
Rules of Elected Officials

Division 30—Secretary of State

Chapter 54—Exemptions and Federal Covered Securities

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Title 15—ELECTED OFFICIALS
Division 30—Secretary of State
Chapter 54—Exemptions and Federal
Covered Securities

15 CSR 30-54.010 General

PURPOSE: This rule prescribes general policies and procedures applicable to exemptions from the registration of securities.

(1) The commissioner may render interpretative opinions upon the request of applicants with respect to the availability of any exemption (section 409.414(e) of the Missouri Uniform Securities Act (the Act)). For fees, see 15 CSR 30-50.030. The opinions of the commissioner do not constitute any approval of the securities or transactions concerned and it is unlawful for an applicant to represent to any prospective purchaser, customer or client that the commissioner has announced approval (section 409.405, RSMo).

(2) The burden of proof that the offer and sale of large blocks of securities by any person or of any securities by controlling persons (15 CSR 30-50.010(1)(H)) is not directly or indirectly for the benefit of the issuer and therefore eligible for the nonissuer exemptions of section 409.402(b)(1), (2), (13), (14) or (15) of the Act, is upon the person claiming the exemption (section 409.402(f), RSMo). For purposes of this rule, sales of securities in accordance with rule 144 or any similar rule promulgated under the Securities Act of 1933 are deemed to be not directly or indirectly for the benefit of the issuer.

(3) All issuers who effect sales of securities pursuant to the exemptions specified in section 409.402(a)(9) and (11), and 409.402(b)(10) and (11) of the Act, if the notice required by clause (b)(11)(B) of the Act or 15 CSR 30-54.140 is filed, shall preserve the following records during the period of six (6) years following the completion of the sales:

(A) A copy of the application for the exemption and all exhibits to the application;

(B) A copy of all literature by which the issuer made disclosure to offerees of the offers for sale;

(C) Original copies of all communications received and copies of all communications sent by the issuer pertaining to the offer, sale and transfer of the securities, including purchase agreements and confirmations; and

(D) A list of the names and addresses of all persons to whom the securities were sold, the type and amount of securities sold to each, the consideration paid or promised by each,

the method of payment, for example, cash, check, property, services, note and the name of each person(s) who represented the issuer in effecting each sale.

AUTHORITY: sections 409.307, 409.413(a) and 409.414(e), RSMo 2000 and 409.402, RSMo Supp. 2002. Original rule filed June 25, 1968, effective Aug. 1, 1968. Amended: Filed May 21, 1969, effective Aug. 1, 1969. Amended: Filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974. Amended: Filed Dec. 19, 1975, effective Dec. 31, 1975. Amended: Filed Feb. 18, 2003, effective Aug. 30, 2003.*

**Original authority: 409.307, RSMo 1997; 409.413, RSMo 1967; and 409.414, RSMo 1967, amended 1978, 1986.*

15 CSR 30-54.015 Notice Filings for Investment Companies

PURPOSE: This rule prescribes the notice to be filed for investment companies as federal covered securities.

(1) The initial notice required under section 409.307(a), RSMo to be filed for an open-end or closed-end investment company, unit investment trust or face amount certificate company, as those persons are classified in the Investment Company Act of 1940 shall consist of the following:

(A) The Uniform Investment Company Notice Filing Form (Form NF) and accompanying documents;

(B) Form U-2, Consent to Service of Process; and

(C) The fee described in 15 CSR 30-50.030.

(2) No documents filed by investment companies with the Securities and Exchange Commission (SEC) need to be filed with the notice described in section (1) above.

(3) Annual Sales Report or Termination. For open-end investment companies or face amount certificate companies, the following notice shall be filed with the division when applicable:

(A) An annual sales report on the Form NF and the fee described in 15 CSR 30-50.030 within sixty (60) days of the company's fiscal year end; or

(B) A termination notice on the Form NF and the fee described in 15 CSR 30-50.030.

(4) Final Sales Report for Unit Investment Trusts. The final sales report for unit investment trusts shall be on the Form NF and include the fee described in 15 CSR 30-50.030. This notice needs to be filed with the division on the completion of the offering in Missouri.

(5) Renewals. The annual renewal for closed-end investment companies shall consist of the Form NF and a one hundred dollar (\$100) filing fee. This notice needs to be filed with the division within thirty (30) days of the anniversary of the company's effective date in Missouri.

(6) Amendments. During the period of the offering, the investment company shall take steps necessary to insure that all material information contained in the notice remains current and accurate.

AUTHORITY: sections 409.307 and 409.413(a), RSMo 2000. Original rule filed Feb. 18, 2003, effective Aug. 30, 2003.*

**Original authority: 409.307, RSMo 1997 and 409.413, RSMo 1967.*

15 CSR 30-54.020 Government Issued or Guaranteed Securities

PURPOSE: This rule prescribes policies and procedures applicable to filings for the exemption of government issued or guaranteed securities.

(1) Any request filed with respect to the availability of the exemption specified in section 409.402(a)(1) or (2) of the Missouri Uniform Securities Act (the Act) shall be accompanied by all available opinions and other documentation of governmental authorities supporting or relating to the availability of a like exemption in or under the issuer or guarantor.

(2) Any security (including a revenue obligation), for the purposes of section 409.402(a)(1) of the Act, shall be construed to include loan or lease arrangement guarantees, as well as revenue obligations to which they relate.

(3) Any guarantee of security exempt from registration pursuant to section 409.402(a)(1) of the Act is also exempt.

AUTHORITY: sections 409.402(a)(1) and (2), and 409.413(a), RSMo 1986. Original rule filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15,*

1974, effective Nov. 25, 1974. Amended: Filed Dec. 19, 1975, effective Dec. 31, 1975. Amended: Filed Dec. 22, 1987, effective Aug. 11, 1988.

**Original authority: 409.402(a)(1) and (2), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.030 Bank, Savings Institution or Trust Company Securities

PURPOSE: This rule prescribes policies and procedures applicable to filings for the exemption of bank, savings institution or trust company securities.

(1) Any request filed with respect to the availability of the exemption specified in section 409.402(a)(3) of the Missouri Uniform Securities Act (the Act) shall be accompanied by documentation establishing that the issuer or guarantor is organized and supervised under the laws of the state concerned.

(2) Any security issued by and representing an interest in or a debt of, or guaranteed by any branch or agency of a foreign bank located in the United States qualifies for the exemption specified in section 409.402(a)(3) of the Act provided that the nature and extent of federal and state regulation and supervision of the branch or agency is substantially equivalent to that applicable to federal and state-chartered domestic banks doing business in that jurisdiction.

*AUTHORITY: sections 409.402(a)(3) and 409.413(a), RSMo 1986. *Original rule filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974. Amended: Filed March 27, 1989, effective June 12, 1989.*

**Original authority: 409.402(a)(3), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.040 Federal Savings and Loan Association or State Building and Loan or Similar Association Securities

PURPOSE: This rule prescribes policies and procedures applicable to filings for the exemption of securities of federal savings and loan associations and state building and loan or similar associations.

(1) Any request filed with respect to the availability of the exemption specified in section 409.402(a)(4) of the Missouri Uniform Securities Act (the Act) shall be accompanied by documentation establishing that the issuer or guarantor has the requisite status.

(2) A building and loan or similar association, for the purposes of the exemption specified in section 409.402(a)(4) of the Act, means an association subject to Chapter 369, RSMo (Savings and Loan Associations).

*AUTHORITY: sections 409.402(a)(4) and 409.413(a), RSMo 1986. *Original rule filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974.*

**Original authority: 409.402(a)(4), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.050 Railroad, Other Common Carrier, Public Utility and Holding Company Securities

PURPOSE: This rule prescribes policies applicable to the exemption of securities of railroads, other common carriers, public utilities and holding companies.

