

Regulatory Analysis Form	This space for use by IRRC
<p>(1) Agency</p> <p>Pennsylvania Securities Commission</p>	<p style="text-align: center;"><b>RECEIVED</b></p> <p style="text-align: center;">1999 NOV -4 PM 12:42</p> <p style="text-align: center;">INDEPENDENT REGULATORY REVIEW COMMISSION</p> <p>IRRC Number: <u>2042</u></p>
<p>(2) I.D. Number (Governor's Office Use)</p> <p>#50-113</p>	
<p>(3) Short Title</p> <p>Securities issued in connection with employe benefit plans</p> <p>Shares of professional corporations</p> <p>Charitable contributions to pooled income funds</p> <p>Charitable gift annuities</p> <p>Limited offerings</p> <p>Equity securities issued by reporting company</p> <p>Mortgages</p> <p>Sales to existing security holders</p> <p>Proxy materials</p> <p>Debt securities of nonprofit organizations</p> <p>Liquidations, dividends and distributions</p> <p>Agricultural cooperative associations</p> <p>Offers and sales to principals</p> <p>Offers prior to effectiveness of registration by qualification exempt</p> <p>Employe takeovers</p> <p>Small issuer exemption</p> <p>Isolated transaction exemption</p> <p>SEC Rule 505 offerings</p> <p>Accredited Investor exemption</p> <p>Increasing the number of purchasers and offerees</p> <p>Waivers of the 12-month holding period</p> <p>Waivers for pre-effective offers under section 203(h)</p> <p>Series of unit investment trusts as separate issuers</p> <p>Escrow of promotional securities</p> <p>Escrow of proceeds</p> <p>Effective period of registration statement</p> <p>Notice to purchasers under section 207(m)</p> <p>Signatures on electronic filings</p> <p>Required records; report on sales of securities and use of proceeds</p> <p>Notice filings for federally covered securities</p> <p>Rescission offers</p> <p>Rescission orders</p> <p>Filing requirements</p> <p>Delegation and substitution</p> <p>Application</p> <p>Financial Statements</p>	

**Regulatory Analysis Form**

**(4) PA Code Cite**

64 Pa. Code § 202.070  
 64 Pa. Code § 202.091  
 64 Pa. Code § 202.093  
 64 Pa. Code § 202.095  
 64 Pa. Code § 203.041  
 64 Pa. Code § 203.091  
 64 Pa. Code § 203.101  
 64 Pa. Code § 203.141  
 64 Pa. Code § 203.151  
 64 Pa. Code § 203.161  
 64 Pa. Code § 203.171  
 64 Pa. Code § 203.183  
 64 Pa. Code § 203.184  
 64 Pa. Code § 203.185  
 64 Pa. Code § 203.186  
 64 Pa. Code § 203.187  
 64 Pa. Code § 203.189  
 64 Pa. Code § 203.191  
 64 Pa. Code § 203.201  
 64 Pa. Code § 204.010  
 64 Pa. Code § 204.011  
 64 Pa. Code § 204.012  
 64 Pa. Code § 205.040  
 64 Pa. Code § 207.071  
 64 Pa. Code § 207.072  
 64 Pa. Code § 207.101  
 64 Pa. Code § 207.130  
 64 Pa. Code § 207.140  
 64 Pa. Code § 209.010  
 64 Pa. Code § 211.010  
 64 Pa. Code § 504.060  
 64 Pa. Code § 513.010  
 64 Pa. Code § 603.011  
 64 Pa. Code § 606.041  
 64 Pa. Code § 609.031  
 64 Pa. Code § 609.034

**(5) Agency Contacts & Telephone Numbers**

**Primary Contact:**  
 G. Philip Rutledge  
 783-5130

**Secondary Contact:**  
 Rebecca Alford  
 783-5130

**(6) Type of Rulemaking(check one)**

Proposed Rulemaking  
 Final Order Adopting Regulation  
 Final Order, Proposed Rulemaking Omitted

**(7) Is a 120 Day Emergency Certification Attached?**

No  
 Yes: By the Attorney General  
 Yes: By the Governor

## Regulatory Analysis Form

### (8) Briefly explain the regulation in clear and nontechnical language.

- a. Commission Regulation 202.070 deletes the requirement to file Form 202-G.
- b. Commission Regulation 202.091 updates legal citations to the Professional Association Act.
- c. Commission Regulation 202.093 adds clarifying language regarding the use of advertising to solicit contributions for charitable pooled income funds.
- d. Commission Regulation 202.095 exempts charitable gift annuities from the registration requirements of Section 201 of the Pennsylvania Securities Act of 1972 (1972 Act) under certain conditions.
- e. Commission Regulation 203.041 adopts a new filing form to claim this exemption on Commission Form E and deletes Commission Form 203-D and Commission Form D Supplement.
- f. Commission Regulation 203.091 conforms the prospectus filing requirement with amendments made to the 1972 Act by Act 109 of 1998.
- g. Commission Regulation 203.101 conforms the availability of this exemption to amendments made to the 1972 Act by Act 109 of 1998 prohibiting use of general solicitation and payment of sales compensation in connection with offers and sales of securities under Section 203(j).
- h. Commission Regulation 203.141 deletes the requirement to file Form 203-N.
- i. Commission Regulation 203.151 conforms the regulation governing intra-state mergers, acquisitions, reorganizations and reclassifications with amendments made to Section 203(o) of the 1972 Act by Act 109 of 1998.
- j. Commission Regulation 203.161 revises Commission Form 203-P used by non-profit organizations selling debt securities that are secured by a first lien mortgage and removes obsolete language.
- k. Commission Regulation 203.171 deletes the requirement to file Form 203-Q.
- l. Commission Regulation 203.183 corrects typographical errors and removes obsolete language.
- m. Commission Regulation 203.184 adds "son-in-law" and "daughter-in-law" to the list of relatives of a principal to whom securities could be sold under this exemption.
- n. Commission Regulation 203.185 removes obsolete language.
- o. Commission Regulation 203.186 deletes the requirement for filing Form 203R-6.
- p. Commission Regulation 203.187 deletes obsolete language and adds language to include offers made under Section 203(s) of the 1972 Act in the numerical limitation and integration provisions of the existing Regulation.
- q. Commission Regulation 203.189 adds language to include offers made under Section 203(s) of the 1972 Act in the numerical limitation and integration provisions of the existing Regulation.
- r. Commission Regulation 203.191 requires the filing of Commission Form E to claim the exemption in Section 203(s) as required by Section 203(s)(i) of the 1972 Act. Section 203(s) was added by Act 109 of 1998.
- s. Commission Regulation 203.201 requires the filing of Commission Form E to claim the exemption in Section 203(t) as required by Section 203(t)(i) of the 1972 Act. Section 203(t) was added by Act 109 of 1998.
- t. Commission Regulation 204.010 deletes references to offerings made under U.S. Securities and Exchange Commission (SEC) Rule 505 or 506, which now are addressed in Sections 203(s) and 211(b) of the 1972 Act, respectively.
- u. Commission Regulation 204.011 provides clarifying language as to when waivers of the 12-month holding period under Section 203(d) of the 1972 Act are available.
- v. Commission Regulation 204.012 deletes, in light of Section 203(t) of the 1972 Act, current language addressing offerings made solely to Accredited Investors and removes the requirement to make notice filings with the Commission before making offers under Section 203(h) of the 1972 Act.
- w. Commission Regulation 205.040 clarifies that each series underlying a unit investment trust will be treated as a separate issuer.
- x. Commission Regulation 207.071 conforms the current regulation with the new scope of authority granted the Commission under Act 109 of 1998 for escrow of promotional shares.
- y. Commission Regulation 207.072 regulates the escrow or use of proceeds as permitted by amendments to Section 207(g) of the 1972 Act by Act 109 of 1998.
- z. Commission Regulation 207.101 revises the total period of effectiveness permitted under Section 207(j) to make it consistent with amendments adopted in Act 109 of 1998.
- aa. Commission Regulation 207.130 revises this section to make it consistent with statutory changes made by Act 126 of 1994.
- bb. Commission Regulation 207.140 deletes obsolete language and adds language permitting registrants to use a typed signature in place of a manual signature when making electronic filings with the Commission.
- cc. Commission Regulation 209.010 clarifies language in Form 209.
- dd. Commission Regulation 211.010 prescribes the notice filing requirements for federally covered securities and which documents filed with the SEC also must be filed with the Commission in connection with those notice filings.

## Regulatory Analysis Form

- ee. Commission Regulation 504.060 clarifies the type of communication to be sent to purchasers and sellers in connection with a rescission offer made under Section 504(d) or (e) of the 1972 Act.
- ff. Commission Regulation 513.010 adds language prescribing the manner in which rescission offers ordered by the Commission will be effected.
- gg. Commission Regulation 603.011 updates filing addresses and authorizes electronic filing with the Commission.
- hh. Commission Regulation 606.041 deletes various delegations with respect to items affected by Act 109 of 1998 and creates certain others.
- ii. Commission Regulation 609.031 deletes obsolete language.
- jj. Commission Regulation 609.034 deletes obsolete language.

## Regulatory Analysis Form

**(9) State the statutory authority for the regulation and any relevant state or federal court decisions.**

- a. 70 P.S. § 1-202(g) and 70 P.S. § 1-609(a)
- b. 70 P.S. § 1-202(i) and 70 P.S. § 1-609(a)
- c. 70 P.S. § 1-202(i) and 70 P.S. § 1-609(a)
- d. 70 P.S. § 1-202(i) and 70 P.S. § 1-609(a)
- e. 70 P.S. § 1-203(d) and 70 P.S. § 1-609(a)
- f. 70 P.S. § 1-203(i.1) and 70 P.S. § 1-609(a)
- g. 70 P.S. § 1-203(j) and 70 P.S. § 1-609(a)
- h. 70 P.S. § 1-203(n) and 70 P.S. § 1-609(a)
- i. 70 P.S. § 1-203(o) and 70 P.S. § 1-609(a)
- j. 70 P.S. § 1-203(p) and 70 P.S. § 1-609(a)
- k. 70 P.S. § 1-203(q) and 70 P.S. § 1-609(a)
- l. 70 P.S. § 1-203(r) and 70 P.S. § 1-609(a)
- m. 70 P.S. § 1-203(r) and 70 P.S. § 1-609(a)
- n. 70 P.S. § 1-203(r) and 70 P.S. § 1-609(a)
- o. 70 P.S. § 1-203(r) and 70 P.S. § 1-609(a)
- p. 70 P.S. § 1-203(r) and 70 P.S. § 1-609(a)
- q. 70 P.S. § 1-203(r) and 70 P.S. § 1-609(a)
- r. 70 P.S. § 1-203(s) and 70 P.S. § 1-609(a)
- s. 70 P.S. § 1-203(t) and 70 P.S. § 1-609(a)
- t. 70 P.S. § 1-204(a) and 70 P.S. § 1-609(a)
- u. 70 P.S. § 1-204(a) and 70 P.S. § 1-609(a)
- v. 70 P.S. § 1-204(a) and 70 P.S. § 1-609(a)
- w. 70 P.S. § 1-205(d) and 70 P.S. § 1-609(a)
- x. 70 P.S. § 1-207(g) and 70 P.S. § 1-609(a)
- y. 70 P.S. § 1-207(g) and 70 P.S. § 1-609(a)
- z. 70 P.S. § 1-207(j) and 70 P.S. § 1-609(a)
- aa. 70 P.S. § 1-207(m) and 70 P.S. § 1-609(a)
- bb. 70 P.S. § 1-207(n) and 70 P.S. § 1-609(a)
- cc. 70 P.S. § 1-209(b) and 70 P.S. § 1-609(a)
- dd. 70 P.S. § 1-211 and 70 P.S. § 1-609(a)
- ee. 70 P.S. § 1-504 and 70 P.S. § 1-609(a)
- ff. 70 P.S. § 1-513 and 70 P.S. § 1-609(a)
- gg. 70 P.S. § 1-603(a) and 70 P.S. § 1-609(a)
- hh. 70 P.S. § 1-606(d) and 70 P.S. § 1-609(a)
- ii. 70 P.S. § 1-609(a) and (c)
- jj. 70 P.S. § 1-609(a) and (c)

**(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.**

Almost all of these regulatory actions are to implement the provisions of Act 109 of 1998 and the federal National Securities Markets Improvement Act of 1996. Regulation 202.095 is a result of enactment of the Charitable Gift Annuity Exemption Act (10 P.S. §361). Amendments to Regulations 202.091, 202.093, 203.161, 203.183, 203.184, 203.185, 204.011, 204.012, 209.010, 504.060 and 603.011 either clarify existing language, remove obsolete language or expand certain exemptions. Amendments to Regulation 207.130 are required by Act 126 of 1994.

## Regulatory Analysis Form

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

- a. Act 109 of 1998 eliminated the requirement to make a notice filing for securities issued pursuant to an employee benefit plan. Amendments to Regulation 202.070 delete the filing requirement and Form 202-G and provide a safe harbor allowing persons to rely on the exemption in Section 202(g) of the Act who are in good faith compliance with SEC Rule 701.
- b. Commission Regulation 202.091 updates citations to the Pennsylvania Professional Association Act, so that those persons using the regulation will have accurate references to other applicable law.
- c. Amendments to Commission Regulation 202.093 now will allow use of advertising, subject to the anti-fraud provisions of the Act. This recognizes use of Web sites by non-profit organizations to provide information relative to pooled income funds.
- d. Regulation 202.095 provides an exemption from the securities registration requirement for charitable gift annuities issued by non-profit organizations which are exempt from compliance with the insurance laws in Pennsylvania under the Charitable Gift Annuity Exemption Act.
- e. Amendments to 203.041 replace Form D and Form D Supplement with Form E. Form E also will be used to file a notice under Sections 203(s) or (t) of the Act. Therefore, the Commission is reducing the number of Forms from 3 to 1 for persons who need to file a notice to claim an exemption for a private placement of securities.
- f. Amendments to Regulation 203.091 conform the prospectus filing requirements with those adopted in Act 109 of 1998.
- g. Amendments to Regulation 203.101 are required by Act 109 of 1998 which conditions the availability of the exemption on refraining from use of general solicitation or payment of sales compensation to unlicensed persons.
- h. Act 109 of 1998 eliminated the requirement to make a notice filing for securities sold to existing equity security holders. Amendments to Regulation 203.141 delete the filing requirement and Form 203-N.
- i. Act 109 of 1998 eliminated filings for merger transactions subject to filing with the U.S. Securities and Exchange Commission. Regulation 203.151 is being amended to reflect this statutory change.
- j. Amendments to Regulation 203.161 revise Form 203-P and eliminate a substantial amount of information previously required to be filed with the Commission. This reduces paperwork burdens on issuers and saves transactional costs.
- k. Act 109 of 1998 eliminated the requirement to make notice filings for securities issued in connection with certain distributions. Amendments to Regulation 203.171 delete the filing requirement and Form 203-Q.
- l. Amendments to Regulation 203.183 correct typographical errors and remove obsolete language from the present regulation.
- m. Amendments to Regulation 203.184 will allow more people to take advantage of the exemption from registration for offers and sales made to principals of an entity by expanding the definition of "principal" for the purposes of the exemption, thereby decreasing the registration burden on the regulated community.
- n. Amendments to Regulation 203.185 keep that regulation current by deleting obsolete language in the present regulation.
- o. Amendments to Regulation 203.186 reduce filing burdens and transactional costs for securities issued in connection with an employee takeover plan by eliminating the notice filing requirement and Form 203-R-6.
- p. Amendments to Regulation 203.187 update that regulation by deleting obsolete language and incorporating integration provisions included in Act 109 of 1998.
- q. Amendments to Regulation 203.189 are required by Act 109 of 1998 to incorporate the integration provisions adopted in that act.
- r. New Regulation 203.191 is required by Act 109 as Section 203(s) of the Act establishes a filing requirement. This regulation adopts Form E as the means of making the required filing with the Commission and interprets certain terms used in Section 203(s).
- s. New Regulation 203.201 is required by Act 109 as Section 203(t) of the Act establishes a filing requirement. This regulation adopts Form E as the means of making the required filing with the Commission and interprets certain terms used in Section 203(t).
- t. Amendments to Regulation 204.010 are required by Act 109 of 1998 and the National Securities Markets Improvement Act of 1996 (NSMIA). Adoption of new Section 203(s) of the Act for SEC Rule 505 offerings and treatment of SEC Rule 506 offerings under NSMIA in new Section 211 of the Act makes major portions of this regulation obsolete. The amendments provide for an increase in the number of offerees and purchasers in transactions exempt from registration under Section 203(d) of the Act.
- u. Amendments to Regulation 204.011 clarify the existing regulation by adding language specifying when a waiver of the 12 month holding period on securities sales under Section 203(d) of the 1972 Act is available.

## Regulatory Analysis Form

- v. Amendments to Regulation 204.012 waive the requirement that issuers who have already filed a registration statements with the SEC under Section 5 of the federal Securities Act of 1933 file a copy of the registration statement with the Commission before making offers (but not sales) in Pennsylvania. This recognizes that many companies place their preliminary prospectuses on company Web sites which may be viewed by Pennsylvania residents but the company or the underwriter of the company's securities does not intend to offer the securities for sale in Pennsylvania. This would prevent those issuers from being in technical violation of the Act.
- w. Amendments to Regulation 205.040 clarify that the Commission will treat each series underlying a unit investment trust as a separate issuer.
- x. Amendments to Regulation 207.071 are required by Act 109 which revised the Commission's authority to escrow shares issued to promoters of an issuer for a price substantially less than the public offering price.
- y. New Regulation 207.072 is required to implement the escrow of proceeds provision adopted by Act 109 of 1998.
- z. Amendments to Regulation 207.101 are required to implement the limitation on the maximum effectiveness periods for registration by coordination as adopted in Act 109 of 1998.
- aa. Amendments to Regulation 207.130 are required by Act 126 of 1994 which revised the language relating to the rights of persons to withdraw from the purchase of securities under Ssection 207(m) of the 1972 Act.
- bb. Amendments to Regulation 207.140 facilitate electronic filing of certain documents with the Commission by allowing registrants to type a signature on the document rather than requiring a manual signature when filing documents electronically.
- cc. Amendments to Regulation 209.010 clarify the information required to be reported on Form 209.
- dd. New Regulation 211.010 sets forth the notice filing requirements in new Section 211 of the Act adopted by Act 109 relating to the offer and sale of investment company securities in Pennsylvania and SEC Rule 506 offerings. New Section 211 was required to conform the Act with the provisions of NSMIA.
- ee. Amendments to Regulation 504.060 clarify certain requirements for communicating a rescission offer under Section 504(d) or (e) of the Act.
- ff. New Regulation 513.010 is required to specify the manner in which rescission offers mandated by order of the Commission under new Section 513 adopted by Act 109 of 1998 are to be made.
- gg. Amendments to Regulation 603.011 are required to update filing addresses and authorize electronic filing.
- hh. Amendments to Regulation 606.041 make certain delegations to the Director of the Division of Licensing and Compliance and the Director of the Division of Corporation Finance in connection with exercising authority granted by Act 109 of 1998.
- ii. Amendments to Regulation 609.031 make minor changes necessitated by Act 109 of 1998.
- jj. Amendments to Regulation 609.034 make minor changes necessitated by Act 109 of 1998.

