-2-2 Section 2(23) Foreign Securities Exemption. A nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this article, if the issuer is a reporting issuer in a foreign jurisdiction designated by this subdivision or by rule adopted or order issued under this article; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than one hundred eighty (180) days before

the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this subdivision or by rule adopted or order issued under this article, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this subdivision, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **The Toronto Stock Exchange, Inc., is a designated securities exchange**. After an administrative hearing in compliance with this article, the commissioner, by rule adopted or order issued under this article, may revoke the designation of a securities exchange under this subdivision, if the commissioner finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

As added by P.L.27-2007, SEC.23.

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Indiana Order No. 01-0076 AO

In the matter of: The manual exemption (IC 23-2-1-2(b)(3)(C)(i)).

Pursuant to the power granted in IC 23-2-1-2(b)(3)(C)(i) (the "Manual Exemption"), and subject to the conditions stated below, the Commissioner hereby approves all securities manuals published by Mergent FIS, Standard & Poor's, and Best's Insurance Reports. Such exemption shall include all commonly recognized formats of the above-referenced manuals, including CD-Rom versions and electronic dissemination over the Internet.

Approval of these manuals is made on the condition that the Manual Exemption will not be available for any security, other than a security issued by an investment company registered under the Investment Company Act of 1940, unless at the time of the transaction:

1. The security is of a class which has been outstanding in the hands of the public for at least 90 days;
2. The issuer of the security is a going concern actually engaged in business and not in the organizational stage or in bankruptcy or receivership; and
3. The issuer and any predecessors have been in continuous operation for at least 5 years. An issuer or predecessor is in continuous operation only if it has gross operating revenue in each of the 5 years immediately preceding its claim of exemption, and has had total gross operating revenue of \$2,500,000 for those 5 years or has had gross operating revenue of at least \$500,000 in not less than 3 of those 5 years.

Effective 03/23/2001

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Iowa Uniform Securities Act

502.202 Section (2)(2) A nonissuer transaction by or through a broker-dealer registered, or exempt from registration, under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, provided that for either transaction, the security is of a class that has been outstanding in the hands of the public for at least ninety days, if, at the date of the transaction, all of the following apply:

- (a) The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person.
- (b) The security is sold at a price reasonably related to its current market price.
- (c) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution.
- (d) A nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the securities and exchange commission that is publicly available contains all of the following:
 - (1) A description of the business and operations of the issuer.
 - (2) The names of the issuer's executive officers and the names of the issuer's directors, if any.
 - (3) An audited balance sheet of the issuer as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger

- each had an audited balance sheet, and a pro forma balance sheet for the combined organization.
- (e) Any one of the following requirements is met:
- (1) The issuer of the security has a class of equity securities listed on a national securities exchange registered under section 6 of the Securities Exchange Act of 1934 or designated for trading on the national association of securities dealers automated quotation system.
 - (2) The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940
 - (3) The issuer of the security, including its predecessors, has been engaged in continuous business for at least three years.
 - (4) The issuer of the security has total assets of at least two million dollars based on an audited balance sheet as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, and a pro forma balance sheet for the combined organization.

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502.202 Section (2)(23) Nonissuer transactions involving specified foreign issuer securities on designated securities exchanges. A nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this subsection or by rule adopted or order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than one hundred eighty days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this subsection or by rule adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this subsection, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **the Toronto stock exchange, inc., is a designated securities exchange.** After an administrative hearing in compliance with chapter 17A, the administrator, by rule adopted or order issued under this chapter, may revoke the designation of a securities exchange under this subsection, if the administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

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[Kansas Securities Act](#)

17-12a202(2) a nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this act, and a resale transaction by a sponsor of a unit investment trust registered under the investment company act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days, if, at the date of the transaction:

- (A) (i) The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (ii) the security is sold at a price reasonably related to its current market price;
- (iii) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution; and
- (iv) a nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this act or a record filed with the securities and exchange commission that is publicly available contains:
- (a) A description of the business and operations of the issuer;
 - (b) the names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (c) an audited balance sheet of the issuer as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (d) an audited income statement for each of the issuer's two immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement;
- or

- (B) (i) the issuer of the security has a class of equity securities listed on a national securities exchange registered under the securities exchange act of 1934 or designated for trading on the national association of securities dealers automated quotation system, unless the issuer of the security is a unit investment trust registered under the investment company act of 1940;
- (ii) the issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; and
- (iii) the issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had the audited balance sheet, a pro forma balance sheet for the combined organization;

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17-12a202(23) Foreign Securities Exemption. a nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this act, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this act; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than 180 days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by rule adopted or order issued under this act, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **the Toronto stock exchange, inc., is a designated securities exchange**. After an administrative hearing in compliance with the Kansas administrative procedure act, the administrator, by rule adopted or order issued under this act, may revoke the designation of a securities exchange under this paragraph, if the administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

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[Kansas Securities Regulations](#)

(Regulations current as of December 19, 2008)

81-5-17. Standard manuals exemption. The following securities manuals shall be designated by the administrator for use under K.S.A. 17-12a202(2)(A)(iv) and amendments thereto:

- (a) "Standard & poor's manual of standard corporation descriptions"; and
- (b) "mergent's manuals," formerly known as "moody's manuals."

(Authorized by K.S.A. 2005 Supp. 17-12a605(a); implementing K.S.A. 2005 Supp. 17-12a202, as amended by L. 2006, Ch. 47, § 2(2); effective Jan. 19, 2007.)

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Maine Securities Act

§16202(2) Manual Exemption. A nonissuer transaction by or through a broker-dealer licensed under or exempt from licensing under this chapter and a resale transaction by a sponsor of a unit investment trust registered under the federal Investment Company Act of 1940 in a security of a class that has been outstanding in the hands of the public for at least 90 days, if, on the date of the transaction:

- A. The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership and the issuer is not a blank check, blind pool or shell company that has no specific business plan or purpose or that has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person; [2005, c. 65, Pt. A, §2 (NEW).]
- B. The security is sold at a price reasonably related to its current market price; [2005, c. 65, Pt. A, §2 (NEW).]
- C. The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution; [2005, c. 65, Pt. A, §2 (NEW).]
- D. A nationally recognized securities manual or its electronic equivalent designated by routine technical rule as defined in Title 5, chapter 375, subchapter 2-A adopted under this chapter or order issued under this chapter or a publicly available record filed with the Securities and Exchange Commission contains:
 - (1) A description of the business and operations of the issuer;
 - (2) The names of the issuer's executive officers and the names of the issuer's directors, if any;

- (3) An audited balance sheet of the issuer as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
- (4) An audited income statement for each of the issuer's 2 immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and [2005, c. 65, Pt. A, §2 (NEW).]

E. Any one of the following requirements is met:

- (1) The issuer of the security has a class of equity securities listed on a national securities exchange registered under Section 6 of the federal Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System;
- (2) The issuer of the security is a unit investment trust registered under the federal Investment Company Act of 1940;
- (3) The issuer of the security, including its predecessors, has been engaged in continuous business for at least 3 years; or
- (4) The issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization; [2005, c. 65, Pt. A, §2 (NEW).]
[2005, c. 65, Pt. A, §2 (NEW).]

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§16202(24). Nonissuer transactions in specified foreign issuers securities. A nonissuer transaction in an outstanding security by or through a broker-dealer licensed under or exempt from licensing under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this chapter; the issuer has been subject to continuous reporting requirements in the foreign jurisdiction for not less than 180 days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by routine technical rule, as defined in Title 5, chapter 375, subchapter 2-A, adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **the Toronto Stock Exchange, Inc. is a designated securities exchange**. After an administrative hearing in compliance with the Maine Administrative Procedure Act, the administrator, by order issued under this chapter, may revoke the designation of a securities exchange under this paragraph if the administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors;

[2005, c. 65, Pt. A, §2 (NEW).]

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[Maine Office of Securities Rules](#)

[Chapter 536: Securities Manuals](#)

Summary: This chapter designates certain manuals as “nationally recognized securities manuals” for purposes of issuers seeking an exemption from the securities registration requirements pursuant to 32 M.R.S.A. §16202(2).

Section 1. Designation.

The Securities Administrator designates as “nationally recognized securities manuals” any Mergent, Standard & Poor’s, and Fitch securities manuals that contain, in whatever format, the information specified in 32 M.R.S.A. §16202(2)(D)(1) - (4).

STATUTORY AUTHORITY: 32 M.R.S.A. §§ 16202(2)(D) and 16605

EFFECTIVE DATE: December 31, 2005 – filing 2005-510

Maryland Securities Act

11-602(2) Any nonissuer distribution of an outstanding security if:

- (i) A recognized securities manual contains the names of the officers and directors of the issuer, a balance sheet of the issuer as of a date within 18 months, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations; or
- (ii) The security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three preceding fiscal years, or during the existence of the issuer and any predecessor if less than three years, in the payment of principal, interest, or dividends on the security;

Maryland Regulations

02.02.04.05 Recognized Securities Manuals.

- A. The following publications are designated recognized securities manuals for purposes of the Maryland Securities Act, Corporations and Associations Article, §11-602(2), Annotated Code of Maryland:
 - (1) Mergent's Industrial Manual;
 - (2) Mergent's Transportation Manual;
 - (3) Mergent's Public Utility Manual;
 - (4) Mergent's Bank and Finance Manual; and
 - (5) Standard and Poor's Standard Corporation Descriptions.
- B This designation may be revoked if the Commissioner finds that the information provided in the manual has been so changed or insufficiently applied that the protection of investors contemplated by the exemption is no longer afforded.