(1) A common carrier, for the purposes of section 409.402(a)(7) of the Missouri Uniform Securities Act (the Act), shall be construed to include a contract carrier (section 3(a)(6), Securities Act of 1933; Section 214, Interstate Commerce Act, as amended).

(2) Any individual who represents an issuer of a security exempted by section 409.402(a)(7) of the Act in effecting transactions listed in that section, other than—transactions exempted by section 409.402(b) of the Act; transactions with existing employees, partners or directors of the issuer with no commission or other remuneration being paid or given directly or indirectly for soliciting any person in Missouri; or transactions in securities subject to section 20a, Interstate Commerce Act, is an agent (section 409.401(b) of the Act) and is required to be registered as an agent (section 409.201(a), RSMo).

*AUTHORITY: sections 409.402(a)(7) and 409.413(a), RSMo 1986. *Original rule filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974.*

**Original authority: 409.402(a)(7), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.060 Stock Exchange Listed Securities

PURPOSE: This rule prescribes policies applicable to the exemption on approved stock exchanges of securities listed or approved for listing upon notice of issuance.

(1) Stock exchanges specified by or approved under section 409.402(a)(8) of the Missouri Uniform Securities Act (the Act) are as follows:

- (A) The Chicago Stock Exchange;
- (B) The Chicago Board Options Exchange;
- (C) Tier I or II of the Pacific Stock Exchange; and
- (D) Tier I of the Philadelphia Stock Exchange, Inc.

(2) Any individual who represents an issuer of a security exempted by section 409.402(a)(8), RSMo in effecting transactions listed in that section, other than in transactions exempted by section 409.402(b), RSMo or in transactions with existing employees, partners or directors of the issuer with no commission or other remuneration being paid or given directly or indirectly for soliciting any person in Missouri, is an agent (section 409.401(b), RSMo) and is required to be registered as an agent (section 409.201(a), RSMo).

*AUTHORITY: sections 409.402(a)(8), RSMo Supp. 2002 and 409.413(a), RSMo 2000. *Original rule filed June 25, 1968, effective Aug. 1, 1968. Amended: Filed May 21, 1969, effective Aug. 1, 1969. Amended: Filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974. Amended: Filed Sept. 25, 1991, effective Feb. 6, 1992. Amended: Filed Dec. 1, 1994, effective June 30, 1995. Amended: Filed Feb. 18, 2003, effective Aug. 30, 2003.*

**Original authority: 409.402, RSMo 1967, amended 1977, 1978, 1986, 2002 and 409.413, RSMo 1967.*

15 CSR 30-54.070 NASAA Statements of Policy (Exemptions)

PURPOSE: This rule promotes uniformity with other states and prescribes the guidelines to be applied to notice filings for securities or transactions that are exempt from registration.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the

entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) The Securities Division will apply the applicable statement of policy adopted by the North American Securities Administrators Association, Inc. (NASAA) when reviewing notice filings for securities or transactions that are exempt from registration.

(2) The following statements of policy are hereby adopted by reference:

(A) Church Bonds as adopted by NASAA on April 14, 2002; and

(B) Guidelines for General Obligations Financing by Religious Denominations as adopted by NASAA on April 17, 1994.

(3) The division will apply the applicable NASAA statement of policy specified in section (2) above when reviewing notification filings for securities exempt under section 409.402(a)(9), RSMo.

(4) Cross-Reference Sheet. If requested by the Securities Division, a notice filing shall include a cross-reference table to indicate compliance with, or deviation from, the various sections of the applicable statement of policy.

AUTHORITY: sections 409.402(a)(9), RSMo Supp. 2002 and 409.413(a), RSMo 2000. Original rule filed June 25, 1968, effective Aug. 1, 1968. Amended: Filed May 21, 1969, effective Aug. 1, 1969. Amended: Filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed June 3, 1974, effective June 17, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974. Amended: Filed Dec. 19, 1975, effective Dec. 31, 1975. Amended: Filed Oct. 15, 1987, effective Jan. 29, 1988. Rescinded and Readopted: Filed Feb. 18, 2003, effective Aug. 30, 2003.*

**Original authority: 409.402, RSMo 1967, amended 1977, 1978, 1986, 2000 and 409.413, RSMo 1967.*

15 CSR 30-54.080 Commercial Paper Securities

PURPOSE: This rule prescribes policies applicable to the exemption of certain commercial paper.

(1) The commercial paper exempted by section 409.402(a)(10) of the Missouri Uniform Securities Act (the Act) applies to notes, drafts, bills of exchange and similar securities which are offered in commercial transactions through broker-dealers, banks and other financial institutions purchasing paper for their own account or for the accounts of their customers. The exemption is not available for the unregistered offering of promissory or collateral trust notes or similar evidences of debt of any issuer directed to the public through public advertising or by means of solicitations directed to the issuer's customers.

AUTHORITY: sections 409.402(a)(10) and 409.413(a), RSMo 1986. Original rule filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974.*

**Original authority: 409.402(a)(10), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.090 Employees' Benefit Plan Securities

PURPOSE: This rule prescribes policies and procedures applicable to the exemption of investment contracts issued in connection with certain employees' benefit plans.

(1) The notification in writing to the commissioner pursuant to section 409.402(a)(11) of the Missouri Uniform Securities Act (the Act) shall consist of the following:

(A) A copy of the plan or an accurate summary of the plan;

(B) A description of the method by which full disclosure of the material facts will be made (sections 409.101 and 409.411(a)(2), RSMo);

(C) Copies of any supplemental advertising material;

(D) A statement of any options or grants which have been made to date under the plan;

(E) Consent to service of process (Form S-B or U-2) required by section 409.415(g) of the Act; and

(F) An assurance that the commissioner will be notified of any material change or amendment to the plan. The notice clearly

shall indicate the changes by a marked copy of the plan.

(2) Employee stock option plans are considered eligible for the exemption of section 409.402(a)(11) of the Act.

(3) Noncontributory plans are not considered to involve an investment contract within the meaning of sections 409.401(1) and 409.402(a)(11) of the Act.

(4) The notification shall be accompanied by the fee prescribed in 15 CSR 30-50.030(2)(E).

AUTHORITY: sections 409.402(a)(11) and 409.413(a), RSMo 1986. Original rule filed June 25, 1968, effective Aug. 1, 1968. Amended: Filed May 21, 1969, effective Aug. 1, 1969. Amended: Filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974. Amended: Filed Dec. 19, 1975, effective Dec. 31, 1975.*

**Original authority: 409.402(a)(11), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.100 Manual Exemption

PURPOSE: This rule prescribes recognized securities manuals and policies applicable to nonissuer distributions of securities of issuers reported in the manuals.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) For the purpose of the manual exemption (section 409.402(b)(2)(A) Missouri Uniform Securities Act (the Act)), the following securities manual(s) or portions of the manual(s) is recognized: *Fitch Rating Register*.

(2) The exemption specified in section 409.402(b)(2)(A) 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.

AUTHORITY: sections 409.402(b)(2)(A) and 409.413(a), RSMo 1986. * Original rule filed June 25, 1968, effective Aug. 1, 1968. Amended: Filed May 21, 1969, effective Aug. 1, 1969. Amended: Filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974. Amended: Filed Jan. 14, 1987, effective June 11, 1987. Amended: Filed March 27, 1989, effective June 12, 1989.

*Original authority: 409.402(b)(2)(A), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.

15 CSR 30-54.110 Unsolicited Order to Buy Exemption

PURPOSE: This rule prescribes procedures applicable to the exemption of nonissuer transactions effected by or through a registered broker-dealer pursuant to an unsolicited order to buy.

