

**As Introduced**

**135th General Assembly  
Regular Session  
2023-2024**

**S. B. No. 199**

**Senator Lang  
Cosponsor: Senator Wilson**

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**A BILL**

To amend sections 1707.01, 1707.03, 1707.09, 1  
1707.091, 1707.092, 1707.13, and 1707.23 of the 2  
Revised Code to make changes to the Securities 3  
Law. 4

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 1707.01, 1707.03, 1707.09, 5  
1707.091, 1707.092, 1707.13, and 1707.23 of the Revised Code be 6  
amended to read as follows: 7

**Sec. 1707.01.** As used in this chapter: 8

(A) Whenever the context requires it, "division" or 9  
"division of securities" may be read as "director of commerce" 10  
or as "commissioner of securities." 11

(B) "Security" means any certificate or instrument, or any 12  
oral, written, or electronic agreement, understanding, or 13  
opportunity, that represents title to or interest in, or is 14  
secured by any lien or charge upon, the capital, assets, 15  
profits, property, or credit of any person or of any public or 16  
governmental body, subdivision, or agency. It includes shares of 17  
stock, certificates for shares of stock, an uncertificated 18

security, membership interests in limited liability companies, 19  
voting-trust certificates, warrants and options to purchase 20  
securities, subscription rights, interim receipts, interim 21  
certificates, promissory notes, all forms of commercial paper, 22  
evidences of indebtedness, bonds, debentures, land trust 23  
certificates, fee certificates, leasehold certificates, 24  
syndicate certificates, endowment certificates, interests in or 25  
under profit-sharing or participation agreements, interests in 26  
or under oil, gas, or mining leases, preorganization or 27  
reorganization subscriptions, preorganization certificates, 28  
reorganization certificates, interests in any trust or pretended 29  
trust, any investment contract, any life settlement interest, 30  
any instrument evidencing a promise or an agreement to pay 31  
money, warehouse receipts for intoxicating liquor, and the 32  
currency of any government other than those of the United States 33  
and Canada, but sections 1707.01 to 1707.50 of the Revised Code 34  
do not apply to the sale of real estate. 35

(C) (1) "Sale" has the full meaning of "sale" as applied by 36  
or accepted in courts of law or equity, and includes every 37  
disposition, or attempt to dispose, of a security or of an 38  
interest in a security. "Sale" also includes a contract to sell, 39  
an exchange, an attempt to sell, an option of sale, a 40  
solicitation of a sale, a solicitation of an offer to buy, a 41  
subscription, or an offer to sell, directly or indirectly, by 42  
agent, circular, pamphlet, advertisement, or otherwise. 43

(2) "Sell" means any act by which a sale is made. 44

(3) The use of advertisements, circulars, or pamphlets in 45  
connection with the sale of securities in this state exclusively 46  
to the purchasers specified in division (D) of section 1707.03 47  
of the Revised Code is not a sale when the advertisements, 48

circulars, and pamphlets describing and offering those 49  
securities bear a readily legible legend in substance as 50  
follows: "This offer is made on behalf of dealers licensed under 51  
sections 1707.01 to 1707.50 of the Revised Code, and is confined 52  
in this state exclusively to institutional investors and 53  
licensed dealers." 54

(4) The offering of securities by any person in 55  
conjunction with a licensed dealer by use of advertisement, 56  
circular, or pamphlet is not a sale if that person does not 57  
otherwise attempt to sell securities in this state. 58

(5) Any security given with, or as a bonus on account of, 59  
any purchase of securities is conclusively presumed to 60  
constitute a part of the subject of that purchase and has been 61  
"sold." 62

(6) "Sale" by an owner, pledgee, or mortgagee, or by a 63  
person acting in a representative capacity, includes sale on 64  
behalf of such party by an agent, including a licensed dealer or 65  
salesperson. 66

(D) "Person," except as otherwise provided in this 67  
chapter, means a natural person, firm, partnership, limited 68  
partnership, partnership association, syndicate, joint-stock 69  
company, unincorporated association, trust or trustee except 70  
where the trust was created or the trustee designated by law or 71  
judicial authority or by a will, and a corporation or limited 72  
liability company organized under the laws of any state, any 73  
foreign government, or any political subdivision of a state or 74  
foreign government. 75