Massachusetts Uniform Securities Act

110-402(b)(2) a nonissuer transaction;

- (A) by a registered agent of a registered broker-dealer, and any resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days provided, at the time of the transaction:
 - (i) the issuer of the security is actually engaged in business and not in the organizational stage or in bankruptcy or receivership and is not a blank check, blind pool or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person or persons;
 - (ii) the security is sold at a price reasonably related to the current market price of the security;
 - (iii) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;
 - (iv) a nationally recognized securities manual designated by rule or order of the secretary or a document filed with the U.S. Securities & Exchange Commission hereinafter referred to as SEC which is publicly available through the SEC's Electronic Data Gathering and Retrieval System and contains:
 - (a) a description of the business and operations of the issuer;
 - (b) the names of the issuer's officers and the names of the issuer's directors, if any, or, in the case of a non-U.S. issuer, the corporate equivalents of such persons in the issuer's country of domicile;
 - (c) an audited balance sheet of the issuer as of a date within 18 months, or in the case of a reorganization or merger where parties to the reorganization or merger had such audited balance sheets, a pro forma balance sheet; and
 - (d) an audited income statement for each of the issuer's immediately preceding 2 fiscal years, or for the period of existence of the issuer, if in existence for less than 2 years or, in the case of a reorganization or merger where the parties to the reorganization or merger had such audited income statements, a pro forma income statement; and

- (v) the issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934, or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless:
 - (a) the issuer of the security is a unit investment trust registered under the Investment Company Act of 1940; or
 - (b) the issuer of the security has been engaged in continuous business, including predecessors, for at least 3 years; or
 - (c) the issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months or, in the case of a reorganization or merger where parties to the reorganization or merger had such audited balance sheets, a pro forma balance sheet;

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Massachusetts Policy Statement 7/19/2004

Approving Recognized Securities Manuals for Purposes of the Manual Exemption

(Relevant portions only)

For the purposes of the exemption provided under M.G.L. c.110A, §402(b)(2)(A), “recognized securities manual” includes all manuals published by Standard & Poors and Mergent, Inc. (formally known as the Moody’s® Manuals), exclusively. In addition, the term “manual” shall include all commonly recognized electronic formats of such manuals, including CD-ROM and dissemination over the Internet.

An issuer listed in a recognized securities manual must have, at a minimum, a profit and loss statement covering a full year of operations, thus excluding start-up companies with less than 12 months of operations. Anyone claiming an exemption under 950 CMR 14.402(B)(2)(a) shall bear the burden of showing that the financial statements meet the requirements of 950 CMR 14.402(B)(2)(a) and M.G.L. c.110A.

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Michigan Uniform Securities Act

55-2008-2-451-2202 section 202(1)(b) A nonissuer transaction by or through a broker-dealer registered or exempt from registration under this act, and a resale transaction by a sponsor of a unit investment trust registered under the investment company act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days, if all of the following are met at the date of the transaction:

- (i)The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person.
- (ii)The security is sold at a price reasonably related to its current market price.
- (iii)The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution.
- (iv)A nationally recognized securities manual or its electronic equivalent designated by rule or order under this act or a record filed with the securities and exchange commission that is publicly available contains all of the following:
 - (A)A description of the business and operations of the issuer.
 - (B)The names of the issuer's executive officers and the names of the issuer's directors, if any.
 - (C)An audited balance sheet of the issuer as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger, and when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined entity.
 - (D)An audited income statement for each of the issuer's 2 immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement.
- (v)Any of the following requirements are met:
 - (A)The issuer of the security has a class of equity securities listed on a national securities exchange registered under section 6 of the securities exchange act of 1934, 15 USC 78f, or designated for trading on the national association of securities dealers automated quotation system.

- (B)The issuer of the security is a unit investment trust registered under the investment company act of 1940.
- (C)The issuer of the security, including its predecessors, has been engaged in continuous business for at least 3 years.
- (D)The issuer of the security has total assets of at least \$2,000,000.00 based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet as of a date within 18 months before the date of the transaction, a pro forma balance sheet for the combined entity.

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Michigan Securities Rules

Rule 451.802.2 Recognized securities manuals.

Rule 802.2. The administrator recognizes the following securities manuals under section 402(b)(2)(A) of the act:

- Moody's industrial manual;
- Moody's transportation manual;
- Moody's public utility manual;
- Moody's bank and finance manual;
- Moody's municipal and government manual;
- Moody's OTC industrial manual;
- Standard and Poor's corporation records;
- Best's life insurance reports;
- Best's insurance reports (fire and casualty).

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[Michigan Adopts International Manual Exemption Release No. 92-1-S](#)

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Minnesota Statutes 2006

80A.46 Section 202(2) Recognized securities manuals.

(2) a nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days, if, at the date of the transaction:

- (A)the issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (B)the security is sold at a price reasonably related to its current market price;
- (C)the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;
- (D)a nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the Securities and Exchange Commission that is publicly available contains:
 - (i) a description of the business and operations of the issuer;
 - (ii) the names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iii)an audited balance sheet of the issuer as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (iv)an audited income statement for each of the issuer's two immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and
- (E)any one of the following requirements is met:

- (i) the issuer of the security has a class of equity securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System;
- (ii) the issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
- (iii) the issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or
- (iv) the issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization;

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80A.46 Section 202(23) Foreign Securities Exemption. a nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than 180 days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by rule adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **The Toronto Stock Exchange, Inc., is a designated securities exchange.** After an administrative hearing in compliance with chapter 14, the administrator, by rule adopted or order issued under this chapter, may revoke the designation of a securities exchange under this paragraph, if the administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors;

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[Minnesota Administrative Rules](#)

2876.2020 RECOGNIZED MANUALS APPROVED BY COMMISSIONER.

"Nationally recognized securities manuals," as that term is used in Minnesota Statutes, section 80A.46 (2)(D), are limited to the following:

- A. Standard & Poor's Corporation Records;
- B. Mergent Industrial Manual and News Reports;
- C. Mergent Bank and Finance Manual and News Reports;
- D. Mergent Transportation Manual and News Reports;
- E. Mergent Public Utility Manual and News Reports;
- F. Mergent OTC Industrial Manual and News Reports; and
- G. Mergent International Manual and News Reports.

Statutory Authority: MS s 45.023; 80A.82

History: 34 SR 593

Posted by State: November 23, 2009

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Mississippi Securities Act

75-71-203(2) Any nonissuer distribution of an outstanding security if (A) a recognized securities manual contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date within eighteen (18) months, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations, or (B) the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three (3) preceding fiscal years, or during the existence of the issuer and any predecessors if less than three (3) years, in the payment of principal, interest or dividends on the security.

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Mississippi Securities Act Rules

709. Recognized Securities Manuals: A recognized securities manual shall be deemed to include the following:

- A. Mergent's Industrial Manual;
- B. Mergent's Municipal and Government Manual;
- C. Mergent's Transportation Manual;
- D. Mergent's Public Utility Manual;
- E. Mergent's Bank and Finance Manual;
- F. Mergent's OTC Industrial Manual;
- G. Mergent's International Manual;
- H. Standard & Poor's Standard Corporate Descriptions or Records; and
- I. Periodic supplements to each recognized securities manual.

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Missouri Securities Act

409.2-202(2) A nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this act, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety days, if, at the date of the transaction:

- (A) The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (B) The security is sold at a price reasonably related to its current market price;
- (C) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution; and
- (D) A nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this act or a record filed with the Securities and Exchange Commission that is publicly available contains:
 - (i) A description of the business and operations of the issuer;
 - (ii) The names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iii) An audited balance sheet of the issuer as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (iv) An audited income statement for each of the issuer's two immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; or
- (E) The issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless the issuer of the security is a unit investment trust registered under the Investment Company Act of 1940; or the issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or the issuer of the security has total assets of at least two million dollars based on an audited balance sheet as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had the audited balance sheet, a pro forma balance sheet for the combined organization;

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409.2-202(23) Foreign Securities Exemption. A nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this act, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this act; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than one hundred eighty days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by rule adopted or order issued under this act, or is a security of the same issuer that is of senior or

substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **The Toronto Stock Exchange, Inc., is a designated securities exchange**. After an administrative hearing in compliance with chapter 536, RSMo, the commissioner, by rule adopted or order issued under this act, may revoke the designation of a securities exchange under this paragraph, if the commissioner finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

(L. 2003 H.B. 380, A.L. 2005 H.B. 678)

Missouri Securities Regulations

15 CSR 30-54.100 Manual Exemption

- (1) For the purpose of the manual exemption (section 409.2-202(2)(D) of the Missouri Securities Act of 2003 (the Act)), the following securities manual(s) or portions of the manual(s) is recognized: Fitch Rating Register.
- (2) The exemption specified in section 409.2-202(2)(D) of the Act shall be available only when a recognized manual has contained the required information for a period of not less than ninety (90) days prior to the transaction.