(1) Any purchaser acquiring a security pursuant to the exemption specified in section 409.402(b)(3) of the Missouri Uniform Securities Act shall acknowledge in writing that his/her order to buy was unsolicited; provided, that no such acknowledgment shall be required if the confirmation furnished the purchaser is clearly marked "Unsolicited Order" or the broker-dealer furnishes the purchaser before or concurrently with the delivery of the confirmation a memorandum stating that the transaction is based upon an unsolicited order to buy.

AUTHORITY: sections 409.402(b)(3) and 409.413(a), RSMo 1986. * Original rule filed June 25, 1968, effective Aug. 1, 1968. Amended: Filed May 21, 1969, effective Aug. 1, 1969. Amended: Filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974.

*Original authority: 409.402(b)(3), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.

15 CSR 30-54.120 Mortgage-Note Exemption

PURPOSE: This rule prescribes policies on the availability of the exemption of evidence

of indebtedness and the related security documents offered or sold as a unit.

(1) The exemption specified in section 409.402(b)(5) of the Missouri Uniform Securities Act shall not be considered to extend to any transaction in a security in the nature of an investment contract or profit-sharing agreement.

AUTHORITY: sections 409.402(b)(5) and 409.413(a), RSMo 1986. * Original rule filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974.

*Original authority: 409.402(b)(5), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.

5 CSR 30-54.125 Institutional Buyer Exemption

PURPOSE: This rule prescribes policies applicable to the exemption for any offer or sale to a financial institution or institutional buyer.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) A financial institution or institutional buyer within the meaning of section 409.402(b)(8) of the Missouri Uniform Securities Act (the Act) includes:

(A) An endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code;

(B) An issuer which has any class of securities registered under Section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary; and

(C) Any other corporation, partnership or association which has been in existence for ten (10) years or whose net assets exceed five hundred thousand dollars (\$500,000) and whose principal purpose as stated in its arti-

cles, bylaws or other organizational instrument is investing in securities.

(2) A pension or profit-sharing trust, within the meaning of section 409.402(b)(8) of the Act, means a trust the assets of which are managed by a bank or trust company or other institutional manager.

(3) Nothing in this rule shall be construed to exempt any offer or sale to a natural person or the individual retirement account (IRA) or self-directed Keogh plan of a natural person.

AUTHORITY: sections 409.402(b)(8) and 409.413(a), RSMo 1986. * Original rule filed June 2, 1986, effective Oct. 27, 1986.

*Original authority: 409.402(b)(8), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.

15 CSR 30-54.130 First Twenty-Five Persons Exemption

PURPOSE: This rule prescribes policies applicable to the availability to the issuer of securities of the transactional exemption in which persons interested in the issuer's securities do not exceed twenty-five and no commission and the like is paid.

(1) The persons specified in section 409.402(b)(9) of the Missouri Uniform Securities Act (the Act) may be resident or present either within or without Missouri.

(2) For the purpose of determining the number of persons who have any direct or indirect record of beneficial interest in securities of the issuer, there shall be included as many persons as there are record and beneficial owners of equity interests in any corporation, partnership, association, joint stock company, trust or unincorporated organization or other entity organized for the purpose of owning those securities of the issuer or which is merely a medium through or by which an individual invests or trades in securities and where that entity has no other substantial business. A tenancy by the entirety is one (1) person (*Cann v. M & B Drilling Company, Inc.*, 480 SW2d 81 (Mo. App. 1972)).

(3) The securities of section 409.402(b)(9) of the Act include any notes, bonds or other debt securities (section 409.401(1), RSMo), as well as stock, of the issuer's own issue.

(4) The transactions exempted by section 409.402(b)(9) of the Act are only those effected in Missouri (section 409.415(a)-(e), RSMo).

(5) Public advertising or solicitation, including the forms and types set forth in 15 CSR 30-53.010(3), of securities being offered for sale in transactions exempted by section 409.402(b)(9) of the Act, is prohibited.

*AUTHORITY: sections 409.402(b)(9) and 409.413(a), RSMo 1986. * Original rule filed June 25, 1968, effective Aug. 1, 1968. Amended: Filed May 21, 1969, effective Aug. 1, 1969. Amended: Filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974.*

**Original authority: 409.402(b)(9), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.140 Fifteen Transactions in Twelve Months Exemption

PURPOSE: This rule prescribes policies and procedures applicable to the availability to the issuer of securities of the transactional exemption in which no more than fifteen transactions may be effected during a twelve-month period, the buyer takes for investment and so acknowledges in writing and no commission and the like is paid.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) Only Missouri transactions (as set forth in section 409.415(a)–(e) of the Missouri Uniform Securities Act (the Act)) are counted toward the number of prior transactions permitted by clause (b)(10)(A). No notification is required under section 409.402(b)(10) of the Act if the transaction(s) concerned will not involve an increase in the number of prior transactions permitted by clause (b)(10)(A) or waiver of the conditions in clause (b)(10)(B) or (C) of section 409.402 of the Act. Provided, however, that no notification is required to obtain a waiver of clause (b)(10)(C) in order to pay a registered broker-dealer a

commission on a transaction that is equal to or less than ten percent (10%) of the amount of the transaction.

(2) If waiver of clause (A), (B) or (C) of 409.402(b)(10) of the Act is requested, the issuer shall notify the commissioner, in writing, prior to effecting any transaction except as provided in section (1).

(3) The notification required by section (2) shall include:

(A) Except in the instances of securities described in paragraphs (3)(A)1.–3. of this rule, the total number of all persons who are known to the issuer to have any direct or indirect record or beneficial interest in any securities of the issuer (see 15 CSR 30-54.130(2)) and the total number or amount, value and type of securities; and the name and address of those persons of the total number who were sold the securities in Missouri, the date of each sale, the number or amount and type of securities, the consideration furnished or to be furnished by each buyer, and the name of the seller (issuer or holder) and of the person(s) who represented the seller in effecting each transaction.

1. Securities of the same class as the securities involved in the proposed transactions which have been registered for sale under the laws of Missouri regulating the sale of securities (sections 409.301–409.306 of the Act).

2. Securities of the same class as the securities involved in the proposed transactions which have been lawfully sold in Missouri as a security exempt from registration (section 409.402(a) of the Act).

3. Securities of the same class as the securities involved in the proposed transactions which have been registered with the Securities and Exchange Commission (SEC) under Section 12 of the Securities Exchange Act of 1934 and the issuer files reports with the SEC pursuant to Section 13 of the Securities Exchange Act;

(B) The number of transactions effected by the issuer during the twelve (12)-month period ending with the date of the notification, if any, pursuant to paragraph (10), section 409.402(b) of the Act;

(C) The number of transactions proposed to be effected in Missouri, the name and address of each person with whom it is contemplated the transactions will be effected, if known, or the class(es) of persons intended as offerees, the type, number and price of the securities to be offered and statement of the specific use(s) to be made of the proceeds to be derived from the proposed transaction;

(D) A copy of the document by which full disclosure of material facts will be made to each offeree (sections 409.101 and 409.411(a)(2) of the Act). Submission of a prospectus, pamphlet, circular or similar literature making this disclosure normally will suffice for this purpose;

(E) Financial statements of the issuer prepared for the periods specified in section 409.304(b)(16) of the Act and, if not certified, verified by the person who prepared the financial statements that they were prepared in accordance with generally accepted accounting practices (section 409.413(c), RSMo) the verification showing the capacity or relationship of that person to the issuer. With respect to partnership securities, the balance sheet of the general partner(s) must be filed as well as financial statements of the partnership;

(F) Consent to service of process (Form S-B or U-2) executed by the issuer (section 409.415(g) of the Act);

(G) In the event of any request for an increase in the number of prior transactions permitted by clause (b)(10)(A) or for a waiver of the conditions in clause (b)(10)(B) or (b)(10)(C), section 409.402(b)(10) of the Act, justification for the increase or waiver. In the instance of clause (C), the justification shall include a copy of all agreements, executed and proposed, providing for the commission or other remuneration;