(E) (1) "Dealer," except as otherwise provided in this 76  
chapter, means every person, other than a salesperson, who 77

engages or professes to engage, in this state, for either all or 78  
part of the person's time, directly or indirectly, either in the 79  
business of the sale of securities for the person's own account, 80  
or in the business of the purchase or sale of securities for the 81  
account of others in the reasonable expectation of receiving a 82  
commission, fee, or other remuneration as a result of engaging 83  
in the purchase and sale of securities. "Dealer" does not mean 84  
any of the following: 85

(a) Any issuer, including any officer, director, employee, 86  
or trustee of, or member or manager of, or partner in, or any 87  
general partner of, any issuer, that sells, offers for sale, or 88  
does any act in furtherance of the sale of a security that 89  
represents an economic interest in that issuer, provided no 90  
commission, fee, or other similar remuneration is paid to or 91  
received by the issuer for the sale; 92

(b) Any licensed attorney, public accountant, or firm of 93  
such attorneys or accountants, whose activities are incidental 94  
to the practice of the attorney's, accountant's, or firm's 95  
profession; 96

(c) Any person that, for the account of others, engages in 97  
the purchase or sale of securities that are issued and 98  
outstanding before such purchase and sale, if a majority or more 99  
of the equity interest of an issuer is sold in that transaction, 100  
and if, in the case of a corporation, the securities sold in 101  
that transaction represent a majority or more of the voting 102  
power of the corporation in the election of directors; 103

(d) Any person that brings an issuer together with a 104  
potential investor and whose compensation is not directly or 105  
indirectly based on the sale of any securities by the issuer to 106  
the investor; 107

(e) Any bank;	108
(f) Any person that the division of securities by rule exempts from the definition of "dealer" under division (E) (1) of this section.	109 110 111
(2) "Licensed dealer" means a dealer licensed under this chapter.	112 113
(F) (1) "Salesman" or "salesperson" means every natural person, other than a dealer, who is employed, authorized, or appointed by a dealer to sell securities within this state.	114 115 116
(2) The general partners of a partnership, and the executive officers of a corporation or unincorporated association, licensed as a dealer are not salespersons within the meaning of this definition, nor are clerical or other employees of an issuer or dealer that are employed for work to which the sale of securities is secondary and incidental; but the division of securities may require a license from any such partner, executive officer, or employee if it determines that protection of the public necessitates the licensing.	117 118 119 120 121 122 123 124 125
(3) "Licensed salesperson" means a salesperson licensed under this chapter.	126 127
(G) "Issuer" means every person who has issued, proposes to issue, or issues any security.	128 129
(H) "Director" means each director or trustee of a corporation, each trustee of a trust, each general partner of a partnership, except a partnership association, each manager of a partnership association, and any person vested with managerial or directory power over an issuer not having a board of directors or trustees.	130 131 132 133 134 135

(I) "Incorporator" means any incorporator of a corporation 136  
and any organizer of, or any person participating, other than in 137  
a representative or professional capacity, in the organization 138  
of an unincorporated issuer. 139

(J) "Fraud," "fraudulent," "fraudulent acts," "fraudulent 140  
practices," or "fraudulent transactions" means anything 141  
recognized on or after July 22, 1929, as such in courts of law 142  
or equity; any device, scheme, or artifice to defraud or to 143  
obtain money or property by means of any false pretense, 144  
representation, or promise; any fictitious or pretended purchase 145  
or sale of securities; and any act, practice, transaction, or 146  
course of business relating to the purchase or sale of 147  
securities that is fraudulent or that has operated or would 148  
operate as a fraud upon the seller or purchaser. 149

(K) Except as otherwise specifically provided, whenever 150  
any classification or computation is based upon "par value," as 151  
applied to securities without par value, the average of the 152  
aggregate consideration received or to be received by the issuer 153  
for each class of those securities shall be used as the basis 154  
for that classification or computation. 155

(L) (1) "Intangible property" means patents, copyrights, 156  
secret processes, formulas, services, good will, promotion and 157  
organization fees and expenses, trademarks, trade brands, trade 158  
names, licenses, franchises, any other assets treated as 159  
intangible according to generally accepted accounting 160  
principles, and securities, accounts receivable, or contract 161  
rights having no readily determinable value. 162