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Montana Administrative Rules

6.10.305 FOREIGN SECURITY EXEMPTION

(1) Securities offered or sold in compliance with the following conditions are exempt from the registration requirements of 30-10-202 through 30-10-207, MCA:

- (a) A nonissuer transaction, by or through a registered broker-dealer, in an outstanding security (including an American depository receipt representing such a security) of an issuer domiciled in a foreign country with which the United States is at the time of the transaction maintaining diplomatic relations, if the class of security has been outstanding in the hands of the public for not less than 90 days preceding the date of the transaction.
 - (i) This exemption is not available for sales of securities constituting an unsold allotment to, or subscription by, the broker-dealer as a participant in the distribution of the securities by the issuer or by or through an underwriter.
 - (ii) This exemption is not available unless one of the following requirements is met:
 - (A) the most recent edition of Mergent's Manual or Standard & Poor's Corporation Records, or the periodic supplements to such publications, as well as all commonly recognized formats of the manuals including CD-ROM and electronic dissemination over the internet, contains a description of the issuer's business or operations, the names of the issuer's officers and directors (or their corporate equivalents in the issuer's country of domicile), an externally audited balance sheet of the issuer as of a date within 18 months of the date of the transaction and audited profit and loss statements for each of the issuer's two fiscal years immediately preceding the date of such balance sheet (such statements to be prepared in accordance with U.S. or foreign GAAP); or
 - (B) the issuer of the security has a class of securities subject to the reporting requirements of section 13 of the Securities Exchange Act of 1934, 15 U.S.C. 78m or section 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. 78m or section 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. 78o(d) and is not delinquent in such reporting; or
 - (C) the security is exempted from the provisions of section 12(g) of the Securities Exchange Act of 1934, 15 U.S.C. 78l(g) by section 12(g)(3) of that Act, 15 U.S.C. 78l(g)(3), and the issuer is in compliance with all of the conditions of 17 CFR 240.12g3-2(b)(1).
 - (iii) This exemption is not available unless all of the following requirements are met:
 - (A) the issuer, including any predecessors, has been in continuous operation for at least the preceding two years, is a going concern actually engaged in business and is not in an organizational or developmental stage, and is not in bankruptcy or receivership;
 - (B) the issuer has net tangible assets of at least U.S. \$25,000,000 as of the date of its most recent externally audited financial statement prepared in accordance with U.S. or foreign GAAP. Such

- statement shall be dated as of a date within 18 months of the date of the transaction;
- (C) the issuer had an average gross income of at least U.S. \$5,000,000 over its most recent two consecutive years of operation according to audited profit and loss statements of the issuer prepared in accordance with U.S. or foreign GAAP for the issuer's two fiscal years immediately preceding the date of the financial statement referred to in (1)(a)(iii)(B);
 - (D) the issuer has a class of securities listed or traded on a stock exchange or automated quotation system organized under the laws of its country of domicile; and
 - (E) for the issuer's securities in the United States, there are at least two market makers who are registered broker-dealers under the Securities Exchange Act of 1934 and who has an excess net capital of a least U.S. \$10,000,000.
- (b) A nonissuer transaction by or through a registered broker-dealer in an outstanding security, other than a revenue obligation, which is issued or guaranteed by any foreign government with which the United States is, at the time of sale, maintaining diplomatic relations, or by a political subdivision of Canada or Mexico which has the power of taxation, if the securities, when offered for sale in this state, are acknowledged by the foreign government or political subdivision as valid obligations, and none of the securities of the foreign government or political subdivision are in default either as to principal or interest.

History: 30-10-107, MCA; IMP, 30-10-104, 30-10-107, MCA; NEW, 1994 MAR p. 569, Eff. 3/18/94; AMD, 2000 MAR p. 824, Eff. 3/31/2000; TRANS and AMD, from ARM 6.10.131, 2008 MAR p. 2046, Eff. 9/26/08.

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Nebraska Uniform Securities Act

8-1111(2)

- a. Any nonissuer transaction by a registered agent of a registered broker-dealer, and any resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety days if, at the time of the transaction:
 - i. The issuer of the security is actually engaged in business and not in the organization stage or in bankruptcy or receivership and is not a blank check, blind pool, or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person or persons;
 - ii. The security is sold at a price reasonably related to the current market price of the security;
 - iii. The security does not constitute the whole or part of an unsold allotment to, or a subscription or by, the broker-dealer as an underwriter of the security;
 - iv. A nationally recognized securities manual designated by rule and regulation or order of the director or a document filed with the Securities and Exchange Commission which is publicly available through the Electronic Data Gathering and Retrieval System (EDGAR) contains:
 - A.. A description of the business and operations of the issuer;
 - B. The names of the issuer's officers and the names of the issuer's directors, if any, or, in the case of a non-United-States issuer, the corporate equivalents of such persons in the issuer's country of domicile;
 - C. An audited balance sheet of the issuer as of a date within eighteen months or, in the case of a reorganization or merger when parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; and
 - D. An audited income statement for each of the issuer's immediately preceding two fiscal years, or for the period of existence of the issuer if in existence for less than two years, or, in the case of a reorganization or merger when the parties to the reorganization or merger had such audited income statement, a pro forma income statement; and
 - v. The issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System (NASDAQ), unless:
 - A.. The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
 - B. The issuer of the security has been engaged in continuous business, including predecessors, for at least three years; or
 - C. The issuer of the security has total assets of at least two million dollars based on an audited balance

- sheet as of a date within eighteen months or, in the case of a reorganization or merger when parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; or
- b. Any nonissuer transaction in a security by a registered agent of a registered broker-dealer if:
- i. The issuer of the security is actually engaged in business and not in the organization stage or in bankruptcy or receivership and is not a blank check, blind pool, or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person or persons; and
 - ii. The security is senior in rank to the common stock of the issuer both as to payment of dividends or interest and upon dissolution or liquidation of the issuer and such security has been outstanding at least three years and the issuer or any predecessor has not defaulted within the current fiscal year or the three immediately preceding fiscal years in the payment of any dividend, interest, principal, or sinking fund installment on the security when due and payable;

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Nebraska Interpretive Opinion 728

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Nevada Uniform Securities Act

- .90.530.3** A nonissuer transaction by a sales representative licensed in this state, in an outstanding security if:
- (a) The security is sold at a price reasonably related to the current market price of the security at the time of the transaction;
 - (b) The security does not constitute all or part of an unsold allotment to, or subscription or participation by, a broker-dealer as an underwriter of the security;
 - (c) At the time of the transaction, a recognized securities manual designated by the Administrator by regulation or order contains the names of the issuer's officers and directors, a statement of the financial condition of the issuer as of a date within the preceding 18 months, and a statement of income or operations for each of the last 2 years next preceding the date of the statement of financial condition, or for the period as of the date of the statement of financial condition if the period of existence is less than 2 years;
 - (d) The issuer of the security has not undergone a major reorganization, merger or acquisition within the preceding 30 days which is not reflected in the information contained in the manual; and
 - (e) At the time of the transaction, the issuer of the security has a class of equity security listed on the New York Stock Exchange, American Stock Exchange or other exchange designated by the Administrator, or on the National Market System of the National Association of Securities Dealers Automated Quotation System. The requirements of this paragraph do not apply if:
 - (1) The security has been outstanding for at least 180 days;
 - (2) The issuer of the security is actually engaged in business and is not developing his business, in bankruptcy or in receivership; and
 - (3) The issuer of the security has been in continuous operation for at least 5 years.

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Nevada Administrative Code Securities

NAC 90.510 Statutory exemption for nonissuer transaction by sales representative licensed in State: Inclusion of information on issuer in designated securities manual. (NRS 90.530, 90.750) For purposes of the exemption from registration provided by subsection 3 of NRS 90.530, a transaction is exempt from registration if the information required by that subsection is contained in:

1. Mergent's Industrial Manual;
2. Mergent's Municipal and Government Manual;
3. Mergent Public Utility Manual;
4. Mergent Transportation Manual;
5. Mergent's Bank and Finance Manual;
6. Mergent's International Manual; and

7. Standard & Poor's Standard Corporate Descriptions or Records.
(Added to NAC by Sec'y of State, eff. 4-22-88; A 10-16-89; 11-19-92; R016-02, 8-6-2002)

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New Hampshire Securities Act

421-B:17(II)(b) Any non-issuer distribution of an outstanding security, other than common stock, rated in the top 3 categories of Moody's, Fitch's, or Standard & Poor's Securities Manuals if:

- (1) Either Moody's, Fitch's, or Standard & Poor's Securities Manuals, or other recognized manuals approved by the secretary of state, contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of such sale, and a profit and loss statement for the fiscal year preceding the date of such balance sheet, and
- (2) The issuer or its predecessor has been in active, continuous business operation for the 5-year period next preceding the date of sale, and
- (3) If the security has a fixed maturity or fixed interest or dividend provision, the issuer has not, within the 3 preceding fiscal years, defaulted in payment of principal, interest, or dividends on any such securities.

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New Jersey Securities Act

49:3-50(b)(2)

- (i) Any nonissuer transaction by a broker-dealer registered under this act of a security, which has been outstanding in the hands of the public for at least 90 days prior to the transaction and which is sold at a price reasonably related to the current market price of such securities, provided:
 - (A) the securities are of an issuer for which all reports required to be filed by section 13 or 15(d) of the "Securities Exchange Act of 1934," 15 U.S.C. s.78m or s.78o(d) have been filed; or
 - (B) the following information is published in a recognized securities manual: the names of the issuer's officers and directors; a balance sheet of the issuer as of a date not more than 18 months prior to the date of the sale; and profit and loss statements for a period of not less than two years next prior to the date of the balance sheet or for the period of the issuer's existence as of the date of the balance sheet if the period of existence is less than two years;
- (ii) The exemption provided in this paragraph (2) does not apply if the sale constitutes a distribution and is made for the direct or indirect benefit of an issuer or controlling persons of that issuer or if those securities constitute the whole or part of an unsold allotment to, or subscription by, a broker-dealer as an underwriter of those securities. This exemption shall not be available for any securities which have been subject to a bureau stop order pursuant to section 17 of P.L.1967, c.93 (C.49:3-64), or a bureau order of denial of secondary trading pursuant to subsection (c) of this section;
- (iii) Notwithstanding the foregoing, resale transactions by a sponsor of a unit investment trust registered pursuant to section 8 of the "Investment Company Act of 1940," 15 U.S.C.80a-8, shall be exempt from registration in this State.

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New Jersey Regulations

13:47A-12.4 Manual Exemptions

The manuals issued by Mergent's and by Standard and Poor's are recognized for the "manual" exemption under N.J.S.A. 49:3-50(b)(2)(i)(B). this exemption encompasses both the printed manuals and the electronic data services of Mergent's and Standard and Poor's.