(H) If applicable, a copy of the investment letter proposed for use under clause (B), section 409.402(b)(10) of the Act. A suggested form is in 15 CSR 30-54.150;

(I) If applicable, an assurance that no commission or other remuneration has been or is to be paid or given to anyone for procuring or soliciting the proposed sale (clause (C), section 409.422(b)(10) of the Act);

(J) If applicable, an assurance of the issuer that certificates or other evidence of ownership representing the securities to be sold in Missouri will not be issued in multiple form and that each certificate or other evidence of ownership will bear on its face the following legend or other legend as the commissioner may require: These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933 and the applicable state securities laws, pursuant to registration or exemption from registration. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time;

(K) Assurance of the issuer that stop-transfer instructions will be issued to any transfer

agent in accordance with the assurance of subsection (3)(J);

(L) Assurance of the issuer that no public advertising or solicitation will be employed in effecting the proposed transactions (section (5));

(M) Assurance of the issuer that the proposed transactions will not be effected until receipt of a statement from the commissioner expressing no objection to reliance upon the exemption; and

(N) Assurance of the issuer that upon conclusion of the proposed transactions, the commissioner will receive a report of sales effected in Missouri. The report should include the name and address of the purchaser and the number of securities and dollar amount purchased.

(4) The notification shall be accompanied by the fee prescribed in 15 CSR 30-50.030(2)(E).

(5) Public advertising or solicitation, including the forms and types set forth in 15 CSR 30-53.010(3), of securities being offered for sale in transactions exempted by section 409.402(b)(10) of the Act, is prohibited.

*AUTHORITY: sections 409.402(b)(10) and 409.413(a), RSMo 1986. * Original rule filed June 25, 1968, effective Aug. 1, 1968. Amended: Filed May 21, 1969, effective Aug. 1, 1969. Amended: Filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974. Amended: Filed Dec. 19, 1975, effective Dec. 31, 1975. Amended: Filed Aug. 11, 1978, effective Feb. 11, 1979. Amended: Filed Oct. 16, 1986, effective Feb. 12, 1987. Amended: Filed Oct. 15, 1987, effective Jan. 29, 1988.*

**Original authority: 409.402(b)(10), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.150 Suggested Form of Investment Letter

PURPOSE: This rule suggests the form for compliance with the requirement of an investment undertaking in clause (B), section 409.402(b)(10), RSMo 1986.

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(Name and Address of Issuer)

Dear Sir:

This is a statement of my intention to purchase (description of securities) of the (issuer) knowing that said (securities) are not registered for offer or sale under the Missouri Uniform Securities Act (Chapter 409, RSMo).

Pursuant to clause (B), paragraph (10), subsection 409.402(b), Missouri Uniform Securities Act, I hereby represent that I am purchasing said (securities) solely for investment and do not intend to divide my participation with others or to resell or otherwise dispose of all or any part of said (securities) in Missouri. In making the foregoing representations I understand that the statutory exemption of paragraph (10), subsection 409.402(b), Missouri Uniform Securities Act, would not be available if, notwithstanding my said representation, I have in mind merely acquiring said (securities) for resale or other disposition upon the occurrence or nonoccurrence of some predetermined event.

I acknowledge that the (issuer) is relying on the statutory exemption of paragraph (10), subsection 409.402(b), Missouri Uniform Securities Act, basing his/her reliance in part on my said representations.

Further, I acknowledge that, unless said (securities) are registered under the Missouri Uniform Securities Act, I may not resell, hypothecate, transfer or assign or make other disposition of said (securities) in the state of Missouri, except in transactions exempted from the registration requirements of the Act.

I have received and examined financial statements of the (issuer) for the (period or periods) and (other data) which I consider sufficient to enable me to form a decision concerning my purchase.

(Name and Address of Purchaser)

*AUTHORITY: sections 409.402(b)(10) and 409.413(a), RSMo 1986. * Original rule filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974.*

**Original authority: 409.402(b)(10), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.160 Offers to Existing Security Holders Exemption

PURPOSE: This rule prescribes policies and procedures applicable to the availability to the issuer of securities of transactional exemptions in the case of offers to existing security holders.

(1) The offer pursuant to which any transaction may be eligible for the exemption specified in section 409.402(b)(11) of the Missouri Uniform Securities Act (the Act), without the written approval of the commissioner, shall not include offers which, separately or in conjunction with any prior or subsequent transactions, violate or have violated any provisions of the Act.

(2) Any notice filed pursuant to section 409.402(b)(11)(B) of the Act shall include a description of the method by which full disclosure of material facts will be made to each offeree (sections 409.101 and 409.411(a)(2), RSMo) and shall be accompanied by the consent to service of process (Forms S-B, U-2 and U-2A) required by section 409.415(g) of the Act and the fee prescribed in 15 CSR 30-50.030(2)(E).

*AUTHORITY: sections 409.402(b)(11) and 409.413(a), RSMo 1986. * Original rule filed July 21, 1972, effective Aug. 1, 1972. Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974. Amended: Filed Dec. 19, 1975, effective Dec. 31, 1975.*

**Original authority: 409.402(b)(11), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.170 Preeffective Offer Exemption

PURPOSE: This rule prescribes policies applicable to the availability of transactional exemptions to offers of securities as to which registration statements have been filed under both the Securities Act of 1933 and Chapter 409, RSMo.

(1) The exemption specified in section 409.402(b)(12) of the Missouri Uniform Securities Act (the Act) shall not be available to any offer made after the later of either effectiveness of registration under the Act or effectiveness of the registration statement filed under the Securities Act of 1933.

*AUTHORITY: sections 409.402(b)(12) and 409.413(a), RSMo 1986. * Original rule filed July 21, 1972, effective Aug. 1, 1972.*

Amended: Filed March 21, 1974, effective April 1, 1974. Amended: Filed Nov. 15, 1974, effective Nov. 25, 1974.

**Original authority: 409.402(b)(12), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.180 Securities and Exchange Commission Registration Nonissuer Exemption

(Rescinded February 11, 1979)

15 CSR 30-54.183 Exemption for Reporting Company Securities

PURPOSE: This rule prescribes the circumstances under which certain transactions in securities of reporting companies are exempted from the registration requirements of the Missouri Uniform Securities Act.

(1) The exemption specified in section 409.402(b)(15) of the Missouri Uniform Securities Act (the Act) shall be available only when the reports filed under Section 13 of the Act have been on file for a period of not less than ninety (90) days prior to the transaction.

*AUTHORITY: sections 409.402(b)(12) and 409.413(a), RSMo 1986. * Original rule filed Jan. 14, 1987, effective June 11, 1987.*

**Original authority: 409.402(b)(12), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.190 Agricultural Cooperative Association Securities

PURPOSE: This rule prescribes the timing and content of the notice filing for securities issued by an agricultural cooperative association that are to be exempt under the Act.

(1) Timing of the Notice Filing. The notice filing under section 409.402(a)(5) of the Act for securities issued by an agricultural cooperative association shall comply with the following:

(A) A notice filing by the issuer must be made with the commissioner at least thirty (30) days before the initial offer or sale of the securities.

(B) The notice filing for the securities that are exempt under 409.402(a)(5) is effective for one (1) year from the date that the securities were eligible to be offered or sold under the exemption.

(C) If the securities offering is not completed during the effective period, an issuer

can renew the notice filing by submitting to the commissioner a written request for renewal that includes any amendments to any documents filed with the notice filing and a fee of one hundred dollars (\$100). The renewal needs to be received by the commissioner at least thirty (30) days before the end of the one (1) year effective date.

