

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, OCTOBER 14, 2016

SECURITIES OFFICE
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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

Ex Parte: In the matter of
Adopting a Revision to the Rules
Governing the Virginia Securities Act

CASE NO. SEC-2016-00051

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction. Section 13.1-523 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code, provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of the Act.

The rules and regulations issued by the Commission pursuant to the Act are set forth in Title 21 of the Virginia Administrative Code. A copy also may be found at the Commission's website, www.scc.virginia.gov/case.

Proposed Revision to Chapter 45 of 21 VAC 5-45 - Notice Filing for Issuers Using Federal Regulation A-Tier 2 Exemption Offerings

The proposed amendment to Chapter 45 by adding Section 30 (21 VAC 5-45-30) provides for a notice filing for securities issuers that are using federal Regulation A ("Regulation A") for offerings up to \$50 million in a 12-month period. This amendment will allow Virginia to monitor these offerings. The proposed notice filing exemption follows a uniform exemption developed by the states' trade association, the North American Securities Administrators Association, Inc. ("NASAA"), to use for these notice filings. NASAA developed the model rule in large part due to a rule recently implemented in the state of Washington.

The proposed rule requires the filing of a short form with basic information about the issuer and the offering. Because Regulation A permits the offering to continue past the initial period of 12 months in some cases, an issuer would be required to renew the notice filing in order to continue to offer and sell their securities in Virginia. The proposed filing fees are \$500 for an initial filing and a \$250 renewal fee.

Proposed Revision to Chapter 20 of 21 VAC 5-20-280 - the Prohibited Business Conduct Rules Governing Broker-dealers, as it Applies to Foreign Issuers

The Division of Securities and Retail Franchising (the "Division") was made aware by the Securities and Financial Markets Association ("SIFMA") and the Financial Services Institute ("FSI"), both of which are securities trade associations, that one of the prohibited business conduct rules that was intended to cover broker-dealer activities in the offer and sale of penny stock was creating questions regarding the issuance of securities by certain world class foreign issuers.

The Commission never intended that these high quality foreign issuers be subject to Subsection D 6 of 21 VAC 5-20-280; therefore, the Division is requesting that the Commission consider a revision to the subsection to make it clear that such companies do not fall under this requirement.

The Division recommends that the Commission consider adoption of the proposed revisions. The Division also recommends that a hearing be held only if requested by those interested parties who specifically indicate that a hearing is necessary and the reasons therefore.

Interested parties may request a copy of the proposed revisions from the Division by telephone, regular mail or e-mail request, and a copy of the proposed revisions also can be found at the Division's website: www.scc.virginia.gov/srf. Any comments to the proposed rules must be received by December 1, 2016.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The proposed revisions are appended hereto and made a part of the record herein.
- (2) On or before December 1, 2016, comments or requests for hearing on the proposed revisions must be submitted in writing to Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Requests for hearing shall state why a hearing is necessary and why the issues cannot adequately be addressed in written comments. All correspondence shall reference Case No. SEC-2016-00051. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

- (3) The proposed revisions shall be posted on the Commission's website at <http://www.scc.virginia.gov/case> and on the Division's website at <http://www.scc.virginia.gov/srf>. Interested persons also may request a copy of the proposed revisions from the Division by telephone, regular mail, or e-mail.

AN ATTESTED COPY HEREOF, together with a copy of the proposed revisions, shall be sent to the Registrar of Regulations for publication in the *Virginia Register of Regulations*.

AN ATTESTED COPY HEREOF shall be sent to the Director of the Division of Securities and Retail Franchising, who shall forthwith provide notice of this Order via U.S. mail or e-mail a copy of this Order to any interested persons as he may designate.

21VAC5-20-280. Prohibited business conduct.

A. Every broker-dealer is required to observe high standards of commercial honor and just and equitable principles of trade in the conduct of its business. The acts and practices described below are considered contrary to such standards and may constitute grounds for denial, suspension, or revocation of registration or such other action authorized by the Act. No broker-dealer who is registered or required to be registered shall:

1. Engage in a pattern of unreasonable and unjustifiable delays in the delivery of securities purchased by any of its customers or in the payment upon request of free credit balances reflecting completed transactions of any of its customers, or take any action that directly or indirectly interferes with a customer's ability to transfer his account; provided that the account is not subject to any lien for moneys owed by the customer or other bona fide claim, including, but not limited to, seeking a judicial order or decree that would bar or restrict the submission, delivery or acceptance of a written request from a customer to transfer his account;
2. Induce trading in a customer's account which is excessive in size or frequency in view of the financial resources and character of the account;
3. Recommend to a customer the purchase, sale or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the customer. The reasonable basis to recommend any such transaction to a customer shall be based upon the risks associated with a particular security, and the information obtained through the diligence and inquiry of the broker-dealer to ascertain the customer's investment profile. A customer's investment profile includes, but is not limited to, the customer's investment objectives, financial situation, risk tolerance and needs, tax status, age, other investments,

investment experience, investment time horizon, liquidity needs, and any other relevant information known by the broker-dealer or of which the broker-dealer is otherwise made aware in connection with such recommendation;