(2) "Tangible property" means all property other than 163  
intangible property and includes securities, accounts 164  
receivable, and contract rights, when the securities, accounts 165

receivable, or contract rights have a readily determinable 166  
value. 167

(M) "Public utilities" means those utilities defined in 168  
sections 4905.02, 4905.03, 4907.02, and 4907.03 of the Revised 169  
Code; in the case of a foreign corporation, it means those 170  
utilities defined as public utilities by the laws of its 171  
domicile; and in the case of any other foreign issuer, it means 172  
those utilities defined as public utilities by the laws of the 173  
situs of its principal place of business. The term always 174  
includes railroads whether or not they are so defined as public 175  
utilities. 176

(N) "State" means any state of the United States, any 177  
territory or possession of the United States, the District of 178  
Columbia, and any province of Canada. 179

(O) "Bank" means any bank, trust company, savings and loan 180  
association, savings bank, or credit union that is incorporated 181  
or organized under the laws of the United States, any state of 182  
the United States, Canada, or any province of Canada and that is 183  
subject to regulation or supervision by that country, state, or 184  
province. 185

(P) "Include," when used in a definition, does not exclude 186  
other things or persons otherwise within the meaning of the term 187  
defined. 188

(Q) (1) "Registration by description" means that the 189  
requirements of section 1707.08 of the Revised Code have been 190  
complied with. "Registration by description" does not include 191  
registration by coordination. 192

(2) "Registration by qualification" means that the 193  
requirements of sections 1707.09 and 1707.11 of the Revised Code 194

have been complied with. "Registration by qualification" does 195  
not include registration by coordination. 196

(3) "Registration by coordination" means that there has 197  
been compliance with section 1707.091 of the Revised Code. 198  
~~Reference in this chapter to registration by qualification also~~ 199  
~~includes registration by coordination unless the context~~ 200  
~~otherwise indicates.~~ 201

(R) "Intoxicating liquor" includes all liquids and 202  
compounds that contain more than three and two-tenths per cent 203  
of alcohol by weight and are fit for use for beverage purposes. 204

(S) "Institutional investor" means any of the following, 205  
whether acting for itself or for others in a fiduciary capacity: 206

(1) A bank or international banking institution; 207

(2) An insurance company; 208

(3) A separate account of an insurance company; 209

(4) An investment company as defined in the "Investment 210  
Company Act of 1940," 15 U.S.C. 80a-3; 211

(5) A broker-dealer registered under the "Securities 212  
Exchange Act of 1934," 15 U.S.C. 78o, as amended, or licensed by 213  
the division of securities as a dealer; 214

(6) An employee pension, profit-sharing, or benefit plan 215  
if the plan has total assets in excess of ten million dollars or 216  
its investment decisions are made by a named fiduciary, as 217  
defined in the "Employee Retirement Income Security Act of 218  
1974," 29 U.S.C. 1001, that is one of the following: 219

(a) A broker-dealer registered under the "Securities 220  
Exchange Act of 1934," 15 U.S.C. 78o, as amended; 221



(b) An investment adviser registered or exempt from registration under the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3;	222 223 224
(c) An investment adviser registered under this chapter, a bank, or an insurance company.	225 226
(7) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the "Employee Retirement Income Security Act of 1974," 29 U.S.C. 1001, that is one of the following:	227 228 229 230 231 232 233 234 235
(a) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended;	236 237
(b) An investment adviser registered or exempt from registration under the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3;	238 239 240
(c) An investment adviser registered under this chapter, a bank, or an insurance company.	241 242
(8) A trust, if it has total assets in excess of ten million dollars, its trustee is a bank, and its participants are exclusively plans of the types identified in division (S) (6) or (7) of this section, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans;	243 244 245 246 247 248
(9) An organization described in section 501(c) (3) of the "Internal Revenue Code of 1986," 26 U.S.C. 1, as amended,	249 250