## Regulatory Analysis Form

### (12) State the public health, safety, environmental or general welfare risks associated with non-regulation:

The following regulations are required as a result of enactment of Act 109 of 1998 for the following reasons:

- a. Act 109 of 1998 eliminated the filing requirement to claim the exemption afforded by Section 202(g). Therefore, Regulation 202.070 is amended to eliminate the requirement to file Form 202-G.
- b. Act 109 of 1998 required a notice filing to claim the exemption in new Sections 203(s) and (t) and the Commission is taking the opportunity to create one filing form for all exemption notice filings for private placements by amending Regulation 203.041.
- c. Act 109 of 1998 changed the prospectus filing requirement with respect to the exemption in Section 203(i.1). Therefore, Regulation 203.091 is amended to reflect this change.
- d. Act 109 of 1998 now prohibits use of general solicitation and sales compensation in connection with transactions under Section 203(j). Therefore, Regulation 203.101 is amended to reflect these changes.
- e. Act 109 of 1998 eliminated the filing requirement to claim the exemption afforded by Section 203(n). Therefore, Regulation 203.141 is amended to delete the requirement to file Form 203-N.
- f. Act 109 of 1998 revised the exemption in Section 203(o) concerning merger transactions. Therefore, Regulation 203.151 is amended to reflect these revisions.
- g. Act 109 of 1998 eliminated the filing requirement to claim the exemption afforded by Section 203(q) for dividend distributions. Therefore, Regulation 203.171 is amended to delete the requirement to file Form 203-Q.
- h. Act 109 of 1998 adopted certain language concerning integration of offers and sales of securities under various exemptions. Therefore, Regulations 203.187 and 203.189 are revised to reflect the integration provisions adopted by Act 109.
- i. Act 109 of 1998 established a new exemption in Section 203(s) for which a notice filing is required. Therefore, Regulation 203.191 establishes Commission Form E as the form of notice to claim the exemption under this section.
- j. Act 109 of 1998 established a new exemption in Section 203(t) for which a notice filing is required. Therefore, Regulation 203.201 establishes Commission Form E as the form of notice to claim the exemption under this section.
- k. Act 109 of 1998 adopted new exemptions and notice filing provisions concerning offerings made under SEC Rule 505 and 506. Therefore, Regulation 204.010 is revised to delete references to these types of offerings.
- l. Act 109 of 1998 revised certain provisions relating to the offer and sale of securities of investment companies. Therefore, Regulation 205.040 is changed to reflect the revisions adopted by Act 109 and clarify that each series underlying a unit investment trust will be treated as a separate issuer.
- m. Act 109 of 1998 revised provisions concerning the escrow of proceeds from an offering of securities and the escrow of shares issued to promoters of a company offering securities at a price substantially less than the public offering price. Therefore, Regulation 207.071 is revised and Regulation 207.072 adopted to implement the provisions of Act 109.
- n. Act 109 of 1998 changed the total period of effectiveness for registrations by coordination. Therefore, Regulation 207.101 is amended to reflect this change.
- o. Act 109 of 1998 authorized use of electronic signatures on filings made electronically with the Commission. Therefore, Regulation 207.140 is amended to allow typed signatures on electronic filings rather than manual signatures.
- P. Act 109 of 1998 authorized the Commission to order rescission in certain circumstances. Therefore, Regulation 513.010 is adopted to indicate that rescission offers ordered by the Commission should be effected in accordance with Regulation 504.060 unless otherwise specified by order of the Commission.
- q. Act 109 of 1998 adopted notice filing provisions in new Section 211 for securities which are covered securities under the National Securities Markets Improvement Act of 1996. Therefore, new Regulation 211.010 is adopted to implement the filing provisions of this new section.
- r. Regulation 606.041 is amended to delegate authority to staff to act under certain new sections adopted by Act 109 of 1998.
- s. Regulations 609.031 and 609.034 are revised to incorporate changes in legal citations occasioned by adoption of Act 109 of 1998.

The following amendment is being adopted to comply with Act 124 of 1994.

- a. Regulation 207.130 is revised to comply with the statutory changes made to Section 207(m) of the Act by Act 124 of 1994.



## Regulatory Analysis Form

The following regulation is being adopted in light of passage of the Charitable Gift Annuity Exemption Act.

- a. Regulation 203.195 addresses securities registration issues with respect to charitable gift annuities in light of passage of the Charitable Gift Annuity Exemption Act which dealt with licensing issues with the Department of Insurance.

The following regulations are adopted for the following reasons:

- a. Regulation 202.091 updates legal citations to the Professional Association Act to avoid confusion with prior law.
- b. Regulation 202.093 allows advertising of pooled income funds over Web sites of non-profit organizations, thus avoiding the possibility that such organizations might be in technical violation of the exemption afforded by this section.
- c. Regulation 203.161 substantially reduces the amount of information required to be filed with the Commission by non-profit organizations seeking to sell debt securities backed by a first lien mortgage, thereby reducing transactional costs.
- d. Regulation 203.183 removes obsolete language to avoid confusion.
- e. Regulation 203.184 expands the availability of the exemption to sons-in-law and daughters-in-law of principals, thereby making the exemption more useful.
- f. Regulation 203.185 eliminates obsolete language.
- g. Regulation 203.186 eliminates the requirement to file Form 203R-6, thereby saving transactional costs for issuers using this exemption.
- h. Regulation 204.011 clarifies a provision waiving the 12-month holding period for securities sold under Section 203(d) of the Act which has caused confusion to the regulated community.
- i. Regulation 204.012 waives the filing requirement for issuers making offers (but not sales) in Pennsylvania where the issuer had filed a registration statement with the SEC under Section 5 of the Securities Act of 1933. By not providing this relief, companies that placed a preliminary prospectus for a public offering of securities on their Web site could be in technical violation of the Act.
- j. Regulation 209.010 clarifies an item on Commission Form 209.
- k. Regulation 504.060 clarifies what information should be sent to investors in connection with a rescission offer. Not to provide this clarification would result in continued arguments with issuers over what may be contained in a rescission offer communication.
- l. Regulation 603.011 updates addresses where filings with the Commission must be made.

**(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)**

Issuers offering securities in Pennsylvania will be the primary beneficiaries of these regulations because they reflect changes made by Act 109 of 1998 to eliminate filings with the Commission, expand exemptions and facilitate electronic filing. The regulations also provide clarity to the regulatory regime by eliminating obsolete language, updating legal citations and giving regulatory guidance.

**(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)**

No groups will be adversely affected by these regulations. These regulatory actions eliminate filing requirements, expand exemptions and streamline the regulatory process.

**Regulatory Analysis Form**

**(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)**

Those who need to comply with the regulations are persons who seek to raise capital from Pennsylvania residents.

**(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.**

The Commission sought input of the regulated community, primarily by means of the Commission's Attorney Advisory Committee and the Investment Company Institute, an organization representing the mutual fund industry.

**(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including and legal, accounting or consulting procedures which may be required.**

- a. Amendments to Regulations 202.070, 203.141, 203.171, 203.186, and 204.012 will save the regulated community the expense of making the filings formerly required under those regulations by deleting the requirement to make those filings.
- b. Adoption of a single form, namely Form E, to claim the exemption afforded in Commission Regulations 203.041, 203.191, and 203.201 will save the regulated community the time and expense of preparing and filing different forms for each exemption.

**(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.**

These regulatory actions do not affect local government.

**(19) Provide a specific estimate of costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.**

In eliminating certain filing requirements to claim exemptions, Act 109 of 1998 also repealed associated filing fees. In the fiscal note accompanying Act 109, total revenue loss to the Commonwealth as a result of the repeal of these filing fees was estimated at \$10,000 annually. The regulations contained herein are revenue neutral to state government.

**(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.**

(in thousands)	Current FY Year	FY+1 Year	FY+2 Year	FY+3 Year	FY+4 Year	FY+5 Year
<b>SAVINGS:</b>	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
<b>Total Savings</b>						
<b>COSTS:</b>						
Regulated Community						

### Regulatory Analysis Form

Local Government						
State Government						
<b>Total Costs</b>						
<b>REVENUE LOSSES:</b>						
Regulated Community						
Local Government						
State Government						
<b>Total Revenue Losses</b>						

(20a) Explain how the cost estimates listed above were derived.

The Commission does not have reliable data available to ascertain the amount of legal, accounting and other costs associated with filing the forms which have been eliminated by Act 109 of 1998 and these regulations. Suffice to say that all the regulations are de-regulatory in nature and reduce, rather than increase, compliance costs on the regulated community.

(20b) Provide the past three year expenditure history for programs affected by the regulation.

PROGRAM	FY-3	FY-2	FY-1	Current FY
PA Securities Commission (Total State Appropriation)	\$6,001,000	\$5,883,000	\$5,767,000	\$5,405,000

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

All of the regulations contained herein are beneficial as they reduce compliance costs on the regulated community without increasing program costs to the Commission.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

All of the regulations are derived from specific statutory sections in the Act which authorize the Commission to take action only by rule. Therefore, no non-regulatory alternatives were considered for the Commission Regulations proposed herein.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Due to the response to Item 22, no alternative regulatory schemes were considered.

### Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

None of the regulations are more stringent than comparable federal standards. With respect to Regulations 207.071 and 207.072, there are no comparable federal standards. These state standards, however, have been made uniform with those imposed by other state securities regulators for similar offerings.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

One of the focal points of Act 109 of 1998 and these subsequent regulations was to create uniformity in treatment of exemptions and registrations with other states as outlined in the Uniform Securities Act, which has been adopted in a majority of states, including Pennsylvania.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

These regulations affect only the promulgating agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times and locations, if applicable.

The Commission has previewed these regulations with the Commission's Attorney Advisory Committee and has made presentations concerning the regulations as part of several continuing legal education programs sponsored by the Pennsylvania Bar Institute. These regulations also were contained in the Commission's Regulatory Agenda which is published semi-annually in the *Pennsylvania Bulletin*.

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

- a. Commission Regulation 202.070 deletes the requirement to file Form 202-G.
- b. Commission Regulation 202.095 creates a self-executing exemption for certain charitable gift annuities.
- c. Commission Regulation 203.041 deletes Commission Form D and the Form D Supplement and requires the filing of new Form E in order to utilize the exemption provided by Section 203(d) of the 1972 Act.
- d. Commission Regulation 203.141 deletes the requirement to file Form 203-N.
- e. Commission Regulation 203.161 substantially reduces the amount of information required to be filed on Form 203-P.
- f. Commission Regulation 203.171 deletes the requirement to file Form 203-Q.
- g. Commission Regulation 203.186 deletes the requirement for filing Form 203-R-6.
- h. Commission Regulations 203.191 and 203.201 specify Form E as the required form for issuers filing under Sections 203(s) and 203(t).
- i. Commission Regulation 204.012 removes the requirement that persons wishing to make offers (but not sales) of securities under Section 203(h) of the Act make a filing with the Commission where a registration statement has been filed with SEC under Section 5 of the Securities Act of 1933.
- j. Commission Regulation 207.071 replaces the requirement that issuers escrowing promotional shares use Form SE.
- k. As required by federal law, Commission Regulation 211.010 requires that investment companies and issuers in SEC Rule 506 offerings make notice filings with the Commission on Uniform Form NF and SEC Form D, respectively.

## Regulatory Analysis Form

**(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.**

The Commission always takes into consideration compliance burdens imposed on small businesses seeking to raise capital in Pennsylvania. These regulations are small-business friendly in that they eliminate a number of notice filings and make most of the exemptions from registration under the Act self-executing (i.e., no form need be filed with the Commission). Where investor protection concerns do require a notice filing, the Commission has collapsed various current forms into one new form, Commission Form E. Now, a single form can be used to claim any of the three exemptions for private placements of securities for which a notice filing is required.

The Commission also is concerned with uniformity, so that Pennsylvania's provisions are not in variance with other states unless there is a specific investor protection justification. These regulations revise certain of Pennsylvania's provisions to make them uniform with similar provisions in the securities laws of other states and consistent with the Uniform Securities Act and uniform statements of policies adopted by state securities regulators.

The Commission also is aware of the impact of the Internet and electronic commerce. These regulations take this into consideration by providing regulatory relief to avoid inadvertent violations of the Act by persons placing a preliminary prospectus on the Internet which has been filed with the SEC without filing in Pennsylvania or by non-profit organizations using their Web site to distribute information on pooled income funds or certain charitable gift annuities and authorizing receipt of notice filings electronically.

**(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?**

It is anticipated that the regulations will become effective upon publication of final rulemaking in the *Pennsylvania Bulletin*.

**(31) Provide the schedule for continual review of the regulation.**

These Commission Regulations will be periodically reviewed by staff and, where changes are warranted, they will be included in the Commission's Regulatory Agenda.

FACE SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE BUREAU  
(Pursuant to Commonwealth Documents Law)

RECEIVED

1999 NOV -4 PM 12:42

INDEPENDENT REGULATORY  
REVIEW COMMISSION

#2042

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to form and legality. Attorney General

BY: \_\_\_\_\_  
(DEPUTY ATTORNEY GENERAL)

\_\_\_\_\_  
DATE OF APPROVAL

Check if applicable  
Copy not approved. Objections attached.

Copy below is hereby certified to be a true and correct copy of a document issued, prescribed or promulgated by:

PENNSYLVANIA SECURITIES COMMISSION  
(AGENCY)

DOCUMENT/FISCAL NOTE NO. 50-113

DATE OF ADOPTION: October 19, 1999

BY: M. Joanna Cummings

TITLE: SECRETARY  
(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

Copy below is hereby approved as to form and legality. Executive or Independent Agencies.

BY: [Signature]

October 19, 1999  
DATE OF APPROVAL

(Deputy General Counsel)  
(Chief Counsel, Independent Agency)  
(Strike inapplicable title)

Check if applicable. No Attorney General approval or objection within 30 days after submission.

FINAL FORM RULEMAKING  
PENNSYLVANIA SECURITIES COMMISSION  
TITLE 64. SECURITIES

- Subpart B. Registration of Securities
  - Ch. 202. Exempt Securities
  - Ch. 203. Exempt Transactions
  - Ch. 204. Exemption Proceedings
  - Ch. 205. Registration by Coordination
  - Ch. 207. Registration Provisions
  - Ch. 209. Books, Records and Accounts
  - Ch. 211. Federally Covered Securities

- Subpart E. Enforcement
  - Ch. 504. Time Limitations on Rights of Action
  - Ch. 513. Rescission Orders

- Subpart F. Administration
  - Ch. 603. Administrative Files
  - Ch. 606. Miscellaneous Powers of Commission
  - Ch. 609. Regulations, Forms and Orders

**FINAL FORM RULEMAKING  
PENNSYLVANIA SECURITIES COMMISSION**

***Statutory Authority***

Notice is hereby given that the Pennsylvania Securities Commission ("Commission"), pursuant to the authority contained in sections 202(g), 202(i), 203(d), 203(i.1), 203(j), 203(n), 203(o), 203(p), 203(q), 203(r), 203(s), 203(t), 204(a), 205(b), 207(g), 207(j.1), 207(n), 209(b), 211(a), 211(b), 504(d), 513, 603(a), 606(d) and 609(a) of the Pennsylvania Securities Act of 1972, Act of December 5, 1972 (P.L. 1280 No. 284) (70 P.S. §§1-101 *et seq.*) ("Act") amends and adopts regulations concerning the subject matter of the Act as set forth in Annex A.

***Publication of Notice of Proposed Rulemaking***

Publication of a Notice of Proposed Rulemaking appeared at 29 Pa.B. 3898-3924 (July 24, 1999).

***Public Comments***

One public comment was received from the Investment Company Institute which supported adoption of 64 Pa. Code §211.010. No public comments were received with respect to any other proposed amendments or regulations.

***Comments of the Independent Regulatory Review Commission***

By letter dated September 23, 1999, the Independent Regulatory Review Commission advised that it had no objections, comments or suggestions with respect to the proposed amendments or regulations.

***Changes Made by the Commission on Adoption***

In deliberating final adoption, the Commission addressed two issues raised by Commission staff and made certain modifications to the proposed amendments and regulations. The first issue concerns 64 Pa. Code §203.189 (relating to isolated transactions). In 1997, the Commission waived the Pennsylvania domicile requirement and public media advertisement prohibition for offerings that were filed with the U.S. Securities and Exchange Commission (SEC) under Section 5 of the Securities Act of 1933 (1933 Act) or pursuant to SEC Regulation A adopted under Section 3(b) of the 1933 Act and did not sell to more than two persons in Pennsylvania within a consecutive 12 month period. Although implicit in the waiver of the public media advertisement, the Commission did not affirmatively waive the limitation of no more than 90 offers in Pennsylvania during a consecutive 12 month period §203.189(a)(2). In Final Form Rulemaking, the Commission revised this regulation to include in subsection (b) a waiver of the limitation on offers contained in subsection (a)(2).

**FINAL FORM RULEMAKING  
PENNSYLVANIA SECURITIES COMMISSION**

The second issue arose in the context of proposed amendments to 64 Pa. Code §204.010 (relating to increasing the number of offerees and purchasers) in which the Commission proposed to delete subsection (c)(2). This is a former Uniform Limited Offering Exemption provision which states that a disqualification on use of this exemption is waived automatically if the state which imposed the disqualification determines upon showing of good cause that it is not necessary under the circumstances that the exemption be denied. Because the disqualification provision in subsection (b) includes orders issued by other states for violations of their securities statutes, this waiver provision should be retained. In Final Form Rulemaking, the Commission determined to withdraw the proposed change to §204.010(c)(2).

***Summary and Purpose of Regulations***

- §202.070 Commission Form 202-G has been deleted.
- §202.091 The legal citations in this regulation have been updated.
- §202.093 Use of advertising in connection with the solicitation of charitable pooled income funds has been clarified.
- §202.095 Certain charitable gift annuities are exempt from registration under the act.
- §203.041 Commission Form E has been adopted and Commission Form 203-D and Commission Form D Supplement have been repealed.
- §203.091 The prospectus filing requirement has been conformed with amendments made to the Act by the act of November 24, 1998 (P.L. 829 No. 109) (Act 109).
- §203.101 Availability of this exemption has been conformed to amendments made to the Act by 109 prohibiting use of general solicitation and payment of sales compensation.
- §203.141 Commission Form 203-N has been deleted.
- §203.151 This regulation has been conformed to amendments made to Section 203(o) of the Act by Act 109.
- §203.161 Commission Form 203-P has been revised.
- §203.171 Commission Form 203-Q has been deleted.



**FINAL FORM RULEMAKING  
PENNSYLVANIA SECURITIES COMMISSION**

- §203.183 Typographical errors have been corrected and obsolete language removed.
- §203.184 “Son-in-law” and “daughter-in-law” have been included in the definition of principal.
- §203.185 Obsolete language has been removed.
- §203.186 Commission Form 203R-6 has been deleted.
- §203.187 Integration provisions adopted by Act 109 have been incorporated.
- §203.189 Integration provisions adopted by Act 109 have been incorporated and waiver of 90 offer limitation extended to offerings filing under Section 5 of the 1933 Act or SEC Regulation A.
- §203.191 Commission Form E adopted to claim the exemption in Section 203(s) of the Act.
- §203.201 Commission Form E adopted to claim the exemption in Section 203(t) of the Act.
- §204.010 References to offerings made under SEC Rule 505 or 506 are deleted and provision relating to waiver of disqualification provision has been retained.
- §204.011 Language relating to when waivers under this section are available has been clarified.
- §204.012 This regulation establishes a waiver of the requirement to file a registration statement with the Commission prior to making offers (but not sales) in Pennsylvania where the issuer had filed a registration statement with the SEC.
- §205.040 Obsolete language has been deleted.
- §207.071 Escrow of promotional shares provisions have been modified in accordance with amendments adopted by Act 109.
- §207.072 A new regulation concerning the escrow of use of proceeds has been adopted.
- §207.101 The total period of effectiveness of a registration statement filed under Section 205 of the Act has been changed to conform to amendments in Act 109.
- §207.130 Regulation has been changed to conform to Act 126 of 1994.

**FINAL FORM RULEMAKING  
PENNSYLVANIA SECURITIES COMMISSION**

- §207.140 Use of manual signatures has been waived and issuers making notice filings with the Commission through electronic means may use typed signatures on electronic forms.
- §209.010 Language in Commission Form 209 has been clarified.
- §211.010 A notice filing requirement for federally covered securities has been adopted.
- §504.060. The type of communication to purchasers and sellers in connection with a rescission offer made under Section 504(d) or (e) has been clarified.
- §513.010 §504.060 for rescission offers apply to any rescission offer ordered under Section 513 of the Act unless otherwise specified by order of the Commission.
- §603.011 Filing addresses have been updated.
- §606.041 Various delegations of authority have been made to Commission staff.
- §609.031 Legal citations have been updated.
- §609.034 Legal citations have been updated.

***Persons Affected by these Regulations***

These proposed regulatory actions generally are required to effectuate statutory changes made to the Act by Act 109 of 1998. The regulatory proposals primarily affect issuers seeking to raise capital through the offer and sale of securities in Pennsylvania.

***Fiscal Impact***

None of the amendments or regulations increase costs on the regulated community or the Commonwealth. The Commonwealth will not incur any revenue loss as a result of the regulatory actions. The amendments and regulations will decrease regulatory costs to issuers by eliminating certain filing requirements.

***Paperwork***

The Commission adopts new Commission Form E which will be used for making certain notice filings with the Commission in lieu of Form 203-D and Form D Supplement which have been deleted. Form E, therefore, is a multi-purpose form which issuers may use to claim any of the three private placement exemptions under the Act which require a notice filing.

**FINAL FORM RULEMAKING  
PENNSYLVANIA SECURITIES COMMISSION**

Commission Form 202-G, Form 203-N, Form 203-Q and 203R-6 have been deleted and Commission Form 203-P is amended to reduce the amount of information required to be filed. Therefore, the amendments and regulations will reduce substantially the current paperwork requirements for issuers offering and selling securities in Pennsylvania.

