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Sequence Number: 08-11-17
Rule ID(s): 6586
File Date: 8/14/17
Effective Date: 11/12/17

Rulemaking Hearing Rule(s) Filing Form

Rulemaking Hearing Rules are rules filed after and as a result of a rulemaking hearing (Tenn. Code Ann. § 4-5-205).

Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).

Agency/Board/Commission:	Department of Commerce and Insurance
Division:	Securities
Contact Person:	Kaycee Wolf, Chief Counsel
Address:	The Davy Crockett Tower 500 James Robertson Parkway, 8 th Floor Nashville, TN
Zip:	37243
Phone:	615-253-1821
Email:	Kaycee.wolf@tn.gov

Revision Type (check all that apply):

- Amendment
- New
- Repeal

Rule(s) (ALL chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please make sure that ALL new rule and repealed rule numbers are listed in the chart below. Please enter only ONE Rule Number/Rule Title per row)

Chapter Number	Chapter Title
0780-04-02	Securities Registration and Exemptions
Rule Number	Rule Title
0780-04-02-.07	Non-Profit Exemption
0780-04-02-.15	Bank Holding Company Exemption

Chapter Number	Chapter Title
Rule Number	Rule Title

(Place substance of rules and other info here. Please be sure to include a detailed explanation of the changes being made to the listed rule(s). Statutory authority must be given for each rule change. For information on formatting rules go to http://sos.tn.gov/sites/default/files/forms/Rulemaking_Guidelines_August2014.pdf)

Rule 0780-04-02-.07 Non-Profit Exemption is amended by deleting the Rule in its entirety and replacing it with the following language:

- (1) All persons offering securities claimed to be exempt under T.C.A. § 48-1-103(a)(7) shall, at least ten (10) days prior to any sale of such securities, file a notice on Form U-1 (including all applicable exhibits thereto) accompanied by the following additional information:
 - (a) The filing fee as set forth in T.C.A. § 48-1-103(a)(7);
 - (b) A statement of the basis for the issuer's qualification for exemption under T.C.A. § 48-1-103(a)(7);
 - (c) A copy of the Charter and Bylaws of the issuer or the equivalent entity formation and governance documents;
 - (d) Proof of consent to service of process as set forth in T.C.A. § 48-1-124;
 - (e) A description of the method by which full disclosure of material facts will be made to each offeree and a copy of the prospectus, pamphlet, offering circular, or similar literature should be provided;
 - (f) Copies of all advertising or other material to be distributed in connection with the offering;
 - (g) A copy of the subscription agreement or other similar agreement;
 - (h) A copy of any proposed agreement or proposed form of agreement with a securities broker-dealer or underwriter;
 - (i) A copy of the preliminary or definitive Trust Indenture and/or Trust Agreement, if any;
 - (j) An opinion of counsel attesting to the authority of the issuer to offer and sell the securities and stating that after the sale the securities will be valid, binding obligations of the issuer in accordance with the issuer's governing documents;
 - (k) An undertaking to notify the commissioner immediately upon the receipt of any stop order, denial, order to show cause, suspension, or revocation order, injunction or restraining order, or similar order entered by or issued by any regulatory authority or by any court, concerning the issuer, securities covered by the notice or other securities of the issuer currently being offered to the public;
 - (l) A statement of whether or not the issuer has ever been the subject of any order described in subparagraph (1)(k) of this Rule, and if so a description of the order; and
 - (m) Any additional information or documentation that the commissioner may require.
- (2) In order to be exempt under T.C.A. § 48-1-103(a)(7), a security must meet the following qualifications:
 - (a) Church Bonds
 1. If the issuer is selling Church Bonds, a disclosure document should be prepared in accordance with the Statement of Policy Regarding Church Bonds adopted by NASAA and any successor policy thereto.