New Rule, R.2008 d.301, effective October 6, 2008

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New Mexico Securities Act

§58-13C-202(B) Manual Exemption. a nonissuer transaction by or through a broker-dealer registered, or exempt from registration pursuant to the New Mexico Uniform Securities Act [58-13C-101 NMSA 1978], and a resale transaction by a sponsor of a unit investment trust registered pursuant to the federal Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety days if, at the date of the transaction:

- (1) the issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership and the issuer is not a blank check, blind pool or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (2) the security is sold at a price reasonably related to its current market price;
- (3) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;
- (4) a nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued pursuant to the New Mexico Uniform Securities Act or a record filed with the securities and exchange commission that is publicly available contains:
 - (a) a description of the business and operations of the issuer;
 - (b) the names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (c) an audited balance sheet of the issuer as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (d) an audited income statement for each of the issuer's two immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and
- (5) any one of the following requirements is met:
 - (a) the issuer of the security has a class of equity securities listed on a national securities exchange registered pursuant to the federal Securities Exchange Act of 1934 or designated for trading on the national association of securities dealers automated quotation system;
 - (b) the issuer of the security is a unit investment trust registered pursuant to the federal Investment Company Act of 1940;
 - (c) the issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or
 - (d) the issuer of the security has total assets of at least two million dollars (\$2,000,000) based on an audited balance sheet as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had the audited balance sheet, a pro forma balance sheet for the combined organization;

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§58-13C-202(W) Foreign Securities Exemption. a nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration pursuant to the New Mexico Uniform Securities Act, if the issuer is a reporting issuer in a foreign jurisdiction designated by this subsection or by rule adopted or order issued pursuant to that act; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than one hundred eighty days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this subsection or by rule adopted or order issued pursuant to the New Mexico Uniform Securities Act, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this subsection, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **the Toronto stock exchange, inc., is a designated securities exchange**. After an administrative hearing in compliance with Subsection B of Section 604 [58-13C-604 NMSA 1978] of the New Mexico Uniform Securities Act, the director, by rule adopted or order issued pursuant to the New Mexico Uniform Securities Act, may revoke the designation of a securities exchange pursuant to this subsection if the director finds that revocation is necessary or appropriate in the public interest and for the protection of investors;

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New Mexico Securities Rules

12.11.12.9 MANUAL OR ELECTRONICALLY AVAILABLE INFORMATION EXEMPTION:

- A. For purposes of the registration exemption in Section 58-13C-202B, any Standard & Poor's, Mergent or Fitch securities manual that contains, in whatever format, the information specified in Section 58.202B4(a) to (d) is designated as a "nationally recognized securities manual" under Section 58-202B(4)(a) to (d).
- B. All information provided pursuant to Section 58-202B4(a) to (d) must be current. The time for determining whether the entries are current is at the date of the particular sale, not the date the manual listings are published. If a manual listing is not continually updated, the exemption would not be available once the published balance sheet becomes more than 18 months old or the list of officers and directors is not reasonably current.

[12.11.12.9 NMAC - Rp, 12.11.12.10 NMAC, 1-1-2010]

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12.11.12.18 SECTION 58-13C-203 - WORLD-CLASS SECURITIES EXEMPTION:

- A. In addition to the transactions exempt from registration pursuant to Section 58-13C-202W, pursuant to the authority delegated to the director by Section 58-13C-202W and Section 58-13C-203 of the New Mexico Uniform Securities Act, transactions meeting the following criteria are exempted from Sections 58-13C-301 and 58-13C-504:

- (1) any transaction by a licensed or registered broker-dealer in a security (or an American depository receipt representing such a security) of an issuer domiciled in a foreign country with which the United States currently maintains diplomatic relations, of a class that has been outstanding in the hands of the public for not less than 180 days, if at the time of the transaction, either Moody's investor service, Moody's international manual or Standard & Poor's corporation records, or any other securities manual designated by rule or order of the director, contains a description of the issuer's business or operations, the names of the issuer's officers and directors or their corporate equivalents in the issuer's country of domicile, an audited balance sheet of the issuer as of a date within 18 months and audited profit and loss statements for each of the issuer's two fiscal years immediately preceding that date and all of the following criteria are met:

- (a) the security is traded on or through the facilities of one of the following foreign securities exchanges or foreign securities markets, which are hereby designated by the director pursuant to Section 58-13C-202W: Helsinki, Mexico, Oslo, Alberta, Istanbul, Eurobond Market, Amsterdam, Australia, Brussels, Frankfurt, Hong Kong, London Stock Exchange, Johannesburg, Luxembourg, Milan, Montreal, Paris, Stockholm, Tokyo, Zurich, or such other foreign securities exchange or foreign securities market designated by the director by rule or order;
- (b) the issuer of the security, including any predecessor(s), has been in continuous operation for at least five years and is a going concern actually engaged in business and neither in the organizational stage nor in bankruptcy or receivership;
- (c) the issuer has net tangible assets as reflected in the manual of at least \$100,000,000; and the issuer had an average annual income after taxes, as reflected in the manual, of at least \$10,000,000 cumulative for the most recent two years of operation with a minimum annual income after taxes of \$2,000,000 for either of the two years;

- (2) the exemption provided in Paragraph (1) of Subsection A of this section shall not be available for any security unless:

- (a) the security is sold at a price reasonably related to the current market price of such security at the time of the transaction; and
- (b) the security does not constitute the whole or part of an unsold allotment to, or subscription or participation by, the broker-dealer as an underwriter of such security.

- B. The director may by rule or order deny, suspend or revoke this exemption with respect to any specific transaction, security or broker-dealer upon a finding that such action is necessary for the protection of the public.

- C. The director may by rule or order exempt any security of an issuer domiciled in a foreign country upon a finding that such an exemption is in the public interest.

[12.11.12.18 NMAC - Rp, 12.11.11.19 NMAC, 1-1-2010]

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North Carolina Securities Act

78A-17(2) Any nonissuer distribution other than by a controlling person of an outstanding security if

- a. A recognized securities manual contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date within 18 months, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations, or
- b. A registered dealer files with the Administrator such information relating to the issuer as the Administrator may by rule or order require, or
- c. The security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three preceding fiscal years, or during the existence of the issuer and any predecessors if less than three years, in the payment of principal, interest, or dividends on the security;

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North Carolina Administrative Code

18 NCAC 06.1202 RECOGNIZED SECURITIES MANUALS

- (a) The publications recognized by the administrator as securities manuals for the purposes set forth in G.S. 78A 17(2)a. shall be:
 - (1) Standard and Poor's Corporation Records,
 - (2) Mergent's Industrial Manual,
 - (3) Mergent's Over the Counter Industrial Manual,
 - (4) Mergent's International Manual, and
 - (5) Periodic supplements to each recognized securities manual.Other publications may be recognized by the administrator, on a case by case basis, upon a showing that the information required by G.S. 78A 17(2)a. is actually contained in the publication.
- (b) None of the publications in Paragraph (a) shall be recognized as relating to the securities of a particular issuer unless all of the information required by G.S. 78A 17(2)a. is contained in the publication, and:
 - (1) such information has been continuously published in that securities manual for at least fifteen months preceding the commencement of a distribution in reliance on G.S. 78A 17(2)a.; or
 - (2) during the twelve months preceding the commencement of a distribution in reliance on G.S. 78A 17(2)a., the issuer's common stock or equivalent security has traded at the price of five dollars (\$5.00) or more per share for a period of at least thirty consecutive days as quoted in the Wall Street Journal or similar national publication; or
 - (3) as of the end of its most recent fiscal year, the issuer had:
 - (A) a tangible net worth (i.e., net worth computed by excluding intangible assets) of at least one million dollars (\$1,000,000), and
 - (B) net income, after taxes, or at least one hundred fifty thousand dollars (\$150,000); or
 - (4) during the twelve months preceding a distribution in reliance on G.S. 78A 17(2)a., the issuer completed a public offering of securities which raised at least five million dollars (\$5,000,000).

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North Dakota Securities Act

10-04-06.8 Manual Exemption A nonissuer transaction by or through a broker-dealer and agent, both of which are registered or exempt from registration under this chapter, or a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety days, if, at the date of the transaction:

- a. The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- b. Such securities are sold at prices reasonably related to the current market price;
- c. Such securities do not constitute the whole or part of an unsold allotment to, or subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;

- d. Such securities are listed in Standard and Poor's, Mergent's Industrial Manual, Mergent's Bank and Finance Manual, Mergent's Transportation Manual, Mergent's Public Utility Manual, or Fitch investor service, incorporated, or are filed under section 13 or 15(d) of the Securities Exchange Act of 1934 [ch. 404, title I, sec. 1; 48 Stat. 881; 15 U.S.C. 78 et seq.];
- e. Such securities are limited to issuers organized under the laws of any state, territory, or insular possession of the United States; and
- f. Any one of the following requirements is met:
 - (1) The issuer of the security has a class of equity securities listed on a national securities exchange registered under section 6 of the Securities Exchange Act of 1934 or designated for trading on the national association of securities dealers automated quotation system;
 - (2) The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
 - (3) The issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or
 - (4) The issuer of the security has total assets of at least two million dollars based on an audited balance sheet as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had the audited balance sheet, a pro forma balance sheet for the combined organization.

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North Dakota Securities Regulations

73-02-03-04. List of approved nationally recognized securities manuals.

Repealed effective October 20, 2004.

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Ohio Securities Act

1707.03(M)(3) Securities that within one year were purchased outside this state or within one year were transported into this state, if the dealer has knowledge or reasonable cause to believe, before the sale of those securities, that within one year they were purchased outside this state or within one year were transported into this state; but such a sale of those securities is exempt if any of the following occurs:

- (a) A recognized securities manual contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date within eighteen months, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations;
- (b) Those securities, or securities of the same class, within one year were registered or qualified under section 1707.09 or 1707.091 [1707.09.1] of the Revised Code, and that registration or qualification is in full force and effect;
- (c) The sale is made by a licensed dealer on behalf of the bona fide owner of those securities in accordance with division (B) of this section;
- (d) Those securities were transported into Ohio in a transaction of the type described in division (L), (K), or (I) of this section, or in a transaction registered under division (A) of section 1707.06 of the Revised Code.