***Regulatory Review***

Under Section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on July 1, 1999, the Commission submitted a copy of proposed rulemaking published at 29 Pa.B. 3898 (July 24, 1999) to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of the House Committee on Commerce and Economic Development and the Senate Committee on Banking and Insurance for comment and review. In compliance with section 5(b.1) of the Regulatory Review Act, the Commission has provided IRRC and the Committees with a copy of a detailed Regulatory Analysis form prepared by the Commission in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." A copy of this material is available upon request.

In preparing final form rulemaking, the Commission has considered all comments received from IRRC and the public. This final form rulemaking was submitted on November 4, 1999 to the House Committee on Commerce and Economic Development and the Senate Committee on Banking and Insurance and the Independent Regulatory Review Commission. The final form rulemaking was deemed approved by the House Committee on Commerce and Economic Development and by the Senate Committee on Banking and Insurance on . IRRC met on and approved the final form rulemaking on that date.

***Availability in Alternative Formats***

The amendments and regulations may be made available in alternative formats upon request. TDD users should use the AT&T Relay Center (800) 854-5984. To make arrangements for alternative formats, contact Joseph Shepherd, ADA Coordinator, at (717) 787-6828.

***Contact Person***

The contact person for an explanation of the amendments and regulations is G. Philip Rutledge, Deputy Chief Counsel, Securities Commission, Eastgate Building, 1010 N. Seventh Street, 2nd Floor, Harrisburg, PA 17102-1410, (717) 783-5130.

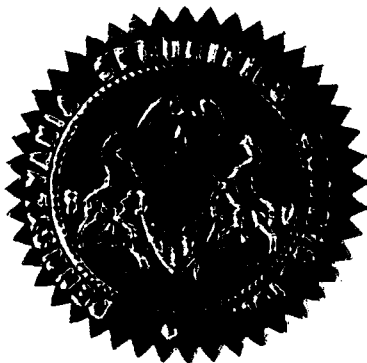
**FINAL FORM RULEMAKING  
PENNSYLVANIA SECURITIES COMMISSION**

*Order*

The Commission, acting under the authorizing statute, orders that:

- (a) The regulations of the Commission, 64 Pa. Code Chapters 202, 203, 204, 205, 207, 209, 211, 504, 603, 606 and 609 are amended by amending §§202.070, 202.091, 202.093, 203.041, 203.091, 203.101, 203.141, 203.151, 203.161, 203.171, 203.183, 203.184, 203.185, 203.186, 203.187, 204.011, 204.012, 205.040, 207.071, 207.101, 207.130, 207.140, 209.010, 504.060, 603.011, 606.041, 609.031 and 609.034 to read as set forth at 29 Pa.B. 3898; by adopting §§202.095, 203.191, 203.201, 207.072, 211.010 and 513.010 as set forth at 29 Pa.B. 3898; and by amending §§203.189 and 204.010 as set forth in Annex A..
- (b) The Secretary of the Commission shall submit this order and Annex A to the Office of Attorney General for approval as to form and legality as required by law.
- (c) The Secretary of the Commission shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.
- (d) This order shall take effect upon publication in the *Pennsylvania Bulletin*.

**BY ORDER OF THE COMMISSION**



*M. Joanna Cummings*  
M. JOANNA CUMMINGS, SECRETARY

ANNEX A

**TITLE 64. SECURITIES**  
**Subpart B. REGISTRATION OF SECURITIES**  
**CHAPTER 203. EXEMPT TRANSACTIONS**

**§203.189. Isolated transaction exemption.**

\* \* \*

(b) *Waivers.*

(1) Subsection [(a)(3) and (5)] (a)(2), (3) and (5) do not apply if the following criteria are met:

(i) The securities to be sold in reliance on this section are registered with the United States Securities and Exchange Commission under section 5 of the Securities Act of 1933 (1933 Act)(15 U.S.C.A. §77e) or exempt from registration under Regulation A adopted under section 3(b) of the 1933 Act (15 U.S.C.A. §77(c)(b)).

(ii) The issuer has complied with section 203(h) of the act (70 P.S. §1-203(h)).

\* \* \*

(c) *Inclusion of prior offers and sales.* Offers and sales which occurred within the preceding 12 months from the date of an offer or sale to be made under this section that were made in reliance upon section 203(d), [or] (f) or (s) of the act, §§203.187 and 204.010(a)(1) and (2) (relating to small issuer exemption; and increasing number of purchasers and offerees), SEC Rule 506 (17 CFR 230.506) or this section shall be counted against the numerical limitations in subsection (a)(1) and (2).

(d) *Integration.*

(1) Offers and sales made by the issuer under this section shall be counted as offers and sales under the applicable numerical limitations set forth in §204.010(a)(1) and (2) if offers and sales under §204.010 occur within a period of 12 consecutive months of an offer or sale made under this section.

(2) Offers and sales made by the issuer under this section shall be counted as offers and sales under the applicable numerical limitations set forth in section 203(s) of the act (70 P.S. §1-203(s)) if offers and sales under section 203(s) occur within a period of 6 consecutive months of an offer or sale made under this section.

\* \* \*

## CHAPTER 204. EXEMPTION PROCEEDINGS

### §204.010. Increasing the number of purchasers and offerees.

(a) *[Sales of securities.* Under section 204(a) of the act (70 P.S. §204(a)), the number of purchasers and offerees permitted by section 203(d) and (e) of the Act (70 P.S. §§1-203(d) and (e)), respectively, are increased in the manner set forth in this section, except as provided in subsection (b), if all securities transactions made in this Commonwealth under section 203(d) and (e) of the act, including those made under paragraphs (1) and (2) are effected by broker-dealers registered under section 301 of the act (70 P.S. §1-301):]

[(1) In addition to the 25 persons to whom sales of securities may be made under section 203(d) of the act, sales of securities under that section also may be made in this Commonwealth during a 12 consecutive month period to:

- (i) Ten additional persons; and
- (ii) An unlimited number of experienced private placement investors, as that term is defined in subsection (d)(1); or
- (iii) As an alternative to, but not in combination with, subparagraphs (i) and (ii), an unlimited number of persons if all sales made under section 203(d) of the act (70 P.S. §1-203(d)), including those made under this sub-paragraph, meet all of the following conditions:
  - (A) The securities are offered or sold in good faith reliance that the offering would qualify for exemption from the Securities Act of 1933 (15 U.S.C.A. §§77a-77aa) under Securities and Exchange (SEC) Rules 501, 502, 503 and 505 or 506 of Regulation D (17 CFR 230.501, 230.502, 230.503, 230.505 and 230.506 (relating to rules governing limited offer and sale of securities without registration under the Securities Act of 1933) and made effective in SEC Release No. 33-6389.
  - (B) Commission Form 203-D or, in the alternative, SEC Form D (as defined in subsection (d)(4) and Commission Form D Supplement found at §203.041 (relating to limited offerings), accompanied by a copy of any offering circular, prospectus, memorandum or other document or brochure which has been or is proposed to be used in connection with the offer or sale of the securities, is filed with the Commission no later than the day on which the securities are first issued or the issuer first receives consideration from a person therefore, whichever is earlier.
  - (C) The purchaser satisfied the definition of accredited investor in subsection (d)(5) or has a net worth or, where applicable, joint net worth with his spouse (in either event exclusive of home, furnishings and automobiles) at the time of sale of five times the purchaser's total purchase price. The conditions of this subparagraph will be satisfied if the

broker-dealer registered under section 301 of the act (70 P.S. §1-301) who makes the sale satisfies the requirements of subsection (e).

(2) In addition to the 50 persons to whom offers of securities may be made under section 203(e) of the act (70 P.S. §203(e)), offers of securities under that section also may be made in this Commonwealth during a 12 consecutive month period to:

- (i) Forty additional persons; and
- (ii) The number of additional persons equal to those experienced private placement investors, as that term is defined in subsection (d)(1), who actually purchase the securities being offered in the securities transaction; or
- (iii) As an alternative to, but not in combination with subparagraphs (i) and (ii), an unlimited number of persons if all sales resulting therefrom meet the conditions of paragraph (1)(iii). The restriction contained in section 203(d)(ii) of the act (70 P.S. §10293(d)(ii)) concerning mass mailings is waived in connection with solicitations made in compliance with this subparagraph.

(3) Issuers which intend to rely on the provisions of subsection (a)(1)(i) and (ii) and have filed or will be timely filing SEC Form D with the SEC may, in lieu of filing Commission Form 203-D, file SEC Form D and Commission Form D Supplement found at §203.041 with the Commission accompanied by a copy of any offering circular, prospectus, memorandum or other document or brochure which has been or is proposed to be used in connection with the offer or sale of the securities no later than the day on which the securities are first issued or the issuer first receives consideration from a person therefor, whichever is earlier.]

Increases in Purchasers and Offerees. Under section 204(a) of the act (70 P.S. §1-204(a)), the number of purchasers and offerees permitted under section 203(d) and (e) of the act, respectively (70 P.S. §§1-203(d) and (e)) shall be increased as follows, provided the issuer complies with all the conditions described in subsection (b):

(1) The total number of persons to whom securities may be offered in the Commonwealth during a period of 12 consecutive months under section 203(e) shall be 90 persons, except that offers made to experienced private placement investors, as that term is defined in subsection (d), who actually purchase the securities being offered shall not be included in the limitation established by this paragraph.

(2) The total number of persons to whom securities may be sold in the Commonwealth during a period of 12 consecutive months under section 203(d) shall be 35 persons, except that sales made to experienced private placement investors, as that term is defined in subsection (d) shall not be included in the numerical limitation established by this paragraph.

(b) *[Disqualification] Conditions.*

(1) [Subsections (a)(1)(i), (ii), (a)(2)(i) and (ii) are not available to an issuer if the] Disqualification. The issuer or a person who is an officer, director, principal, partner (other than a limited partner), promoter, or controlling person of the issuer or a person occupying a similar status or performing a similar function on behalf of the issuer, has not been convicted of a crime, made the subject of a sanction or otherwise found to have met any of the criteria described in section 305 (a)(ii) - (xiii) of the act (70 P.S. §1-305(a)(ii) - (xiii)) unless the person subject to this disqualification is registered under section 301 of the act (70 P.S. §1-301).

(2) [Subsections (a)(1)(iii) and (a)(2)(iii) are not available, if any of the persons described in SEC Rule 252(c), (d), (e) or (f) of Regulation A (17 CFR 230.252(c) - (f)) (relating to securities exempted) promulgated under the Securities Act of 1933 (15 U.S.C.A. §77c(b)):

(i) Has filed a registration statement which is the subject of a currently effective registration stop order entered under any state securities law within 5 years prior to the filing of the notice required under subsection (a)(1)(iii)(B).

(ii) Has, within 5 years prior to the filing of the notice required under subsection (a)(1)(iii)(B), been convicted of a felony or misdemeanor in connection with the purchase or sale of a security or a felony involving fraud or deceit, including but not limited to forgery, embezzlement, obtaining money under false pretenses, larceny or conspiracy to defraud.

(iii) Is currently subject to a state administrative enforcement order or judgment entered by that state's securities administrator within 5 years prior to the filing of the notice required under subsection (a)(1)(iii)(B) or is subject to a state administrative enforcement order or judgment in which fraud or deceit, including but not limited to, making untrue statements of material facts and omitting to state material facts, was found and the order or judgment was entered within 5 years of the filing of the notice required under subsection (a)(1)(iii)(B).

(iv) Is subject to a state administrative enforcement order or judgment which prohibits, denies or revokes the use of an exemption from registration in connection with the offer, purchase or sale of securities.

(v) Is currently subject to an order, judgment or decree of a court of competent jurisdiction temporarily or preliminarily restraining or enjoining or is subject to an order, judgment or decree of a court of competent jurisdiction, permanently restraining or enjoining, the party from engaging in or continuing conduct or practice in connection with the offer, purchase or sale of a security or involving the making of a false filing with the state entered within 5 years prior to the filing of the notice required under subsection (a)(1)(iii)(B)] Notice filing. With respect to reliance on subsection (a)(2), the issuer files with the Commission the notice required by section 203(d) of the act and §203.041 (relating to limited offerings) and pays the filing fee required by section 602(b.1)(viii) of the act (70 P.S. §1-602(b.1)(viii)).



(3) [ Subsections (a)(1)(iii) and (a)(2)(iii) are not available for the securities of an issuer subject to the disqualification provisions of SEC Rule 252(c), (d), (e) or (f) of Regulation A (17 CFR 230.252(c) - (f)) promulgated under the Securities Act of 1933 (15 U.S.C.A. §§77a- 77aa)] Broker-dealer requirement. All offers and sales made to persons in reliance on section 203(d) and (e) of the act, including the increased number of offerees and purchasers permitted by subsection (a), are effected by a broker-dealer registered under section 301 of the act (70 P.S. §1-301), except that this condition does not apply if the issuer either is organized under the laws of this Commonwealth or has its principal place of business in this Commonwealth.

(4) Statutory requirement. With respect to all offers and sales made to persons permitted under this section, the issuer must comply with all conditions imposed by section 203(d) and 203(e) of the act, respectively.

(c) *Exceptions.*

(1) Subsection [(b)(2)(i) - (iii) and (v) shall] (b)(1) does not apply if the person subject to the disqualification enumerated therein is licensed or registered to conduct securities related business in the state in which the administrative order or judgment was entered against the person or if the broker-dealer employing the person is licensed or registered in this [state] Commonwealth and in the Form BD filed with [this state] the Commission has disclosed the order, conviction, judgment or decree relating to this person. Nothing in this paragraph shall be construed to allow a person disqualified under subsection [(b)(2)(i) - (iii) or (v)] (b)(1), to act in a capacity other than that for which the person is registered.

(2) A disqualification created under this section is automatically waived if the state securities administrator or agency of the state which created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances that the exemption be denied.

(d) *Definitions.* For purposes of this section, the following terms [,] have the following meanings:

\* \* \*

(4) *[Form D.* The form promulgated by the SEC (Reg. §239.500 (17 CFR 239.500) under section 4(6) of the Securities Act of 1933 (15 U.S.C.A. §77(d)(6)) and which, under SEC Rule 503 (17 CFR §230.503), must be filed with the SEC by an issuer seeking to exempt securities transactions under SEC Regulation D.

(5) *Accredited investor.* A person who meets the definition of accredited investor set forth in SEC Rule 501(a) (17 CFR §230.501(a)).

(e) *[Broker-dealers] Due diligence obligation.*

(1) A broker-dealer registered under section 301 of the act (70 P.S. §1-301) [who makes a sale under subsection (a)(1)(ii) or (iii)] that sells a security to an experienced private placement investor in reliance on subsection (a) must receive a written representation that the purchaser [meets the standards set forth in subsection (a)(1)(iii)(C) or, where applicable,] meets the definition of experienced private placement investor set forth in subsection (d)(1)[;] and must have reasonable grounds to believe, after reasonable inquiry, that the written representation is correct.

(2) An issuer [relying on subsection (f) to make offers and sales under subsections (a)(1)(ii) and (a)(2)(ii)] that either is organized under the laws of this Commonwealth or has its principal place of business in this Commonwealth and sells its securities to experienced private placement investors in reliance on subsection (a) must receive a written representation that the purchaser meets the definition of experienced private placement investor set forth in subsection (d)(1) and must have reasonable grounds to believe, after reasonable inquiry, that the written representation is correct.

(f) *[Principal place of business] Statutory basis for offers and sales under this section.* [Where an issuer is organized under the laws of this Commonwealth or organized under the laws of another state but has its principal place of business in this Commonwealth, a broker-dealer registered under section 301 of the act is not required to effect the securities transactions under sections 203(d) and (e) of the act, including those made under subsections (a)(1) and (2) in order:

(1) For the issuer to rely upon subsection (a)(1)(i), (ii), (2)(i) and (ii).

(2) For the issuer to rely upon subsection (a)(1)(iii) and (2)(iii) if the issuer, in addition to filing Commission Form 203-D or SEC Form D, files Part B of Commission Form D Supplement with the Commission to waive the broker-dealer requirements in subsection (a), and the Commission does not deny the application within 5 business days from the date of the filing. The Commission may deny the waiver application if the offering appears to be in violation of the law or abusive] All offers and sales made to persons permitted by this section are deemed to be offers and sales made pursuant to section 203(d) and (e) of the act and all conditions imposed by those sections of the act are applicable to offers and sales to persons permitted by this section.

*Editor's Note: In Final Form Rulemaking, the Commission withdrew its proposal to delete subsection (c)(2).*

Paperwork

The Commission proposes to adopt new Commission Form E for making certain notice filings with the Commission required under the act. New sections 203(s) and 203(t) of the act, enacted by Act 109, require a notice filing on a form prescribed by the Commission. The Commission also proposes to repeal current Form 203-D and Form D Supplement and replace it with Form E. Form E, therefore, would become a multipurpose form which issuers could use to claim any of the three private placement exemptions under the act which require a notice filing.

The proposed regulatory actions also would repeal Form 202-G, Form 203-N and Form 203-Q. Act 109 relieved issuers of the statutory responsibility to make notice filings with the Commission. Lastly, the Commission proposes to amend Form 203-P to reduce the amount of information required to be filed, revise Form 209 to clarify the type of information requested and repeal Form 203R-6. Therefore, these regulatory proposals will reduce substantially the current paperwork requirements for issuers offering and selling securities in this Commonwealth.

Effective Date

The proposed amendments will become effective upon publication in the *Pennsylvania Bulletin* as final rulemaking.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), on July 1, 1999, the Commission submitted a copy of these proposed amendments to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of the House Committee on Commerce and Economic Development and the Senate Committee on Banking and Insurance for comment and review. In addition to submitting the proposed amendments, the Commission has provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by the Commission in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." A copy of this material is available upon request.

If IRRC has objections to any portion of the proposed amendments, it will notify the Commission within 10 days of the close of the Committees' review period. The notification shall specify the regulatory review criteria which have not been met by that portion. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the final-form regulations by the Commission, the General Assembly and the Governor of objections raised.

Availability in Alternative Formats

This proposed rulemaking may be made available in alternative formats upon request. The Commission also will receive comments on this proposed rulemaking in alternative formats. TDD users should use the AT&T Relay Center (800) 854-5984. To make arrangements for alternative formats, contact Joseph Shepherd, ADA Coordinator, at (717) 787-6828.

Contact Person

Interested persons are invited to send comments concerning the proposed amendments within 30 days of publication of this notice to G. Philip Rutledge, Deputy Chief Counsel, Securities Commission, Eastgate Building, 1010 N. Seventh Street, 2nd Floor, Harrisburg, PA 17102-

1410, (717) 783-5130. Mr. Rutledge also is the contact person for an explanation of the proposed amendments.

M. JOANNA CUMMINGS,  
Secretary

Fiscal Note: 50-113. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 64. SECURITIES

PART I. SECURITIES COMMISSION

Subpart B. REGISTRATION OF SECURITIES

CHAPTER 202. EXEMPT SECURITIES

§ 202.070. [ Employee ] Securities issued in connection with employe benefit plans.

(a) [ Both the participation by an employe in a benefit plan which is qualified under the Internal Revenue Code of 1986 §§ 401, 421, 422, 422A and 423, and securities sold, issued or credited to an employe under such a plan shall be deemed to be exempted from the registration requirement of section 201 of the act (70 P. S. § 1-201) by section 202(g) of the act (70 P. S. § 1-202(g)). ] An issuer may rely on the exemption in section 202(g) of the act if one of the following applies:

(1) The securities are being issued in good faith reliance that the transaction would qualify for an exemption under Securities and Exchange Commission Rule 701 (17 CFR 230.701) (relating to exemption for offers and sales of securities pursuant to certain compensatory benefit plans and contracts relating to compensation).

(2) The securities have been registered under the Securities Act of 1933 (15 U.S.C.A. §§ 77a-77aa).

(b) [ Notice shall be given to the Commission with respect to the form and terms of employe benefit plans not covered by subsection (a) at least 15 days prior to the commencement of operation of the plan in this Commonwealth and sale of securities thereunder. The notice shall be on the following form, designated by the Commission as Form 202-G ]

(Editor's Note: As part of this proposal, the Commission is proposing to delete the text of Form 202-G as it currently appears in 64 Pa. Code pages 202-7-202-9, serial pages (234879)-(234881).)

[ Unless the Commission revokes the exemption referred to in this section, or notifies the issuer that the exemption is denied, the plan shall be treated in the same manner as qualified plans described in subsection (a). ]

The exemption contained in section 202(g) of the act (70 P. S. § 1-202(g)) may not be available for a transaction whose primary purpose is avoidance of the provisions of section 201 of the act (70 P. S. § 1-201) or a transaction made in violation of the antifraud provision of Part IV of the act (70 P. S. §§ 1-401-1-409) and Subpart D (relating to fraudulent and prohibited practices).

\* \* \* \* \*

§ 202.091. Shares of professional corporations.