2. For the purposes of this Rule, the term "Church Bonds" shall be consistent with the definition set forth in the Statement of Policy Regarding Church Bonds adopted by NASAA and any successor policy thereto.
- (b) Church Extension Funds
1. If the issuer is selling notes issued by a Church Extension Fund, a disclosure document should be prepared in accordance with the Statement of Policy Regarding Church Extension Fund Securities adopted by NASAA and any successor policy thereto.
 2. For the purposes of this rule, the term "Church Extension Fund" shall be consistent with the definition set forth in the Statement of Policy Regarding Church Extension Fund Securities adopted by NASAA and any successor policy thereto.
- (c) For all other securities exempt under T.C.A. § 48-1-103(a)(7) that do not meet the qualifications of subsection (2)(a)-(b), the disclosure document must contain the following information:
1. Financial statements of the issuer prepared in accordance with generally accepted accounting principles including, but not limited to, the following:
 - (i) A balance sheet as of the end of the most recent fiscal year of the issuer; and
 - (ii) A statement of income for each of the issuer's three (3) most recent fiscal years.
 2. A statement from the issuer setting forth the issuer's plan for paying the principal and interest due on the securities to be sold, including, but not limited to, anticipated sources of revenue to be used in paying such principal and interest, and supporting financial information;
 3. A statement as to whether or not the issuer or any affiliate or predecessor has had any material default during the past ten (10) years in the payment of:
 - (i) Principal, interest, dividends, or sinking fund installments on any security or indebtedness for borrowed money; or
 - (ii) Rentals under material leases with terms of three (3) years or more; and
 4. Full disclosure of all material facts relevant to the offering.
- (d) Legend. For all securities exempt under T.C.A. § 48-1-103(a)(7), the offering document shall display on its cover substantially the following information, to the extent appropriate, in capital letters and, if printed, in boldface roman type at least as high as ten (10) point modern type:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE

ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

- (3) Effective Period. Each offering shall be effective for a period of one (1) year from the date of effectiveness.
- (4) Amendments. During the effective period, the issuer shall file supplements and amendments to the originally filed offering documents pursuant to paragraph (1)(e) with the commissioner prior to use in the offering.
- (5) Renewal. The offering may be renewed for an additional period of one (1) year by filing the notification requirements of T.C.A. § 48-1-103(a)(7) and this Rule, including the appropriate filing fee, no later than ten (10) days prior to the expiration of effectiveness.

Authority: T.C.A. §§ 48-1-103(a)(7), 48-1-113, 48-1-115, 48-1-116, and 48-1-124.

Rule 0780-04-02-.15 Bank Holding Company Exemption is amended by deleting the Rule in its entirety and replacing it with the following language:

- (1) All persons offering securities claimed to be exempt under T.C.A. § 48-1-103(a)(12) shall, at least ten (10) days prior to any sale of such securities, file a notice on Form U-1 (including all applicable exhibits thereto) accompanied by the following additional information:
 - (a) The filing fee as set forth in T.C.A. § 48-1-103(a)(12);
 - (b) Proof of registration with the federal reserve board;
 - (c) A copy of the registration statement filed with the SEC, if applicable;
 - (d) Proof of consent to service of process as set forth in T.C.A. § 48-1-124;
 - (e) Copies of all advertising or other material to be distributed in connection with the offering; and
 - (f) Any additional information or documentation that the commissioner may require.
- (2) Effective Period. Each offering shall be effective for a period of one (1) year from the date of effectiveness.
- (3) Amendments. During the effective period, the issuer shall concurrently file with the commissioner any amendments filed with the SEC, if applicable.
- (4) Renewal. The offering may be renewed for an additional period of one (1) year by filing the notification requirements of T.C.A. § 48-1-103(a)(12) and this Rule, including the appropriate filing fee, no later than ten (10) days prior to the expiration of effectiveness.

Authority: T.C.A. §§ 48-1-103(a)(12), 48-1-113, 48-1-115, 48-1-116, and 48-1-124.