(2) Content of the Notice Filing. A complete notice filing under the exemption of section 409.402(a)(5), RSMo shall consist of filing the following documents with the commissioner:

(A) A completed Form SE-1, Statement of Claim for the Exemption of Securities of a Cooperative Association;

(B) A completed Form U-2, Consent to Service of Process;

(C) A completed Form U-2A, Uniform Form of Corporate Resolution;

(D) A copy of the prospectus or offering document that shall have a minimum disclosure consisting of the following:

1. The name and address of the issuer;
2. The type of security being issued;
3. The total amount of securities being issued;
4. A risk factors section;
5. A description of the cooperative's business or proposed business including operations on a cooperative plan;
6. An itemized use of proceeds;
7. A plan of distribution section;
8. A summary of capitalization; and
9. Historical financial statements of the issuer for the past three (3) fiscal years or since the issuer's inception, whichever is shorter, that are in conformity with generally accepted accounting principles and have been reviewed by a certified public accountant. If the balance sheet in the above financial statements is more than one hundred twenty (120) days old on the date of making the notice filing or if the issuer has not completed its first fiscal year, an interim balance sheet not more than one hundred twenty (120) days old shall be included and in conformity with generally accepted accounting principles;

(E) A copy of the bylaws, operating agreement or similar document;

(F) A copy of any advertising materials or any summaries of the offering document to be used in the offer or sale of the securities in Missouri;

(G) A copy of any underwriting or selling agreements;

(H) A copy of the subscription agreement; and

(I) A filing fee of one hundred dollars (\$100).

*AUTHORITY: section 409.413, RSMo 2000. * Emergency rule filed Aug. 11, 1978, effective Aug. 23, 1978, expired Dec. 21, 1978. Original rule filed Aug. 11, 1978, effective Feb. 11, 1979. Emergency amendment filed April 6, 1983, effective April 16, 1983, expired Aug. 14, 1983. Rescinded and readopted: Filed April 6, 1983, effective July 11, 1983. Amended: Filed Oct. 15, 1987, effective Jan. 29, 1988. Rescinded: Filed Nov. 8, 2001, effective June 30, 2002. Readopted: Filed Nov. 1, 2001, effective June 30, 2002.*

**Original authority: 409.413, RSMo 1967.*

15 CSR 30-54.200 Transactional Exemption for Oil, Gas or Mining

(Rescinded November 11, 1984)

15 CSR 30-54.210 Notice Filings for Transactions under Regulation D, Rules 505 and 506

PURPOSE: This rule prescribes the policies and procedures applicable to transactions in Missouri under Regulation D, Rules 505 and 506.

(1) Rule 505.

(A) Pursuant to section 409.402(c), RSMo securities exempt under 17 CFR 230.505 are exempt from section 409.301, RSMo. As a condition of this exemption, the issuer shall comply with the requirements in section (3) below.

(B) Disqualification. The exemption under subsection (1)(A) is not available to an issuer if the issuer, any of the issuer's predecessors, any affiliated issuer, any of the issuer's directors, officers, general partners, beneficial owners of ten percent (10%) or more of any class of its equity securities, any of the issuer's promoters presently connected with the issuer in any capacity, any underwriter of the securities to be offered, or any partner, director or officer of such underwriter:

1. Within the last five (5) years, has filed a registration statement which is the subject of a currently effective registration stop order entered by any state securities administrator or the U.S. Securities and Exchange Commission;

2. Within the last five (5) years, has been convicted of any criminal offense in connection with the offer, purchase or sale of any security, or involving fraud or deceit;

3. Is currently subject to any state or federal administrative enforcement order or judgment, entered within the last five (5) years, finding fraud or deceit in connection with the purchase or sale of any security; or

4. Is currently subject to any order, judgment or decree of any court of competent jurisdiction, entered within the last five (5) years, temporarily, preliminary or permanently restraining or enjoining such party from engaging in or continuing to engage in any conduct or practice involving fraud or deceit in connection with the purchase or sale of any security.

(C) Subsection (1)(B) shall not apply if:

1. The party subject to the disqualification is licensed or registered to conduct securities related business in the state in which the order, judgment or decree creating the disqualification was entered against such party;

2. Before the first offer under this exemption, the state securities administrator, or the court or regulatory authority that entered the order, judgment, or decree, waives the disqualification; or

3. The issuer establishes that it did not know and in the exercise of reasonable care, based on a factual inquiry, could not have known that a disqualification existed under this subsection.

(2) Rule 506. The issuer shall file a notice under section 409.307(b), RSMo as stated in section (3) below.

(3) Notice Filings for Rules 505 and 506. The notice filing required for transactions in Missouri under 17 CFR 230.505 and 17 CFR 230.506 unless the securities or transactions would qualify for a self-executing exemption under section 409.402 of the Act, shall consist of the following:

(A) One (1) manually signed copy of the Form D;

(B) A Form U-2, Consent to Service of Process;

(C) The filing fee of one hundred dollars (\$100) as described in 15 CSR 30-50.030; and

(D) Each notice shall be filed with the division no later than fifteen (15) calendar days after the first sale of the securities in Missouri.

(4) Amendments. During the period of the offering, the issuer shall take steps necessary to insure that all material information contained in the notice filing remains current and accurate.

(5) Agents. Pursuant to section 409.401(b), RSMo, and only for the purposes of effecting transactions under this rule, agent does not include those officers, directors, general partners or other bona fide employees of the issuer whose primary employment function is other than the sale of securities.

AUTHORITY: sections 409.307 and 409.413(a), RSMo 2000 and 409.402(c), RSMo Supp. 2002. Emergency rule filed Aug. 12, 1982, effective Aug. 22, 1982, expired Dec. 10, 1982. Original rule filed Aug. 11, 1982, effective Dec. 11, 1982. Emergency amendment filed Aug. 1, 1984, effective Aug. 11, 1984, expired Nov. 11, 1984. Amended: Filed Aug. 1, 1984, effective Nov. 11, 1984. Amended: Filed Jan. 14, 1987, effective June 25, 1987. Amended: Filed Oct. 15, 1987, effective Jan. 29, 1988. Amended: Filed Jan. 3, 1990, effective March 11, 1990. Rescinded and readopted: Filed Feb. 18, 2003, effective Aug. 30, 2003.*

**Original authority: 409.307, RSMo 1997; 409.402, RSMo 1967, amended 1977, 1978, 1986, 2002 and 409.413, RSMo 1967.*

15 CSR 30-54.215 Accredited Investor Exemption

PURPOSE: This rule exempts offers and sales to accredited investors from the requirements of sections 409.301 and 409.403 of the Missouri Uniform Securities Act.

(1) The commissioner, pursuant to the provisions of section 409.402(c), RSMo of the Missouri Uniform Securities Act (the Act), exempts the following transactions from the requirements of sections 409.301 and 409.403 of the Act: Any offer or sale of securities to a person meeting the requirements of rule 230.501(a) of the Securities Act of 1933, when the broker-dealer or issuer relying upon that exemption obtains a statement signed by the investor that the security is not registered and may be disposed of only through a licensed broker-dealer. The statement also shall advise the investor that it is a felony to sell securities in violation of the Missouri Securities Act.

(2) No transaction in a certificate of interest or participation, including a limited partnership interest, in an oil, gas or mining title or lease, or in payments out of production or under that title or lease shall be exempted by this rule.

(3) No exemption under this rule shall be available for a transaction if either the issuer or any broker-dealer offering or selling the securities is or would be disqualified under 15 CSR 30-54.210(1)(A)1.

AUTHORITY: sections 409.402(c) and 409.413(a), RSMo 1986. Original rule filed March 27, 1989, effective June 12, 1989. Amended: Filed Jan. 3, 1990, effective*

March 11, 1990. Amended: Filed Aug. 3, 1992, effective April 8, 1993.