corporation, Massachusetts trust or similar business trust,	251
limited liability company, or partnership, not formed for the	252
specific purpose of acquiring the securities offered, with total	253
assets in excess of ten million dollars;	254
(10) A small business investment company licensed by the	255
small business administration under section 301(c) of the "Small	256
Business Investment Act of 1958," 15 U.S.C. 681(c), with total	257
assets in excess of ten million dollars;	258
(11) A private business development company as defined in	259
section 202(a) (22) of the "Investment Advisers Act of 1940," 15	260
U.S.C. 80b-2(a) (22), with total assets in excess of ten million	261
dollars;	262
(12) A federal covered investment adviser acting for its	263
own account;	264
(13) A "qualified institutional buyer" as defined in 17	265
C.F.R. 230.144A(a) (1), other than 17 C.F.R. 230.144A(a) (1) (H);	266
(14) A "major U.S. institutional investor" as defined in	267
17 C.F.R. 240.15a-6(b) (4) (i);	268
(15) Any other person, other than an individual, of	269
institutional character with total assets in excess of ten	270
million dollars not organized for the specific purpose of	271
evading this chapter;	272
(16) Any other person specified by rule adopted or order	273
issued under this chapter.	274
(T) A reference to a statute of the United States or to a	275
rule, regulation, or form promulgated by the securities and	276
exchange commission or by another federal agency means the	277
statute, rule, regulation, or form as it exists at the time of	278

the act, omission, event, or transaction to which it is applied	279
under this chapter.	280
(U) "Securities and exchange commission" means the	281
securities and exchange commission established by the Securities	282
Exchange Act of 1934.	283
(V) (1) "Control bid" means the purchase of or offer to	284
purchase any equity security of a subject company from a	285
resident of this state if either of the following applies:	286
(a) After the purchase of that security, the offeror would	287
be directly or indirectly the beneficial owner of more than ten	288
per cent of any class of the issued and outstanding equity	289
securities of the issuer.	290
(b) The offeror is the subject company, there is a pending	291
control bid by a person other than the issuer, and the number of	292
the issued and outstanding shares of the subject company would	293
be reduced by more than ten per cent.	294
(2) For purposes of division (V) (1) of this section,	295
"control bid" does not include any of the following:	296
(a) A bid made by a dealer for the dealer's own account in	297
the ordinary course of business of buying and selling	298
securities;	299
(b) An offer to acquire any equity security solely in	300
exchange for any other security, or the acquisition of any	301
equity security pursuant to an offer, for the sole account of	302
the offeror, in good faith and not for the purpose of avoiding	303
the provisions of this chapter, and not involving any public	304
offering of the other security within the meaning of Section 4	305
of Title I of the "Securities Act of 1933," 48 Stat. 77, 15	306
U.S.C.A. 77d(2), as amended;	307

(c) Any other offer to acquire any equity security, or the acquisition of any equity security pursuant to an offer, for the sole account of the offeror, from not more than fifty persons, in good faith and not for the purpose of avoiding the provisions of this chapter.

(W) "Offeror" means a person who makes, or in any way participates or aids in making, a control bid and includes persons acting jointly or in concert, or who intend to exercise jointly or in concert any voting rights attached to the securities for which the control bid is made and also includes any subject company making a control bid for its own securities.

(X) (1) "Investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of regular business, issues or promulgates analyses or reports concerning securities.

(2) "Investment adviser" does not mean any of the following:

(a) Any attorney, accountant, engineer, or teacher, whose performance of investment advisory services described in division (X) (1) of this section is solely incidental to the practice of the attorney's, accountant's, engineer's, or teacher's profession;

(b) A publisher of any bona fide newspaper, news magazine, or business or financial publication of general and regular circulation;

(c) A person who acts solely as an investment adviser

representative;	337
(d) A bank holding company, as defined in the "Bank Holding Company Act of 1956," 70 Stat. 133, 12 U.S.C. 1841, that is not an investment company;	338 339 340
(e) A bank, or any receiver, conservator, or other liquidating agent of a bank;	341 342
(f) Any licensed dealer or licensed salesperson whose performance of investment advisory services described in division (X)(1) of this section is solely incidental to the conduct of the dealer's or salesperson's business as a licensed dealer or licensed salesperson and who receives no special compensation for the services;	343 344 345 346 347 348
(g) Any person, the advice, analyses, or reports of which do not relate to securities other than securities that are direct obligations of, or obligations guaranteed as to principal or interest by, the United States, or securities issued or guaranteed by corporations in which the United States has a direct or indirect interest, and that have been designated by the secretary of the treasury as exempt securities as defined in the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 78c;	349 350 351 352 353 354 355 356 357
(h) Any person that is excluded from the definition of investment adviser pursuant to section 202(a)(11)(A) to (E) of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11), or that has received an order from the securities and exchange commission under section 202(a)(11)(F) of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(11)(F), declaring that the person is not within the intent of section 202(a)(11) of the Investment Advisers Act of 1940.	358 359 360 361 362 363 364 365