\* \* \* \* \*

(b) The meaning of "professional corporation" for this section shall be as follows:

S  
F  
L  
o  
(  
(  
r:  
e:  
fe  
  
[ :  
§§  
Pr  
in  
as.  
  
rec  
use  
rel  
to  
off  
fro  
the  
of  
ord  
203  
tion  
for  
anc  
P. S.  
the  
401-  
and  
§ 20  
co  
  
(b)  
(rela  
liter:  
the i  
natec  
not b  
that  
nizat.  
literat  
howe  
§ 606.  
be us  
tation  
fraud  
409 of  
Subpa:  
tices).  
§ 202.  
(a) I  
202(i)

(1) Except as provided in paragraph (2) [ of this subsection ], the term "professional corporation," [ for the purposes of this section, shall mean ] means one of the following:

(i) [ a ] A corporation incorporated under [ the Professional Corporation Law (15 P. S. §§ 2901—2914) ] 15 Pa.C.S. Subpart B (relating to Business Corporation Law of 1988) or a corporation included within the scope of [ such ] the act by virtue of [ section 4 of such act (15 P. S. § 2904); or ] 15 Pa.C.S. § 2904 or 2905 (relating to election of an existing business corporation to become a professional corporation; and election of professional associations to become professional corporations).

(ii) [ a ] A professional association organized under [ the Professional Association Act (15 P. S. §§ 12601—12619) ] 15 Pa.C.S. Chapter 93 (relating to Professional Association Act of 1988). The reference in this section to "shares" shall include the interest of an associate in a professional association.

(c) [ The provisions of § 209.010(b) (relating to required records; report on sales of securities and use of proceeds) and § 606.011 (relating to financial reports to security holders) may not be applicable to a professional corporation which has heretofore offered or sold its shares in transactions exempt from the registration requirements of section 201 of the act (70 P. S. § 1-201) by virtue of the provisions of section 203(d) of the act (70 P. S. § 1-203(d)) or an order of the Commission issued under section 203(r) of the act (70 P. S. § 1-203(r)). ] The exemption contained in this section may not be available for a transaction whose primary purpose is avoidance of the provisions of section 201 of the act (70 P. S. § 1-201) or a transaction made in violation of the antifraud provisions of the act (70 P. S. §§ 1-401—1-409) and Subpart D (relating to fraudulent and prohibited practices).

§ 202.093. Charitable contributions to pooled income funds.

(b) [ The fund will not be in violation of § 606.031 (relating to advertising literature) if advertising literature, as defined in § 606.031(a), concerning the Fund and its charitable purposes is disseminated to potential contributors by direct mail (but not by means of mass media advertising other than that contained in regular publications of the organization which established the Fund). ] Advertising literature [ need not be filed with the Commission; however, advertising literature ], as defined in § 606.031 (relating to advertising literature), may be used by the Fund in connection with the solicitation of contributions but is subject to the [ anti-fraud ] antifraud provisions of sections 401—[ 407 ] 409 of the act (70 P. S. §§ 1-401—[ 1-407 ] 1-409) and Subpart D (relating to fraudulent and prohibited practices).

§ 202.095. Charitable gift annuities.

(a) Under the authority contained in section 202(i) of the act (70 P. S. § 1-202(i)), the Commission

finds that it is not in the public interest nor necessary for the protection of investors to require registration under section 201 of the act (70 P. S. § 1-201) of securities issued or created in connection with the offer or sale of charitable gift annuities if the following conditions are met:

(1) The charitable gift annuity meets the terms and conditions of being exempt from the laws of this Commonwealth regulating insurance under the Charitable Gift Annuity Exemption Act (10 P. S. §§ 361—364) (annuity).

(2) Each prospective annuitant is provided written disclosure which fully and fairly describes the consequences of a contribution or transfer of property to the qualified charity, as that term is defined in the Charitable Gift Annuity Exemption Act (qualified charity).

(3) None of the persons responsible for solicitation of purchasers of annuities will receive commissions or other special compensation based upon the amount of the annuity purchased.

(4) A person who, for compensation, advises the qualified charity as to the advisability of investing in, purchasing or selling securities, including annuities, or otherwise performs as an investment adviser is either an investment adviser registered with the Commission under section 301 of the act (70 P. S. § 1-301) or is a Federally covered adviser that is in compliance with section 303(a) of the act (70 P. S. § 1-303(a)).

(b) Advertising literature, as defined in § 606.031(a) (relating to advertising literature), may be used by the qualified charity in connection with the solicitation of contributions but is subject to the antifraud provisions of sections 401—409 of the act (70 P. S. §§ 1-401—1-409) and Subpart D (relating to fraudulent and prohibited practices).

CHAPTER 203. EXEMPT TRANSACTIONS

§ 203.041. Limited offerings.

[ (a) The notice required in section 203(d) of the act (70 P. S. § 1-203(d)) shall be filed with the Commission on the following form, designated by the Commission as Form 203-D: ]

*(Editor's Note: As part of this proposal, the Commission is proposing to delete the text of Form 203-D as it appears in 64 Pa. Code pages 203-3—203-7, serial pages (200011)—(200015).)*

(b) Issuers that have filed or will be timely filing with the United States Securities and Exchange Commission (SEC) Form D, as defined in § 204.010(d)(4) (relating to increasing number of purchasers and offerees), may, in lieu of complying with subsection (a), file with the Commission a copy of SEC Form D and the following form designated by the Commission as Form D Supplement: ]

*(Editor's Note: As part of this proposal, the Commission is proposing to delete the text of Form D Supplement as it appears in 64 Pa. Code pages 203-8—203-13, serial pages (200016)—(200021).)*

(a) The notice required by section 203(d) of the act (70 P. S. § 1-203(d)) shall be filed with the Commission within the time period specified by that section on the following form, designated by the Commission as Form E:

PSC FORM E  
Eff: 1/25/99  
Instruction Sheet

TDD/AT&T Relay Center: 1-800-654-5984

PENNSYLVANIA SECURITIES COMMISSION  
Eastgate Office Building, 2nd Floor,  
1010 N. 7th Street  
Harrisburg, PA 17102-1410  
(717) 787-8061  
(1-800-600-0007 in PA)

NOTICE FILING UNDER THE PENNSYLVANIA SECURITIES ACT OF 1972 TO CLAIM AN EXEMPTION UNDER:

- SECTION 203(d) "LIMITED OFFERING EXEMPTION"
- SECTION 203(s) "SEC RULE 505 EXEMPTION"
- SECTION 203(t) "ACCREDITED INVESTOR EXEMPTION"

Under Regulation 603.011, a document is not deemed filed with the Pennsylvania Securities Commission ("Commission") unless complete and properly executed in all material respects.

**WHO MUST FILE:** Issuers making sales of securities in Pennsylvania in reliance upon Section 203(d) (including Regulation 204.010) of the Pennsylvania Securities Act of 1972 ("Act") and issuers making offers and sales of securities under Section 203(s) or (t) of the Act.

**WHEN AND WHERE TO FILE:** Form E must be filed at the Commission's Harrisburg Office at the address above not later than the day on which the issuer receives from any person in Pennsylvania (i) an executed subscription agreement or other contract to purchase the securities being offered or (ii) consideration for such securities, whichever is earlier.

**NOTE:** Under 64 Pa. Code § 604.011, a facsimile transmission of any materials to the Commission does not constitute a filing with the Commission.

General Instructions

1. One manually signed copy, and one photocopy of this Form, each with all attachments, shall be filed with the Commission. If mailed, it is advisable to send it by registered or certified mail, postage prepaid, return receipt requested.
2. Typewrite or print all answers in the space provided. Answer each item completely. An answer of "not applicable" is inappropriate. If the space is insufficient, attach a schedule to the Form and make reference to each item included in the schedule.
3. **INCORPORATION BY REFERENCE TO FORM D OF THE U. S. SECURITIES & EXCHANGE COMMISSION ("SEC FORM D"). IF THE ISSUER FILES A COMPLETE AND EXECUTED COPY OF SEC FORM D WITH THIS FORM, THE ISSUER MAY RESPOND TO ITEMS 3, 7, 8, AND 9 ON THIS FORM BY CROSS-REFERENCING TO ITEMS 1, C.1-4, C.5 AND B.1-4 OF SEC FORM D.**
4. This Form must be manually signed by the issuer. If the issuer is a corporation, it should be signed in the name of the corporation by an executive officer duly authorized; if a partnership, it should be signed in the name of the partnership by a general partner; and if an unincorporated association or other organization not a partnership, this Form should be signed in the name of such organization by a person responsible for the direction or management of its affairs.
5. In the event that, at any time from the date of the filing of the Form with the Commission until the conclusion of the offering, any material statement made in the Form or in any attachment thereto becomes incorrect or inaccurate in any material respect, the issuer shall file an amendment with the Commission within 5 business days of the occurrence of the event which required the filing of such amendment.
6. In addition to Instruction 3, an issuer may incorporate by reference information contained in any document attached hereto or previously filed with the Commission. Any such reference should be to the page and paragraph number or other specified portion of the document where the information is located.
7. Attach a copy of any offering circular, prospectus, memorandum, brochure, subscription agreement or other document which has been or is proposed to be used in connection with the sale of the securities which are the subject of this filing. **IF THE ISSUER DOES NOT PROPOSE TO USE ANY SUCH DOCUMENT, SUBMIT A WRITTEN EXPLANATION DETAILING THE MANNER IN WHICH THE ISSUER PROPOSES TO DISCLOSE ALL MATERIAL FACTS TO PROSPECTIVE INVESTORS IN PENNSYLVANIA.**
8. The appropriate filing fee required in Section 602(b.1)(viii) or (ix) shall accompany the filing of this Form and is a condition of the availability of the exemption (see 70 P. S. § 1-203(d)(iv), 203(s)(ii) and 203(t)(iii)). Checks are to be payable to the "Commonwealth of Pennsylvania." There is no provision for a refund of a filing fee (see 70 P. S. § 1-602(b.2)).

FILING FEE FOR SECTION 203(d) AND 203(s):

Offering in Pennsylvania is less than \$1 million:  
Offering in Pennsylvania is \$1 million or more:

\$150  
\$400  
\$500

FILING FEE FOR SECTION 203(t):

1984

9. Please remove this instruction sheet before filing this Form.

EACH PERSON COMPLETING THIS FORM OR PROVIDING INFORMATION TO BE INCLUDED IN THIS FORM SHOULD BE FAMILIAR WITH THE PENALTIES CONTAINED IN THE ACT, AND ALL REGULATIONS ADOPTED THEREUNDER FOR MAKING FALSE OR INCOMPLETE STATEMENTS IN CONNECTION WITH THE SALE OF A SECURITY OR IN ANY FILING WITH THE COMMISSION.

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA SECURITIES COMMISSION

NOTICE FILING UNDER THE PENNSYLVANIA SECURITIES ACT OF 1972 ("ACT") TO CLAIM AN EXEMPTION UNDER:
(CHECK ONE)

- SECTION 203(d) - "LIMITED OFFERING EXEMPTION"
SECTION 203(s) - "SEC RULE 505 EXEMPTION"
SECTION 203(t) - "ACCREDITED INVESTOR EXEMPTION"

PART I. Information about the Issuer ("Issuer")

1. Legal Status of the Issuer

- (A) Exact Name of Issuer:
(B) State and Date of incorporation or formation: State Date

2. Addresses

- (A) Address of principal office of Issuer: Number and Street

City State Zip Code Telephone No.

- (B) Address of Issuer's primary place of business in Pennsylvania (if other than listed in (A)):

Number and Street

City State Zip Code Telephone No.

- (C) Name and address of person to whom correspondence regarding this filing should be sent:

Name Title Number and Street

City State Zip Code Telephone No.

- (D) Name and address of counsel to Issuer (if other than listed in (C)):

Name Number and Street

City State Zip Code Telephone No.

3. Briefly describe the business of the Issuer. Check here if responding to this item by incorporating Item 1 of completed SEC Form D attached hereto.

4. State the names and addresses of persons holding any of the following positions with the Issuer:

- (A) General partner
(B) Promoter (as defined in Section 102(o) of the Act)
(C) Manager (if a limited liability company)
(D) President
(E) Chief executive officer
(F) Chief operating officer
(G) Chief financial officer
(H) Director who owns 5% or more of any class of voting equity securities of the Issuer (exclusive of any beneficial interest in a voting shareholder which is an institutional investor as defined in Section 102(k) of the Act and Regulation 102.111).

5. Indicate if any person described in Item 4 currently is registered as an agent under Section 301 of the Act or as a principal of a broker-dealer registered under Section 301 of the Act.

NO YES

If YES, provide the individual's name, employer and Central Registration Depository number.

sion

3(d)
ffers

ress
uted
1 for

s not

with
paid,

"not
make

MIS-
MD
BY

n the
ed in
other
erson

il the
ereto
h the
such

1 any
o the
ated.

ent or
rities
SUCH
SUER
ANIA.

Form
(iii).
d of a

\$150

\$400

\$500

6. Indicate if any person described in Item 4 has been the subject of a Commission order issued under Section 512 (Statutory Bars) or Section 513 (Rescission Orders) of the Act or an order of a court of competent jurisdiction under Section 509(c) of the Act (Civil Contempt).

NO \_\_\_ YES \_\_\_

If YES, describe fully.

7. Description of Securities to be Sold

Describe type and amount of securities proposed to be sold, price per unit and expected net proceeds to the Issuer. \_\_\_ Check here if responding to this item by incorporating Items C.1-4 of completed SEC Form D attached hereto. Price Per Unit must be shown here or on SEC Form D.

8. Use of Proceeds

Describe in detail the intended use of proceeds from the offering, stating the amounts to be used for each purpose and in order of priority of uses. \_\_\_ Check here if responding to this item by incorporating Item C.5 of completed SEC Form D attached hereto.

9. Sales Commissions

(A) List amounts proposed to be paid for any underwriting fee or sales commission. Identify all persons who will receive any such fee and the basis on which it will be paid. \_\_\_ Check here if responding to this item by incorporating Items B.1-4 of completed SEC Form D attached hereto.

(B) With respect to any person receiving compensation who is not a broker-dealer registered under Section 301 of the Act, explain why the person is not a promoter as that term is defined in Section 102(o) of the Act.

10. Previous Sales of Securities in Pennsylvania

(A) By the Issuer.

Describe all sales of securities made in Pennsylvania during the past two years that directly or indirectly benefitted the Issuer. Include securities issued in exchange for property, services, or other securities and new securities resulting from modification of outstanding securities. In each case, state:

- (i) The date of sale and description of the securities sold;  
(ii) Underwriting or selling fees or commissions paid and to whom paid;  
(iii) Section of the Act or regulation relied upon for the offer and sale of securities.

(B) By a person related to the Issuer.

Within the period of two years prior to the date of this Notice, did any person described in Item 4(A)—(H) hold, with respect to another person (who is not the Issuer), a position as a general partner, promoter (as defined in Section 102(o) of the Act), manager (if a limited liability company), president, chief executive officer, chief operating officer, chief financial officer or a director with a 5% or more ownership of any class of voting equity securities (exclusive of any beneficial interest in a voting shareholder which is an institutional investor as defined in Section 102(k) of the Act and Regulation 102.111) at the time when that other person sold securities in Pennsylvania for which a filing with the Commission was required?

NO \_\_\_ YES \_\_\_

If YES, provide the following information:

- (i) Name of that other person which sold the securities;  
(ii) The position held with that other person;  
(iii) Section of the Act or regulation relied upon for the offer and sale of securities;  
(iv) If the proceeds from the sale were paid directly or indirectly to, or used directly or indirectly for, the benefit of the Issuer, please describe in detail.

#### PART II. Section 203(d)—“LIMITED OFFERING EXEMPTION”

Check this box if the Issuer is relying on Section 203(d) of the Act (including Regulation 204.010) for sales of securities in Pennsylvania in connection with the offering for which this Notice is being filed.

11. The Issuer, by executing this Notice, agrees, as a condition of the availability of the exemption in Section 203(d), to:

(A) Provide WRITTEN NOTICE to all purchasers of the two business day right of withdrawal contained in Section 207(m)(2) of the Act. The notice should appear prominently by underlining or capitalization in materials to be given to investors, which materials must be FILED with this Form. Section 207(m)(2) is reproduced below:

Section 207(m)(2). “Each person who accepts an offer to purchase securities exempted from registration by Section 203(d), directly from the issuer or affiliate of the issuer, shall have the right to withdraw his acceptance without incurring any liability to the seller, underwriter (if any) or any other person within 2 business days from the date of receipt by the issuer of his written binding contract of purchase or, in the case of a transaction in which there is no binding contract of purchase, within 2 business days after he makes the initial payment for the securities being offered.”

(B) Obtain the written agreement of each purchaser not to sell, except in accordance with Regulation 204.011, the security within 12 months after the date of purchase and FILE with this Form a copy of the proposed agreement that investors will be asked to sign.

12. As a condition of the availability of the exemption in Section 203(d), the Issuer, by executing this Notice, represents to the Commission that:

(A) No public media advertisement will be used or mass mailing made in connection with soliciting sales of securities.

(B) No cash or securities will be given or paid, directly or indirectly, to any promoter as compensation in connection with a sale of securities unless such compensation is given or paid in connection with a sale made by a broker-dealer registered under Section 301 of the Act and any person receiving such compensation is either that broker-dealer or an agent of that broker-dealer who is registered under Section 301 of the Act.

13. Has any person described in Item 9(B) been convicted of any crime or made the subject of any sanction described in Section 305(a)(ii)—(ix) of the Act.

NO \_\_\_ YES \_\_\_

If YES, describe fully. Be advised that an affirmative answer may disqualify the issuer from relying upon Regulation 204.010(a)(1)(i) and (ii).

**PART III. Section 203(s)—“SEC RULE 505 EXEMPTION”**

Check this box if the Issuer is relying on Section 203(s) of the Act for offers and sales of securities in Pennsylvania in connection with the offering for which this Notice is being filed.

14. As a condition of the availability of the exemption in Section 203(s), the Issuer, by executing this Notice, represents to the Commission that:

(A) The offer and sale of the securities which are the subject of this Notice are exempt from registration under Section 5 of the Securities Act of 1933 (“1933 Act”) pursuant to Rule 505 SEC Regulation D adopted under Section 3(b) of the 1933 Act (17 C.F.R. § 230.505).

(B) No mass mailing will be used, public media advertising made, or other form of general solicitation utilized in connection with offers and sales of securities in Pennsylvania which are the subject of this Notice.

(C) No compensation will be given or paid, directly or indirectly, to any person in connection with a sale of securities in Pennsylvania (except for compensation given or paid in connection with a sale made by a broker-dealer registered under Section 301 of the Act) which is the subject of this Notice.

(D) Neither the Issuer nor a predecessor of the Issuer; affiliate of the Issuer; officer, director or general partner of the Issuer; promoter of the Issuer presently connected with the Issuer in any capacity; beneficial owner of ten per cent or more of any class of equity securities of the Issuer; underwriter of the securities to be offered or any partner, director or officer of the underwriter is subject to the disqualification provisions in Section 203(s)(v) of the Act.

**Part IV. Section 203(t)—“ACCREDITED INVESTOR EXEMPTION”**

Check this box if the Issuer is relying on Section 203(t) of the Act for offers and sales of securities in Pennsylvania in connection with the offering for which this Notice is being filed.

15. As a condition of the availability of the exemption in Section 203(t), the Issuer, by executing this Notice, represents to the Commission that:

(A) The offer and sale of the securities which are the subject of this Notice are exempt from registration under Section 5 of the 1933 Act pursuant to Section 3(a)(11) of the 1933 Act, SEC Regulation A adopted under Section 3(b) of the 1933 Act (17 C.F.R. §§ 230.251—263), or Rule 504 of SEC Regulation D adopted under Section 3(b) of the 1933 Act (17 C.F.R. § 230.540).

(B) It will specify in any advertisement, communication, sales literature, or other information being publicly disseminated in connection with the offering of securities which is the subject of this Notice (including by means of electronic transmission) that the securities will be sold only to Accredited Investors as that term is defined in Rule 501 of SEC Regulation D (17 C.F.R. § 230.501).

(C) It will not engage in any solicitation of prospective purchasers by telephone until the Issuer has reasonable grounds to believe that the person being solicited is an Accredited Investor.

(D) It will place a legend on the cover page of any disclosure document proposed to be used in connection with the offering or on the cover page of the subscription agreement stating that the securities described in the disclosure document or subscription agreement will be sold only to Accredited Investors.

(E) No compensation will be given or paid, directly or indirectly, to any person in connection with a sale of securities in Pennsylvania (except for compensation given or paid in connection with a sale made by a broker-dealer registered under Section 301 of the Act) which is the subject of this Notice.