4. Execute a transaction on behalf of a customer without authority to do so or, when securities are held in a customer's account, fail to execute a sell transaction involving those securities as instructed by a customer, without reasonable cause;

5. Exercise any discretionary power in effecting a transaction for a customer's account without first obtaining written discretionary authority from the customer, unless the discretionary power relates solely to the time or price for the execution of orders;

6. Execute any transaction in a margin account without securing from the customer a properly executed written margin agreement promptly after the initial transaction in the account, or fail, prior to or at the opening of a margin account, to disclose to a noninstitutional customer the operation of a margin account and the risks associated with trading on margin at least as comprehensively as required by FINRA Rule 2264;

7. Fail to segregate customers' free securities or securities held in safekeeping;

8. Hypothecate a customer's securities without having a lien thereon unless the broker-dealer secures from the customer a properly executed written consent promptly after the initial transaction, except as permitted by Rules of the SEC;

9. Enter into a transaction with or for a customer at a price not reasonably related to the current market price of a security or receiving an unreasonable commission or profit;

10. Fail to furnish to a customer purchasing securities in an offering, no later than the date of confirmation of the transaction, either a final prospectus or a

preliminary prospectus and an additional document, which together include all information set forth in the final prospectus, either by (i) hard copy prospectus delivery or (ii) electronic prospectus delivery;

11. Introduce customer transactions on a "fully disclosed" basis to another broker-dealer that is not exempt under § 13.1-514 B 6 of the Act;

12. a. Charge unreasonable and inequitable fees for services performed, including miscellaneous services such as collection of moneys due for principal, dividends or interest, exchange or transfer of securities, appraisals, safekeeping, or custody of securities and other services related to its securities business;

b. Charge a fee based on the activity, value or contents (or lack thereof) of a customer account unless written disclosure pertaining to the fee, which shall include information about the amount of the fee, how imposition of the fee can be avoided and any consequence of late payment or nonpayment of the fee, was provided no later than the date the account was established or, with respect to an existing account, at least 60 days prior to the effective date of the fee;

13. Offer to buy from or sell to any person any security at a stated price unless the broker-dealer is prepared to purchase or sell at the price and under such conditions as are stated at the time of the offer to buy or sell;

14. Represent that a security is being offered to a customer "at a market" or a price relevant to the market price unless the broker-dealer knows or has reasonable grounds to believe that a market for the security exists other than that made, created or controlled by the broker-dealer, or by any person for whom he is acting or with whom he is associated in the distribution, or any person controlled by, controlling or under common control with the broker-dealer;

15. Effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or fraudulent device, practice, plan, program, design or contrivance, which may include but not be limited to:

a. Effecting any transaction in a security which involves no change in the beneficial ownership thereof;

b. Entering an order or orders for the purchase or sale of any security with the knowledge that an order or orders of substantially the same size, at substantially the same time and substantially the same price, for the sale of any security, has been or will be entered by or for the same or different parties for the purpose of creating a false or misleading appearance of active trading in the security or a false or misleading appearance with respect to the market for the security; however, nothing in this subdivision shall prohibit a broker-dealer from entering bona fide agency cross transactions for its customers; or

c. Effecting, alone or with one or more other persons, a series of transactions in any security creating actual or apparent active trading in the security or raising or depressing the price of the security, for the purpose of inducing the purchase or sale of the security by others;

16. Guarantee a customer against loss in any securities account of the customer carried by the broker-dealer or in any securities transaction effected by the broker-dealer with or for the customer;

17. Publish or circulate, or cause to be published or circulated, any notice, circular, advertisement, newspaper article, investment service, or communication of any kind which purports to report any transaction as a purchase or sale of any security unless the broker-dealer believes that the transaction was a bona fide purchase or sale of the security; or which purports to quote the bid price or asked

price for any security, unless the broker-dealer believes that the quotation represents a bona fide bid for, or offer of, the security;

18. Use any advertising or sales presentation in such a fashion as to be deceptive or misleading. An example of such practice would be a distribution of any nonfactual data, material or presentation based on conjecture, unfounded or unrealistic claims or assertions in any brochure, flyer, or display by words, pictures, graphs or otherwise designed to supplement, detract from, supersede or defeat the purpose or effect of any prospectus or disclosure;

19. Fail to make reasonably available upon request to any person expressing an interest in a solicited transaction in a security, not listed on a registered securities exchange or quoted on an automated quotation system operated by a national securities association approved by regulation of the commission, a balance sheet of the issuer as of a date within 18 months of the offer or sale of the issuer's securities and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations, the names of the issuer's proprietor, partners or officers, the nature of the enterprises of the issuer and any available information reasonably necessary for evaluating the desirability or lack of desirability of investing in the securities of an issuer. All transactions in securities described in this subdivision shall comply with the provisions of § 13.1-507 of the Act;