* If a roll-call vote was necessary, the vote by the Agency on these rulemaking hearing rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Commissioner of Commerce and Insurance (board/commission/ other authority) on 6/5/17 (mm/dd/yyyy), and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: December 13, 2016

Rulemaking Hearing(s) Conducted on: (add more dates). February 6, 2017



Date: 6/5/17

Signature: Julie Mix McPeak

Name of Officer: Julie Mix McPeak

Title of Officer: Commissioner of Commerce and Insurance

Subscribed and sworn to before me on: 6/5/17

Notary Public Signature: Denise M. Lewis

My commission expires on: 1/15/20

All rulemaking hearing rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Herbert H. Slatery III
Herbert H. Slatery III
Attorney General and Reporter
7/31/2017
Date

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PUBLICATIONS

Filed with the Department of State on: 8/14/17

Effective on: 11/12/17

Tre Hargett
Tre Hargett
Secretary of State

Public Hearing Comments

One copy of a document containing responses to comments made at the public hearing must accompany the filing pursuant to T.C.A. § 4-5-222. Agencies shall include only their responses to public hearing comments, which can be summarized. No letters of inquiry from parties questioning the rule will be accepted. When no comments are received at the public hearing, the agency need only draft a memorandum stating such and include it with the Rulemaking Hearing Rule filing. Minutes of the meeting will not be accepted. Transcripts are not acceptable.

Comment 1

0780-04-02-.15(1)(b)

It was commented that many holding companies have a letter from the Federal Reserve Board that is probably buried in a file from thirty years ago and not easily accessible as proof of registration of that specific type of proof.

Response to Comment 1

Although proof of registration in the form of the original letter from the Federal Reserve Board may be difficult for companies to produce, the rule is sufficiently worded broadly as "proof of registration" leaving room for the Tennessee Securities Division staff to be flexible with accepting acceptable proof that the company is registered with the Federal Reserve Board.

Comment 2

0780-04-02-.15(1)(c) and (3)

It was commented that the rule reads that a holding company must file a registration with the US Securities and Exchange Commission ("SEC") to qualify for this exemption when before holding companies could use an exemption from registration with the SEC while applying for this state exemption. The commenter suggested adding the words "if any" to end of subdivisions (1)(c) and (3) to clarify.

Response to Comment 2

The Department agrees with this comment. The words "if applicable" have been added to the end of subdivisions (1)(c) and (3) to clarify that a copy of the SEC registration statement must be filed only if it is applicable.

Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rulemaking process, all agencies shall conduct a review of whether a proposed rule or rule affects small business.

The Department of Commerce and Insurance has considered whether the proposed rules in these Rulemaking Hearing Rules are such that they will have an economic impact on small businesses (businesses with fifty (50) or fewer employees). The proposed rules are not anticipated to have a significant impact on small businesses. Tenn. Code Ann. §§ 48-1-103(a)(7), 48-1-103(a)(12), and 48-1-116 authorize the Commissioner to promulgate rules to carry out the Tennessee Securities Act and specifically authorize the Commissioner to request additional information for the Non-Profit exemption and Bank holding Company exemption. The proposed amendments will add clarity and consistency for those exemption filings.

The outcome of the analysis set forth in Tenn. Code Ann. § 4-5-403 is as follows:

- (1) The type or types of small business and an identification and estimate of the number of small businesses subject to the proposed rule that would bear the cost of, or directly benefit from the proposed rule.

The proposed rules will only apply to non-profit companies, bank holding companies or savings and loan companies who seek to claim an exemption from filing a registration statement to sell securities in Tennessee. While there may be some of those companies considered to be small business affected by these rules, it is estimated that this number is small.

- (2) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record.

The projected reporting, recordkeeping, and other administrative costs associated with compliance with this proposed rule are not anticipated to increase from that which exists under the current rules these proposed rules amend.

- (3) A statement of the probable effect on impacted small businesses and consumers.

The effect on small businesses is minimal. The proposed amendment will provide more clarity and consistency for exemption filers.