(i) A person who acts solely as a state retirement system investment officer or as a bureau of workers' compensation chief investment officer; 366  
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(j) Any other person that the division designates by rule, 369  
if the division finds that the designation is necessary or 370  
appropriate in the public interest or for the protection of 371  
investors or clients and consistent with the purposes fairly 372  
intended by the policy and provisions of this chapter. 373

(Y) (1) "Subject company" means an issuer that satisfies 374  
both of the following: 375

(a) Its principal place of business or its principal 376  
executive office is located in this state, or it owns or 377  
controls assets located within this state that have a fair 378  
market value of at least one million dollars. 379

(b) More than ten per cent of its beneficial or record 380  
equity security holders are resident in this state, more than 381  
ten per cent of its equity securities are owned beneficially or 382  
of record by residents in this state, or more than one thousand 383  
of its beneficial or record equity security holders are resident 384  
in this state. 385

(2) The division of securities may adopt rules to 386  
establish more specific application of the provisions set forth 387  
in division (Y) (1) of this section. Notwithstanding the 388  
provisions set forth in division (Y) (1) of this section and any 389  
rules adopted under this division, the division, by rule or in 390  
an adjudicatory proceeding, may make a determination that an 391  
issuer does not constitute a "subject company" under division 392  
(Y) (1) of this section if appropriate review of control bids 393  
involving the issuer is to be made by any regulatory authority 394

of another jurisdiction. 395

(Z) "Beneficial owner" includes any person who directly or 396  
indirectly through any contract, arrangement, understanding, or 397  
relationship has or shares, or otherwise has or shares, the 398  
power to vote or direct the voting of a security or the power to 399  
dispose of, or direct the disposition of, the security. 400

"Beneficial ownership" includes the right, exercisable within 401  
sixty days, to acquire any security through the exercise of any 402  
option, warrant, or right, the conversion of any convertible 403  
security, or otherwise. Any security subject to any such option, 404  
warrant, right, or conversion privilege held by any person shall 405  
be deemed to be outstanding for the purpose of computing the 406  
percentage of outstanding securities of the class owned by that 407  
person, but shall not be deemed to be outstanding for the 408  
purpose of computing the percentage of the class owned by any 409  
other person. A person shall be deemed the beneficial owner of 410  
any security beneficially owned by any relative or spouse or 411  
relative of the spouse residing in the home of that person, any 412  
trust or estate in which that person owns ten per cent or more 413  
of the total beneficial interest or serves as trustee or 414  
executor, any corporation or entity in which that person owns 415  
ten per cent or more of the equity, and any affiliate or 416  
associate of that person. 417

(AA) "Offeree" means the beneficial or record owner of any 418  
security that an offeror acquires or offers to acquire in 419  
connection with a control bid. 420

(BB) "Equity security" means any share or similar 421  
security, or any security convertible into any such security, or 422  
carrying any warrant or right to subscribe to or purchase any 423  
such security, or any such warrant or right, or any other 424

security that, for the protection of security holders, is 425  
treated as an equity security pursuant to rules of the division 426  
of securities. 427

(CC) (1) "Investment adviser representative" means a 428  
supervised person of an investment adviser, provided that the 429  
supervised person has more than five clients who are natural 430  
persons other than excepted persons defined in division (EE) of 431  
this section, and that more than ten per cent of the supervised 432  
person's clients are natural persons other than excepted persons 433  
defined in division (EE) of this section. "Investment adviser 434  
representative" does not mean any of the following: 435

(a) A supervised person that does not on a regular basis 436  
solicit, meet with, or otherwise communicate with clients of the 437  
investment adviser; 438

(b) A supervised person that provides only investment 439  
advisory services described in division (X) (1) of this section 440  
by means of written materials or oral statements that do not 441  
purport to meet the objectives or needs of specific individuals 442  
or accounts; 443

(c) Any other person that the division designates by rule, 444  
if the division finds that the designation is necessary or 445  
appropriate in the public interest or for the protection of 446  
investors or clients and is consistent with the provisions 447  
fairly intended by the policy and provisions of this chapter. 448