20. Fail to disclose that the broker-dealer is controlled by, controlling, affiliated with or under common control with the issuer of any security before entering into any contract with or for a customer for the purchase or sale of the security, the existence of control to the customer, and if disclosure is not made in writing, it shall be supplemented by the giving or sending of written disclosure at or before the completion of the transaction;

21. Fail to make a bona fide public offering of all of the securities allotted to a broker-dealer for distribution, whether acquired as an underwriter, a selling group member, or from a member participating in the distribution as an underwriter or selling group member;

22. Fail or refuse to furnish a customer, upon reasonable request, information to which the customer is entitled, or to respond to a formal written request or complaint;

23. Fail to clearly and separately disclose to its customer, prior to any security transaction, providing investment advice for compensation or any materially related transaction that the customer's funds or securities will be in the custody of an investment advisor or contracted custodian, in a manner that does not provide Securities Investor Protection Corporation protection, or equivalent third-party coverage over the customer's assets;

24. Market broker-dealer services that are associated with financial institutions in a manner that is misleading or confusing to customers as to the nature of securities products or risks;

25. In transactions subject to breakpoints, fail to:

a. Utilize advantageous breakpoints without reasonable basis for their exclusion;

b. Determine information that should be recorded on the books and records of a member or its clearing firm, which is necessary to determine the availability and appropriateness of breakpoint opportunities; or

c. Inquire whether the customer has positions or transactions away from the member that should be considered in connection with the pending transaction and apprise the customer of the breakpoint opportunities;

26. Use a certification or professional designation in connection with the offer, sale, or purchase of securities that indicates or implies that the user has special certification or training in advising or servicing senior citizens or retirees in such a way as to mislead any person.

a. The use of such certification or professional designation includes, but is not limited to, the following:

(1) Use of a certification or designation by a person who has not actually earned or is otherwise ineligible to use such certification or designation;

(2) Use of a nonexistent or self-conferred certification or professional designation;

(3) Use of a certification or professional designation that indicates or implies a level of occupational qualifications obtained through education, training, or experience that the person using the certification or professional designation does not have; or

(4) Use of a certification or professional designation that was obtained from a designating or certifying organization that:

(a) Is primarily engaged in the business of instruction in sales or marketing;

(b) Does not have reasonable standards or procedures for assuring the competency of its designees or certificants;

(c) Does not have reasonable standards or procedures for monitoring and disciplining its designees or certificants for improper or unethical conduct; or

(d) Does not have reasonable continuing education requirements for its designees or certificants in order to maintain the designation or certificate.

b. There is a rebuttable presumption that a designating or certifying organization is not disqualified solely for purposes of subdivision 26 a (4) of this subsection, when the organization has been accredited by:

- (1) The American National Standards Institute;
- (2) The Institute for Credentialing Excellence (formerly the National Commission for Certifying Agencies); or
- (3) An organization that is on the United States Department of Education's list entitled "Accrediting Agencies Recognized for Title IV Purposes" and the designation or credential issued therefrom does not primarily apply to sales or marketing.

c. In determining whether a combination of words (or an acronym standing for a combination of words) constitutes a certification or professional designation indicating or implying that a person has special certification or training in advising or servicing senior citizens or retirees, factors to be considered shall include:

- (1) Use of one or more words such as "senior," "retirement," "elder," or like words, combined with one or more words such as "certified," "chartered," "adviser," "specialist," "consultant," "planner," or like words, in the name of the certification or professional designation; and
- (2) The manner in which those words are combined.

d. For purposes of this section, a certification or professional designation does not include a job title within an organization that is licensed or registered by a state or federal financial services regulatory agency when that job title:

- (1) Indicates seniority within the organization; or
- (2) Specifies an individual's area of specialization within the organization.

For purposes of this subdivision d, "financial services regulatory agency" includes, but is not limited to, an agency that regulates broker-dealers, investment advisers, or investment companies as defined under § 3 (a)(1) of the Investment Company Act of 1940 (15 USC § 80a-3(a)(1)).

e. Nothing in this regulation shall limit the commission's authority to enforce existing provisions of law;

27. Represent that securities will be listed or that application for listing will be made on a securities exchange or the National Association of Securities Dealers Automated Quotations (NASDAQ) system or other quotation system without reasonable basis in fact for the representation;

28. Falsify or alter so as to make false or misleading any record or document or any information provided to the commission;

29. Negotiate, facilitate, or otherwise execute a transaction on behalf of an investor involving securities issued by a third party pursuant to a claim for exemption under subsection B of § 13.1-514 of the Act unless the broker-dealer intends to report the securities owned and the value of such securities on at least a quarterly basis to the investor;

30. Offer or sell securities pursuant to a claim for exemption under subsection B of § 13.1-514 of the Act without having first verified the information relating to the securities offered or sold, which shall include, but not be limited to, ascertaining the risks associated with investing in the respective security;

31. Allow any person to represent or utilize its name as a trading platform without conspicuously disclosing the name of the registered broker-dealer in effecting or attempting to effect purchases and sales of securities; or

32. Engage in any conduct that constitutes a dishonest or unethical practice including, but not limited to, forgery, embezzlement, nondisclosure, incomplete

disclosure or material omissions or untrue statements of material facts, manipulative or deceptive practices, or fraudulent course of business.