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Oklahoma Uniform Securities Act of 2004

1-202(2). Manual Exemption A nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this act, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety (90) days, if, at the date of the transaction:

- a. the issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person,

- b. the security is sold at a price reasonably related to its current market price,
- c. the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution, and
- d. a nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this act or a record filed with the Securities and Exchange Commission that is publicly available contains:
 - (1) a description of the business and operations of the issuer,
 - (2) the names of the issuer's executive officers and the names of the issuer's directors, if any,
 - (3) an audited balance sheet of the issuer as of a date within eighteen (18) months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization, and
 - (4) an audited income statement for each of the issuer's two (2) immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement, or
- e. the issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless the issuer of the security is a unit investment trust registered under the Investment Company Act of 1940; or the issuer of the security, including its predecessors, has been engaged in continuous business for at least three (3) years; or the issuer of the security has total assets of at least Two Million Dollars (\$2,000,000.00) based on an audited balance sheet as of a date within eighteen (18) months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had the audited balance sheet, a pro forma balance sheet for the combined organization;

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1-202(24) Foreign Securities Exemption. A nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this act, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this act; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than one hundred eighty (180) days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by rule adopted or order issued under this act, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **The Toronto Stock Exchange, Inc., is a designated securities exchange.** After an administrative hearing in compliance with the Administrative Procedures Act, the Administrator, by rule adopted or order issued under this act, may revoke the designation of a securities exchange under this paragraph, if the Administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

Oklahoma Securities Rules

660:11-11-40. Manual exemption

- (a) **Recognized securities manuals.** The publications which shall be recognized by the Administrator for purposes of the exemption from registration set forth in Section 1-202.2.d of the Securities Act shall be as follows:
 - (1) Best's Insurance Reports, Life-Health
 - (2) Mergent's Industrial Manual
 - (3) Mergent's International Manual
 - (4) Standard & Poor's Corporation Records
- (b) **Additional requirements.** To be eligible for the exemption from registration provided by Section 1-202.2.d of the Securities Act, the following additional conditions must be met:
 - (1) All information specified as required to be contained in the recognized securities manuals pursuant to Section 1-202.2.d of the Securities Act must be given to the purchaser with the confirmation by providing the purchaser with a copy of either:
 - (A) the information contained in the manual listing; or

- (B) the information maintained by the broker-dealer effecting the transaction that is required to be kept by such broker-dealer pursuant to the requirements of SEC Rule 15c2-11 promulgated under the provisions of the 1934 Act.
- (2) The information required under (1) of this subsection must be reasonably current in all material respects. The time for determining whether the information is current is at the date of the particular sale not the date the manual listing is published. For purposes of this paragraph, the term "reasonably current" shall have the meaning set forth in SEC Rule 15c2-11.
- (3) The financial statements of the issuer required pursuant to Section 1-202.2.d of the Securities Act must be audited by an independent public accountant in accordance with generally accepted auditing standards, presenting fairly, in all material respects, the financial condition of the issuer; provided, if the issuer is an entity formed and operating under the laws of a foreign jurisdiction, the financial statements shall be audited in accordance with the auditing standards applicable in its jurisdiction of formation and operation.
- (4) The issuer of the security, including any predecessors, has either:
- (A) been in continuous business or operations for at least two (2) years, unless the issuer is an insurance company in which event it shall have been in business for at least five (5) years; or
- (B) had a class of equity securities registered under Section 1-301 of the Securities Act within the past five (5) years.
- (C) As used in this paragraph, "business or operations" means actual activities related to its current business or operations and shall not include merely holding funds or assets for future use.
- (5) Sales must be made by a broker-dealer, either as principal or agent, who is registered under the provisions of Section 1-401 of the Securities Act.
- (6) The securities must be offered or sold at a price reasonably related to the current market price of such securities.
- (7) The securities must be issued and outstanding. The exemption is not available for issuer transactions. For purposes of this paragraph, "issuer" shall include all officers, directors and controlling (5% or more) shareholders of the issuer.
- (8) The security does not constitute the whole or any part of an unsold allotment to, or subscription or participation by, the broker-dealer as an underwriter of the security.
- (c) Restriction for promotional or developmental stage companies. This exemption may not be used to evade the registration requirements of Section 1-301 of the Securities Act. Accordingly, transactions in reliance on this exemption for the securities of an issuer which is a promotional or developmental stage company as defined in 660:11-1-3, involving securities that have not been registered for offer or sale in the state of Oklahoma and which securities would not have met the requirements for registration set forth in Sections 1-303 or 1-304 of the Securities Act and the rules promulgated thereunder, had the securities been filed for registration pursuant to such sections of the Securities Act, may be deemed to have violated this requirement unless proven otherwise.
- (d) Exemption. The requirements of (b)(1) of this section, shall not apply to the sale of the securities of an issuer who has net tangible assets in excess of \$10,000,000.00 (U.S.) as determined by its most recent audited financial statements. For foreign issuers, the net tangible asset value may be determined by applying the exchange rate in effect as of the date of the financial statement relied upon unless there has been a material change in such exchange rate after the date of the financial statement that would reduce by greater than 20% the value in U.S. dollars. In that event, the exchange rate applied should be the rate effective as of the last day of the preceding month. Nothing in this Section shall release the broker-dealer effecting the transaction from its obligation to maintain the information required by SEC Rule 15c2-11 and to deliver any such information to any person involved in a transaction effected in the security, upon request by such person.

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Oregon Securities Act

59.035(10) The offer or sale by licensed broker-dealer, acting either as principal or agent, of securities theretofore sold and distributed to the public, if the sale meets the requirements of paragraphs (a), (b) and (c) or (a), (b) and (d) of this subsection:

- (a) Such securities are sold at prices reasonably related to the current market price thereof at the time of sale, and, if such licensed broker-dealer is acting as agent, the commission collected by such licensed broker-

dealer on account of the sale thereof is not in excess of usual and customary commissions collected with respect to securities and transactions having comparable characteristics;

- (b) Such securities do not constitute an unsold allotment to or subscription by such broker-dealer as a participant in the distribution of such securities by the issuer or by or through an underwriter;
- (c) The issuer is listed in any recognized securities manual approved by rule by the director, and the listing contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of such sale, and a profit and loss statement for either the fiscal year preceding the date of the balance sheet or the most recent year of operations; and
- (d) The securities are authorized for quotation on a nationwide automated quotations system approved by rule or order of the director.

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Oregon Securities Regulations

441-035-0030 Manual Exemption

Pursuant to ORS 59.035(10)(c), the Mergent, Standard and Poor's, and Fitch Investors Service securities manuals are approved for purposes of the exemption granted under subsection (10) of ORS 59.035.

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441-035-0040 NASDAQ Exemption

Pursuant to subsection (10)(d) of ORS 59.035, the National Association of Securities Dealers Automated Quotations, NASDAQ, is approved for purposes of the exemption granted under section (10) of 59.035, **except for securities quoted on the OTC Bulletin Board.**

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Puerto Rico Uniform Securities Act

882(b)(2) any non-issuer distribution of outstanding securities if:

- (A) A recognized securities manual contains the names of the issuer's officers and directors, a balance sheet of the issuers as of a date within the preceding (18) months, and a profit loss statement for either the fiscal year preceding that date or the most recent year of operations; or
- (B) the securities have a fixed maturity or fixed interest or dividend provision and there has been no default during the current fiscal year or within the three preceding fiscal years, or during the existence of the issuer and any predecessors if less than three three years, in the payment of principal, interest or dividends on the securities;

Puerto Rico Securities Regulations

Article 37 RECOGNIZED SECURITIES MANUALS

Section 37.1 The Commissioner recognizes the following manuals as "Recognized Securities Manuals" for the purposes of article 402(b)(2) of the Act:

1. Moody's Industrial Manual
2. Moody's Transportation Manual
3. Moody's Public Utility Manual
4. Moody's Bank and Finance Manual
5. Standard and Poor's Standard Corporation Descriptions

Section 37.1 The Commissioner may, by means of an order to those effects, amend the above list when, in his opinion, it does not adequately reflect the situation of the investment industry.

Rhode Island Uniform Securities Act

7-11-402(3) A nonissuer transaction if a security

- (i) of a class outstanding in the hands of the public for not less than ninety (90) days before the transaction is a nationally recognized securities manual designated by the director, by rule or order, contains the names of the issuer's officers and directors, a statement of financial condition of the issuer as of a date within the last eighteen (18) months, and a statement of income or operations for either the last fiscal year before that date or the most recent year of operation or
- (ii) if the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three (3) preceding years, or during the existence of the issuer and any predecessors if less than three (3) years, in the payment of principal, interest, or dividends on the security;

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Rhode Island Securities Division Regulations

RULE 402(3)-1 Securities Manual

Unless otherwise provided by rule or order of the Director, this state recognizes the following as nationally recognized securities manuals for the purpose of qualifying for the exemption under Section 7- 11-402(3): Fitch Investor Services, Inc., Moody Investor Services, Mergent, Inc., and Standard & Poor's Corp., and their successors and/or assigns.

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South Carolina Uniform Securities Act

35-1-202(2) Manual Exemption. a nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety days, if, at the date of the transaction:

- (A) the issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (B) the security is sold at a price reasonably related to its current market price;
- (C) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;
- (D) a nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the Securities and Exchange Commission that is publicly available contains:
 - (i) a description of the business and operations of the issuer;
 - (ii) the names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iii) an audited balance sheet of the issuer as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (iv) an audited income statement for each of the issuer's two immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and
- (E) any one of the following requirements is met:
 - (i) the issuer of the security has a class of equity securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System;
 - (ii) the issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;

- (iii) the issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or
- (iv) the issuer of the security has total assets of at least two million dollars based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization;

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35-1-202(23) **Foreign Securities Exemption.** a nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than 180 days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by rule adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **The Toronto Stock Exchange, Inc., is a designated securities exchange.** After an administrative hearing, the Securities Commissioner, by rule adopted or order issued under this chapter, may revoke the designation of a securities exchange under this paragraph, if the Securities Commissioner finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

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South Carolina 2003 Code of Regulations of South Carolina Chapter 113 Securities Division

113-17. Recognized Securities Manuals.