**Original authority: 409.402(c), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.220 Transaction Exemption for Securities Listed on Certain Quotation Systems

PURPOSE: This rule prescribes the circumstances under which transactions in securities listed on the National Association of Securities Dealers, Inc. Automated Quotation System are exempt from the requirements of sections 409.301 and 409.403 of the Missouri Uniform Securities Act.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) The commissioner, pursuant to the provisions of section 409.402(c) of the Missouri Uniform Securities Act (the Act), RSMo exempts the following transactions from the requirements of sections 409.301 and 409.403 of the Act:

(A) The offer or sale of a security designated or approved for designation upon notice of issuance (including initial public offerings) on the National Market System of the National Association of Securities Dealers, Inc., Automated Quotation System (NASDAQ) and any other security of the same issuer that is of senior or substantially equal rank, any security called for by subscription rights or warrants or any warrant or right to purchase or subscribe to any of the foregoing securities;

(B) The administrator shall have the authority, after notice and hearing and upon written Findings of Fact and Conclusions of Law subject to judicial review:

1. To terminate this exemption if the administrator finds that the designation standards have been so changed or insufficiently

applied that the protection of investors contemplated by the original designation standards is no longer afforded;

2. To deny the exemption from registration of, or revoke, a specific issue of securities; and

3. To deny the exemption by rulemaking to a category of securities when necessitated by the public interest and for the protection of investors; and

(C) For purposes of the exemption granted in this section of the Act, the commissioner shall apply the following standards for designation of additional quotation systems:

1. The association providing the automated quotation system (association) shall require at least the following standards to be met for designation of securities of an issuer on the quotation system:

	Alt. No. 1	Alt. No. 2
Net Tangible Assets 1/	\$4,000,000	\$12,000,000
Public Float	\$ 500,000	\$ 1,000,000
Pretax Income	\$ 750,000	_____
Net Income	\$ 400,000	_____
Shareholders 2/	800/400	800/400
Market Value of Float	\$3,000,000	\$15,000,000
Minimum Bid	\$ 5/Share	_____
Operating History	_____	3 Years

The rules of each association shall require at least two (2) authorized market makers for each issuer;

2. The association shall require at least the following minimum corporate governance standards for its domestic issuers:

A. Distribution of annual and interim reports.

(I) Each issuer shall distribute to shareholders copies of an annual report containing audited financial statements of the company and its subsidiaries. The report shall be distributed to shareholders a reasonable period of time prior to the company's annual meeting of shareholders and shall be filed with the association at the time it is distributed to shareholders.

(II) Each issuer which is subject to Securities and Exchange Commission (SEC) Rule 13A-13 shall make available to shareholders copies of quarterly reports, including statements of operating results, either prior to or as soon as practicable following the company's filing its Form 10-Q with the SEC. If the form of the quarterly report differs from the Form 10-Q, both the quarterly report and the Form 10-Q shall be filed with the association. The statement of operations contained in quarterly reports shall disclose, at a minimum, any substantial items of an unusual or nonrecurrent nature and net income and the amount of estimated federal taxes.

(III) Each issuer which is not subject to SEC Rule 13A-13 and which is required to file with the SEC or another fed-

eral or state regulatory authority interim reports relating primarily to operations and financial position, shall make available to shareholders reports which reflect the information contained in those interim reports. These reports shall be made available to shareholders either before or as soon as practicable following filing with the appropriate regulatory authority. If the form of the interim report made available to shareholders differs from that filed with the regulatory authority, both the report to shareholders and the report to the regulatory authority shall be filed with the association;

B. Independent directors. Each issuer shall maintain a minimum of two (2) independent directors on its board of directors. For purposes of subsection (1)(C), independent director shall mean a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director;

C. Audit committee. Each issuer shall establish and maintain an audit committee, a majority of the members of which shall be independent directors;

D. Shareholder meetings. Each issuer shall hold an annual meeting of shareholders and shall provide notice of the meeting to the association;

E. Quorum. Each issuer shall provide for a quorum as specified in its bylaws for any meeting of the holders of common stock; provided, however, that in no case shall the quorum be less than thirty-three and one-third percent (33 1/3%) of the outstanding shares of the company's common voting stock;

F. Solicitation of proxies. Each issuer shall solicit proxies and provide proxy statements for all meetings of shareholders and shall provide copies of the proxy solicitation to the association;

G. Conflicts of interest. Each issuer shall conduct an appropriate review of all related party transactions on an ongoing basis and shall use the company's audit committee or a comparable body for the review of potential conflict of interest situations where appropriate; and

H. Shareholder approval policy. Each issuer shall require shareholder approval of the issuance of securities in connection with the following:

(I) Options, plans or other special remuneration plans for directors, officers or key employees;

(II) Actions resulting in a change in control of the issuer; and

(III) The acquisition, direct or indirect, of a business, a company, tangible or intangible assets or property or securities representing any such interests

(a) From a director, officer or substantial security holder of the company (including its subsidiaries and affiliates) or from any company or party in which one of these persons has a direct or indirect interest; and

(b) Where the present or potential issuance of common stock or securities convertible into common stock could result in an increase in outstanding common shares of twenty-five percent (25%) or more;

3. Voting rights.

A. The rules of each association shall provide as follows: No rule, stated policy, practice or interpretation of this association shall permit the designation on the NASDAQ System's National Market System (authorization), or the continuance of authorization, of any common stock or other equity security of a domestic issuer if, on or after July 7, 1988, the issuer of the security issues any class of security or takes other corporate action with the effect of nullifying, restricting or disparately reducing the per share voting rights of holders of an outstanding class(es) of common stock of the issuer registered pursuant to Section 12 of the Securities Exchange Act of 1934.

B. For purposes of subparagraph (1)(C)3.A., the following shall be presumed to have the effect of nullifying, restricting or disparately reducing the per share voting rights of an outstanding class(es) of common stock:

(I) Corporate action to impose any restriction on the voting power of shares of the common stock of the issuer held by a beneficial owner or record holder based on the number of shares held by the beneficial or record holder;

(II) Corporate action to impose any restriction on the voting power of shares of the common stock of the issuers held by a beneficial or record holder based on the length of time the shares have been held by that beneficial or record holder;

(III) Any issuance of securities through an exchange offer by the issuer for shares of an outstanding class of common stock of the issuer, in which the securities issued having voting rights greater than or less than the per share voting rights of any outstanding class of the common stock of the issuer; and

(IV) Any issuance of securities pursuant to a stock dividend, or any other type of distribution of stock, in which the securities issued have voting rights greater than the

per share voting rights of any outstanding class of the common stock of the issuer.

C. For purposes of subparagraph (1)(C)3.A., the following, standing alone, shall be presumed not to have the effect of nullifying, restricting or disparately reducing the per share voting rights of holders of an outstanding class(es) of common stock:

(I) The issuance of securities pursuant to an initial registered public offering;

(II) The issuance of any class of securities, through a registered public offering, with voting rights not greater than the per share voting rights of any outstanding class of the common stock of the issuer;

(III) The issuance of any class of securities to effect a *bona fide* merger or acquisition, with voting rights not greater than the per share voting rights of any outstanding class of the common stock of the issuer; and

(IV) Corporate action taken pursuant to state law requiring a state's domestic corporation to condition the voting rights of a beneficial or record holder of a specified threshold percentage of the corporation's voting stock on the approval of the corporation's independent shareholders.