- (4) A description of any less burdensome, less intrusive or less costly alternative methods of achieving the purpose and objectives of the proposed rule that may exist, and to what extent the alternative means might be less burdensome to small business.

There are no alternative methods to make the proposed rule less costly, less intrusive, or less burdensome.

- (5) A comparison of the proposed rule with any federal or state counterparts.

A federal exemption for non-profit companies issuing securities can be found in Section 3(a)(4) of the Securities Act of 1933, codified at 15 U.S.C. § 77c(a)(4). Most states have similar exemptions that provide registration exemptions for non-profit companies and bank holding companies.

- (6) Analysis of the effect of the possible exemption of small businesses from all or any part of the requirements contained in the proposed rule.

Only non-profit companies, bank holding companies, or savings and loan companies who seek to claim an exemption from filing a registration statement to sell securities in Tennessee will use this rule. Exempting any company from these proposed rules would place Tennessee residents at a risk of investing in unfair or unjust securities offerings issued within the State of Tennessee.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 “any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments.” (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

These rules do not impact local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The amendments will add clarity and consistency for exemption filings. An added effective period and renewal instructions to each exemption will provide additional guidance to issuers claiming the exemption and provide consistency in application of internal policies for reviewing these exemptions in the Registration Section of the Securities Division. The amendments also clean up out-of-date references to an obsolete North American Securities Administrators Association's ("NASAA") Statement of Policy.

- (B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

This rule is authorized by various provisions of the Tennessee Securities Act of 1980 (T.C.A. §§ 48-1-101 *et seq.*), particularly T.C.A. § 48-1-116, which provides that the Commissioner "may from time to time make, promulgate, amend, and rescind such rules, forms, and orders as are necessary to carry out this part" and T.C.A. §§ 48-1-103(a)(7) and 48-1-103(a)(12), the corresponding statutory provisions for non-profit company exemptions and bank holding company exemptions, respectively.

- (C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

These rules will only apply to non-profit companies or bank holding companies who seek to claim an exemption from filing a registration statement to sell securities in Tennessee.

- (D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule or the necessity to promulgate the rule;

The Department is not aware of any attorney general opinions or any judicial rulings directly related to this rule.

- (E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

These rules will not affect state or local government revenues and expenditures.

- (F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Frank Borger-Gilligan, Assistant Commissioner;
Elizabeth Bowling, Direct of Registration for the Securities Division;
Kaycee Wolf, Chief Counsel for Insurance, Securities, and TennCare Oversight

- (G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Kaycee Wolf, Chief Counsel for Insurance, Securities, and TennCare Oversight

- (H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

500 James Robertson Parkway, Legal Division, 8th Floor, Nashville, TN 37243; (615) 253-1821;
Kaycee.Wolf@tn.gov

(l) Any additional information relevant to the rule proposed for continuation that the committee requests.

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**RULES OF
TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE DIVISION OF SECURITIES**

**CHAPTER 0780-04-02
SECURITIES REGISTRATION AND EXEMPTIONS**

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Rule 0780-04-02-.07 Non-Profit Exemption is amended by deleting the Rule in its entirety and replacing it with the following language:

0780-04-02-.07 NON-PROFIT EXEMPTION.