B. Every agent is required to observe high standards of commercial honor and just and equitable principles of trade in the conduct of his business. The acts and practices described below are considered contrary to such standards and may constitute grounds for denial, suspension, or revocation of registration or such other action authorized by the Act. No agent who is registered or required to be registered shall:

1. Engage in the practice of lending or borrowing money or securities from a customer, or acting as a custodian for money, securities or an executed stock power of a customer;
2. Effect any securities transaction not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transaction is authorized in writing by the broker-dealer prior to execution of the transaction;
3. Establish or maintain an account containing fictitious information in order to execute a transaction which would otherwise be unlawful or prohibited;
4. Share directly or indirectly in profits or losses in the account of any customer without the written authorization of the customer and the broker-dealer which the agent represents;
5. Divide or otherwise split the agent's commissions, profits or other compensation from the purchase or sale of securities in this state with any person not also registered as an agent for the same broker-dealer, or for a broker-dealer under direct or indirect common control;
6. Engage in conduct specified in subdivision A 2, 3, 4, 5, 6, 10, 15, 16, 17, 18, 23, 24, 25, 26, 28, 30, 31, or 32 of this section;
7. Fail to comply with the continuing education requirements under 21VAC5-20-150 C; or

8. Hold oneself out as representing any person other than the broker-dealer with whom the agent is registered and, in the case of an agent whose normal place of business is not on the premises of the broker-dealer, failing to conspicuously disclose the name of the broker-dealer for whom the agent is registered when representing the dealer in effecting or attempting to effect the purchases or sales of securities.

C. No person shall publish, give publicity to, or circulate any notice, circular, advertisement, newspaper article, letter, investment service or communication which, though not purporting to offer a security for sale, describes the security, for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

D. The purpose of this subsection is to identify practices in the securities business that are generally associated with schemes to manipulate and to identify prohibited business conduct of broker-dealers or sales agents who are registered or required to be registered.

1. Entering into a transaction with a customer in any security at an unreasonable price or at a price not reasonably related to the current market price of the security or receiving an unreasonable commission or profit.

2. Contradicting or negating the importance of any information contained in a prospectus or other offering materials with intent to deceive or mislead or using any advertising or sales presentation in a deceptive or misleading manner.

3. In connection with the offer, sale, or purchase of a security, falsely leading a customer to believe that the broker-dealer or agent is in possession of material, nonpublic information that would affect the value of the security.

4. In connection with the solicitation of a sale or purchase of a security, engaging in a pattern or practice of making contradictory recommendations to different investors of similar investment objective for some to sell and others to purchase the same security, at or about the same time, when not justified by the particular circumstances of each investor.

5. Failing to make a bona fide public offering of all the securities allotted to a broker-dealer for distribution by, among other things, (i) transferring securities to a customer, another broker-dealer, or a fictitious account with the understanding that those securities will be returned to the broker-dealer or its nominees or (ii) parking or withholding securities.

6. ~~a. Although nothing in this subsection precludes~~ In addition to the application of the general anti-fraud provisions against anyone for practices similar in nature to the practices discussed below, the following subdivisions a (1) through f (6) specifically apply only in connection with the solicitation of a purchase or sale of over the counter (OTC) unlisted non-NASDAQ equity securities except those exempt from registration under 21VAC5-40-50:

a (1). Failing to advise the customer, both at the time of solicitation and on the confirmation, of any and all compensation related to a specific securities transaction to be paid to the agent including commissions, sales charges, or concessions.

b (2). In connection with a principal transaction, failing to disclose, both at the time of solicitation and on the confirmation, a short inventory position in the firm's account of more than 3.0% of the issued and outstanding shares of that class of securities of the issuer; however, subdivision 6 of this subsection shall apply only if the firm is a market maker at the time of the solicitation.

c (3). Conducting sales contests in a particular security.

- d (4). After a solicited purchase by a customer, failing or refusing, in connection with a principal transaction, to promptly execute sell orders.
- e (5). Soliciting a secondary market transaction when there has not been a bona fide distribution in the primary market.
- f (6). Engaging in a pattern of compensating an agent in different amounts for effecting sales and purchases in the same security.
- b. Although subdivisions D 6 a (1) through (6) of this section do not apply to OTC unlisted non-NASDAQ equity securities exempt from registration under 21VAC5-40-50, nothing in this subsection precludes application of the general anti-fraud provisions against anyone for practices similar in nature to the practices discussed above in connection with such securities.
7. Effecting any transaction in, or inducing the purchase or sale of, any security by means of any manipulative, deceptive, or other fraudulent device or contrivance including but not limited to the use of boiler room tactics or use of fictitious or nominee accounts.
8. Failing to comply with any prospectus delivery requirements promulgated under federal law or the Act.
9. In connection with the solicitation of a sale or purchase of an OTC unlisted non-NASDAQ security, failing to promptly provide the most current prospectus or the most recently filed periodic report filed under § 13 of the Securities Exchange Act when requested to do so by a customer.
10. Marking any order tickets or confirmations as unsolicited when in fact the transaction was solicited.
11. For any month in which activity has occurred in a customer's account, but in no event less than every three months, failing to provide each customer with a statement of account with respect to all OTC non-NASDAQ equity securities in

the account, containing a value for each such security based on the closing market bid on a date certain; however, this subdivision shall apply only if the firm has been a market maker in the security at any time during the month in which the monthly or quarterly statement is issued.

