

**Department of State  
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Sequence Number: 08-12-13  
Notice ID(s): 2053  
File Date: 8/12/13

# Notice of Rulemaking Hearing

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, T.C.A. § 4-5-204. For questions and copies of the notice, contact the person listed below.

|                                 |  |
|---------------------------------|--|
| <b>Agency/Board/Commission:</b> | Commerce and Insurance                                 |
| <b>Division:</b>                | Securities   |
| <b>Contact Person:</b>          | Barbara A. Doak, Chief Counsel for Securities Division |
| <b>Address:</b>                 | 500 James Robertson Parkway, Nashville, TN 37243       |
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| <b>Email:</b>                   | Barbara.doak@tn.gov                                    |

Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

|                     |  |
|---------------------|--|
| <b>ADA Contact:</b> | Don Coleman                                      |
| <b>Address:</b>     | 500 James Robertson Parkway, Nashville, TN 37243 |
| <b>Phone:</b>       | 615-741-6500                                     |
| <b>Email:</b>       | Don.coleman@tn.gov                               |

**Hearing Location(s)** (for additional locations, copy and paste table)

|                |   |   |                                  |
|----------------|---|---|----------------------------------|
| Address 1:     | 500 James Robertson Parkway             |   |                                  |
| Address 2:     | Conference Room 8C, Davy Crockett Tower |   |                                  |
| City:          | Nashville,                              |   |                                  |
| Zip:           | 37243                                   |   |                                  |
| Hearing Date : | October 2, 2013                         |   |                                  |
| Hearing Time:  | 10:00 AM                                | <input checked="" type="checkbox"/> CST/CDT | <input type="checkbox"/> EST/EDT |

**Additional Hearing Information:**

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**Revision Type (check all that apply):**

- Amendment  
 New  
 Repeal

**Rule(s)** (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

| Chapter Number | Chapter Title                          |
|----------------|--|
| 0780-04-02     | Securities Registration and Exemptions |
|                | Table of Contents                      |
| Rule Number    | Rule Title                             |
| 0780-04-02-.16 | Unsolicited Transaction Exemption      |
|                |  |

Department of Commerce and Insurance  
Division of Securities

Chapter 0780-04-02  
Securities Registration and Exemptions

Amendment

0780-04-02 Securities Registration and Exemptions is amended by adding the following language to the Table of Contents:

0780-04-02-.16 Unsolicited Transaction Exemption

Authority: T.C.A. § 48-1-103(b)(20) and Public Acts of 2013, Chapter 261

Chapter 0780-04-02  
Securities Registration and Exemptions

New Rules

0780-04-02-.16 Unsolicited Transaction Exemption

- (1) Preliminary Notes:
  - (a) Nothing in this rule is intended to relieve registered broker-dealers or agents from the due diligence, suitability, know-your-customer standards, or any other requirements of the law otherwise applicable to such registered persons.
- (2) Exemption. By the authority delegated to the Commissioner in T.C.A. §§ 48-1-103(b)(20) and 48-1-116, all registered or exempt broker-dealers or broker-dealer agents who intend to rely upon the exemption afforded to unsolicited non-issuer transactions on the basis of T.C.A. § 48-1-103(b)(20) must comply with the following to be exempt from T.C.A. §§ 48-1-104 and 48-1-113:
  - (a) Shall produce and retain an "Unsolicited Transaction Exemption Form" for each such unsolicited non-issuer transaction which contains the following information:
    1. The CRD numbers for the broker-dealer firm and the agent;
    2. The name of the broker-dealer;
    3. The name of the agent;
    4. The date of the transaction;
    5. The dollar amount of the transaction, the number of shares, and the price per share;
    6. The Cusip number for each security making up the order placed by the purchaser;
    7. The name of each security making up the order placed by the purchaser;
    8. The broker-dealer account number for the purchaser;
    9. The broker-dealer's office address;
    10. The broker-dealer's branch office identification number (if applicable); and

11. An acknowledgement, signed by the broker-dealer agent, which states all of the following:
- (i) That all suitability requirements have been satisfied for the transaction;
  - (ii) That the transaction is in fact an unsolicited offer to purchase by the purchaser that was not solicited in any way by the broker-dealer or any agent of the broker-dealer; and
  - (iii) That the broker-dealer is acting solely as an agent for the purchaser and has no direct or indirect interest in the sale or distribution of the security ordered by the purchaser, and received no commission, profit, or other compensation from any source other than the purchaser.
- (b) The form required in subparagraph (a) above:
- 1. May contain information for all such securities purchased at the same time in a single order by the purchaser, but separate forms must be done for each separate order even if such purchaser places multiple orders on the same day.
  - 2. Must be retained by the broker-dealer for a period of five (5) years from the date of the transaction, in a manner consistent with Rule 0780-04-03-.02(1)(b).
  - 3. Must also be signed by the purchaser(s), for all such forms pertaining to a particular broker-dealer agent or purchaser, if requested by the Division, based on a complaint or as the result of a Division examination of the broker-dealer's books and records. In cases where the Division requires that such forms be signed by the purchaser(s), a manual or electronic signature is acceptable.

Authority: T.C.A. §§ 48-1-103(b)(20), 48-1-111, 48-1-115 and 48-1-116(a) and Public Acts of 2013, Chapter 261.

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: 08/12/2013

Signature: Barbara A. Doak

Name of Officer: Barbara A. Doak

Title of Officer: Chief Counsel for Securities Division



Subscribed and sworn to before me on: August 12, 2013

Notary Public Signature: W.C. Henderson

My commission expires on: Sept. 19, 2013

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 2013 AUG 12 PM 4:00  
 SECURITIES DIVISION

Filed with the Department of State on: 8/12/13

Tre Hargett  
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 Secretary of State