- (1) All persons offering securities claimed to be exempt under T.C.A. §_48-1-103(a)(7) shall, at least ten (10) days prior to any sale of such securities, file a notice on Form U-1 (including all applicable exhibits thereto) accompanied by the following additional information:
- (a) The filing fee as set forth in T.C.A. § 48-1-103(a)(7);
 - ~~(a)~~(b) A statement of the basis for the issuer's qualification for the exemption under T.C.A. §_48-1-103(a)(7);
 - (c) A copy of the Charter and Bylaws of the issuer or the equivalent entity formation governance documents;
 - (d) Proof of consent to service of process as set forth in T.C.A. § 48-1-124;
 - (e) A description of the method by which full disclosure of material facts will be made to each offeree and a copy of the prospectus, pamphlet, offering circular, or similar literature should be provided;
 - (f) Copies of all advertising or other material to be distributed in connection with the offering;
 - (g) A copy of the subscription agreement or other similar agreement;
 - (h) A copy of any proposed agreement or proposed form of agreement with a securities broker-dealer or underwriter;
 - (i) A copy of the preliminary or definitive Trust Indenture and/or Trust Agreement, if any;
 - (j) An opinion of counsel attesting to the authority of the issuer to offer and sell the securities and stating that after the sale the securities will be valid, binding obligations of the issuer in accordance with the issuer's governing documents;
 - ~~(b)~~(k) An undertaking to notify the commissioner immediately upon the receipt of any stop order, denial, order to show cause, suspension, or revocation order, injunction or

restraining order, or similar order entered by or issued by any regulatory authority or by any court, concerning the securities covered by the notice or other securities of the issuer currently being offered to the public; ~~and~~

~~(e)(l)~~ A statement of whether or not the issuer has ever been the subject of any order described in subparagraph (1)~~(b)(k)~~ of this Rule, and if so a description of the order;
and

~~(m)~~ Any additional information or documentation that the commissioner may require.

(2) The issuer shall furnish at a minimum the following information to offerees: In order to be exempt under T.C.A. § 48-1-103(a)(7), a security must meet the following qualifications:

(a) Church Bonds

1. ~~If the issuer is selling Church Bonds, a disclosure document prepared in accordance with the Statement of Policy Regarding Church Bonds adopted by NASAA, as reported at CCH NASAA Reports ¶¶1001, as it may be amended from time to time. For purposes of this Rule, the term "Church Bonds" shall mean certificates in the form of notes, bonds, or similar instruments issued by a congregation or church that represents an obligation to repay a specific principal amount at a stated rate of interest. If the issuer is selling Church Bonds, a disclosure document should be prepared in accordance with the Statement of Policy Regarding Church Bonds adopted by NASAA and any successor policy thereto.~~

2. ~~If the issuer is selling General Obligation Financing Notes by Religious Denominations, a disclosure document prepared in accordance with the Guidelines for General Obligations Financing by Religious Denominations adopted by NASAA, as reported at CCH NASAA Reports ¶¶1951-1957, as may it be amended from time to time. For purposes of this Rule, the term "General Obligation Financing" shall mean notes, certificates, or similar debt instruments issued by religious denominations that represent an obligation to repay a specific principal amount at a stated rate of interest. For the purposes of this Rule, the term "Church Bonds" shall be consistent with the definition set forth in the Statement of Policy Regarding Church Bonds adopted by NASAA and any successor policy thereto.~~

(b) ~~If the issuer is selling Health Care Facility Bonds, a disclosure document prepared in accordance with the Statement of Policy on Health Care Facility Offerings adopted by NASAA, as reported at CCH NASAA Reports ¶¶2001, as it may be amended from time to time. For purposes of this Rule, the term "Health Care Facility Bonds" shall mean certificates in the form of notes, bonds, or similar instruments issued by a non-profit health care facility that represent an obligation to repay a specific principal amount at a stated rate of interest. Church Extension Funds~~

1. If the issuer is selling notes issued by a Church Extension Fund, a disclosure document should be prepared in accordance with the Statement of Policy Regarding Church Extension Fund Securities adopted by NASAA and any successor policy thereto.

2. For the purposes of this rule, the term "Church Extension Fund" shall be consistent with the definition set forth in the Statement of Policy Regarding Church Extension Fund Securities adopted by NASAA and any successor policy thereto.