(F) It is not an investment company as defined in the federal Investment Company Act of 1940 (15 U.S.C. § 80a-1 et seq.).

(G) It is not a development stage company with no specific business plan or purpose or a development stage company that has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies or other entity or person.

(H) Neither the Issuer nor a predecessor of the Issuer; affiliate of the Issuer; officer, director or general partner of the Issuer; promoter of the Issuer presently connected with the Issuer in any capacity; beneficial owner of 10% or more of any class of equity securities of the Issuer; underwriter of the securities to be offered or any partner, director or officer of the underwriter is subject to the disqualification provisions in Section 203(t)(v) of the Act.



PART V. Affirmations (to be completed by all Issuers)

16. By executing this Form on behalf of the Issuer, the signatory affirms that:

(A) The undersigned is familiar with the provisions of Section 203(d), (s), or (t) of the Act and all regulations adopted thereunder, including Regulation 204.010.

(B) The statements made herein, including all attachments hereto, are not incomplete in any material respect or false or misleading with respect to any material fact.

IN WITNESS WHEREOF, this Notice has been duly executed on \_\_\_\_\_ (Insert Date)

BY: \_\_\_\_\_ (NAME OF ISSUER)

\_\_\_\_\_  
Title

[ (c) ] (b) \* \* \* \*

[ (d) ] (c) \* \* \* \*

[ (e) ] (d) During the period of the offering, the issuer shall take steps necessary to ensure that the material information contained in its notice remains current and accurate in all material respects. If a material statement made in the notice, or an attachment thereto, becomes materially incorrect or inaccurate, the issuer shall file an amendment with the Commission [ an amendment on Form AM ] in accordance with § 609.011 (relating to amendments to filings with Commission) within 5 business days of the occurrence of the event which required the filing of the amendment.

§ 203.091. Equity securities issued by reporting company.

(c) For purposes of this section and the availability of the exemption contained in section 203(i.1) of the act (70 P. S. § 1-203(i.1), the term "equity security" includes:

(1) Common stock, preferred stock and nondebt securities convertible into common or preferred stock.

(2) Nontransferable warrants to purchase any of the foregoing.

(3) Transferable warrants exercisable within not more than 90 days of issuance to purchase any of the foregoing.

FORM 203-I

(Instruction Sheet)

PENNSYLVANIA SECURITIES COMMISSION

Notice under Section 203(i) of the Pennsylvania Securities Act of 1972

NOTE: Under Regulation 603.011, a document is not deemed filed with the Commission unless complete and properly executed in all material respects.

Who May File: Only issuers meeting the following requirements may file Form 203-I: (1) the issuer is a reporting company as defined in Section 102(q) of the Pennsylvania Securities Act of 1972 (Act); (2) the issuer is NOT an open-end or closed-end investment company, face amount certificate company or unit investment trust as

those persons are classified in the Investment Company Act of 1940; (3) the issuer's securities are proposed to be registered under section 5 of the Securities Act of 1933 or exempt from registration under Regulation A promulgated under section 3(b) and, in fact, become so registered or exempted; (4) the issuer's securities are equity securities as defined in § 203.091(c) which are listed on a national securities exchange registered under the Securities Exchange Act of 1934 or quoted on the National Association of Securities Dealers Automated Quotation System; (5) the issuer has not received, as of the date of filing Form 203-I with the Commission, an auditor's report for the immediately preceding fiscal year expressing substantial doubt about the issuer's ability to continue as a going concern where the securities to be sold in reliance upon the exemption in Section 203(i.1) are not being underwritten on a firm commitment basis by a broker-dealer registered under Section 301 of the Act; (6) the issuer is not subject to an effective stop order or refusal order and no public proceeding or investigation looking toward such an order is pending under the Act or the Securities Act of 1933 and (7) the issuer [ undertakes to mail ] files two copies of the final prospectus [ within two business days after filing same with the U. S. Securities and Exchange Commission ] with Form 203-I.

GENERAL INSTRUCTIONS

4. During the period of the offering, copies of a post-effective amendment or sticker to the prospectus or offering circular shall be [ mailed to ] filed with the Commission within two business days after it is filed with the U. S. Securities and Exchange Commission.

5. In the event that, at any time from the date of filing of the Form with the Commission until the conclusion of the offering, any material statement made in the Form or in any attachment thereto becomes incorrect or inaccurate in any material respect, the issuer shall file an amendment with the Commission [ on Form AM ] in accordance with § 609.011 (relating to amendments to filings with Commission) within 5 business days of the occurrence of the event which required the filing of such amendment.

Fil

PA  
anc  
ava  
foll

9. 3  
[ m  
pro:  
Cor:  
the  
file  
Cor

PAF

In  
duly  
19 -

[ (c  
abil  
203(  
"equ  
stoc  
mon  
to p  
war:  
of is

§ 20:  
(a)  
§ 1-2  
only

(1)  
ness,  
trust  
same

(3)  
or ot  
by th  
agree  
bond  
in th  
value

(4)  
maili  
is uti  
tion.

(5)  
indir  
wealt

File No. \_\_\_\_\_ FORM 203-I

COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA SECURITIES COMMISSION  
Notice Under Section 203(i.1) of the  
Pennsylvania Securities Act of 1972

**PART II** Answer YES or NO to questions 6 through 11 and question 12 if applicable. The exemption is NOT available to an Issuer which answers NO to any of the following questions:

\* \* \* \* \*

YES NO

9. Does the Issuer hereby undertake to [ ] [ ] [mail] file two copies of the final prospectus or offering circular [ to ] with the Commission [ within 2 business days after the prospectus or offering circular is filed with the Securities and Exchange Commission ]?

\* \* \* \* \*

**PART III** Affirmation

\* \* \* \* \*

IN WITNESS WHEREOF, This statement has been duly executed [ this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_ ] \_\_\_\_\_  
(Insert Date)

\* \* \* \* \*

[ (c) For purposes of this section and the availability of the exemption contained in section 203(i.1) of the act (70 P.S. § 1-203(i.1), the term "equity security" includes common stock, preferred stock and nondebt securities convertible into common or preferred stock; nontransferable warrants to purchase any of the foregoing; and transferable warrants exercisable within not more than 90 days of issuance to purchase any of the foregoing. ]

**§ 203.101. Mortgages.**

(a) For the purpose of section 203(j) of the act (70 P.S. § 1-203(j)), the exemption shall be available [ where ] only if:

(1) The entire bond or other evidence of indebtedness, together with the real or chattel mortgage, deed of trust, agreement of sale or other instrument securing the same is offered and sold as one unit.

\* \* \* \* \*

(3) The outstanding principal amount of all bonds or other evidences of indebtedness that are secured by the real or chattel mortgage, deed of trust or agreement of sale on the same property (including bonds and other evidences of indebtedness issued in the transaction) does not exceed the fair market value of the property at the time of the transaction.

(4) No public media advertisement is used, mass mailing made or other form of general solicitation is utilized in connection with soliciting the transaction.

(5) No compensation is paid or given directly or indirectly for soliciting any person in this Commonwealth in connection with the transaction.

(6) The issuer, at the time of the transaction, is in compliance with any applicable licensing requirements of the Department of Banking.

[ Provided, that the ]

(b) The exemption [ contained ] in section 203(j) [ of the act (70 P.S. § 1-203(j)) ] may not be available for a transaction whose primary purpose is avoidance of the provisions of section 201 of the act (70 P.S. § 1-201) or a transaction made in violation of the [ anti-fraud ] anti-fraud provisions of Part IV of the act [ (70 P.S. § 1-407) ] (70 P.S. §§ 1-401—1-409) and Subpart D (relating to fraudulent and prohibited practices).

[ (b) No public media advertisement or mass mailing may be made in connection with soliciting offers or sales of such mortgage units; provided, that nothing herein shall limit mailings to institutional investors or registered broker-dealers, as those terms are defined in the act and the regulations adopted thereunder. ]

**§ 203.141. Sales to existing security holders.**

(a) [ Notice shall be given to the Commission of any proposed offers and sales of securities by an issuer to its existing equity security holders under the exemption contained in section 203(n) of the act (70 P.S. § 1-203(n)) on the following form, designated by the Commission as Form 203-N: ]

(Editor's Note: As part of this proposal, the Commission is proposing to delete the text of FORM 203-N as it appears in 64 Pa. Code pages 203-22—203-26 and serial pages (209004) and (200031)—(200034).)

[ (b) ] \* \* \*

\* \* \* \* \*

[ (c) ] (b) \* \* \*

\* \* \* \* \*

[ (d) ] (c) For purposes of subsection [ (b) ] (a)(2), an offer will be deemed to have been made pro rata when the following [ exists ] exist:

\* \* \* \* \*

[ (e) ] (d) \* \* \*

[ (f) ] (e) \* \* \*

[ (g) ] (f) \* \* \*

(g) For purposes of this section, the term "pro rata" means the offering will be made in this Commonwealth proportionately on the basis of the number of shares owned by the existing security holder or the security holder's percentage ownership interest in the issuer. By way of illustration, an offering will be deemed to have been made on a pro rata basis where the issuer offers its existing security holder an opportunity to purchase one new share of stock for each five shares owned as of a record date or when the issuer offers an existing security holder owning 3% of the issuer's stock as of a record date, the opportunity to purchase 3% of the issuer's current offering.

**§ 203.151. Proxy [ statements ] materials.**

(a) Except as provided in subsection (b), in a transaction requiring the filing of proxy materials with the

Commission for review under section 203(o) [ (ii) ] of the act (70 P.S. § 1-203(o) [ (ii) ]), the materials shall conform to SEC Rule 14A, 17 CFR 240.14a-1—240.14b-1 (relating to solicitation of proxies) promulgated under the Securities Exchange Act of 1934 (15 U.S.C.A. §§ 78a—78kk).

(b) In a transaction subject to the filing requirements of section 203(o) [ (ii) ] of the act [ (70 P.S. § 1-203(o)(ii)) ], filing is not required if the number of persons to whom securities are offered and sold in this Commonwealth does not exceed 25, exclusive of principals—as that term is defined in § 203.184 (relating to offers and sales to principals)—of the entities whose security holders are voting or providing written consent.

(c) Except for transactions described in subsection (b), notice shall be given to the Commission for a transaction requiring the filing of proxy materials with the Commission under section 203(o) [ (ii) ] of the act [ (70 P.S. § 1-203(o)(ii)) ] by filing the following form designated by the Commission as Form 203-[ o(ii) ] O together with the exemption filing fee specified in section [ 602(b)(v) of the act (70 P.S. § 1-602(b)(v)) ] 602(b.1)(v) of the act (70 P.S. § 1-602(b.1)(v)):

FORM 203-[ o(ii) ] O  
(Instruction Sheet)

PENNSYLVANIA SECURITIES COMMISSION  
[ 333 Market Street, Harrisburg, Pennsylvania  
17101 ]  
THE EASTGATE OFFICE BUILDING  
1010 NORTH SEVENTH STREET, 2ND FLOOR  
HARRISBURG, PENNSYLVANIA 17102-1410  
TELEPHONE: (717) 787-8059

[ Notice under Section 203(o)(ii) of the  
Pennsylvania Securities Act of 1972 ] NOTICE  
UNDER SECTION 203(o) OF THE  
PENNSYLVANIA SECURITIES ACT OF 1972

NOTE: Under regulation 603.011, a document is not deemed filed with the Commission unless complete and properly executed in all material respects.

WHO MUST FILE: Issuers of securities meeting the following requirements must file Form 203-O:

- (1) The proposed transaction is incident to a vote by security holders or written consent of some or all security holders in lieu of such vote;
- (2) No proxy materials are required or permitted to be filed with the Securities and Exchange Commission by either party to the transaction;
- (3) More than twenty-five percent of the security holders of either party to the transaction are residents of this Commonwealth; and
- (4) The number of persons to whom securities are offered and sold in this Commonwealth exceeds 25, exclusive of principals (as that term is defined in § 203.184 (relating to offers and sales to principals)) of the entities whose security holders are voting or providing written consent.

WHERE AND WHEN TO FILE: At the Commission's Harrisburg office prior to the vote or solicitation of written consent. Materials prepared in connection with a proposed transaction under Section

203(o) must be filed AND reviewed by the Commission prior to distribution to the security holders of each party to the proposed transaction.

General Instructions

- 1. [ Two copies of this Form and all exhibits or schedules should be filed with the Commission at the above address. ] One manually signed copy and one photocopy of the Form and two copies of all attachments must be filed with the Pennsylvania Securities Commission. If mailed, it is advisable to send registered or certified mail, postage prepaid, return receipt requested.
- 2. Typewrite or print all answers in the space provided. Answer each item completely. An answer of "not applicable" is inappropriate. If the space is insufficient, attach a schedule to the Form and make reference to each item included in the schedule.
- 3. [ Do not abbreviate names or use initials. All questions should be answered fully.
- 4. Each copy of the ] The Form filed with the Commission [ should ] must be manually signed by the issuer. If the issuer is a corporation, it should be signed in the name of the corporation by [ a principal ] an executive officer duly authorized [ and the corporate seal affixed, duly attested ]; if a partnership, it should be signed in the name of the partnership by a general partner; if an unincorporated association or other organization, not a partnership, this Form should be signed in the name of such organization by a person responsible for the direction or management of its affairs.
- [ 5 ] 4. [ During the period of the offering described in the Form, the issuer shall be required to file necessary amendments thereto to correct or update any information contained therein to take account of any material change. ] In the event that, at any time from the date of filing of the Form with the Commission until the conclusion of the offering, any material statement made in the Form or in any attachment thereto becomes incorrect or inaccurate in any material respect, the issuer shall file any amendment with the Commission in accordance with § 609.011 (relating to amendment filings with Commission) within 5 business days of the occurrence of the event which required the filing of the amendment.
- [ 6. All checks should be made payable to the Commonwealth of Pennsylvania.
- 7 ] 5. In lieu of answering any specific question in the Form, the issuer may incorporate by reference information contained in any documents attached thereto or previously [ on file ] filed with the Commission. Any [ such ] reference should be [ in ] to the page and paragraph number [ of ] or other specified portion of the document where the information is located.

6. Attach copies of any offering circular, prospectus, memorandum, subscription agreement or other document or brochure which has been or is proposed to be used in connection with the offering of the securities which are the subject of this filing.

[ 8. The Form should only be used for situations which arise under Section 203(o)(ii). If any question arises as to the necessity for filing this Form or the applicability of this section, call or write to the Commission at the address listed above.

9. Please remove the instruction sheet before filing this Form. ]

7. The appropriate filing fee required by Section 602(b.1)(v) of the Act must accompany the filing of this Form and is a condition of availability of the exemption (see 70 P.S. § 1-203(o)). Checks are to be payable to the "Commonwealth of Pennsylvania."

[ 10. Persons are advised to review thoroughly the anti-fraud provisions of Part IV of the Act, as well as those contained in the Federal Securities Laws. No offering

should be made by means of any document or documents which are false or misleading in any respect or fail or omit to state any material fact. Further, no offering should be made without offering literature, if such literature is necessary to ensure that offerees are fully apprised of all facts and circumstances necessary to permit a person to make an informed investment decision about the securities being offered. Your attention is also directed to recent court decisions and actions taken by the United States Securities and Exchange Commission regarding the necessity of giving complete information to investors in securities offerings. ]

8. Please remove this instruction sheet before filing this Form.

EACH PERSON COMPLETING THIS FORM OR PROVIDING INFORMATION TO BE INCLUDED IN THIS FORM SHOULD BE FAMILIAR WITH THE PENALTIES CONTAINED IN THE ACT, AND ALL REGULATIONS ADOPTED THEREUNDER, FOR MAKING FALSE OR INCOMPLETE STATEMENTS IN CONNECTION WITH THE SALE OF A SECURITY OR IN ANY FILING WITH THE COMMISSION.

FORM 203-[ o(ii)Pg. 2 ]O

[ File No. \_\_\_\_\_

Fee Paid: \$ \_\_\_\_\_

Deficiency Letters \_\_\_\_\_

Effect Date: \_\_\_\_\_

(For Commission Use Only) ]

COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA SECURITIES COMMISSION

APPLICATION UNDER SECTION 203(o)[ (ii) ] OF THE PENNSYLVANIA SECURITIES ACT OF 1972

\* \* \* \* \*

4. (A) Legal Form of Issuer (Corporation, Partnership, etc.): \_\_\_\_\_

(B) State and Date of Incorporation or formation: \_\_\_\_\_  
State Date

(C) [ Name of any Predecessor of Issuer: \_\_\_\_\_

(D) ] Describe briefly the nature of Issuer's business.

\* \* \* \* \*

8. Describe all sales of securities directly or indirectly for the benefit of the Issuer made in this Commonwealth during the past three years. Include securities issued in exchange for property, services or other securities and new securities resulting from the modification of outstanding securities. In each case, state:

[ (a) the ] (A) The date of sale and title and amount of securities sold;

[ (b) class ] (B) Class of persons to whom securities were sold;

[ (c) per ] (C) Per unit and aggregate offering price or nature of consideration paid;

[ (d) underwriting ] (D) Underwriting or selling fees or commissions;

[ (e) the ] (E) The exemption or other provision of the Pennsylvania Securities Act relied upon and the facts upon which such reliance is based[ ; ];

[ (f) the date of receipt of a certificate of exemption or the date of any filing with the Commission with respect to such sale.



FORM 203-P  
(Instruction Sheet)

PENNSYLVANIA SECURITIES COMMISSION  
[ 471 Education Building, Harrisburg,  
Pa. 17120 ]  
THE EASTGATE OFFICE BUILDING  
1010 NORTH SEVENTH STREET, 2ND FLOOR  
HARRISBURG, PENNSYLVANIA 17102-1410  
TELEPHONE: (717) 787-8059

\* \* \* \* \*

NOTICE UNDER SECTION 203(p) OF THE  
PENNSYLVANIA SECURITIES ACT OF 1972

NOTE: Under regulation 603.011, a document is not deemed filed with the Commission unless complete and properly executed in all material respects.

WHO MUST FILE: Issuers offering or selling securities in this Commonwealth in reliance upon Section 203(p) of the Act.

WHERE TO FILE: At the Commission's Harrisburg office at least ten days before any of the securities are sold in this Commonwealth.

GENERAL INSTRUCTIONS

1. [ Two copies of this Form and all exhibits or schedules should be filed with the Commission at the above address. ] One manually signed copy and one photocopy of the Form and two copies of all attachments must be filed with the Pennsylvania Securities Commission. If mailed, it is advisable to send registered or certified mail, postage prepaid, return receipt requested.
2. Typewrite or print all answers in the space provided. Answer each item completely. An answer of "not applicable" is inappropriate. If the space is insufficient, attach a schedule to the Form and make reference to each item included in the schedule.
3. [ Do not abbreviate names or use initials. All questions should be answered fully.
4. Each copy of the ] The Form filed with the Commission [ should ] must be manually signed by the issuer. If the issuer is a corporation, it should be signed in the name of the corporation by [ a principal ] an executive officer duly authorized [ and the corporate seal affixed, duly attested ]; if a partnership, it should be signed in the name of the partnership by a general partner; if an unincorporated association or other organization, not a partnership, this Form should be signed in the name of such organization by a person responsible for the direction or management of its affairs.

[ 5. ] 4. [ During the period of the offering described in the Form, the issuer shall be required to file necessary amendments thereto to correct or update any information contained therein to take account of

any material change. ] In the event that, at any time from the date of filing of the Form with the Commission until the conclusion of the offering, any material statement made in the Form or in any attachment thereto becomes incorrect or inaccurate in any material respect, the issuer shall file an amendment with the Commission in accordance with § 609.011 (relating to amendment filings with Commission) within 5 business days of the occurrence of the event which required the filing of the amendment.

[ 6. ] 5. In lieu of answering any specific question in the Form, the issuer may incorporate by reference information contained in any document attached thereto or previously [ on file ] filed with the Commission. Any [ such ] reference should be to the page and paragraph number or other specified portion of the document where the information is located.

6. All purchasers must be informed of the two business day right of withdrawal contained in Section 207(m)(2) of the Act and disclosure of such a notice should appear prominently by underlining or capitalization in materials to be given to investors. Section 207(m)(2) is reproduced below:

Section 207(m)(2). "Each person who accepts an offer to purchase securities exempted from registration by Section 203(p) directly from the issuer or affiliate of the issuer, shall have the right to withdraw his acceptance without incurring any liability to the seller, underwriter (if any) or any other person within 2 business days from the date of receipt by the issuer of his written binding contract of purchase or, in the case of a transaction in which there is no binding contract of purchase, within 2 business days after he makes the initial payment for the securities being offered."

7. [ The Form should only be used for situations which arise under Section 203(p). If any question arises as to the necessity for filing this Form or the applicability of this section, call or write to the Commission at the address listed above.

