

1301:6-3-02

**Exempt securities.**

(A) For purposes of division (E) of section 1707.02 of the Revised Code, the division finds that the following national securities exchanges, or segments or tiers thereof, have listing standards that are substantially similar to those of the New York stock exchange, the American stock exchange, or the ~~national market system of the NASDAQ stock market~~ NASDAQ global market tier of the NASDAQ Stock Market LLC, and that securities listed on such exchanges shall be deemed exempt securities:

(1) Tier I of the Pacific exchange, incorporated;

(2) Tier I of the Philadelphia stock exchange, incorporated; ~~and~~

(3) The Chicago board options exchange, incorporated; ~~and~~

(4) NASDAQ capital market tier of The NASDAQ Stock Market LLC.

(B) The designation of securities in paragraphs (A)(1), (A)(2), and (A)(3) of this rule as exempt securities is conditioned on such exchanges' listing standards, or segments or tiers thereof, continuing to be substantially similar to those of the New York stock exchange, the American stock exchange, or the ~~national market system of the NASDAQ stock market~~ NASDAQ global market tier of the NASDAQ Stock Market LLC.

(C) Securities not deemed "payable out of the proceeds of a general tax." A security is not deemed "payable out of the proceeds of a general tax" unless at the time of issuance, machinery has been set up for the servicing of the security out of the proceeds of a general tax in the event that revenues collected or administered by the issuer and allocated to the payment thereof prove to be insufficient. It is not sufficient for this purpose that the full faith and credit of a state is pledged to the payment of a security if it will be necessary, on the failure of specified revenues to meet security charges, to obtain legislative action which would make the security in question payable out of the proceeds of a general tax.

(D) Commercial paper and promissory notes; sale to the public.

(1) Pursuant to division (G) of section 1707.02 of the Revised Code, commercial paper and promissory notes are not offered for sale directly or indirectly to the public where their sale is restricted to:

(a) Sales to officers or directors of the issuer, of the parent corporation of the issuer, or of a corporate general partner of the issuer;

- (b) Sales to general partners of the issuer;
- (c) Sales to persons who directly or indirectly control the management and policies of the issuer by ownership of voting securities, by contract, or otherwise; or
- (d) Sales by the issuer of the security to not more than ten persons in this state during any twelve month period, provided that:
  - (i) The issuer reasonably believes after reasonable investigation that the person is purchasing for investment;
  - (ii) No advertisement, article, notice, or other communication shall be published or broadcast or caused to be published or broadcast by the issuer in connection with the sale other than an offering circular or other communication delivered by the issuer to selected individuals;
  - (iii) The aggregate commission, discount, and other remuneration paid or given directly or indirectly for sale of the commercial paper and promissory notes of the issuer, excluding legal, accounting and printing costs, does not exceed ten percent of the initial offering price of the commercial paper and promissory notes; and
  - (iv) Any commission, discount, or other remuneration for sales of commercial paper and promissory notes in reliance on this exemption in this state is paid or given only to dealers or salesmen licensed pursuant to Chapter 1707. of the Revised Code; and
- (e) For the purpose of determining compliance with paragraph (D)(1)(d) of this rule, a husband and wife, a child and its parent or guardian when the parent or guardian holds the security for the benefit of the child, a partnership, association or other unincorporated entity, or a trust not formed for the purpose of purchasing the security shall be deemed to be a single purchaser.
- (f) For the purpose of determining compliance with paragraph (D)(1)(d) of this rule, sales of commercial paper and promissory notes registered or sold pursuant to an exemption under section 1707.01 to 1707.45 of the Revised Code other than division (G) of section 1707.02 of the Revised Code or sold pursuant to paragraph (D)(1)(a), (D)(1)(b) or (D)(1)(c) of

this rule shall not be integrated with sales made pursuant to paragraph (D)(1)(d) of this rule.

- (2) Commercial paper and promissory notes otherwise offered to all other persons are deemed to be offered to the public for purposes of division (G) of section 1707.02 of the Revised Code.

Effective:

R.C. 119.032 review dates: 11/15/2009

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Certification

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Date

Promulgated Under: 119.03  
Statutory Authority: 1707.20  
Rule Amplifies: 1707.02  
Prior Effective Dates: 12/31/75; 1/17/92; 10/18/94; 5/25/00; 5/21/01