D. Definitions. The following terms shall mean, for purposes of this subsection, and the rules of each association shall include these definitions for the purposes of the prohibition in subparagraph (1)(C)3.A. of this rule:

(I) The term common stock shall include any security of an issuer designated as common stock and any security of an issuer, however designated which, by statute or by its terms, is common stock (for example, a security which entitles the holders of the security to vote generally on matters submitted to the issuer's security holders for a vote);

(II) The term domestic issuer shall mean an issuer that is not a foreign private issuer as defined in Rule 3b-4 under the Securities Exchange Act of 1934 (17 CFR 240.3b-4);

(III) The term equity security shall include any equity security defined as such pursuant to Rule 3a11-1 under the Securities Exchange Act of 1934 (17 CFR 240.3a11-1); and

(IV) The term security shall include any security defined as such pursuant to Section 3(a)(10) of the Securities Exchange Act of 1934, but shall exclude any class of security having a preference or priority over the issuer's common stock as to dividends, interest payments, redemption or payments in liquidation, if the voting rights of the securities only become effective as a result of spec-

ified events, not relating to an acquisition of the common stock or the issuer, which reasonably can be expected to jeopardize the issuer's financial ability to meet its payment obligations to the holders of that class of securities;

4. Maintenance criteria. After designation or authorization for quotation on a quotation system, a security must meet the following criteria to continue to be designated or authorized for quotation on the quotation system:

A. The issuer of the security has net tangible assets of at least—

(I) Two (2) million dollars if the issuer has sustained losses from continuing operations or net losses, or both, in two (2) of its three (3) most recent fiscal years; or

(II) Four (4) million dollars if the issuer has sustained losses from continuing operations or net losses, or both, in three (3) of its four (4) most recent fiscal years;

B. There are at least two hundred thousand (200,000) publicly held shares;

C. There are at least four hundred (400) shareholders or at least three hundred (300) shareholders of round lots; and

D. The aggregate market value of publicly held shares is at least one (1) million dollars;

5. The associations promptly shall notify the commissioner of the revocation of designation of an issue of securities by their marketplace; and

6. The marketplace receiving an exemption will use its best efforts to make available on a timely basis information from existing data bases regarding offerings of securities subject to the exemption.

AUTHORITY: sections 409.402(c) and 409.413, RSMo 1986. This rule was previously filed as 15 CSR 30-54.200. Original rule filed Aug. 7, 1981, effective Nov. 12, 1981. Emergency rescission filed Aug. 1, 1984, effective Aug. 11, 1984, expired Nov. 11, 1984. Rescinded and readopted: Filed Aug. 1, 1984, effective Nov. 11, 1984. Amended: Filed March 27, 1989, effective June 12, 1989. Amended: Filed Jan. 3, 1990, effective March 11, 1990.*

**Original authority: 409.402(e), RSMo 1967, amended 1977, 1978, 1986 and 409.413, RSMo 1967.*

15 CSR 30-54.230 Exemption for Certain Unit Investment Trust Units

PURPOSE: This rule prescribes the circumstances under which certain transactions in unit investment trust units are exempted from

the registration requirements of the Missouri Uniform Securities Act.

(1) The commissioner, pursuant to the provisions of section 409.402(c) of the Missouri Uniform Securities Act (the Act), RSMo exempts from the requirements of sections 409.301 and 409.303 of the Act any offer or sale of a unit investment trust after an initial *bona fide* sale of the unit and repurchase of it by a sponsor of the unit investment trust.

AUTHORITY: section 409.402(c), RSMo 1986. Original rule filed Oct. 16, 1986, effective Feb. 12, 1987.*

**Original authority: 409.402, RSMo 1967, amended 1977, 1978, 1986.*

15 CSR 30-54.240 Missouri Issuer Exemption

PURPOSE: This rule exempts from registration certain transactions in securities offered to raise money to be used in Missouri.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) The commissioner, pursuant to the provisions of section 409.402(c), RSMo of the Missouri Uniform Securities Act (the Act) exempts from the requirements of sections 409.301 and 409.303 of the Act any offer or sale of common stock, limited partnership interests or debt securities of an issuer incorporated or organized as a corporation limited partnership under the laws of this state having, both before and upon completion of the offering, its principal office and a majority of its full-time employees located in this state, provided all the conditions set forth in this rule are met.

(A) Common stock limited partnership interests or debt securities, including small business participating debentures, with an aggregate offering price not in excess of five hundred thousand dollars (\$500,000) may be

sold to persons who satisfy the conditions set forth in paragraph (1)(A)1., 2., 3., 4. or 5. The aggregate offering price limitation includes all securities sold by the issuer within the twelve (12) months before the offering and all securities sold during the offering, provided that securities sold pursuant to an exemption contained in section 409.402(b) of the Act are not included in the limitation:

1. A person with an annual gross income of at least thirty thousand dollars (\$30,000) and a net worth of at least thirty thousand dollars (\$30,000) exclusive of the person's home, home furnishings and automobiles;

2. A person with a net worth of at least seventy-five thousand dollars (\$75,000) exclusive of the person's home, home furnishings and automobiles;

3. A director, officer or twenty-five percent (25%) or more security holder of the issuer;

4. A person whose beneficial interest in the offering does not and will not exceed five hundred dollars (\$500); or

5. A retirement trust or plan of a person under section (1), (2) or (3).

(B) No commission or other remuneration may be paid or given, directly or indirectly, for soliciting or selling to any person in this state in reliance on this exemption except to securities, broker-dealers and agents licensed in this state.

(C) Neither the issuer nor any broker-dealer offering or selling the securities is or would be disqualified under 15 CSR 30-54.210(1)(A)1.

(D) An offering document meeting the disclosure requirements of Rule 502(b)(2) of Regulation D under the Securities Act of 1933 or 15 CSR 30-52.020 or the Small Corporate Offering Registration Form (Form U-7) as adopted April 29, 1989 by the North American Securities Administrator's Association, Inc. or such other form as the commissioner may approve and either audited or reviewed or verified financial statements of the issuer (the verification shall state the financial statements are true and accurate to the best knowledge of the preparer, the accounting basis on which they were prepared, the capacity or relationship of the preparer to the issuer and shall be signed by the preparer) for the periods specified in section 409.304(b)(16) of the Act shall be delivered to each purchaser or prospective purchaser prior to the sale of the securities. When partnership securities are offered, the balance sheet of the general partner(s) shall be delivered as well as the financial statements of the partnership.

(E) The offering document shall provide that at least eighty percent (80%) of the net proceeds from the offering shall be used in connection with the operations of the issuer in this state.

(F) Any advertising relating to the offering may only be in the form set out at 15 CSR 30-53.010(3).

(G) Except as provided, that which follows in this subsection, securities purchased pursuant to this rule must be held by the purchaser until the earlier of two (2) years from the date of the purchase from the issuer or the date the issuer becomes subject to the reporting requirements of section 13 or 15(d) of the Securities Exchange Act of 1934. Notwithstanding the previous sentence of (1)(G), a purchaser at any time may transfer such security—i) To a person, trust or plan meeting the requirements of paragraph (1)(A)1., 2., 3., 4. or 5.; ii) to any relative, spouse or relative of a spouse of the purchaser who has the same principal residence as the purchaser; iii) to a corporation or other organization in which the purchaser and any of the persons specified previously in ii) own one hundred percent (100%) of the equity securities; iv) to any trust or estate in which the purchaser and any of the persons specified previously in ii) own one hundred percent (100%) of the beneficial interest; or v) to a trust in which the purchaser has a one hundred percent (100%) beneficial interest during his/her lifetime. These transferees shall be subject to the restrictions on transfer contained in this subsection (1)(G); provided, that the two (2)-year holding period shall begin on the date the securities were first purchased from the issuer. A legend shall be placed upon certificates for the security purchased pursuant to this rule referring to the restrictions on transfer contained in this subsection.

(H) The issuer or applicant shall file with the commissioner—

1. The offering document to be used in connection with the offer and sale of the securities not later than the date of the first use in this state, together with the fee prescribed by 15 CSR 30-50.030(2)(F); and

2. A copy of any advertising, other than the offering document, to be used in connection with the offer and sale of securities not later than the date of its first use in this state and a copy of any material amendment to the offering document, not later than the date of its first use in this state.