12. Failing to comply with any applicable provision of the FINRA Rules or any applicable fair practice, privacy, or ethical standard promulgated by the SEC or by a self-regulatory organization approved by the SEC.

13. In connection with the solicitation of a purchase or sale of a designated security:

a. Failing to disclose to the customer the bid and ask price, at which the broker-dealer effects transactions with individual, retail customers, of the designated security as well as its spread in both percentage and dollar amounts at the time of solicitation and on the trade confirmation documents; or

b. Failing to include with the confirmation, the notice disclosure contained under 21VAC5-20-285, except the following shall be exempt from this requirement:

(1) Transactions in which the price of the designated security is \$5.00 or more, exclusive of costs or charges; however, if the designated security is a unit composed of one or more securities, the unit price divided by the number of components of the unit other than warrants, options, rights, or similar securities must be \$5.00 or more, and any component of the unit that is a warrant, option, right, or similar securities, or a convertible security must have an exercise price or conversion price of \$5.00 or more.

(2) Transactions that are not recommended by the broker-dealer or agent.

(3) Transactions by a broker-dealer (i) whose commissions, commission equivalents, and mark-ups from transactions in designated securities during each of the preceding three months, and during 11 or more of the preceding 12 months, did not exceed 5.0% of its total commissions, commission-equivalents, and mark-ups from transactions in securities during those months; and (ii) who has not executed principal transactions in connection with the solicitation to purchase the designated security that is the subject of the transaction in the preceding 12 months.

(4) Any transaction or transactions that, upon prior written request or upon its own motion, the commission conditionally or unconditionally exempts as not encompassed within the purposes of this section.

c. For purposes of this section, the term "designated security" means any equity security other than a security:

(1) Registered, or approved for registration upon notice of issuance, on a national securities exchange and makes transaction reports available pursuant to 17 CFR 11Aa3-1 under the Securities Exchange Act of 1934;

(2) Authorized, or approved for authorization upon notice of issuance, for quotation in the NASDAQ system;

(3) Issued by an investment company registered under the Investment Company Act of 1940;

(4) That is a put option or call option issued by The Options Clearing Corporation; or

(5) Whose issuer has net tangible assets in excess of \$4 million as demonstrated by financial statements dated within no less than 15 months that the broker-dealer has reviewed and has a reasonable basis to believe

are true and complete in relation to the date of the transaction with the person, and

(a) In the event the issuer is other than a foreign private issuer, are the most recent financial statements for the issuer that have been audited and reported on by an independent public accountant in accordance with the provisions of 17 CFR 210.2-02 under the Securities Exchange Act of 1934; or

(b) In the event the issuer is a foreign private issuer, are the most recent financial statements for the issuer that have been filed with the SEC; furnished to the SEC pursuant to 17 CFR 240.12g3-2(b) under the Securities Exchange Act of 1934; or prepared in accordance with generally accepted accounting principles in the country of incorporation, audited in compliance with the requirements of that jurisdiction, and reported on by an accountant duly registered and in good standing in accordance with the regulations of that jurisdiction.

Statutory Authority

§§ 12.1-13 and 13.1-523 of the Code of Virginia.

Historical Notes

Derived from Rule 305, Case No. SEC810005, eff. July 1, 1981; amended by Case No. SEC830011, eff. July 1, 1983; Case No. SEC900034, eff. July 1, 1990; amended to renumber by Case No. SEC910057, eff. July 1, 1991; amended, Virginia Register Volume 13, Issue 25, eff. September 1, 1997; Volume 15, Issue 22, eff. July 1, 1999; Volume 17, Issue 20, eff. July 1, 2001; Volume 19, Issue 23, eff. July 1, 2003; Volume 23, Issue 23, eff. July 1, 2007; Volume 24, Issue 21, eff. July 1, 2008; Volume 26, Issue 22, eff. July 1, 2010; Volume 29, Issue 20, eff. June 3, 2013; Volume 31, Issue 8, eff. December 1, 2014; Volume 31, Issue 25, eff. July 31, 2015; Volume 31, Issue 25, eff. July 31, 2015.

21VAC5-45-30. Federal Regulation A Tier 2 offerings.

A. An issuer planning to offer and sell securities in this state in an offering exempt under Tier 2 of federal Regulation A (17 CFR 230.251 – 230.263) and Section 18(b)(3) or Section 18(b)(4) of the Securities Act of 1933 shall submit the following at least 21 calendar days prior to the initial sale in this state:

1. A completed Regulation A – Tier 2 notice filing form or copies of all documents filed with the SEC;
2. A consent to service of process on Form U-2 if not filing on the Regulation A – Tier 2 notice filing form; and
3. A filing fee of \$500 payable the Treasurer of Virginia.