- (1) The following securities manuals are recognized under the provisions of § 35-1-320(2)(a) of the South Carolina Uniform Securities Act and the inclusion in any one of these manuals of information specified in this Section concerning the issuer of a security, exempts such security from §§ 31-1-50 and 35-1-810 of said Act:

Standard & Poor's Corporation Records; Moody's Manuals.

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South Dakota Securities Act

47-31B-202(2) A nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety days, if, at the date of the transaction:

- (A) The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;
- (B) The security is sold at a price reasonably related to its current market price;
- (C) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;
- (D) A nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the Securities and Exchange Commission that is publicly available contains:
 - (i) A description of the business and operations of the issuer;
 - (ii) The names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iii) An audited balance sheet of the issuer as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (iv) An audited income statement for each of the issuer's two immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when

each party to the reorganization or merger had audited income statements, a pro forma income statement; and

- (E) Any one of the following requirements is met:
- (i) The issuer of the security has a class of equity securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System;
 - (ii) The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
 - (iii) The issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or
 - (iv) The issuer of the security has total assets of at least two million dollars based on an audited balance sheet as of a date within eighteen months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization;

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47-31B-202(23) Foreign Securities Exemption. A nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this chapter, has been subject to continuous reporting requirements in the foreign jurisdiction for not less than one hundred eighty days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by rule adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **The Toronto Stock Exchange, Inc., is a designated securities exchange**. After an administrative hearing in compliance with chapter 1-26, the director, by rule adopted or order issued under this chapter, may revoke the designation of a securities exchange under this paragraph, if the director finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

South Dakota Securities Regulations

20:08:07:30. Manual exemption. The following nationally recognized securities manuals are approved for purposes of SDCL 47-31B-202(2)(D).

- (1) Standard and Poor's Standard Corporation Descriptions;
- (2) Mergent's Industrial Manual;
- (3) Mergent's Bank and Finance Manual;
- (4) Mergent's Public Utility Manual;
- (5) Mergent's Municipal and Governmental Manual;
- (6) Mergent's Transportation Manual;
- (7) Mergent's OTC Industrial Manual;
- (8) Mergent's OTC Unlisted Manual; and
- (9) Mergent's International Manual.

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Texas Securities Act

5.0The sale by a registered dealer of outstanding securities provided that:

- (1) Such securities form no part of an unsold allotment to or subscription by such dealer as a participant in the distribution of such securities by the issuer thereof; and
- (2) Securities of the same class, of the same issuer, are outstanding in the hands of the public; and
- (3) Such securities are offered for sale, in good faith, at prices reasonably related to the current market price of such securities at the time of such sale; and
- (4) No part of the proceeds of such sale are paid directly or indirectly to the issuer of such securities; and
- (5) Such sale is not directly or indirectly for the purposes of providing or furthering any scheme to violate or

evade any provision of this Act; and

- (6) The right to sell or resell such securities has not been enjoined by any court of competent jurisdiction in this State by proceedings instituted by an officer or agency of this State charged with enforcement of this Act; and
- (7) The right to sell such securities has not been revoked or suspended by the Commissioner under any of the provisions of this Act, or, if so, revocation or suspension is not in force and effect; and
- (8) At the time of such sale, the issuer of such securities shall be a going concern actually engaged in business and shall then be neither in an organization stage nor in receivership or bankruptcy; and
- (9) Such securities or other securities of the issuer of the same class have been registered by qualification, notification or coordination under Section 7 of this Act; or at the time of such sale at least the following information about the issuer shall appear in a recognized securities manual or in a statement, in form and extent acceptable to the Commissioner, filed with the Commissioner by the issuer or by a registered dealer:
 - (a) A statement of the issuer's principal business;
 - (b) A balance sheet as of a date within eighteen (18) months of the date of such sale; and
 - (c) Profit and loss statements and a record of the dividends paid, if any, for a period of not less than three (3) years prior to the date of such balance sheet or for the period of existence of the issuer, if such period of existence is less than three (3) years.

The term "recognized securities manual" means a nationally distributed manual of securities that is approved for use hereunder by the Board.

The Commissioner may issue a stop order or by order prohibit, revoke or suspend the exemption under this Subsection O with respect to any security if the Commissioner has reasonable cause to believe that the plan of business of the issuer of such security, the security, or the sale thereof would tend to work a fraud or deceit upon any purchaser or purchasers thereof, such order to be subject to review in the manner provided by Section 24 of this Act. Notice of any court injunction enjoining the sale, or resale, of any such security, or of an order revoking or suspending the exemption under this subdivision with respect to any security, shall be delivered or shall be mailed by certified or registered mail with return receipt requested, to any dealers believed to be selling, or offering for sale, securities of the type referred to in the notice; and the prohibitions of (6) and (7) above of this Subsection O shall be inapplicable to any dealer until the dealer has received actual notice from the Commissioner of such revocation or suspension.

The Board may for cause shown revoke or suspend the recognition hereunder of any manuals previously approved under this Subsection but no such action may be taken unless upon notice and opportunity for hearing before the Board or a hearings officer as now or hereafter required by law. A judgment sustaining the Board in the action complained of shall not bar after one year an application by the plaintiff for approval of its manual or manuals hereunder, nor shall a judgment in favor of the plaintiff prevent the Board from thereafter revoking such recognition for any proper cause which may thereafter accrue or be discovered.

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Texas Securities Administrative Code

RULE §109.7

- (a) When a withdrawal of an application for registration of securities is allowed and thereafter the applicant files for a secondary trading exemption under the Act, §5.O, the Commissioner may, without a hearing, revoke or suspend the §5.O exemption. The applicant may either accept such action of the Commissioner or request a hearing under the Act, §24.
- (b) The language, ". . . at prices reasonably related to the current market price of such securities at the time of such sale," means that the market price of the security in the existing secondary market must have a basis supported by a substantial volume of bona fide sales transactions within or without this state. In the absence of a going market or where there have been only casual transactions, it shall be incumbent on the person filing the §5.O exemption notice to prove to the Commissioner that the securities will have a market price which has been fairly determined and justified at inception with reasonable assurance of continuity of the market into the future, pursuant to which the following criteria will be considered:
 - (1) the nature and extent of the business operations of the issuer and its predecessor, if any, and the period of time during which the issuer and its predecessor, if any, has been continuously engaged in business;
 - (2) the net asset value of the stock per share;

- (3) if there is a record of earnings for the issuer, the value per share of the stock based upon a reasonable times-earnings factor (setting out the factor used) related to the industry represented by the issuer;
- (4) if the value per share of the stock on any other basis has been fully justified;
- (5) if the issuer undertakes to furnish to its shareholders and dealers deemed likely to trade the securities of the issuer, financial statements for the three most recent fiscal years ending as of the balance sheet date (or for the period of existence if less than three years) and annual financial statements thereafter for so long as the exemption is maintained by filing statements with the Commissioner;
- (6) whether a registered Texas securities dealer who is financially able has made a written undertaking setting out:
 - (A) his willingness to make a market in the issue of securities;
 - (B) the price at which he will begin the market; and
 - (C) the procedures which he intends to follow for the purpose of assuring an orderly market; and
- (7) supplementary data to assist in determining the character of the share distribution and the number of publicly-held shares shall be as follows:
 - (A) identification of 10 largest holders of record, including beneficial owners (if known) of holdings of record by nominees;
 - (B) list of holdings of 1,000 shares or more in the names of registered dealers and unregistered out-of-state dealers;
 - (C) number of transfers and shares transferred during the last two years (or period of existence of the issuer, if shorter);
 - (D) summary, by principal groups, of stock owned or controlled by:
 - (i) officers or directors and their immediate families; or
 - (ii) other concentrated holdings of 10% or more;
 - (E) estimates of number of nonofficer employees owning stock and the total shares held;
 - (F) company shares held in profit-sharing, savings, pension, or other similar funds or trusts established for the benefit of officers or employees; and
 - (G) number of round-lot and number of odd-lot holders of record and aggregate numbers of shares so held.
- (c) Sales of securities pursuant to the Securities Act, §5.O, may be made by or through securities dealers acting either as principal or agent in the transaction for which the exemption is claimed.
- (d) Financial information required pursuant to the Act, §5.O(9)(b) and (c) must be prepared as certified financial statements (consolidated, if applicable) and shall include a balance sheet as of a date within 18 months of the date of such sale and the related statements of income, changes in stockholders' equity, and changes in financial position for the three most recent fiscal years ending as of the balance sheet date, or for the period of the issuer's existence, if less than three years. Such financial statements should disclose dividends paid or declared by each class of stock, for each period for which an income statement is presented.
- (e) The term "recognized securities manual" used in the Texas Securities Act, §5.O(9)(c), is limited to the following and includes any electronic publication format that is as readily available to the general public as the printed version, including, without limitation, CD-Rom and electronic dissemination over the Internet:
 - (1) Standard and Poor's Corporation Records (including the Daily News Section);
 - (2) Best's Insurance Reports Life-Health;
 - (3) Mergent's Bank and Finance Manual and News Reports;
 - (4) Mergent's Industrial Manual and News Reports;
 - (5) Mergent's Public Utility Manual and News Reports;
 - (6) Mergent's Transportation Manual and News Reports;
 - (7) Mergent's Municipal and Government Manual and News Reports;
 - (8) Mergent's International Manual and News Reports; and
 - (9) Mergent's OTC Industrial Manual and News Reports, provided however, that Mergent's OTC Industrial News Reports are recognized solely for the purpose of updating a current listing in the OTC Industrial Manual. A registered dealer who, between the date of the last publication of Mergent's OTC Industrial Manual and the effective date of this rule, relies upon a listing in the Mergent's OTC Industrial News Reports to comply with §5.O of the Act may continue to rely upon such listing until the publication date of the next Mergent's OTC Industrial Manual, which follows the effective date of this rule.
- (f) The secondary trading exemption under the Act, §5.O, is not available for the securities of an issuer formed in a manner that constitutes part of a scheme to violate or evade the securities registration provisions of the Act. Depending upon all the facts and circumstances, such a scheme may include the merger of a private

corporation with a corporation which has no substantive operations or assets ("shell corporation") when as a result of the merger trading in the secondary market of the shares of the post-merger corporation may be at prices which bear no relationship to the underlying financial condition or operations of the post-merger corporation, and such trading may occur within two years of the date of such merger.