(2) For the purpose of the calculation of clients in 449  
division (CC) (1) of this section, a natural person and the 450  
following persons are deemed a single client: Any minor child of 451  
the natural person; any relative, spouse, or relative of the 452  
spouse of the natural person who has the same principal 453



residence as the natural person; all accounts of which the 454  
natural person or the persons referred to in division (CC) (2) of 455  
this section are the only primary beneficiaries; and all trusts 456  
of which the natural person or persons referred to in division 457  
(CC) (2) of this section are the only primary beneficiaries. 458  
Persons who are not residents of the United States need not be 459  
included in the calculation of clients under division (CC) (1) of 460  
this section. 461

(3) If subsequent to March 18, 1999, amendments are 462  
enacted or adopted defining "investment adviser representative" 463  
for purposes of the Investment Advisers Act of 1940 or 464  
additional rules or regulations are promulgated by the 465  
securities and exchange commission regarding the definition of 466  
"investment adviser representative" for purposes of the 467  
Investment Advisers Act of 1940, the division of securities 468  
shall, by rule, adopt the substance of the amendments, rules, or 469  
regulations, unless the division finds that the amendments, 470  
rules, or regulations are not necessary for the protection of 471  
investors or in the public interest. 472

(DD) "Supervised person" means a natural person who is any 473  
of the following: 474

(1) A partner, officer, or director of an investment 475  
adviser, or other person occupying a similar status or 476  
performing similar functions with respect to an investment 477  
adviser; 478

(2) An employee of an investment adviser; 479

(3) A person who provides investment advisory services 480  
described in division (X) (1) of this section on behalf of the 481  
investment adviser and is subject to the supervision and control 482

of the investment adviser.	483
(EE) "Excepted person" means a natural person to whom any	484
of the following applies:	485
(1) Immediately after entering into the investment	486
advisory contract with the investment adviser, the person has at	487
least seven hundred fifty thousand dollars under the management	488
of the investment adviser.	489
(2) The investment adviser reasonably believes either of	490
the following at the time the investment advisory contract is	491
entered into with the person:	492
(a) The person has a net worth, together with assets held	493
jointly with a spouse, of more than one million five hundred	494
thousand dollars.	495
(b) The person is a qualified purchaser as defined in	496
division (FF) of this section.	497
(3) Immediately prior to entering into an investment	498
advisory contract with the investment adviser, the person is	499
either of the following:	500
(a) An executive officer, director, trustee, general	501
partner, or person serving in a similar capacity, of the	502
investment adviser;	503
(b) An employee of the investment adviser, other than an	504
employee performing solely clerical, secretarial, or	505
administrative functions or duties for the investment adviser,	506
which employee, in connection with the employee's regular	507
functions or duties, participates in the investment activities	508
of the investment adviser, provided that, for at least twelve	509
months, the employee has been performing such nonclerical,	510

nonsecretarial, or nonadministrative functions or duties for or 511  
on behalf of the investment adviser or performing substantially 512  
similar functions or duties for or on behalf of another company. 513

If subsequent to March 18, 1999, amendments are enacted or 514  
adopted defining "excepted person" for purposes of the 515  
Investment Advisers Act of 1940 or additional rules or 516  
regulations are promulgated by the securities and exchange 517  
commission regarding the definition of "excepted person" for 518  
purposes of the Investment Advisers Act of 1940, the division of 519  
securities shall, by rule, adopt the substance of the 520  
amendments, rules, or regulations, unless the division finds 521  
that the amendments, rules, or regulations are not necessary for 522  
the protection of investors or in the public interest. 523

(FF) (1) "Qualified purchaser" means either of the 524  
following: 525

(a) A natural person who owns not less than five million 526  
dollars in investments as defined by rule by the division of 527  
securities; 528

(b) A natural person, acting for the person's own account 529  
or accounts of other qualified purchasers, who in the aggregate 530  
owns and invests on a discretionary basis, not less than twenty- 531  
five million dollars in investments as defined by rule by the 532  
division of securities. 533

