

**\*\*\* DRAFT - NOT YET FILED \*\*\***

1301:6-3-09

**Registration by qualification.**

(A) Application.

- (1) An application to register securities by qualification in accordance with section 1707.09 of the Revised Code shall be made on a form 9 of the division or on form U-1 of the North American securities administrators association, and shall, as applicable, be accompanied by a division form 11 or a form U-2, and a form U-2(A) of the North American securities administrators association.
- (2) Whenever any statement or report, however characterized, prepared by an independent accountant is to be used in connection with an offering circular, prospectus, or other advertising, the issuer shall furnish the division a letter from the accountant consenting to the use of the statement or report by the issuer.
- (3) The division may require that an appropriate cross reference sheet of the North American securities administrators association be submitted with any application.

(B) Period of effectiveness.

- (1) Unless otherwise specified by division order, a registration by qualification shall have a period of effectiveness of thirteen months from the effective date of the division order. Upon good cause shown, the division may establish a period of effectiveness for a registration by qualification of not more than twenty-four months.
- (2) During the period of effectiveness of a registration by qualification, the issuer shall advise the division of:
  - (a) Any adverse material change in the financial status of the issuer;
  - (b) Any material change in the compensation agreement between the issuer and a dealer licensed to sell its securities;
  - (c) Any material change in the proposed use of the proceeds of an issue;
  - (d) Any change in the identity of the principals, general partners or officers of the issuer;

- (e) Any change in the stated investment policies, objectives, or restrictions of the registration; and
- (f) The occurrence of any event or series of events which have caused any statement contained in a prospectus or circular to be false or misleading in any material respect.

(C) Escrow of securities or proceeds from sale of securities.

(1) The division may, for the protection of investors, require the escrow of all or a portion of the securities of an issuer or of the proceeds of sale of securities registered by qualification under terms and conditions of an escrow agreement established by the division in the order qualifying the securities. The division shall have continuing jurisdiction over the escrow agreement so long as the escrow agreement is in effect.

(2) No person shall sell securities in violation of the provisions of an escrow agreement entered into in accordance with paragraph (C)(1) of this rule.

(D) An issuer relying on rule 504 of regulation D of the securities and exchange commission as amended or section 3(a)(11) of the Securities Act of 1933, 15 U.S.C.A. 77a, as amended shall deliver an offering circular or other disclosure document or documents as required by rule 1301:6-3-06 of the Administrative Code prior to the earlier of the date that a subscription agreement or its equivalent is signed by a purchaser or the purchaser transfers or loses control of the purchase funds. Notwithstanding the foregoing, an issuer relying on rule 504 of regulation D of the securities and exchange commission as amended may use a form U-7 of the North American securities administrators association in lieu of the offering circular or other disclosure document or documents required by rule 1301:6-3-06 of the Administrative Code.

Five Year Review (FYR) Dates:

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Certification

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Date

Promulgated Under:	119.03
Statutory Authority:	1707.20
Rule Amplifies:	1707.09
Prior Effective Dates:	12/31/75; 8/3/78; 2/22/80; 6/18/82; 8/18/83 (Emer.); 12/3/83; 10/26/84; 8/5/85; 1/17/92; 12/14/92; 1/21/96; 9/17/96; 8/4/97; 11/27/00; 4/1/05, 8/5/07