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Utah Uniform Securities Act

61-1-14(2)(b) any nonissuer transaction in an outstanding security, if as provided by rule of the division:

- (i) information about the issuer of the security as required by the division is currently listed in a securities manual recognized by the division, and the listing is based upon such information as required by rule of the division; or
- (ii) the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three preceding fiscal years, or during the existence of the issuer and any predecessors if less than three years, in the payment of principal, interest, or dividends on the security;

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Utah Securities Rules

R164-14-2b. Manual Listing Exemption.

(A) Authority and purpose

- (1) The Division enacts this rule under authority granted by Subsection 61-1-14(2)(b) and Section 61-1-24.
- (2) The rule specifies recognized securities manuals.
- (3) The rule prescribes the information upon which each listing must be based to qualify for the exemption.
- (4) The rule sets forth the exclusive method of claiming the transactional exemption contained in Subsection 61-1-14(2)(b).
 - (a) Except as provided in Paragraph (H), the exemption is not self-executing and may not be relied upon until the Division confirms the exemption as provided below.
 - (b) A confirmation may only be requested by a broker-dealer licensed with the Division or by the issuer of the securities for which the exemption is sought.

(B) Definitions

- (1) "Blank-check company" means a development stage company that:
 - (a) has no business plan or purpose;
 - (b) has not fully disclosed its business plan or purpose; or
 - (c) has only indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.
- (2) "Blind-pool company" means a development stage company that has generally disclosed its business plan or purpose, but such business plan or purpose has not identified specific properties or products to be purchased, constructed or developed.
- (3) "Confirmation" means written confirmation of the exemption from registration from the Division.
- (4) "Development stage company" means a company that is devoting substantially all of its efforts to acquiring or establishing a new business and either of the following conditions exists:
 - (a) planned principal operations have not commenced; or
 - (b) planned principal operations have commenced, but there has been no significant revenues therefrom.
- (5) "Division" means the Division of Securities, Utah Department of Commerce.
- (6) "Dormant company" means a company which does not pursue nor has the financial capacity to pursue a business plan or purpose, whether or not it is a development stage company.
- (7) "Exemption" means the exemption provided in Subsection 61-1-14(2)(b) of the Act.
- (8) "Financial statements" means a balance sheet, an income statement or statement of operations, a statement of cash flows, a statement of stockholders' equity, if a corporation or partners' capital, if a partnership, and appropriate notes to the financial statements.
- (9) "Shell company" means a company which does not pursue nor has the financial capacity to pursue a business plan or purpose, whether or not it is a development stage company.

- (10) "Significant change" means any change involving a reorganization, merger, acquisition, or other change which causes the issuer to increase its issued and outstanding shares of stock by at least 40% of the issued and outstanding shares before the change.
- (C) Recognized securities manuals
- (1) The Division recognizes the following securities manuals:
 - (a) Standard and Poor's Corporation Records
 - (b) Mergent's Industrial Manual
 - (c) Mergent's Bank and Finance Manual
 - (d) Mergent's Transportation Manual
 - (e) Mergent's OTC Industrial Manual
 - (f) Mergent's Public Utility Manual
 - (g) Mergent's OTC Unlisted Manual
 - (h) Mergent's International Manual
- (D) Information upon which listing must be based
- (1) A listing must be based upon the following information, which must be filed with the selected recognized securities manual:
 - (a) the issuer's name, current street and mailing address and telephone number;
 - (b) the names and titles of the executive officers and members of the board of directors of the issuer;
 - (c) a description of the issuer's business;
 - (d) the number of shares of each class of stock outstanding at the balance sheet date; and
 - (e) the issuer's annual financial statements as of a date within 18 months which have been prepared in accordance with generally accepted accounting principles, and audited by an independent certified public accountant who has issued an unqualified opinion; if the issuer has been organized for less than one year, the financial statements must be for the period from inception.
- (E) Confirmation requirement
- (1) Except as provided in Paragraph (H), confirmation must be obtained prior to relying upon the exemption.
 - (2) A request for confirmation must include:
 - (a) all information filed with the selected recognized securities manual;
 - (b) a copy of the listing with the recognized securities manual which is based upon the information filed under paragraph (D); and
 - (c) a filing fee as specified in the Division's fee schedule.
 - (3) In response to a request for confirmation which complies with this rule, the Division will issue a letter confirming the exemption.
 - (4) The Division will issue a copy of the letter confirming the exemption to any person so requesting in writing or in person for the cost of the photocopying, and mailing if necessary.
- (F) Term of exemption
- (1) Except as provided in Subparagraph (F)(2), the exemption becomes effective on the date confirmed by the Division.
 - (2) The exemption for the securities of an issuer which qualify under Paragraph (H) becomes effective on the date a listing, based upon the information required under Paragraph (D), is published in a recognized securities manual.
 - (3) The exemption shall expire upon the earliest of:
 - (a) A date 18 months from the date of the annual financial statements required under paragraph (D);
 - (b) The date of a new annual issue or edition of the recognized securities manual which does not contain a listing based upon the information required under paragraph (D);
 - (c) A date 45 calendar days from a change in the Chairman of the Board of Directors or a change in any two other members of the Board of Directors unless the recognized securities manual has published this information within the 45 days; or
 - (d) A date 90 calendar days after a significant change in the issuer unless the recognized securities manual has published, at a minimum, an audited balance sheet and income statement reflecting the significant change within the 90 days.
- (G) Blank-check, blind-pool, dormant, or shell company
- (1) The exemption is not available to a blank-check, blind-pool, dormant, or shell company which has not previously registered its securities with the Division.

- (2) A company which has not previously registered its securities with the Division which, within the past three fiscal years of the company, has merged with or been acquired by a blank-check, blind-pool, dormant, or shell company, which has not previously registered its securities with the Division, must file:
 - (a) with the recognized securities manual, the information required under paragraph (D), as to all parties to such transaction;
 - (b) with the Division, the shareholders list reflecting the initial public offering of the blank-check, blind-pool, dormant or shell company; and
 - (c) with the Division, the shareholders list of the company, current within thirty days of the request for confirmation of the exemption.
- (H) Exceptions to confirmation requirement
 - (1) Confirmation prior to relying upon the exemption shall not be required for any security if at the time of the transaction:
 - (a) the security is sold at a price reasonably related to the current market price of such security;
 - (b) the security does not constitute the whole or part of an unsold allotment to, or subscription or participation by, a broker-dealer as an underwriter of the security;
 - (c) the security has been outstanding in the hands of the public for at least 90 days;
 - (d) the issuer of the security is a going concern, actually engaged in business and is not in the development stage, in bankruptcy or receivership;
 - (e) the issuer of the security has been in continuous operation for at least five years; and
 - (f) the information required by Paragraph (D) is contained in a recognized securities manual listed in Paragraph (C).

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Vermont Securities Act

9-150-5202(2) Manual Exemption. a nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter and a resale transaction by a sponsor of a unit investment trust registered under 15 U.S.C. § 80a-1 et seq. in a security of a class that has been outstanding in the hands of the public for at least 90 days, if, at the date of the transaction:

- (A) the issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with or an acquisition of an unidentified person;
- (B) the security is sold at a price reasonably related to its current market price;
- (C) the security does not constitute the whole or part of an unsold allotment to or a subscription or participation by the broker-dealer as an underwriter of the security or a redistribution;
- (D) a nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the Securities and Exchange Commission that is publicly available contains:
 - (i) a description of the business and operations of the issuer;
 - (ii) the names of the issuer's executive officers and the names of the issuer's directors, if any;
 - (iii) an audited balance sheet of the issuer as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and
 - (iv) an audited income statement for each of the issuer's two immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and
- (E) any one of the following requirements is met:
 - (i) the issuer of the security has a class of equity securities listed on a national securities exchange registered under 15 U.S.C. § 78a(6) or designated for trading on the National Association of Securities Dealers Automated Quotation System;
 - (ii) the issuer of the security is a unit investment trust registered under 15 U.S.C. § 80a-1 et seq.;

- (iii) the issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or
- (iv) the issuer of the security has total assets of at least \$2,000,000.00 based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization;

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9-150-5202(23) Foreign Securities Exemption. a nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this subdivision or by rule adopted or order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than 180 days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this subdivision or by rule adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this subdivision, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **The Toronto Stock Exchange, Inc., is a designated securities exchange.** After an administrative hearing in compliance with chapter 25 of Title 3 (Administrative Procedure Act), the commissioner, by rule adopted or order issued under this chapter, may revoke the designation of a securities exchange under this subdivision, if the commissioner finds that revocation is necessary or appropriate in the public interest and for the protection of investors. (Added 2005, No. 11, § 1, eff. July 1, 2006.)

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Washington Securities Act

RCW 21.20.320(2) Any nonissuer transaction by a registered salesperson of a registered broker-dealer, and any resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940 pursuant to any rule adopted by the director.