(2) If subsequent to March 18, 1999, amendments are 534  
enacted or adopted defining "qualified purchaser" for purposes 535  
of the Investment Advisers Act of 1940 or additional rules or 536  
regulations are promulgated by the securities and exchange 537  
commission regarding the definition of "qualified purchaser" for 538  
purposes of the Investment Advisers Act of 1940, the division of 539

securities shall, by rule, adopt the amendments, rules, or 540  
regulations, unless the division finds that the amendments, 541  
rules, or regulations are not necessary for the protection of 542  
investors or in the public interest. 543

(GG) (1) "Purchase" has the full meaning of "purchase" as 544  
applied by or accepted in courts of law or equity and includes 545  
every acquisition of, or attempt to acquire, a security or an 546  
interest in a security. "Purchase" also includes a contract to 547  
purchase, an exchange, an attempt to purchase, an option to 548  
purchase, a solicitation of a purchase, a solicitation of an 549  
offer to sell, a subscription, or an offer to purchase, directly 550  
or indirectly, by agent, circular, pamphlet, advertisement, or 551  
otherwise. 552

(2) "Purchase" means any act by which a purchase is made. 553

(3) Any security given with, or as a bonus on account of, 554  
any purchase of securities is conclusively presumed to 555  
constitute a part of the subject of that purchase. 556

(HH) "Life settlement interest" means the entire interest 557  
or any fractional interest in an insurance policy or certificate 558  
of insurance, or in an insurance benefit under such a policy or 559  
certificate, that is the subject of a life settlement contract. 560

For purposes of this division, "life settlement contract" 561  
means an agreement for the purchase, sale, assignment, transfer, 562  
devise, or bequest of any portion of the death benefit or 563  
ownership of any life insurance policy or contract, in return 564  
for consideration or any other thing of value that is less than 565  
the expected death benefit of the life insurance policy or 566  
contract. "Life settlement contract" includes a viatical 567  
settlement contract as defined in section 3916.01 of the Revised 568

Code, but does not include any of the following:	569
(1) A loan by an insurer under the terms of a life insurance policy, including, but not limited to, a loan secured by the cash value of the policy;	570 571 572
(2) An agreement with a bank that takes an assignment of a life insurance policy as collateral for a loan;	573 574
(3) The provision of accelerated benefits as defined in section 3915.21 of the Revised Code;	575 576
(4) Any agreement between an insurer and a reinsurer;	577
(5) An agreement by an individual to purchase an existing life insurance policy or contract from the original owner of the policy or contract, if the individual does not enter into more than one life settlement contract per calendar year;	578 579 580 581
(6) The initial purchase of an insurance policy or certificate of insurance from its owner by a viatical settlement provider, as defined in section 3916.01 of the Revised Code, that is licensed under Chapter 3916. of the Revised Code.	582 583 584 585
(II) "State retirement system" means the public employees retirement system, Ohio police and fire pension fund, state teachers retirement system, school employees retirement system, and state highway patrol retirement system.	586 587 588 589
(JJ) "State retirement system investment officer" means an individual employed by a state retirement system as a chief investment officer, assistant investment officer, or the person in charge of a class of assets or in a position that is substantially equivalent to chief investment officer, assistant investment officer, or person in charge of a class of assets.	590 591 592 593 594 595
(KK) "Bureau of workers' compensation chief investment	596

officer" means an individual employed by the administrator of 597  
workers' compensation as a chief investment officer or in a 598  
position that is substantially equivalent to a chief investment 599  
officer. 600

**Sec. 1707.03.** (A) As used in this section, "exempt" means 601  
that, except in the case of securities the right to buy, sell, 602  
or deal in which has been suspended or revoked under an existing 603  
order of the division of securities under section 1707.13 of the 604  
Revised Code or under a cease and desist order under division 605  
~~(G)~~ (A) (7) of section 1707.23 of the Revised Code, transactions 606  
in securities may be carried on and completed without compliance 607  
with sections 1707.08 to 1707.11 of the Revised Code. 608

(B) A sale of securities made by or on behalf of a bona 609  
fide owner, neither the issuer nor a dealer, is exempt if the 610  
sale is made in good faith and not for the purpose of avoiding 611  
this chapter and is not made in the course of repeated and 612  
successive transactions of a similar character. Any sale of 613  
securities over a stock exchange that is lawfully conducted in 614  
this state and regularly open for public patronage and that has 615  
been established and operated for a period of at least five 616  
years prior to the sale at a commission not exceeding the 617  
commission regularly charged in such transactions also is 618  
exempt. 619