B. The initial notice filing is effective for twelve months from the date of the filing with this state. For each additional twelve-month period in which the same offering is continued, an issuer conducting a Tier 2 offering under federal Regulation A may renew its notice filing by filing the following on or before the expiration of the notice filing:

1. The Regulation A – Tier 2 notice filing form marked “renewal” or a cover letter or other document requesting renewal; and
2. A renewal fee in the amount of \$250 payable to the Treasurer of Virginia.

C. An issuer may increase the amount of securities offered in this state by submitting a Regulation A – Tier 2 notice filing form marked “amendment” or other document describing the transaction.

Statutory Authority

§ 13.1-514 B 22 of the Code of Virginia.

Historical Notes

Derived from Virginia Register Volume , Issue , eff. Month dd, yyyy.

UNIFORM NOTICE OF REGULATION A – TIER 2 OFFERING

Pursuant to Section 18(b)(3), (b)(4), and/or (c)(2) of the Securities Act of 1933

161020128

Item 1. Issuer's Identity

Name of Issuer <input type="text"/>	Previous Name(s) <input type="checkbox"/> None <input type="text"/> <input type="text"/>	Entity Type (Select one) <input checked="" type="radio"/> Corporation <input type="radio"/> Limited Partnership <input type="radio"/> Limited Liability Company <input type="radio"/> General Partnership <input type="radio"/> Business Trust <input type="radio"/> Other (Specify) <input type="text"/>
Jurisdiction of Incorporation/Organization <input type="text"/>		
Year of Incorporation/Organization: <input type="text"/>		
CIK Number for Issuer: <input type="text"/>		

Item 2. Principal Place of Business

Street Address Line 1 <input type="text"/>	Street Address Line 2 <input type="text"/>		
City <input type="text"/>	State/Province/Country <input type="text"/>	ZIP/Postal Code <input type="text"/>	Phone No. <input type="text"/>

Item 3. Contact Person

Directions: Provide the name and contact information for the person to contact with questions about the filing of this notice.

Last Name <input type="text"/>	First Name <input type="text"/>	Firm Name <input type="text"/>
Street Address Line 1 <input type="text"/>	Street Address Line 2 <input type="text"/>	
City <input type="text"/>	State/Province/Country <input type="text"/>	ZIP/Postal Code <input type="text"/>
Phone No. <input type="text"/>	Fax <input type="text"/>	E-mail <input type="text"/>

Item 4. Identification of Offering

Type of filing: New Notice Amendment Renewal

SEC File Number for this offering:

Date of SEC qualification of this offering: OR Not yet qualified by SEC

Item 5. Information about the Offering

Does the issuer intend this offering to last more than one year? Yes No

Total offering amount \$

Item 6. Related Persons

Directions: Provide contact information for all executive officers, directors, and promoters.

Last Name	First Name	Middle Name
Street Address Line 1	Street Address Line 2	
City	State/Province/Country	ZIP/Postal Code
Relationship(s): <input type="checkbox"/> Executive Officer <input type="checkbox"/> Director <input type="checkbox"/> Promoter		
Clarification of Response (if Necessary)		

Last Name	First Name	Middle Name
Street Address Line 1	Street Address Line 2	
City	State/Province/Country	ZIP/Postal Code
Relationship(s): <input type="checkbox"/> Executive Officer <input type="checkbox"/> Director <input type="checkbox"/> Promoter		
Clarification of Response (if Necessary)		

Last Name	First Name	Middle Name
Street Address Line 1	Street Address Line 2	
City	State/Province/Country	ZIP/Postal Code
Relationship(s): <input type="checkbox"/> Executive Officer <input type="checkbox"/> Director <input type="checkbox"/> Promoter		
Clarification of Response (if Necessary)		

Identify additional related persons by checking this box and attaching Item 6 Continuation Page(s).

Item 7. Sales Compensation

Directions: Enter the requested information for each person that has been or will be paid directly or indirectly any commission or other similar compensation in cash or other consideration in connection with sales of securities in the offering, including finders. If more than five persons to be listed are associated persons of the same broker or dealer, enter only the name of the broker or dealer, its CRD number and street address, and the jurisdictions in which the named person has solicited or intends to solicit investors.

Recipient	Recipient CRD Number	<input type="checkbox"/> No CRD Number
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(Associated) Broker or Dealer (if applicable) (Associated) Broker or Dealer CRD Number

No CRD Number

Street Address Line 1 _____ Street Address Line 2 _____

City _____ State/Province/Country _____ ZIP/Postal Code _____

Jurisdictions of Solicitation: All States

AL AK AZ AR CA CO CT DE DC FL GA HI ID
 IL IN IA KS KY LA ME MD MA MI MN MS MO
 MT NE NV NH NJ NM NY NC ND OH OK OR PA
 RI SC SD TN TX UT VT VA WA WV WI WY
 Puerto Rico U.S. Virgin Islands

Identify additional person(s) being paid compensation by checking this box and attaching Item 7 Continuation Page(s).