8. Please remove this instruction sheet before filing this Form. ]

Attach copies of any offering circular, prospectus, memorandum, subscription agreement or other document or brochure which has been or is proposed to be used in connection with the offering of the securities which are the subject of this filing.

8. The issuer will be required to maintain the books and records required by Section 209 and the regulations thereunder and, if applicable, will be required to make the reports required by Sections 209 and 606(a) and the regulations adopted thereunder.

- 9. [ Persons are advised to review thoroughly the anti-fraud provisions of Part IV of the Act, as well as those contained in the Federal Securities Laws. No offering should be made by means of any document or documents which are false or misleading in any respect or fail or omit to state any material fact. Further, no offering should be made without offering literature, if such literature is necessary to ensure that offerees are fully apprised of all facts and circumstances necessary to permit a person to make an informed investment decision about the securities being offered. Your attention is also directed to recent court decisions and actions taken by the United States Securities and Exchange Commission regarding the necessity of giving complete information to investors in securities offerings.
- 10. Your attention is further directed to the provisions of Section 207(m) and the regulations adopted thereunder with respect to withdrawal of acceptance by an offeree, and Section 209 and the regulations

adopted thereunder with respect to the required records and reports. ]

The appropriate filing fee required in Section 602(b.1)(v) of the Act must accompany the filing of this Form and is a condition of the availability of the exemption (see 70 P. S. § 1-203(p). Checks are to be payable to the "Commonwealth of Pennsylvania." There is no provision for a refund of a filing fee (see 70 P. S. § 1-602(b.2)).

- 10. Please remove this instruction sheet before filing this Form.

EACH PERSON COMPLETING THIS FORM OR PROVIDING INFORMATION TO BE INCLUDED IN THIS FORM SHOULD BE FAMILIAR WITH THE PENALTIES CONTAINED IN THE ACT, AND ALL REGULATIONS ADOPTED THEREUNDER, FOR MAKING FALSE OR INCOMPLETE STATEMENTS IN CONNECTION WITH THE SALE OF A SECURITY OR IN ANY FILING WITH THE COMMISSION.

FORM 203-P

[ File No. \_\_\_\_\_  
Action Taken: \_\_\_\_\_  
(For Commission Use Only) ]

COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA SECURITIES COMMISSION

NOTICE UNDER SECTION 203(p) OF THE  
PENNSYLVANIA SECURITIES ACT OF 1972

\* \* \* \* \*

- 4. (A) Legal Form of Issuer (corporation, partnership, association etc.) \_\_\_\_\_

- (B) State and Date of Incorporation [ or formation and Act under which formed ]:

State	Date	[ Act and Citation ]
*	* * * *	*

- 5. (E) Describe the terms of any escrow being created to satisfy the requirements of [ Subsection ] Section 203(p)(iii).  
\* \* \* \* \*

- 7. State the [ subsection of Section 501(c) of the Internal Revenue Code of 1954 ] Section of the Internal Revenue Code under which Issuer claims tax exempt status, if any. \_\_\_\_\_  
Has any such tax exemption ever been challenged? \_\_\_\_\_ (YES or NO)  
If yes, describe fully all surrounding facts and circumstances and state the result of such challenge.

- 8. [ (A) Are any security holders (of record) of Issuer residents of Pennsylvania?  
YES  NO
- (B) Has the Issuer, within the previous two years, sold securities in Pennsylvania?  
YES  NO

9  
1  
1  
1  
[ C  
if a  
ST:  
CO:  
O  
ber  
kno  
com  
assc  
of  
ther

the  
Sec-  
pany  
ition  
ee 70  
vabe  
unia."  
of a  
t be-  
THIS  
TION  
ORM  
PEN-  
AND  
ERE-  
: IN-  
NEC-  
RITY  
[MIS.

If [ the answer to (B) above is "yes", ] YES, describe the circumstances under which sales were made, including: (i) offering prices; (ii) the dates, classes and amounts of securities sold; (iii) the exemption or other provision of the [ applicable Pennsylvania securities law ] Act or regulations of the Commission relied upon in each [ such ] instance [ and the dates of any filing with this Commission with respect to such sale ].

- 9. [ The issuer hereby undertakes to keep and maintain the books and records and to file the reports required by Section 209 and the regulations adopted thereunder and will authorize the person having custody of such books and records to make them available to the Commission.
- 10. Attach a copy of any offering circular, prospectus, memorandum or other document or brochure which has been or is proposed to be used in connection with the sale of securities which are the subject of this Notice.
- 11. Each of the persons who has executed this Notice on behalf of the Issuer affirms that all conditions contained in Section 203(p) of the Pennsylvania Securities Act of 1972 have been, or will be, met with respect to the securities offering which is the subject of this Notice.
- 12. Each of the persons executing this Notice on behalf of the Issuer hereby affirms that the statements made in this Notice, including all attachments hereto, taken individually or collectively, are not incomplete in any material respect or false or misleading with respect to any material fact. Each of such persons further affirms that he is familiar with the provisions of Section 203(p) and all regulations adopted thereunder, and with the penalties provided for making any false or incomplete statement in any application or other filing submitted to the Commission. ]

Affirmation. By executing this Form on behalf of the issuer, the signatory affirms that:  
 (A) The undersigned is familiar with the provisions of Section 203(p) and all regulations adopted thereunder.  
 (B) The statements made in this Notice, including all attachments hereto, taken individually or collectively, are not incomplete in any material respect or false or misleading with respect to any material fact.

203-P IN WITNESS WHEREOF, this Notice has been duly executed [ this \_\_\_\_\_ day of \_\_\_\_\_, 197\_\_ ]

(Insert Date)

\_\_\_\_\_  
(NAME OF ISSUER)

By: \_\_\_\_\_

\_\_\_\_\_  
(Title)

[ By: \_\_\_\_\_

\_\_\_\_\_  
(Title) ]

[ Corporate Seal,  
if applicable ]

[ AFFIDAVIT

STATE OF \_\_\_\_\_

SS.

COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_ , before me, a Notary Public, \_\_\_\_\_ who, duly being sworn, according to law, do \_\_\_\_\_ depose and say that, to the best of \_\_\_\_\_ knowledge and belief the statements contained in the foregoing notice are true and correct and that complete answers have been given to each of the items contained herein, and (if Issuer is a corporation or association the following) that they are \_\_\_\_\_ and \_\_\_\_\_ respectively of \_\_\_\_\_ corporation/association and are duly authorized to execute papers on behalf thereof.

\_\_\_\_\_  
My Commission Expires: \_\_\_\_\_ ]



(b) Except in cases where the delivery of a complete offering circular, before or concurrently with any offer of securities, is not required by order of the Commission as a condition of qualification under section 203(p) of the act (70 P. S. § 1-203(p)), every offering of debt securities pursuant to [ such ] this section shall be made by an offering circular containing complete information about the securities and the issuer, including the following:

\* \* \* \* \*

(15) A notice describing the provisions of section 207(m)(2) (70 P. S. § 1-207(m)(2)) and informing an offeree or purchaser of the method of exercising the rights created by that section and the regulations promulgated thereunder[ ; ].

\* \* \* \* \*

§ 203.171. Liquidations, dividends and distributions.

[ (a) ] The phrase "bona fide distribution" as used in section 203(q) of the act (70 P. S. § 1-203(q)) does not include a dividend or other distribution made for the purpose of avoiding the registration provisions of section 201 of the act (70 P. S. § 1-201) or made in violation of [ sections 401—407, ] the [ anti-fraud ] antifraud provisions of the act [ (70 P. S. §§ 1-401—1-407), or both ] (70 P. S. §§ 1-401—1-409) or Subpart D (relating to fraudulent and prohibited practices.

[ (b) The notice of distributions or dividends required in section 203(q) of the act shall be filed with the Commission by the Distributor on the Form, designated as Commission Form 203-Q. ]

(Editor's Note: As part of this proposal, the Commission is proposing to delete FORM 203-Q as it appears in 64 Pa. Code pages 203-41—203-45, serial pages (200049)—(200053).)

§ 203.183. Agricultural cooperative associations.

\* \* \* \* \*

(b) The following words and terms [ shall ], have, for the purposes of this section, the following meanings:

\* \* \* \* \*

(2) [ MembersFor ] Members—For purposes of subsection (a)(2) only, includes patrons to the extent that the organic law or another law to which the agricultural cooperative association is subject requires the patrons to be treated as members.

(3) [ Securitiesembership ] Securities—Membership agreements, capital stock, membership certificates and an instrument or form of advice which evidences:

\* \* \* \* \*

(4) [ Engaged in agriculturePersons ] Engaged in agriculture—Persons engaged in farming, dairying, livestock raising, poultry raising, floriculture, mushroom growing, beekeeping, horticulture and allied occupations shall be deemed to be engaged in agriculture.

[ (c) The provisions of § 209.010(b) (relating to required records; report on sales of securities and use of proceeds) and of § 606.011 (relating to financial reports to security holders) may not be applicable to the offer and sale of securities without registration in conformity with this section. ]

§ 203.184. Offers and sales to principals.

\* \* \* \* \*

(b) For purposes of this section, the term "principal," means the following:

\* \* \* \* \*

(5) A relative of a person specified in paragraphs (1)—(4). For purposes of this subsection, the term "relative" means one of the following:

\* \* \* \* \*

(iv) An aunt, uncle, child, child of a spouse, sibling, mother-in-law, father-in-law, brother-in-law [ or ], sister-in-law, son-in-law or daughter-in-law.

\* \* \* \* \*

[ (e) Section 209.010 (relating to required records; report on sales of securities and use of proceeds) is not applicable to offers and sales of securities under this section. ]

§ 203.185. Offers prior to effectiveness of registration by qualification exempt.

\* \* \* \* \*

(b) [ Section 209.010(b) (relating to required records; report on sales of securities and use of proceeds) is not applicable to offers made without registration under this section ] The exemption contained in this section may not be available for a transaction whose primary purpose is avoidance of the provisions of section 201 of the act (70 P. S. § 1-201) or a transaction made in violation of the antifraud provisions of the act (70 P. S. §§ 1-401—1-409) or Subpart D (relating to fraudulent and prohibited practices).

§ 203.186. Employee takeovers.

(a) Under section 203(r) of the act (70 P. S. § 1-203(r)), the Commission finds that it is not in the public interest nor necessary for the protection of investors to require the registration under section 201 of the act (70 P. S. § 1-201) of securities issued under an investment plan for employees of an existing person designed to purchase securities of a newly created person in transactions:

\* \* \* \* \*

(3) [ Where both of the following conditions are met:

(i) Notice shall be given to the Commission with respect to form and terms of the investment plan at least 15 days prior to the commencement of the operation of the plan in this Commonwealth and the sale of securities thereunder. Such notice shall be on the following form, designated by the Commission as Form 203-R-6: ]

(Editor's Note: As part of this proposal, the Commission is proposing to delete the FORM 203-R-6 as it appears in 64 Pa. Code pages 203-52—203-54, serial pages (200060)—(200062).)

[ (ii) Compulsory ] When compulsory participation in the investment plan by the employe as a condition of employment is not required.

(4) When employes being solicited to purchase securities under the investment plan receive, at least 7 days prior to entering into a binding obligation to purchase or subscribe for the purchase of

securities issued or to be issued under the investment plan, written offering materials that fully and adequately disclose all material facts about the investment plan, including detailed risk factors explaining the potential loss of their investment, and an opinion of counsel that the security when sold will be legally issued, fully paid and nonassessable and, if a debt security, a binding obligation of the issuer.

(5) When any prospective financial statements, as that term is defined in § 609.010 (relating to use of prospective financial statements), used in connection with soliciting the purchase of securities under the investment plan comply with § 609.010(d).

(b) [ All employees being solicited to purchase securities under such plans shall receive in the written disclosure document required by item 9 of Commission's Form 203-R-6 full and adequate disclosure of all material facts as required by section 401(b) of the act (70 P.S. § 1-401(b)), including detailed risk factors relating to any material potential loss of investment. ] The exemption contained in this section may not be available for a transaction whose primary purpose is avoidance of the provisions of section 201 of the act (70 P.S. § 1-201) or a transaction made in violation of the antifraud provisions of Part IV the act (70 P.S. §§ 1-401—1-409) and Subpart D (relating to fraudulent and prohibited practices).

§ 203.187. Small issuer exemption.

\* \* \* \* \*

(b) [ The filing requirements of § 209.010(b) (relating to required records; report on sales of securities and use of proceeds) are not applicable to offers and sales of securities made under this section.

(c) ] *Integration.*

(1) \*\*\*

(2) Offers and sales made by the issuer under this section shall be counted as offers and sales under the applicable numerical limitations in section 203(s) of the act (70 P.S. § 1-203(s)) if offers and sales under section 203(s) occur within a period of 6 consecutive months of an offer or sale made under this section.

[ (d) ] (c) *Computation.* Section 609.012 (relating to computing the number of offerees, purchasers and clients) applies to offers and sales of securities made under this section.

§ 203.189. Isolated transaction exemption.

\* \* \* \* \*

(c) *Inclusion of prior offers and sales.* Offers and sales which occurred within the preceding 12 months from the date of an offer or sale to be made under this section that were made in reliance upon section 203(d), [ or ] (f) or (s) of the act, §§ 203.187 and 204.010(a)(1) and (2) (relating to small issuer exemption; and increasing number of purchasers and offerees), SEC Rule 506 (17 CFR 230.506) or this section shall be counted against the numerical limitations in subsection (a)(1) and (2).

(d) *Integration.*

(1) Offers and sales made by the issuer under this section shall be counted as offers and sales under the

applicable numerical limitations [ set forth ] in § 204.010(a)(1) and (2) if offers and sales occur under § 204.010 within a period of 12 consecutive months of an offer or sale made under this section.

(2) Offers and sales made by the issuer under this section shall be counted as offers and sales under the applicable numerical limitations in section 203(s) of the act (70 P.S. § 1-203(s)) if offers and sales under section 203(s) occur within a period of 6 consecutive months of an offer or sale made under this section.

\* \* \* \* \*

§ 203.191. SEC Rule 505 offerings.

(a) *Filing requirement.* The notice required by section 203(s)(i) of the act (70 P.S. § 203(s)(i)) shall be filed with the Commission within the time period specified in that section on Commission Form E as set forth in § 203.041 (relating to limited offerings).

(b) *Compensation.* The term "compensation," as used in section 203(s)(iv) of the act, is not limited to receipt of monetary consideration.

(c) *Integration.* Offers and sales made under this section shall be counted as offers and sales under the applicable numerical limitations in section 203(d) and (f) of the act (70 P.S. § 1-203(d) and (f)) and § 204.010 (relating to increasing number of purchasers and offerees).

(d) *Beneficial ownership.* For purposes of section 203(s)(v), whether a person is a beneficial owner of a security shall be determined in accordance with SEC Rule 13d-3 (17 CFR 240.13d-3 (relating to determination of beneficial owner)).

(e) *Amendments.* During the period of the offering, the issuer shall take steps necessary to insure that all material information contained in the notice remains current and accurate in all material respects. If a material statement made in the notice, or an attachment thereto, becomes materially incorrect or inaccurate, the issuer shall file an amendment with the Commission in accordance with § 609.011 (relating to filing amendments with Commission) within 5 business days of the occurrence of the event which required the filing of the amendment.

§ 203.201. Accredited investor exemption.

(a) *Filing requirement.* The notice required by section 203(t)(i) of the act (70 P.S. § 203(t)(i)) shall be filed with the Commission within the time period specified in that section on Commission Form E as set forth in § 203.041 (relating to limited offerings).

(b) *General solicitation.* Use of general solicitation in a manner permitted by section 203(t) will not be considered to be an advertisement subject to section 606(c) of the act (70 P.S. § 606(c)) and § 606.031 (relating to advertising literature) but is subject to the antifraud provisions of the act (70 P.S. §§ 1-401—1-409) and Subpart D (relating to fraudulent and prohibited practices).

(c) *Compensation.* The term "compensation," as used in section 203(t)(iv) of the act, is not limited to receipt of monetary consideration.

(d) *Beneficial ownership.* For purposes of section 203(t)(v) of the act, whether a person is a beneficial owner of a security shall be determined in accordance with SEC Rule 13d-3 (17 CFR 240.13d-3) (relating to determination of beneficial owner).

(e) *Amendments.* During the period of the offering, the issuer shall take steps necessary to insure that all material information contained in the notice remains current and accurate in all material respects. If a material statement made in the notice, or an attachment thereto, becomes materially incorrect or inaccurate, the issuer shall file an amendment with the Commission in accordance with § 609.011 (relating to filing amendments with Commission) within 5 business days of the occurrence of the event which required the filing of the amendment.

#### CHAPTER 204. EXEMPTION PROCEEDINGS

##### § 204.010. Increasing number of purchasers and offerees.

(a) [ *Sales of securities.* Under section 204(a) of the act (70 P. S. § 1-204(a)), the number of purchasers and offerees permitted by section 203(d) and (e) of the act (70 P. S. § 1-203(d) and (e)), respectively, are increased in the manner set forth in this section, except as provided in subsection (b), if all securities transactions made in this Commonwealth under section 203(d) and (e) of the act, including those made under paragraphs (1) and (2) are effected by broker-dealers registered under section 301 of the act (70 P. S. § 1-301):

(1) In addition to the 25 persons to whom sales of securities may be made under section 203(d) of the act, sales of securities under that section also may be made in this Commonwealth during a 12 consecutive month period to:

(i) Ten additional persons; and

(ii) An unlimited number of experienced private placement investors, as that term is defined in subsection (d)(1); or

(iii) As an alternative to, but not in combination with, subparagraphs (i) and (ii), an unlimited number of persons if all sales made under section 203(d) of the act (70 P. S. § 1-203(d)), including those made under this subparagraph, meet all of the following conditions:

(A) The securities are offered or sold in good faith reliance that the offering would qualify for exemption from the Securities Act of 1933 (15 U.S.C.A. §§ 77a-77aa) under Securities and Exchange Commission (SEC) Rules 501, 502, 503 and 505 or 506 of Regulation D (17 CFR 230.501, 230.502, 230.503, 230.505 and 230.506 (relating to rules governing limited offer and sale of securities without registration under the Securities Act of 1933)), as made effective in SEC Release No. 33-6389.

(B) Commission Form 203-D or, in the alternative, SEC Form D (as defined in subsection (d)(4) and Commission Form D Supplement found at § 203.041 (relating to limited offerings), accompanied by a copy of any offering circular, prospectus, memorandum or other document or brochure which has been or is proposed to be used in connection with the offer or sale of the securities, is filed with the Commission no later than the day on which the

securities are first issued or the issuer first receives consideration from a person therefor, whichever is earlier.

(C) The purchaser satisfies the definition of accredited investor in subsection (d)(5) or has a net worth or, where applicable, joint net worth with his spouse (in either event exclusive of home, furnishings and automobiles) at the time of sale of five times the purchaser's total purchase price. The conditions of this subparagraph will be satisfied if the broker-dealer registered under section 301 of the act (70 P. S. § 1-301) who makes the sale satisfies the requirements of subsection (e).

(2) In addition to the 50 persons to whom offers of securities may be made under section 203(e) of the act (70 P. S. § 1-203(e)), offers of securities under that section also may be made in this Commonwealth during a 12 consecutive month period to:

(i) Forty additional persons; and

(ii) The number of additional persons equal to those experienced private placement investors, as that term is defined in subsection (d)(1), who actually purchase the securities being offered in the securities transaction; or

(iii) As an alternative to, but not in combination with subparagraphs (i) and (ii), an unlimited number of persons if all sales resulting therefrom meet the conditions of paragraph (1)(iii). The restriction contained in section 203(d)(ii) of the act (70 P. S. § 1-203(d)(ii)) concerning mass mailings is waived in connection with solicitations made in compliance with this subparagraph.

(3) Issuers which intend to rely on the provisions of subsection (a)(1)(i) and (ii) and have filed or will be timely filing SEC Form D with the SEC may, in lieu of filing Commission Form 203-D, file SEC Form D and Commission Form D Supplement found at § 203.041 with the Commission accompanied by a copy of any offering circular, prospectus, memorandum or other document or brochure which has been or is proposed to be used in connection with the offer or sale of the securities no later than the day on which the securities are first issued or the issuer first receives consideration from a person therefor, whichever is earlier. ]

*Increases in purchasers and offerees.* Under section 204(a) of the act (70 P. S. § 1-204(a)), the number of purchasers and offerees permitted under section 203(d) and (e) of the act, respectively (70 P. S. § 1-203(d) and (e)) shall be increased as follows, if the issuer complies with all the conditions described in subsection (b):

(1) The total number of persons to whom securities may be offered in this Commonwealth during a period of 12 consecutive months under section 203(e) shall be 90 persons, except that offers made to experienced private placement investors, as that term is defined in subsection (d), who actually purchase the securities being offered are not included in the limitation established by this paragraph.