- (c) If the issuer is other than as described in subparagraph (1)(a-b) of this Rule For all other securities exempt under T.C.A. § 48-1-103(a)(7) that do not meet the qualifications of subsection (2)(a)-(b), the disclosure document must contain the following information:
1. Financial statements of the issuer prepared in accordance with generally accepted accounting principles including, but not limited to, the following:
 - (i) A balance sheet as of the end of the most recent fiscal year of the issuer; and
 - (ii) A statement of income for each of the issuer's three (3) most recent fiscal years.
 2. A statement from the issuer setting forth the issuer's plan for paying the principal and interest due on the securities to be sold, including, but not limited to, anticipated sources of revenue to be used in paying such principal and interest, and supporting financial information; ~~and~~
 3. A statement as to whether or not the issuer or any affiliate or predecessor has had any material default during the past ten (10) years in the payment of:
 - (i) Principal, interest, dividends, or sinking fund installments on any security or indebtedness for borrowed money; or
 - (ii) Rentals under material leases with terms of three (3) years or more; and
 4. Full disclosure of all material facts relevant to the offering.
- (d) Legend. For all securities exempt under T.C.A. § 48-1-103(a)(7), The offering document shall display on its cover substantially the following information, to the extent appropriate, in capital letters and, if printed, in boldface roman type at least as high as ten (10) point modern type:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

- (3) Effective Period. Each offering shall be effective for a period of one (1) year from the date of effectiveness.
- (4) Amendments. During the effective period, the issuer undertakes to file supplements and amendments to the originally filed offering documents pursuant to paragraph (1)(e) with the commissioner prior to use in the offering.
- (5) Renewal. The offering may be renewed for an additional period of one (1) year by filing the notification requirements of T.C.A. § 48-1-103(a)(7) and this Rule, including the appropriate filing fee, no later than ten (10) days prior to the expiration of effectiveness.

Authority: T.C.A. §§ 48-1-103(a)(7), 48-1-113, 48-1-115, *and* 48-1-116, *and* 48-1-124.

Rule 0780-04-02-.15 Bank Holding Company Exemption is amended by deleting the Rule in its entirety and replacing it with the following language:

0780-04-02-.15 BANK HOLDING COMPANY EXEMPTION.

- (1) ~~All issuers who wish to offer securities in or into this state in reliance on an exemption afforded to sales of securities by a bank holding company or a savings and loan holding company must file with the commissioner no later than ten (10) days prior to the first sale: persons offering securities claimed to be exempt under T.C.A. § 48-1-103(a)(12) shall, at least ten (10) days prior to any sale of such securities, file a notice on Form U-1 (including all applicable exhibits thereto) accompanied by the following additional information:~~
 - (a) ~~One (1) copy of the Form U-1, Uniform Application to Register Securities The filing fee as set forth in T.C.A. § 48-1-103(a)(12);~~
 - (b) ~~A Form U-2 Uniform Consent to Service of Process Proof of registration with the federal reserve board;~~
 - (c) ~~If the issuer is a corporation, a Form U-2A Uniform Form of Corporate Resolution A copy of the registration statement filed with the SEC, if applicable;~~
 - (d) ~~A non-refundable filing fee in the amount of one hundred dollars (\$100.00); and Proof of consent to service of process as set forth in T.C.A. § 48-1-124;~~
 - (e) ~~A copy of all sales or advertising literature used or proposed to be used. Copies of all advertising or other material to be distributed in connection with the offering; and~~
 - (f) ~~Any additional information or documentation that the commissioner may require.~~
- (2) Effective Period. Each offering shall be effective for a period of one (1) year from the date of effectiveness.
- (3) Amendments. During the effective period, the issuer shall concurrently file with the commissioner any amendments filed with the SEC, if applicable.
- (4) Renewal. The offering may be renewed for an additional period of one (1) year by filing the notification requirements of T.C.A. § 48-1-103(a)(12) and this Rule, including the appropriate filing fee, no later than ten (10) days prior to the expiration of effectiveness.

Authority: T.C.A. §§ 48-1-103~~(b)(10)~~(a)(12), 48-1-113, 48-1-115, 48-1-116, *and* 48-1-124.