Item 8. Jurisdictions where securities will be sold

Mark the jurisdictions below where securities will be sold and to which this notice filing is directed, and include the number of securities and offering amount for each jurisdiction:

Jurisdiction	No. of shares or Units	Amount (\$)	Jurisdiction	No. of Shares or Units	Amount (\$)
<input type="checkbox"/> Alabama			<input type="checkbox"/> Montana		
<input type="checkbox"/> Alaska			<input type="checkbox"/> Nebraska		
<input type="checkbox"/> Arizona			<input type="checkbox"/> Nevada		
<input type="checkbox"/> Arkansas			<input type="checkbox"/> New Hampshire		
<input type="checkbox"/> California			<input type="checkbox"/> New Jersey		
<input type="checkbox"/> Colorado			<input type="checkbox"/> New Mexico		
<input type="checkbox"/> Connecticut			<input type="checkbox"/> New York		
<input type="checkbox"/> Delaware			<input type="checkbox"/> North Carolina		
<input type="checkbox"/> District of Columbia			<input type="checkbox"/> North Dakota		
<input type="checkbox"/> Florida			<input type="checkbox"/> Ohio		
<input type="checkbox"/> Georgia			<input type="checkbox"/> Oklahoma		
<input type="checkbox"/> Guam			<input type="checkbox"/> Oregon		
<input type="checkbox"/> Hawaii			<input type="checkbox"/> Pennsylvania		
<input type="checkbox"/> Idaho			<input type="checkbox"/> Puerto Rico		
<input type="checkbox"/> Illinois			<input type="checkbox"/> Rhode Island		
<input type="checkbox"/> Indiana			<input type="checkbox"/> South Carolina		
<input type="checkbox"/> Iowa			<input type="checkbox"/> South Dakota		
<input type="checkbox"/> Kansas			<input type="checkbox"/> Tennessee		
<input type="checkbox"/> Kentucky			<input type="checkbox"/> Texas		
<input type="checkbox"/> Louisiana			<input type="checkbox"/> Utah		
<input type="checkbox"/> Maine			<input type="checkbox"/> U.S. Virgin Islands		

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<input type="checkbox"/> Maryland			<input type="checkbox"/> Vermont		
<input type="checkbox"/> Massachusetts			<input type="checkbox"/> Virginia		
<input type="checkbox"/> Michigan			<input type="checkbox"/> Washington		
<input type="checkbox"/> Minnesota			<input type="checkbox"/> West Virginia		
<input type="checkbox"/> Mississippi			<input type="checkbox"/> Wisconsin		
<input type="checkbox"/> Missouri			<input type="checkbox"/> Wyoming		

Item 9. Signature and Submission

By filing this notice, the issuer hereby represents that:

- All documents previously or subsequently filed with the Securities and Exchange Commission under the file number for this offering indicated above are hereby incorporated by reference with this notice.
- The issuer hereby irrevocably appoints the Securities Administrator or other legally designated officer of the jurisdiction(s) in which this notice is filed as its agent for service of process upon whom may be served any notice, process or pleading in any action or proceeding against it arising out of, or in connection with, the sale of securities and the undersigned does hereby consent that any such action or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within the jurisdiction in which this notice is filed by service of process upon the officers so designated with the same effect as if the undersigned was organized or created under the laws of that jurisdiction and have been served lawfully with process in that jurisdiction. It is requested that a copy of any notice, process, or pleading served hereunder be mailed to:

Name
Address

- The issuer has ensured that any broker-dealer, issuer-dealer, or securities salesperson licensing requirements have been satisfied in those jurisdictions that require such licensing.
- The issuer has included the required filing fees (if any) with the submission of this notice to each jurisdiction indicated.

The issuer has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Signature	Name of Signer (Print)
Title	Date

Item 6. Related Persons, Continuation Page

Directions: Provide contact information for all executive officers, directors, and promoters. Attach additional continuation pages if necessary.

Last Name _____ First Name _____ Middle Name _____
Street Address Line 1 _____ Street Address Line 2 _____
City _____ State/Province/Country _____ ZIP/Postal Code _____
Relationship(s): Executive Officer Director Promoter
Clarification of Response (if Necessary) _____

Last Name _____ First Name _____ Middle Name _____
Street Address Line 1 _____ Street Address Line 2 _____
City _____ State/Province/Country _____ ZIP/Postal Code _____
Relationship(s): Executive Officer Director Promoter
Clarification of Response (if Necessary) _____

Last Name _____ First Name _____ Middle Name _____
Street Address Line 1 _____ Street Address Line 2 _____
City _____ State/Province/Country _____ ZIP/Postal Code _____
Relationship(s): Executive Officer Director Promoter
Clarification of Response (if Necessary) _____

Last Name _____ First Name _____ Middle Name _____
Street Address Line 1 _____ Street Address Line 2 _____
City _____ State/Province/Country _____ ZIP/Postal Code _____
Relationship(s): Executive Officer Director Promoter
Clarification of Response (if Necessary) _____

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Item 7. Sales Compensation, Continuation Page

Directions: Enter the requested information for each person that has been or will be paid directly or indirectly any commission or other similar compensation in cash or other consideration in connection with sales of securities in the offering, including finders. If more than five persons to be listed are associated persons of the same broker or dealer, enter only the name of the broker or dealer, its CRD number and street address, and the jurisdictions in which the named person has solicited or intends to solicit investors. Attach additional continuation pages if necessary.