(2) The total number of persons to whom securities may be sold in this Commonwealth during a period of 12 consecutive months under section 203(d) shall be 35 persons, except that sales made to

re-  
ch-  
  
ac-  
net  
his  
ish-  
five  
The  
d if  
of  
tis-  
  
ers  
of  
ties  
om-  
iod  
  
to  
as  
ctu-  
the  
  
tion  
um-  
net  
tion  
P. S.  
ved  
pli-  
  
ons  
will  
, in  
SEC  
und  
by a  
ran-  
has  
with  
the  
the  
son  
  
sec-  
um-  
der  
(70  
fol-  
ions  
  
uri-  
ng a  
tion  
ade  
that  
ally  
in-  
ara-  
  
uri-  
ng a  
tion  
le to

experienced private placement investors, as that term is defined in subsection (d) are not included in the numerical limitation established by this paragraph.

(b) [ *Disqualification* ] *Conditions.*

(1) [ Subsections (a)(1)(i), (ii), (a)(2)(i) and (ii) are not available to an issuer if the ] *Disqualification.* The issuer or a person who is an officer, director, principal, partner (other than a limited partner), promoter, or controlling person of the issuer or a person occupying a similar status or performing a similar function on behalf of the issuer, has not been convicted of a crime, made the subject of a sanction, or otherwise found to have met any of the criteria described in section 305 (a)(ii)—(xiii) of the act (70 P.S. § 1-305(a)(ii)—(xiii)) unless the person subject to the disqualification is registered under section 301 of the act (70 P.S. § 1-301).

(2) [ Subsections (a)(1)(iii) and (a)(2)(iii) are not available, if any of the persons described in SEC Rule 252(c), (d), (e) or (f) of Regulation A (17 CFR 230.252(c)—(f)) (relating to securities exempted) promulgated under the Securities Act of 1933 (15 U.S.C.A. § 77c(b)):

(i) Has filed a registration statement which is the subject of a currently effective registration stop order entered under any state securities law within 5 years prior to the filing of the notice required under subsection (a)(1)(iii)(B).

(ii) Has, within 5 years prior to the filing of the notice required under subsection (a)(1)(iii)(B), been convicted of a felony or misdemeanor in connection with the purchase or sale of a security or a felony involving fraud or deceit, including but not limited to forgery, embezzlement, obtaining money under false pretenses, larceny or conspiracy to defraud.

(iii) Is currently subject to a state administrative enforcement order or judgment entered by that state's securities administrator within 5 years prior to the filing of the notice required under subsection (a)(1)(iii)(B) or is subject to a state administrative enforcement order or judgment in which fraud or deceit, including but not limited to, making untrue statements of material facts and omitting to state material facts, was found and the order or judgment was entered within 5 years of the filing of the notice required under subsection (a)(1)(iii)(B).

(iv) Is subject to a state administrative enforcement order or judgment which prohibits, denies or revokes the use of an exemption from registration in connection with the offer, purchase or sale of securities.

(v) Is currently subject to an order, judgment or decree of a court of competent jurisdiction temporarily or preliminarily restraining or enjoining, or is subject to an order, judgment or decree of a court of competent jurisdiction, permanently restraining or enjoining, the party from engaging in or continuing conduct or practice in connection with the offer, purchase or sale of a security or involving the making of a false filing with the state entered within 5 years prior to the filing of the notice required under subsection (a)(1)(iii)(B). ] *Notice filing.* With respect to reliance on subsection (a)(2), the issuer files with the Commission the notice required by section 203(d) of the act and § 203.041

(relating to limited offerings) and pays the filing fee required by section 602(b.1)(viii) of the act (70 P.S. § 1-602(b.1)(viii)).

(3) [ Subsections (a)(1)(iii) and (a)(2)(iii) are not available for the securities of an issuer subject to the disqualification provisions of SEC Rule 252(c), (d), (e) or (f) of Regulation A (17 CFR 230.252(c)—(f)) promulgated under the Securities Act of 1933 (15 U.S.C.A. §§ 77a—77aa) ] *Broker-dealer requirement.* All offers and sales made to persons in reliance on section 203(d) and (e) of the act, including the increased number of offerees and purchasers permitted by subsection (a), are effected by a broker-dealer registered under section 301 of the act (70 P.S. § 1-301), except that this condition does not apply if the issuer either is organized under the laws of the Commonwealth or has its principal place of business in this Commonwealth.

(4) *Statutory requirement.* With respect to all offers and sales made to persons permitted under this section, the issuer shall comply with the conditions imposed by section 203(d) and 203(e) of the act, respectively.

(c) *Exceptions.*

[ (1) ] Subsection [ (b)(2)(i)—(iii) and (v) shall ] (b)(1) does not apply if the person subject to the disqualification enumerated therein is licensed or registered to conduct securities related business in the state in which the administrative order or judgment was entered against the person or if the broker-dealer employing the person is licensed or registered in this [ state ] Commonwealth and in the Form BD filed with [ this state ] the Commission has disclosed the order, conviction, judgment or decree relating to this person. Nothing in this paragraph shall be construed to allow a person disqualified under subsection [ (b)(2)(i)—(iii) or (v) ] (b)(1), to act in a capacity other than that for which the person is registered.

[ (2) A disqualification created under this section is automatically waived if the state securities administrator or agency of the state which created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances that the exemption be denied. ]

(d) *Definitions.* For purposes of this section, the following terms [ , ] have the following meanings:

\* \* \* \* \*

(4) [ *Form D.* The form promulgated by the SEC (Reg. § 239.500 (17 CFR 239.500) under section 4(6) of the Securities Act of 1933 (15 U.S.C.A. § 77(d)(6)) and which, under SEC Rule 503 (17 CFR § 230.503), must be filed with the SEC by an issuer seeking to exempt securities transactions under SEC Regulation D.

(5) [ *Accredited investor.* A person who meets the definition of accredited investor [ set forth ] in SEC Rule 501(a) (17 CFR 230.501(a)).

(e) [ *Broker-dealers* ] *Due diligence obligation.*

(1) A broker-dealer registered under section 301 of the act (70 P.S. § 1-301) [ who makes a sale under subsection (a)(1)(ii) or (iii) ] that sells a security to

an experienced private placement investor in reliance on subsection (a) must receive a written representation that the purchaser [ meets the standards set forth in subsection (a)(1)(iii)(C) or, where applicable, ] meets the definition of "experienced private placement investor" [ set forth ] in subsection (d)(1)[ ; ] and must have reasonable grounds to believe, and must believe after reasonable inquiry, that the written representation is correct.

(2) An issuer [ relying on subsection (f) to make offers and sales under subsections (a)(1)(ii) and (a)(2)(ii) ] that either is organized under the laws of the Commonwealth or has its principal place of business in this Commonwealth and sells its securities to experienced private placement investors in reliance on subsection (a) must receive a written representation that the purchaser meets the definition of experienced private placement investor set forth in subsection (d)(1) and must have reasonable grounds to believe, and must believe after reasonable inquiry, that the written representation is correct.

(f) [ *Principal place of business* ] *Statutory basis for offers and sales under this section.* [ Where an issuer is organized under the laws of this Commonwealth or organized under the laws of another state but has its principal place of business in this Commonwealth, a broker-dealer registered under section 301 of the act is not required to effect the securities transactions under sections 203(d) and (e) of the act, including those made under subsections (a)(1) and (2), in order:

(1) For the issuer to rely upon subsection (a)(1)(i), (ii), (2)(i) and (ii).

(2) For the issuer to rely upon subsection (a)(1)(iii) and (2)(iii) if the issuer, in addition to filing Commission Form 203-D or SEC Form D, files Part B of Commission Form D Supplement with the Commission to waive the broker-dealer requirements in subsection (a), and the Commission does not deny the application within 5 business days from the date of the filing. The Commission may deny the waiver application if the offering appears to be in violation of the law or abusive. ] All offers and sales made to persons permitted by this section are deemed to be offers and sales made under section 203(d) and (e) of the act and all conditions imposed by those sections of the act are applicable to offers and sales to persons permitted by this section.

§ 204.011. Waivers of the 12-month holding period.

(a) Under section 204(a) of the act (70 P. S. § 1-204(a)), the restriction under section 203(d)(i) of the act (70 P. S. § 1-203(d)(i)) not to sell securities purchased under that section for 12 months after the date of purchase automatically is waived if:

(1) The restricted securities [ subsequently ] are registered under the act, the Securities Act of 1933 (15 U.S.C.A. §§ 77a—77aa) or the Securities Exchange Act of 1934 (15 U.S.C.A. §§ 78a—78kk) subsequent to a notice filed with the Commission under section 203(d) and § 203.041(relating to limited offerings).

\* \* \* \* \*

§ 204.012. Waivers for [ offerings where sales are made only to accredited investors ] preeffective offers under section 203(h).

[ (a) *Waivers.* When an issuer meets the conditions described in subsection (b), the Commission, under section 204(a) of the act (70 P. S. § 1-204(a)), waives the following requirements of section 203(d) of the act (70 P. S. § 1-203(d)) and increases the number of purchasers and offerees permitted by section 203(d) and (e) of the act.

(1) The condition of section 203(d)(i) of the act not to sell securities purchased for 12 months after the date of purchase (12-month holding period) is waived, if resales of the securities are made only to accredited investors or to the issuer during the 12-month holding period.

(2) The requirement under § 203.041 (relating to limited offerings) to file with the Commission a copy of the agreement of the investor to hold the securities purchased under section 203(d) for the 12-month holding period is waived, if a copy of the agreement between the issuer and the investor in accordance with the requirements of paragraph (1) is filed with the Commission.

(3) The condition contained in section 203(d)(ii) of the act concerning mass mailing or public media advertising made in connection with the solicitation of sales of securities to be made under section 203(d) is waived.

(4) The number of offerees permitted under section 203(e) to whom an issuer may offer securities if sales resulting from those offers are exempt under section 203(d) is increased to an unlimited number in this Commonwealth.

(5) The number of purchasers permitted under section 203(d) to whom the issuer may sell securities is increased to an unlimited number in this Commonwealth.

(b) *Conditions.*

(1) The securities are sold in good faith reliance that the offering would qualify for an exemption from registration under section 5 of the Securities Act of 1933 (1933 Act) (15 U.S.C.A. § 77e) under section 3(a)(11) of the 1933 Act (15 U.S.C.A. § 77c(a)(11)) or regulations adopted by the United States Securities and Exchange Commission (SEC) under section 3(b) of the 1933 Act, except an offering under Rule 505 of SEC Regulation D, and the securities sold, whether in or outside of this Commonwealth, will be sold only to accredited investors.

(2) The issuer specifies in any advertisement, communication, sales literature or other information which is publicly disseminated in connection with the offering of securities, including by means of electronic transmission or broadcast media, that the securities will be sold only to accredited investors. For purposes of this section, publicly disseminated means communicated to 100 or more persons or otherwise communicated, used or circulated in a public manner.

(3) The issuer does not engage in any solicitation of prospective purchasers by telephone until the issuer has reasonable grounds to believe that the person to be solicited is an accredited investor.

of  
co  
oi  
se  
th  
ac  
  
de  
U.  
  
pa  
de  
its  
ac  
pa  
  
tic  
nu  
pr  
qu  
  
(  
of  
sa:  
§ 2  
  
(  
pr  
abi  
(70  
anc  
  
U  
204  
sec  
reg  
file  
sale  
issu  
exe  
stat  
Exc  
193:  
offe  
on s  
  
§ 20  
un  
[ (6  
§ 1-2  
(c)(1  
are  
secti  
the p  
Act  
com  
  
(1)  
the I  
  
(2)  
the b  
or m  
nies,  
ment  
  
(3)  
trust

(4) The issuer places a legend on the cover page of any disclosure document proposed to be used in connection with the offering or on the cover page of the subscription agreement advising that the securities described in the disclosure document or the subscription agreement will be sold only to accredited investors.

(5) The issuer is not an investment company as defined in the Investment Company Act of 1940 (15 U.S.C.A. §§ 80a-1—80b-21).

(6) The issuer is not a development stage company with no specific business plan or purpose or a development stage company that has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies, or other entity or person.

(7) The issuer is not subject to the disqualifications in § 204.010(b) (relating to increasing the number of purchasers and offerees) nor are its promoters, officers or directors subject to any disqualification described in that section.

(c) *Definition of accredited investor.* For purposes of this section, the term accredited investor has the same meaning as that term is defined in § 204.010(d)(5).

(d) *Exemption.* Nothing in this section otherwise prohibits, in connection with the offering, the availability of the exemption in section 203(c) of the act (70 P.S. § 1-203(c)) or § 203.184 (relating to offers and sales to principals). ]

Under section 204(a) of the act (70 P.S. § 1-204(a)), the Commission waives the requirement in section 203(h) of the act (70 P.S. § 1-203(h)) that a registration statement, including a prospectus, be filed with the Commission to make offers, but not sales, of securities in this Commonwealth if the issuer of the securities to be offered under the exemption in section 203(h) has filed a registration statement with the United States Securities and Exchange Commission under the Securities Act of 1933 (15 U.S.C.A. §§ 77a—77aa) prior to the time offers are made in this Commonwealth in reliance on section 203(h) of the act.

CHAPTER 205. REGISTRATION BY COORDINATION

§ 205.040. [ Automatic effectiveness for ] Series of unit investment trusts as separate issuers.

[ (a) Under section 205(d) of the act (70 P.S. § 1-205(d)), the requirements of section 205(b) and (c)(1)(iii) of the act (70 P.S. § 1-205(b) and (c)(1)(iii)) are waived for a registration statement filed under section 205 of the act by a unit investment trust, as the person is classified in the Investment Company Act of 1940 (15 U.S.C.A. §§ 80a-1—80a-64), which complies with the following:

(1) The unit investment trust is registered under the Investment Company Act of 1940.

(2) The unit investment trust is not engaged in the business of investing in securities issued by one or more open-end management investment companies, as those persons are classified in the Investment Company Act of 1940.

(3) Each series underlying a unit investment trust constitutes a separate and distinct issuer

under the act and shall individually file the following materials with the Commission. If a unit investment trusts offers multiple series, Form U-1 shall identify which series is being offered in this Commonwealth.

(i) One completed and properly executed Uniform Application to Register Securities (Form U-1), including the name and address of the trustee.

(ii) A statement identifying one or more previous series of the unit investment trust for which the effective date of the registration statement was determined under section 205(b) and (c) of the act (70 P.S. § 1-205(b) and (c)).

(iii) A copy of any adverse order, judgment or decree entered in connection with the offering by the regulatory authorities of any state or by any court or the United States Securities and Exchange Commission (SEC).

(iv) Information required by section 205(d) of the act (70 P.S. § 1-205(d)), including notice of SEC effectiveness, price amendment and post-effective amendment containing one copy of the final prospectus.

(v) The appropriate fee as prescribed in section 602(b)(iv) of the act (70 P.S. § 1-602(b)(iv)).

(vi) The representation filed with the SEC under SEC Rule 487 (17 CFR 230.487) (relating to effectiveness of registration statements filed by certain unit investment trusts), which includes the following:

(A) The portfolio securities deposited in the series with respect to which the registration statement or pre-effective amendment is being filed do not differ materially in type or quality from those deposited in such previous series identified by the registrant.

(B) Except to the extent necessary to identify the specific portfolio securities deposited in, and to provide essential financial information for, the series with respect to which the registration statement or pre-effective amendment thereto is being filed, the registration statement or pre-effective amendment thereto does not contain disclosures that differ in any material respect from those contained in the registration statement of the previous series identified by the registrant.

(b) The Commission may deny, suspend or revoke the availability of this section to a unit investment trust if it appears to the Commission that a registration statement which has, or intends to become effective in this Commonwealth in reliance upon this section, is incomplete or inaccurate in any material respect or the registrant has not complied with the requirements set forth in subsection (a). ]

For purposes of complying with the requirements of sections 201 and 211(a) of the act (70 P.S. §§ 1-201 and 1-211(a)), each series underlying a unit investment trust, as that person is classified in the Investment Company Act of 1940 (15 U.S.C.A. §§ 80a-1—80a-64), constitutes a separate and distinct issuer under the act and shall be required to make a separate filing with the Commission under section 211(a).

CHAPTER 207. GENERAL REGISTRATION PROVISIONS

§ 207.071. Escrow of promotional securities.

\* \* \* \* \*

(b) For the purposes of this section, the term "promotional securities" includes securities which are:

(1) Issued within the [ 2- ] 5-year period immediately preceding the date of the filing of a registration statement for a consideration substantially different from the proposed public offering price and for which price differential there is no commensurate change in the earnings or financial position of the issuer.

\* \* \* \* \*

(4) Issued within the [ 2- ] 5-year period immediately preceding the date of the filing of a registration statement to a promoter or proposed to be issued to a promoter at a price substantially lower than or on terms and conditions substantially more favorable than those on which securities of the same or a similar class or series have been or are to be sold to public investors.

\* \* \* \* \*

(c) The escrow of promotional securities shall be covered by an agreement which shall be subject to the [ written ] approval of the Commission [ , in substantially the format and in accordance with the provisions set forth in the following form, designated by the Commission as Form SE: ].

(Editor's Note: As part of this proposal, the Commission is proposing to delete FORM SE as it appears in 64 Pa. Code pages 207-3—207-7, serial pages (200089)—(200092) and (234901).)

One manually signed copy of the [ form ] agreement shall be filed with the Commission prior to the effectiveness of a registration of the issuer's securities.

[ (d) For the purpose of section 207(g) of the act, in determining whether the issuer has been in existence for more than 3 years the following factors, by way of illustration, are to be considered:

(1) Whether the issuer has significant revenues or earnings or both prior to the date of the filing of the registration statement.

(2) Whether the current officers and directors have been directing the operations of issuer for a significant period of time prior to the date of the filing of the registration statement.

(3) Whether the current or proposed business operations of the issuer are substantially similar to those conducted for a significant period of time prior to the date of the filing of the registration statement. ]

§ 207.072. Escrow of proceeds.

(a) The Commission, when it deems necessary for the protection of investors, and subject to the limitation of section 207(g) of the act (70 P.S. § 1-207(g)), may require as a condition to the registration of securities, whether to be sold by the issuer or another person, that the proceeds from the sale of the registered security in this Commonwealth be escrowed until the issuer receives a specified amount from the sale of the security either in this Commonwealth or elsewhere; or that the proceeds from the sale of the registered secu-

... rity be escrowed for a specific use as set forth in the prospectus. The escrow depository shall be a bank or trust company acceptable to the Commission.

(b) The escrow of proceeds shall be covered by an agreement acceptable to the Commission which, at a minimum, meets the following conditions:

(1) The specified amount of proceeds shall be deposited in an interest bearing escrow or trust account, the terms of which are consistent with this subsection, particularly paragraph (7).

(2) The escrow depository may not be affiliated with the issuer or any officer, director, promoter or affiliate of the issuer or the underwriter of the securities which are the subject of the escrow or trust account.

(3) The agreement shall provide that the escrowed proceeds are not subject to claims by creditors of the issuer, affiliates of the issuer or underwriters until the proceeds have been released to the issuer pursuant to the terms of the agreement.

(4) A manually signed copy of the agreement shall be filed with the Commission and shall become part of the registration statement.

(5) The agreement shall be signed by an authorized officer of the issuer, an authorized officer of the underwriter, if applicable, and an authorized officer of the escrow depository.

(6) A summary of the principal terms of the agreement shall be included in the prospectus.

(7) If the minimum amount of proceeds is not raised within the specified time period or for the specific purpose set forth in the prospectus, the escrowed proceeds shall be released and returned directly to investors by the escrow depository by first class mail together with interest earned and without deductions for expenses (including commissions, fees or salaries), except that payment of interest shall be waived on proceeds held in escrow for less than 90 days.

§ 207.101. Effective period of registration statement.

\* \* \* \* \*

(d) Except with respect to an open-end or closed-end investment company, face amount certificate company or unit investment trust, as those persons are classified in the Investment Company Act of 1940 (15 U.S.C.A. §§ 80a-1—80a-64), the effective period of a section 205 registration statement may be extended [ for additional periods of 1 year each ] beyond the initial 1-year effectiveness period specified in subsection (a)(1) in increments of 1-year periods up to a maximum of 3 years from the initial effectiveness date of the registration statement in this Commonwealth by filing the following form designated as Form 207-J with the Commission prior to the expiration of the currently effective period of registration. [ The filing of Form 207-J will not extend the offering for a period beyond the effective period of the registration statement with the Securities and Exchange Commission. ] The provisions of this section are not available if the issuer, during the 3 year period from the initial effectiveness date of the registration statement in this Commonwealth, is required

to file and FOR: Instr

WHC effect an ac filing perio tion initia in thi if the state: Excha

4. (A) Penns

B) I

[(C)

D) I Penns

E) I sold d

F) E Penns

N WI execute

(In

§ 207. 207(r

(a) T which

70 P. which

203(d) and, if

203 (r)

(b) T tentenc

§ 1-207 followin

(2) Re page of

turn ] t securitie (3) Ar sectio

to file a new registration statement with Securities and Exchange Commission.