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Washington Securities Regulations

WAC 460-44A-100 - Any nonissuer transaction by a registered salesperson of a registered broker-dealer, and any resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least ninety days shall be exempt pursuant to RCW 21.20.320(2) provided that, at the time of the transaction:

- (1) The issuer of the security is actually engaged in business and not in the organizational stage, bankruptcy, or receivership;
- (2) The issuer is not a blank check, blind pool or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person or persons;
- (3) The security is sold at a price reasonably related to the current market price of the security;
- (4) The security does not constitute all or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;
- (5) A nationally recognized securities manual designated by the director pursuant to WAC 460-10A-160 or a document filed with and publicly available through the U.S. Securities & Exchange Commission's Electronic Data Gathering and Retrieval System (EDGAR) contains:
 - (a) A description of the business and operations of the issuer;
 - (b) The names of the issuer's officers and the names of the issuer's directors, if any, or, in the case of a non-U.S. issuer, the corporate equivalents of such persons in the issuer's country of domicile;
 - (c) An audited balance sheet of the issuer as of a date within eighteen months or, in the case of a reorganization or merger where parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; and

- (d) An audited income statement for each of the issuer's immediately preceding two fiscal years, or for the period of existence of the issuer, if in existence for less than two years or, in the case of a reorganization or merger where the parties to the reorganization or merger had such audited income statement, a pro forma income statement; and
- (6) The issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934, or designated for trading on the National Association of Securities Dealers Automated Quotation System (NASDAQ), unless:
 - (a) The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;
 - (b) The issuer of the security has been engaged in continuous business (including predecessors) for at least three years; or
 - (c) The issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within eighteen months or, in the case of a reorganization or merger where parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet.

WAC 460-10A-160 Nationally recognized securities manual. For the purpose of WAC 460-44A- 100, "Nationally recognized securities manual" shall mean: Fitch Investors Service, Moodys Investors Service, and Standard and Poor's Corporation Records.

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WAC 460-42A-081 Exchange and national market system exemption.

- (1) Any securities listed or designated, or approved for listing or designation upon notice of issuance, on (a) the New York Stock Exchange, (b) the American Stock Exchange, (c) the NASDAQ/NMS interdealer quotation system pursuant to the Memorandum of Understanding between the North American Securities Administrators Association (NASAA) and the National Association of Securities Dealers (NASD) adopted April 28, 1990, (d) the Chicago Board Options Exchange pursuant to the Memorandum of Understanding between NASAA and the Chicago Board Options Exchange dated May 30, 1991, (e) Tier I on the Pacific Stock Exchange pursuant to the Memorandum of Understanding between NASAA and the Pacific Stock Exchange dated October 12, 1994, or (f) Tier I on the Philadelphia Stock Exchange pursuant to the Memorandum of Understanding between NASAA and the Philadelphia Stock Exchange dated October 12, 1994, any other security of the same issuer which is of senior or substantially equal rank, any security called for by subscription rights or warrants so listed or approved, or any warrant or right to purchase or subscribe to any of the foregoing is exempt under RCW 21.20.310(8).
- (2) For the purposes of nonissuer transactions only, any security listed or approved for listing upon notice of issuance on (a) the NASDAQ/NMS interdealer quotation system, (b) the New York Stock Exchange, (c) the American Stock Exchange, (d) the Chicago Stock Exchange, (e) the Chicago Board Options Exchange, (f) the Pacific Stock Exchange, (g) the Philadelphia Stock Exchange, or any other stock exchange registered with the federal securities and exchange commission and approved by the director; any other security of the same issuer which is of senior or substantially equal rank; any security called for by subscription rights or warrants so listed or approved; or any warrant or right to purchase or subscribe to any of the foregoing, is exempted under RCW 21.20.310(8).
- (3) (a) For the purposes of nonissuer transactions only, any security meeting the following requirements is exempted under RCW 21.20.310(8):
 - (i) The issuer of the security is a reporting issuer in a foreign country or jurisdiction designated in (b) of this subsection, or by rule or order of the director, and has been subject to continuous reporting requirements in such foreign country for not less than one hundred eighty days before the transaction; and
 - (ii) The security is listed on such foreign country's securities exchange which has been designated in (b) of this subsection, or by rule or order of the director, or is a security of the same issuer which is of senior or substantially equal rank to such listed security or is a warrant or right to purchase or subscribe to any of the foregoing.
- (b) For purposes of (a) of this subsection, Canada together with its provinces and territories is a designated foreign jurisdiction and **the Toronto Stock Exchange is a designated securities exchange.**
- (4) The director may by order withdraw the exemptions provided by subsection (1), (2), or (3) of this section as to an exchange or interdealer quotation system or a particular security when necessary in the public interest for the protection of investors.

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WAC 460-42A-082 World class foreign issuer exemption.

- (1) Any security meeting all of the following conditions is exempted under RCW 21.20.310(8):
 - (a) The securities are:
 - (i) Equity securities except options, warrants, preferred stock, subscription rights, securities convertible into equity securities or any right to subscribe to or purchase such options, warrants, convertible securities or preferred stock;
 - (ii) Units consisting of equity securities permitted by (a)(i) of this subsection and warrants to purchase the same equity security being offered in the unit;
 - (iii) Nonconvertible debt securities that are rated in one of the four highest rating categories of Standard and Poor's, Moody's, Dominion Bond Rating Services of Canadian Bond Rating Services or such other rating organization which the administrator by rule or order may designate. For purposes of this subsection (1)(a)(iii) of this section, nonconvertible debt securities means securities that cannot be converted for at least one year from the date of issuance and then only into equity shares of the issuer or its parent; or
 - (iv) American Depository receipt representing securities described in (a)(i), (ii) or (iii) of this subsection.
 - (b) The issuer is not organized under the laws of the United States, or of any state, territory or possession of the United States, or of the District of Columbia or Puerto Rico.
 - (c) The issuer, at the time an offer or sale is made under this subsection, has been a going concern engaged in continuous business operations for the immediate past five years and during that period, has not been the subject of a proceeding relating to insolvency, bankruptcy, involuntary administration, receivership or similar proceeding. For purposes of this subsection (1)(c) of this section, the operating history of any predecessor that represented more than fifty percent of the value of the assets of the issuer that otherwise would have met the conditions of this section may be used toward the five year requirement.
 - (d) The issuer, at the time an offer or sale is made under this subsection (1)(d) of this section, has public float of one billion dollars (United States) or more.
 - (e) The market value of the issuer's equity shares, at the time an offer or sale is made under this subsection, is three billion dollars (United States) or more.
 - (f) The issuer, at the time an offer or sale is made under this subsection (1)(f) of this section, has a class of equity securities listed for trading on or through the facilities of a foreign securities exchange or recognized foreign securities market included in Rule 902 (a)(1) or successor rule promulgated under the Securities Act of 1933 or designated by the U.S. Securities and Exchange Commission under Rule 902 (a)(2) promulgated under the Securities Act of 1933.
- (2) For purposes of this section:
 - (a) "Public float" means the market value of all outstanding equity shares owned by nonaffiliates
 - (b) "Equity shares" means common shares, nonvoting equity shares and subordinate or restricted voting equity shares, but does not include preferred shares.
 - (c) An "affiliate" of a person is anyone who beneficially owns, directly or indirectly, or exercises control or direction over, more than ten percent of the outstanding equity shares of such person.

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West Virginia Uniform Securities Act

32-4-402(b)(2) Any nonissuer distribution of an outstanding security if: (A) A recognized securities manual contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date within eighteen months, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations; or (B) the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three preceding fiscal years, or during the existence of the issuer and any predecessors if less than three years, in the payment of principal, interest or dividends on the security;

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West Virginia Administrative Regulations

32-15.02 Recognized Securities Manuals

The Commissioner recognizes the following securities manuals under §32-4-402(b)(2)(A) of the Code of West Virginia: Moody's Industrial Manual Moody's Transportation Manual Moody's Public Utility Manual Moody's Bank and Finance Manual Moody's Municipal and Government Manual Moody's OTC Industrial Manual Standard & Poor's Corporation Reports Best's Life Insurance Reports Best's Insurance Reports (Fire & Casualty) See Merchant's Order # 00-1254

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Wisconsin Securities Act

480-551.202(2) Manual Exemption. A nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days if, at the date of the transaction, all of the following apply:

- (a) The issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person.
- (b) The security is sold at a price reasonably related to its current market price.
- (c) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution.
- (d) A nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the Securities and Exchange Commission that is publicly available contains all of the following:
 1. A description of the business and operations of the issuer.
 2. The names of the issuer's executive officers and the names of the issuer's directors, if any.
 3. An audited balance sheet of the issuer as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization.
 4. An audited income statement for each of the issuer's 2 immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement.
- (e) Any of the following requirements is met:
 1. The issuer of the security has a class of equity securities listed on a national securities exchange registered under section 6 of the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System.
 2. The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940.
 3. The issuer of the security, including its predecessors, has been engaged in continuous business for at least 3 years.
 4. The issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization.

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9-150-5202(23) Foreign Securities Exemption. A nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this subsection or by rule adopted or order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than 180 days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this subsection or by rule adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal

rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this subsection, Canada, together with its provinces and territories, is a designated foreign jurisdiction and **The Toronto Stock Exchange, Inc. and the TSX Venture Exchange, Inc. are designated securities exchanges.** After an administrative hearing in compliance with ch. 227, the administrator, by rule adopted or order issued under this chapter, may revoke the designation of a securities exchange under this subsection, if the administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors.

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Chapter DFI-SEC of the Wisconsin Administrative Code

DFI-Sec 2.02(9)(d) For purposes of the registration exemption in s. 551.202 (2), Stats., any Standard & Poor's, Mergent or Fitch securities manual that contains, in whatever format, the information specified in s. 551.202 (2) (d) 1. to 4., Stats., is designated as a "nationally recognized securities manual" under s. 551.202 (2) (d), Stats.

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Wyoming Securities Act

17-4-114(b)(ii) Any nonissuer distribution of an outstanding security if:

- (A) A recognized securities manual contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date within eighteen (18) months, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations; or
- (B) The security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three (3) preceding fiscal years, or during the existence of the issuer and any predecessors if less than three (3) years, in the payment of principal, interest, or dividends on the security.

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Wyoming Securities Regulations

6-(2)(b) Standard and Poors, Moodys, Fitch or Value Line publications containing information specified by the statutory exemption are recognized manuals for the purpose of claiming exemption under W.S. §17-4-114 (b) (ii).

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	<p>Venture Law Corporation 618 - 688 West Hastings Street Vancouver, BC V6B 1P1 Phone: 604-659-9188 Fax: 604-659-9178 E-mail Us</p>
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