Recipient	Recipient CRD Number	<input type="checkbox"/> No CRD Number
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(Associated) Broker or Dealer (if applicable)	(Associated) Broker or Dealer CRD Number	<input type="checkbox"/> No CRD Number
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Street Address Line 1	Street Address Line 2	
City	State/Province/Country	ZIP/Postal Code

Jurisdictions of Solicitation: All States

<input type="checkbox"/> AL	<input type="checkbox"/> AK	<input type="checkbox"/> AZ	<input type="checkbox"/> AR	<input type="checkbox"/> CA	<input type="checkbox"/> CO	<input type="checkbox"/> CT	<input type="checkbox"/> DE	<input type="checkbox"/> DC	<input type="checkbox"/> FL	<input type="checkbox"/> GA	<input type="checkbox"/> HI	<input type="checkbox"/> ID
<input type="checkbox"/> IL	<input type="checkbox"/> IN	<input type="checkbox"/> IA	<input type="checkbox"/> KS	<input type="checkbox"/> KY	<input type="checkbox"/> LA	<input type="checkbox"/> ME	<input type="checkbox"/> MD	<input type="checkbox"/> MA	<input type="checkbox"/> MI	<input type="checkbox"/> MN	<input type="checkbox"/> MS	<input type="checkbox"/> MO
<input type="checkbox"/> MT	<input type="checkbox"/> NE	<input type="checkbox"/> NV	<input type="checkbox"/> NH	<input type="checkbox"/> NJ	<input type="checkbox"/> NM	<input type="checkbox"/> NY	<input type="checkbox"/> NC	<input type="checkbox"/> ND	<input type="checkbox"/> OH	<input type="checkbox"/> OK	<input type="checkbox"/> OR	<input type="checkbox"/> PA
<input type="checkbox"/> RI	<input type="checkbox"/> SC	<input type="checkbox"/> SD	<input type="checkbox"/> TN	<input type="checkbox"/> TX	<input type="checkbox"/> UT	<input type="checkbox"/> VT	<input type="checkbox"/> VA	<input type="checkbox"/> WA	<input type="checkbox"/> WV	<input type="checkbox"/> WI	<input type="checkbox"/> WY	

Puerto Rico U.S. Virgin Islands

Recipient	Recipient CRD Number	<input type="checkbox"/> No CRD Number
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(Associated) Broker or Dealer (if applicable)	(Associated) Broker or Dealer CRD Number	<input type="checkbox"/> No CRD Number
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Street Address Line 1	Street Address Line 2	
City	State/Province/Country	ZIP/Postal Code

Jurisdictions of Solicitation: All States

<input type="checkbox"/> AL	<input type="checkbox"/> AK	<input type="checkbox"/> AZ	<input type="checkbox"/> AR	<input type="checkbox"/> CA	<input type="checkbox"/> CO	<input type="checkbox"/> CT	<input type="checkbox"/> DE	<input type="checkbox"/> DC	<input type="checkbox"/> FL	<input type="checkbox"/> GA	<input type="checkbox"/> HI	<input type="checkbox"/> ID
<input type="checkbox"/> IL	<input type="checkbox"/> IN	<input type="checkbox"/> IA	<input type="checkbox"/> KS	<input type="checkbox"/> KY	<input type="checkbox"/> LA	<input type="checkbox"/> ME	<input type="checkbox"/> MD	<input type="checkbox"/> MA	<input type="checkbox"/> MI	<input type="checkbox"/> MN	<input type="checkbox"/> MS	<input type="checkbox"/> MO
<input type="checkbox"/> MT	<input type="checkbox"/> NE	<input type="checkbox"/> NV	<input type="checkbox"/> NH	<input type="checkbox"/> NJ	<input type="checkbox"/> NM	<input type="checkbox"/> NY	<input type="checkbox"/> NC	<input type="checkbox"/> ND	<input type="checkbox"/> OH	<input type="checkbox"/> OK	<input type="checkbox"/> OR	<input type="checkbox"/> PA
<input type="checkbox"/> RI	<input type="checkbox"/> SC	<input type="checkbox"/> SD	<input type="checkbox"/> TN	<input type="checkbox"/> TX	<input type="checkbox"/> UT	<input type="checkbox"/> VT	<input type="checkbox"/> VA	<input type="checkbox"/> WA	<input type="checkbox"/> WV	<input type="checkbox"/> WI	<input type="checkbox"/> WY	

Puerto Rico U.S. Virgin Islands

Attach additional Item 7 continuation pages if necessary.