FORM 207-J  
Instruction Sheet

WHO MUST FILE: Issuers that want to extend the effective period of a Section 205 registration statement for an additional period of one year provided, however, that filing Form 207-J shall not extend the offering for a period beyond [ the effective period of the registration statement with the ] three years from the initial effective date of the registration statement in this Commonwealth. Form 207-J may not be used if the issuer was required to file a new registration statement with the United States Securities and Exchange Commission.

(A) Initial effective date of registration statement in Pennsylvania:

(B) Description of securities registered:

(C) Dollar amount of securities registered: \_\_\_\_\_ in Pennsylvania; \_\_\_\_\_ in all States.

(D) Dollar amount of securities sold to date in Pennsylvania: \_\_\_\_\_

(E) Dollar amount of securities proposed to be sold during remainder of offering: \_\_\_\_\_ in Pennsylvania; \_\_\_\_\_ in all States.

(F) Expected date of termination of offering in Pennsylvania: \_\_\_\_\_ ]

IN WITNESS WHEREOF, this Form has been duly executed [ this \_\_\_\_ day of \_\_\_\_\_, 19\_\_ ]

(Insert Date)

§ 207.130. Notice to purchasers under section 207(m).

(a) This section applies to offerings of securities which are registered under section 206 of the act (70 P.S. § 1-206) and to securities transactions which are exempt from registration under sections 203(d) and (p) of the act (70 P.S. § 1-203(d) and (p)) and, if required by rule of the Commission, section 203 (r) of the act.

(b) The notice to purchasers required by [ the first sentence of ] section 207(m)(1) of the act (70 P.S. § 1-207(m)(1)) shall be given in accordance with all of the following:

(2) Reference to the notice shall be made on the cover page of [ a ] the prospectus [ or offering memorandum ] used in connection with the offer and sale of the securities.

(3) An explanation of the right of withdrawal contained in section 207(m)(1) of the act, including the procedure to

be followed in exercising the right, shall be given in the text of [ a ] the prospectus [ or other offering memorandum ].

(4) Reference to the right of withdrawal shall be made in [ a ] any subscription agreement used.

(5) The reference to the right of withdrawal [ referred to ] described in paragraph (2) shall be conspicuous by setting it apart from other text and by underlining, italics or capitalization.

(c) The notice to purchasers required by section 207(m)(2) of the act shall be given in accordance with all of the following:

(1) It shall be in writing.

(2) An explanation of the right of withdrawal contained in section 207(m)(2), including the procedure to be followed in exercising the right, shall be given.

(3) The explanation of the right of withdrawal shall be conspicuous, by setting it apart from other text and by underlining or capitalization.

(b) (d) Timely notice of [ an intention to withdraw ] withdrawal of the purchase shall be deemed to have been given by a purchaser within the 2 business-day period set forth in section 207(m) of the act if, during the 2-business day period, [ the notice, in writing ] a written notice to withdraw from the purchase:

(2) Is [ delivered to a telegraph or other message service for transmittal ] sent electronically, including by e-mail or facsimile.

(3) Is deposited in the United States [ mails ] Postal Service, sent registered or certified mail, and [ in the case of paragraph (2) and in the case of this paragraph, telegraph, postage or other transmittal ] all applicable fees are paid by the sender [ and the notice is addressed to the issuer or its affiliate at the place indicated in the instructions referred to in subsection (a)(3) ].

(4) Is delivered to a messenger or courier service for delivery with applicable fees paid by the sender.

(c) The requirements of this section shall apply to offerings of securities which are exempt under sections 203(d), (f), (p) or (r) of the act (70 P.S. §§ 1-203(d), (f), (p) or (m)) unless otherwise provided by order of the Commission.

(d) (e) The following language [ of a ] illustrates a right of withdrawal notice which complies with section 207(m)(1) of the act [ notice for a section 206 of the act (70 P.S. § 1-206) registration is set forth by way of illustration ]:

"If you have accepted an offer to purchase these securities made pursuant to a prospectus which contains a written notice explaining your right to withdraw your acceptance pursuant to section 207 (m)(1) of the Pennsylvania Securities Act of 1972 [ (70 P.S. § 1-207(m)) ], you may elect, within two business days after the first time you have received this notice and a prospectus (which is not materially different from the final prospectus) to withdraw from your purchase agreement and receive a



full refund of all monies paid by you. Your withdrawal will be without any further liability to any person. To accomplish this withdrawal, you need only send a [ letter or telegram ] written notice (including a notice by facsimile or electronic mail) to the issuer (or underwriter if one is listed on the front page of the prospectus) indicating your intention to withdraw." [ Such letter or telegram should be sent and postmarked prior to the end of the aforementioned second business day. If you are sending a letter, it is prudent to send it by certified mail, return receipt requested, to ensure that it is received and also to evidence the time when it was mailed. Should you make this request orally, you should ask for written confirmation that your request has been received." ]

(f) The following language illustrates a right of withdrawal which complies with section 207(m)(2) of the act:

"If you have accepted an offer to purchase these securities and have received a written notice explaining your right to withdraw your acceptance pursuant to section 207(m)(2) of the Pennsylvania Securities Act of 1972, you may elect, within two business days from the date of receipt by the issuer of your binding contract of purchase or, in the case of a transaction in which there is no binding contract of purchase, within two business days after you make the initial payment for the securities being offered, to withdraw your acceptance and receive a full refund of all monies paid by you. Your withdrawal of acceptance will be without any further liability to any person. To accomplish this withdrawal, you need only send a written notice (including a notice by facsimile or electronic mail) to the issuer (or placement agent if one is listed on the front page of the offering memorandum) indicating your intention to withdraw.

§ 207.140. [ Modification of statutory provisions to accommodate electronic filing ] Signatures on electronic filings.

[ For purposes of coordinating the provisions of the act with uniform procedures to facilitate electronic filings of registration statements under sections 205 and 206 of the act (70 P. S. §§ 1-205 and 1-206) by means of a securities registration depository, the Commission, under the authority provided in section 207(n) of the act (70 P. S. § 1-207(n)), modifies the provisions of section 207(j.1) of the act (70 P. S. § 1-207(j.1)) as follows:

(1) Notwithstanding any provision in section 207(j.1) of the act to the contrary, a registration by coordination by a unit investment trust, as that person is defined in the Investment Company Act of 1940 (15 U.S.C.A. §§ 80a-1—80b-21) is effective for a period beginning with its effective date in this State and ending 1 year after the date the registration statement for the same securities became effective with the United States Securities and Exchange Commission.

(2) A registration by coordination for an open-end or closed-end investment company or face amount certificate company, as those persons are

classified in the Investment Company Act of 1940, is effective for the period beginning with its effective date and ending 60 days after the registrant's fiscal year end for the fiscal year in which the filing under section 205 of the act became effective. ]

Under section 207(n) of the act (70 P. S. § 1-207(n)), the Commission authorizes the acceptance of a typed signature in lieu of any requirement for a manual signature on any notice required to be filed with the Commission under section 211 of the act (70 P. S. § 1-211) which is filed with the Commission electronically through its home page on the World Wide Web.

CHAPTER 209. BOOKS, RECORDS AND ACCOUNTS

§ 209.010. Required records; report on sales of securities and use of proceeds.

(c) The form for reports required in subsection (b), except for subsection (b)(2), shall be filed with the Commission on the following form, designated by the Commission as Form 209:

PART II Report of Sales of Securities Registered under Section 206.

- 5. (A) Offering in Pennsylvania:
  - (i) Total number of shares or other units: \_\_\_\_\_
  - (ii) Per share or unit price: \_\_\_\_\_
  - (iii) Maximum aggregate offering price: \_\_\_\_\_
- (B) Sales in Pennsylvania [ or other units ]: [ \_\_\_\_\_ ]
  - (i) Number of shares or other units: \_\_\_\_\_
  - (ii) [ Aggregate offering price ] Aggregate proceeds received: \_\_\_\_\_

CHAPTER 211. FEDERALLY COVERED SECURITIES

§ 211.010. Notice filings for federally covered securities.

(a) The notices required under section 211(a) of the act (70 P. S. § 211(a)) to be filed by 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 (15 U.S.C.A. §§ 80a-1—80a-64) (investment companies) shall be made on the Uniform Investment Company Notice Filing Form (Form NF) and shall be accompanied by the applicable filing fees and administrative assessments in sections 602(b.1)(iv) and 602.1(a)(5) of the act (70 P. S. §§ 1-602(b.1)(iv) and 1-602.1(a)(5)).

(b) No documents filed by Investment Companies with the SEC need be filed with the notice described in subsection (a) except for those documents filed with the SEC relating to mergers, acquisitions or reorganizations. In that case, copies of registration statements, prospectuses or post-effective amendments filed with the SEC are required to be filed with the Commission at the time the notice required by subsection (a) is filed.

(c) The notice required by section 211(b) of the act shall be filed with the Commission on Form promulgated by the SEC and effective as of September

ber  
the  
this  
the :

CH

§ 50-

(b)  
waive

(2)

violat  
409  
1-409

(vii)  
letter  
which  
conta  
the G.

(3)

possib  
parag  
than t  
24 mo  
sector

(iii)  
each r  
the fo  
forth  
sion F.

(f) T  
Comm:

DISCL

10. f  
Offer  
format  
tem 1.  
be dist  
staff

304.06  
1-602.1  
Comple

Reques  
refrain  
details w  
net for  
the Wa.

NOTIC

14. W  
securitie  
discissic  
format

ber 1, 1996, not later than 15-calendar days after the first sale of the Federally covered security in this Commonwealth and shall be accompanied by the filing fee in section 602(b.1)(vii) of the act.

Subpart E. ENFORCEMENT

CHAPTER 504. TIME LIMITATIONS ON RIGHTS OF ACTION

§ 504.060. Rescission offers.

(b) Compliance with the procedures in subsection (a) is waived:

(2) For a person making a rescission offer for possible violations of [ sections ] section 301 or 401—[ 406 ] 409 of the act (70 P.S. §§ 1-301 and 1-401—[ 1-406 ] 1-409) if the following apply:

(viii) The person making the rescission offer provides a letter offering rescission to each rescission offeree which [ , at a minimum, follows the format and ] contains only the information set forth in Item 14 of the General Instructions to Commission Form RO.

(3) For an issuer which, after offering rescission for possible violations of section 201 of the act under this paragraph, will not have made rescission offers to more than five investors in this Commonwealth within the past 24 months, exclusive of investors which purchased under section 203(c) of the act and the following apply:

(iii) The issuer provides a letter offering rescission to each rescission offeree which [ , at a minimum, follows the format and ] contains only the information set forth in Item 14 of the General Instructions to Commission Form RO.

(f) The following form has been designated by the Commission as Form RO:

DISCLOSURE GUIDE

10. Attach a copy of the proposed Notice of Rescission Offer which [ , at a minimum, should follow the format and ] contains only the information set forth in Item 14. [ Although rescission offer materials may be distributed prior to the end of the Commission staff review period set forth in Regulation 504.060(b)(1), it may be preferable to wait for completion of staff review in the event the Waiver Request is denied ] You are strongly advised to refrain from distributing the rescission offer materials until the completion of the staff review period set forth in Regulation 504.060(b)(1), in the event the Waiver Request is denied.

NOTICE OF RESCISSION OFFER

14. Where a rescission offer is made by the seller of the securities to the purchaser, the letter advising of the rescission offer [ should follow, at a minimum, the format and ] must contain only the information set

forth below. Where a rescission offer is being made by the purchaser to the seller, the letter advising of the rescission offer [ should follow, at a minimum, the format and ] must contain only the information set forth below except that appropriate modifications should be made in paragraphs 1 and 2 to conform to the provisions of Section 504(e) of the act.

CHAPTER 513. RESCISSION ORDERS

§ 513.010. Rescission orders.

When the Commission, under section 513 of the act (70 P.S. § 1-513), orders an issuer or control person of an issuer to effect a rescission offer, the rescission offer shall be effected in accordance with § 504.060(a) (relating to rescission offers) unless the Commission, by order, otherwise prescribes.

Subpart F. ADMINISTRATION

CHAPTER 603. ADMINISTRATIVE FILES

§ 603.011. Filing requirements.

(a) Except as set forth in [ subsections ] subsection (f) [ and (g) ], documents and other communications to be filed with the Commission shall be filed in the Harrisburg office of the Commission.

(d) No notice, statement, form [ , ] or other document will be accepted for filing; no request for copies of documents will be granted; and no action will be taken by the [ Securities ] Commission unless the filings and request are accompanied by the required fees or charges as provided by the act and this section.

(e) Except as set forth in subsection (f), checks for payment of fees and charges shall be made payable to the order of "Commonwealth of Pennsylvania" and delivered or mailed to: Secretary, Pennsylvania Securities Commission; [ 333 Market Street; Harrisburg, Pennsylvania 17101 ] 1010 N. Seventh Street, Harrisburg, Pennsylvania 17102-1410.

(g) In connection with [ the registration or exemption of securities or securities transactions under sections 202, 203, 205, 206 or 210 of the act required disclosure documents ] notice filings relating to a Federally covered security under section 211, notice forms may be filed electronically with the [ Securities Registration Depository, 1700 N. Moore Street, Suite 1215, Arlington, VA 22209 (SRD) or a successor address thereto if the disclosure document is a registration statement that is required to be filed with the United States Securities and Exchange Commission under section 5 of the Securities Act of 1933 (15 U.S.C.A. § 77e) ] Commission as permitted by order of the Commission. In conjunction with [ the ] an electronic filing, fees or assessments required under sections 602 or 602.1 of the act (70 P.S. §§ 1-602 or 1-602.1) [ may ] shall be paid by means of [ a check in the appropriate amount made payable to the order of "Securities Registration Depository" or electronic funds transfer in the appropriate amount to the SRD. Documents and payments filed with the SRD under this subsection will be deemed as filed

with the Commission] an Automated Clearing House transfer of funds to the Commission's depository bank.

CHAPTER 606. MISCELLANEOUS POWERS OF COMMISSION

§ 606.041. Delegation and substitution.

\* \* \* \* \*

(b) The Commission delegates to the Director of the Division of Licensing and Compliance, the Assistant Director of the Division of Licensing and Compliance and the Chief[ , ] of the Licensing Section of the Division of Licensing and Compliance:

\* \* \* \* \*

(6) The power exercisable under section 303(a)(i) of the act to grant a waiver of any requirement imposed under section 303(a)(i) of the act or section 304 of the act (70 P.S. § 1-304) or any regulation promulgated thereunder and impose conditions on, or limit the scope of, an initial or renewal license of a broker-dealer, agent, investment adviser or investment adviser representative.

\* \* \* \* \*

(d) The Commission delegates to the Director of the Division of Corporation Finance:

(1) The power exercisable under section [ 205(d) of the act (70 P.S. § 1-205(d), to waive the requirement in section 205(c)(2)(iii) ] 206(c) of the act (70 P.S. § 1-206(c)) to order effective a registration statement filed under section 206 of the act for securities that have met the requirements for registration under the Mid-Atlantic Regional Review Protocol for Small Corporate Offering Registrations.

\* \* \* \* \*

(12) [ The power exercisable under section 609(a) of the act to waive the condition of § 203.141(a) (relating to sales to existing security holders) to file Commission 203-N if an issuer has filed, in lieu thereof and under the time limitations in section 203(n) of the act (70 P.S. § 1-203(n)), a copy of a registration statement designated by the SEC as Form F-7. ] The power exercisable under section 211(c) of the act (70 P.S. § 1-211(c)) to:

(i) Issue a stop order suspending the offer or sale of any security described in section 211(b) or (c).

(ii) Modify or vacate a stop order.

(13) The power exercisable under section 207(l)(1) of the act (70 P.S. § 1-207(l)(1)) to declare effective an amendment to any currently effective registration statement relating to [ an ] the increase in the specified amount of securities proposed to be offered in this Commonwealth, if the filing fee required by section 602(b.1) of the act (70 P.S. § 1-602(b.1)) has been paid.

(14) [ The power exercisable under section 204(a) of the act to waive the 2 business day time requirement of section 203(i) of the act for the mailing to the Commission of a copy of the final prospectus or final offering circular utilized or proposed to be utilized in connection with a sale under section 203(i) of the act which was filed with the SEC for one of the following:

(i) Sales of stock under a dividend reinvestment and stock purchase plan for which a registration statement has been filed with the SEC and declared effective.

(ii) Sales of stock underlying warrants or as part of an exchange offer for which a registration statement has been filed with the SEC and declared effective.

(15) ] \* \* \*

\* \* \* \* \*

CHAPTER 609. REGULATIONS, FORMS AND ORDERS

§ 609.031. Application.

(a) This chapter, together with the constructions and interpretations hereof as the Commission may issue from time to time, sets forth the minimum requirements for financial statements included, under the act, as part of the following:

\* \* \* \* \*

(3) Proxy [ Statements ] materials under section 203(o)[ (ii) ] of the act (70 P.S. § 1-203(o)[ (ii) ]).

\* \* \* \* \*

§ 609.034. Financial statements.

\* \* \* \* \*

(b) Except as provided in subsection (c), when an issuer proposes to register its securities for sale under section 206 of the act, when an issuer proposes to sell its securities under the exemption contained in Regulation A promulgated under section 3(b) of the Securities Act of 1933 (15 U.S.C.A. § 77c(b)) and proposes to register the securities under section 205 of the act, or when an issuer proposes to sell its securities under the exemption contained in section 203(p) of the act (70 P.S. § 203(p)), or when an issuer is required to file [ a ] proxy [ statement ] materials under section 203(o)[ (ii) ] of the act (70 P.S. § 203(o)[ (ii) ]), it shall file the following financial statements, all of which shall be prepared in accordance with generally accepted accounting principles and presented in comparative form:

\* \* \* \* \*

[Pa.B. Doc. No. 99-1183. Filed for public inspection July 23, 1999, 9:00 a.m.]

No  
34:  
De  
ha:

Da.  
7-1

Da:  
7-1

7-8-

Da:  
7-8-

7-9:

7-12

# Commonwealth of Pennsylvania



PENNSYLVANIA SECURITIES COMMISSION  
HARRISBURG, PA 17102-1410  
PHONE: 717-787-6828

ROBERT M. LAM  
CHAIRMAN

November 3, 1999

Honorable John R. McGinley  
Chairman  
Independent Regulatory Review Commission  
333 Market Street, 14<sup>th</sup> Floor  
Harrisburg, PA 17120

**RE: SECURITIES COMMISSION  
64 Pa. Code, Chs. 202, 203, 204, 205, 207, 209, 211, 504, 513, 603, 606, 609  
Final Form Rulemaking #50-113  
General Revisions**

Dear Mr. McGinley:

Enclosed is a copy of the above-referenced regulatory action for review by your Commission.

G. Philip Rutledge of the Commission staff will provide your Commission with any assistance you require to facilitate a thorough review of these regulatory actions. He may be contacted at 783-5130.

By letter dated September 23, 1999, the Independent Regulatory Review Commission advised that it had no objections, comments or suggestions with respect to these regulations as published at 29 Pa.B. 3898 on July 24, 1999.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Bob".

Robert M. Lam  
Chairman

RML:gpr  
Enclosure

**TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE REGULATORY REVIEW ACT**

**I.D. NUMBER:** #50-113

**AGENCY:** PA SECURITIES COMMISSION

RECEIVED  
1999 NOV -4 PM 12:41  
INDEPENDENT REGULATORY  
REVIEW COMMISSION

**TYPE OF REGULATION**

- Proposed Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted
- Final Regulation
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor

**FILING OF REGULATION**

<u>DATE</u>	<u>SIGNATURE</u>	<u>DESIGNATION</u>
<u>11/4/99</u>	<u>Brenda Zaltosky</u>	<u>HOUSE COMMITTEE</u> Business & Commerce and Economic Development
<u>11-4-99</u>	<u>[Signature]</u>	<u>SENATE COMMITTEE</u> Banking & Insurance
<u>11/4/99</u>	<u>[Signature]</u>	<u>INDEPENDENT REGULATORY REVIEW COMMISSION</u> ATTORNEY GENERAL
<u>          </u>	<u>          </u>	<u>LEGISLATIVE REFERENCE BUREAU</u>