*AUTHORITY: sections 409.402(c) and 409.413(a), RSMo 1986. * Original rule filed June 2, 1986, effective Oct. 27, 1986. Amended: Filed Oct. 15, 1987, effective Jan. 29, 1988. Amended: Filed March 27, 1989,*

effective June 12, 1989. Amended: Filed Jan. 3, 1990, effective March 11, 1990.

**Original authority: 409.402(c), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.250 Missouri Qualified Fund Exemption

PURPOSE: This rule provides an exemption for securities offered pursuant to section 100.390, RSMo when certain conditions are met.

(1) The commissioner, pursuant to the provisions of 409.402(c), RSMo, exempts the following securities from the requirements of sections 409.301 and 409.403 of the Missouri Uniform Securities Act (the Act):

(A) Any securities issued by a qualified fund as defined in section 100.390, RSMo which shall be approved by one (1) or more qualified economic development organizations after a review by the Department of Economic Development and provided that the securities are sold pursuant to a disclosure document which has been filed with the Missouri commissioner of securities thirty (30) days prior to the offer or sale of the securities. The prospectus shall state on its cover in bold type that this is a high risk, speculative investment and that these securities are not approved by, guaranteed by or associated with Missouri;

(B) No commission or other remuneration may be paid or given directly or indirectly for soliciting or selling to any person in this state for reliance on this exemption except to securities brokers, dealers and agents licensed in this state;

(C) The applicants shall file with the commissioner a copy of the offering document, together with a fee of one hundred dollars (\$100), as well as a copy of the contract with the economic development center which has approved the qualified fund; and

(D) The qualified fund shall make the following provisions:

1. No officer, director or employee of the fund shall have any interest in a company receiving money from the fund;

2. The fund agrees to seek input from the innovation center in its review of investment;

3. The fund would require any company receiving funding from it to agree to be a client of the innovation center at the discretion of the innovation center;

4. The fund would submit quarterly reports to the innovation center on the progress of the companies the fund invested in; and

5. Investors in the fund shall have an annual gross income of at least sixty thousand dollars (\$60,000) and net worth of sixty thousand dollars (\$60,000) or one hundred twenty thousand dollars (\$120,000) net worth, exclusive of home, home furnishings and automobiles.

AUTHORITY: sections 409.402(c) and 409.413(a), RSMo 1986. Original rule filed March 27, 1989, effective June 12, 1989.*

**Original authority: 409.402(c), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.260 Foreign Issuer Exemption

PURPOSE: This rule exempts the securities of foreign issuers that satisfy certain standards.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) The commissioner, pursuant to the provisions of section 409.402(c), RSMo of the Missouri Uniform Securities Act (the Act), exempts the following transactions from the requirements of sections 409.401 and 409.403, RSMo of the Act:

(A) Any nonissuer transaction by a registered broker-dealer in a security traded on a foreign stock exchange, foreign automated quotation system or an American Depository Receipt; provided:

1. The security is sold at a price reasonably related to the current market price of that security at the time of the transaction;

2. 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 that security; and either

3. The securities qualify for inclusion on the list of foreign margin stocks compiled by the United States Federal Reserve Board and meet the requirements of Sections

220:17(c)1-5 of Regulation T under the Securities Exchange Act of 1934; or

4. At the time of the transaction, either Moody's Investor Service, *Moody's International Manual* or Standard & Poor's Corporation Records 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 eighteen (18) months and audited profit and loss statements for each of the issuer's two (2) fiscal years immediately preceding that date; or

5. The security is senior in rank to the common stock of the issuer, both as to interest or dividends and upon liquidation, and the security has been outstanding in the hands of the public for at least five (5) years and the issuer has not defaulted during the current fiscal year or within the five (5) preceding years of the payment of principal, interest or dividend on the security;

(B) The exemption in subsection (1)(A) of this rule shall not be available for any security unless at the time of the transaction—

1. The security is a class which has been outstanding in the hands of the public for at least ninety (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;

3. The issuer of the security, including any predecessors, has been in continuous business or operations for at least five (5) years;

4. The issuer has net tangible assets, as reflected in the manual, of at least twenty (20) million dollars;

5. The issuer had an average net income after taxes, as reflected in the manual, of at least one (1) million dollars over the last three (3) years of operation; and

6. There are either two (2) or more authorized market makers for the issuer's securities in the United States, or at least one (1) market maker who is registered as a broker-dealer under the Securities Exchange Act of 1934 and has net capital of at least twenty-five (25) million dollars; or

(C) Any offer or sale of a security that is listed on a securities exchange or automated quotation system located in a country whose laws have been determined by the commissioner to provide substantially similar protection to investors as is provided by the Securities Exchange Act of 1934 with respect to securities listed on a national securities exchange in the United States. The exchange on which the security is listed shall file with the commissioner an undertaking to supply to

him/her copies of public information in its files relating to any particular issuer whose securities are listed on the exchange. The commissioner, pending an appropriate amendment to this rule, by order shall declare that an exchange has qualified for exemption pursuant to this rule. Any exchange approved by the commissioner shall be named in this rule. The commissioner will determine upon application by any interested party whether the laws of any particular country meet the standards of this provision. The commissioner has adopted the securities meeting the standards of the multijurisdiction disclosure system traded in the Toronto Stock Exchange and Montreal Stock Exchange.

AUTHORITY: sections 409.402(c) and 409.413(a), RSMo 1986. Original rule filed March 27, 1989, effective June 12, 1989. Amended: Filed June 29, 1990, effective Dec. 31, 1990.*

**Original authority: 409.402(c), RSMo 1967, amended 1977, 1978, 1986 and 409.413(a), RSMo 1967.*

15 CSR 30-54.280 Tax Credit Exemption

PURPOSE: This rule facilitates the issuance of tax credits pursuant to section 135.400, RSMo.

(1) The commissioner, pursuant to the provisions of section 409.402(c), RSMo of the Missouri Uniform Securities Act (the Act), exempts from the requirements of sections 409.301 and 409.303 of the Act any offer or sale of securities by an issuer for which the following filing is made with the commissioner:

(A) Any offering document, sales or promotional material to be used in connection with the offer or sale of the securities;

(B) A document indicating that eighty percent (80%) of the net proceeds from the offering will be used in connection with the operations of the issuer in the state, and that an investment in the offering will be a qualified investment as defined in section 135.400, RSMo;

(C) A document indicating the provision for registration or exemption under the Act upon which the issuer is relying for the sale of securities; and

(D) The following information must be filed with the commissioner for the first two (2) years after the offering document is declared effective under this rule:

1. The annual financial statements of the issuer;

2. All communications provided to investors by or on behalf of the issuer; and

3. An annual list of the names, addresses and the amounts of investment of all Missouri investors.

(2) An offering becomes exempt under this rule when the commissioner so orders.

AUTHORITY: section 409.413(a), RSMo 1986. Emergency rule filed Dec. 21, 1992, effective Dec. 31, 1992, expired April 29, 1993. Emergency rule filed April 14, 1993, effective April 30, 1993, expired Aug. 27, 1993. Original rule filed Feb. 5, 1993, effective July 8, 1993.*

**Original authority: 409.413, RSMo 1967.*

15 CSR 30-54.290 Canadian–United States Cross-Border Trading Exemption

PURPOSE: This rule prescribes transactions exempted pursuant to section 409.402(c), RSMo, for Canadians who are temporarily a resident in or visiting this state and persons in the state who are holders of or contributors to Canadian self-directed tax advantaged retirement accounts.

(1) Any offer or sale of a security effected by a Canadian broker-dealer excluded from definition of broker-dealer pursuant to 15 CSR 30-51.180 is exempted from the securities registration requirements of section 409.301, RSMo.

AUTHORITY: section 409.402(c) and 409.413, RSMo 2000. Original rule filed Dec. 28, 2001, effective July 30, 2002.*

**Original authority: 409.402, RSMo 1967, 1977, 1978, 1986 and 409.413, RSMo 1967.*