(C) The sale of securities by executors, administrators, 620  
receivers, trustees, or anyone acting in a fiduciary capacity is 621  
exempt, where such relationship was created by law, by a will, 622  
or by judicial authority, and where such sales are subject to 623  
approval by, or are made in pursuance to authority granted by, 624  
any court of competent jurisdiction or are otherwise authorized 625  
and lawfully made by such fiduciary. 626

(D) A sale to the issuer, to a dealer, or to an institutional investor is exempt. 627  
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(E) A sale in good faith, and not for the purpose of avoiding this chapter, by a pledgee of a security pledged for a bona fide debt is exempt. 629  
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(F) The sale at public auction by a corporation of shares of its stock because of delinquency in payment for the shares is exempt. 632  
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(G) (1) The giving of any conversion right with, or on account of the purchase of, any security that is exempt, is the subject matter of an exempt transaction, has been registered by description, by coordination, or by qualification, or is the subject matter of a transaction that has been registered by description is exempt. 635  
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(2) The giving of any subscription right, warrant, or option to purchase a security or right to receive a security upon exchange, which security is exempt at the time the right, warrant, or option to purchase or right to receive is given, is the subject matter of an exempt transaction, is registered by description, by coordination, or by qualification, or is the subject matter of a transaction that has been registered by description is exempt. 641  
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(3) The giving of any subscription right or any warrant or option to purchase a security, which right, warrant, or option expressly provides that it shall not be exercisable except for a security that at the time of the exercise is exempt, is the subject matter of an exempt transaction, is registered by description, by coordination, or by qualification, or at such time is the subject matter of a transaction that has been 649  
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registered by description is exempt. 656

(H) The sale of notes, bonds, or other evidences of 657  
indebtedness that are secured by a mortgage lien upon real 658  
estate, leasehold estate other than oil, gas, or mining 659  
leasehold, or tangible personal property, or which evidence of 660  
indebtedness is due under or based upon a conditional-sale 661  
contract, if all such notes, bonds, or other evidences of 662  
indebtedness are sold to a single purchaser at a single sale, is 663  
exempt. 664

(I) The delivery of securities by the issuer on the 665  
exercise of conversion rights, the sale of securities by the 666  
issuer on exercise of subscription rights or of warrants or 667  
options to purchase securities, the delivery of voting-trust 668  
certificates for securities deposited under a voting-trust 669  
agreement, the delivery of deposited securities on surrender of 670  
voting-trust certificates, and the delivery of final 671  
certificates on surrender of interim certificates are exempt; 672  
but the sale of securities on exercise of subscription rights, 673  
warrants, or options is not an exempt transaction unless those 674  
rights, warrants, or options when granted were the subject 675  
matter of an exempt transaction under division (G) of this 676  
section or were registered by description, by coordination, or 677  
by qualification. 678

(J) The sale of securities by a bank, savings and loan 679  
association, savings bank, or credit union organized under the 680  
laws of the United States or of this state is exempt if at a 681  
profit to that seller of not more than two per cent of the total 682  
sale price of the securities. 683

(K) (1) The distribution by a corporation of its securities 684  
to its security holders as a share dividend or other 685



distribution out of earnings or surplus is exempt. 686

(2) The exchange or distribution by the issuer of any of 687  
its securities or of the securities of any of the issuer's 688  
wholly owned subsidiaries exclusively with or to its existing 689  
security holders, if no commission or other remuneration is 690  
given directly or indirectly for soliciting the exchange, is 691  
exempt. 692

(3) The sale of preorganization subscriptions for shares 693  
of stock of a corporation prior to the incorporation of the 694  
corporation is exempt, when the sale is evidenced by a written 695  
agreement, no remuneration is given, or promised, directly or 696  
indirectly, for or in connection with the sale of those 697  
securities, and no consideration is received, directly or 698  
indirectly, by any person from the purchasers of those 699  
securities until registration by qualification, by coordination, 700  
or by description of those securities is made under this 701  
chapter. 702

(L) The issuance of securities in exchange for one or more 703  
bona fide outstanding securities, claims, or property interests, 704  
not including securities sold for a consideration payable in 705  
whole or in part in cash, under a plan of reorganization, 706  
recapitalization, or refinancing approved by a court pursuant to 707  
the Bankruptcy Act of the United States or to any other federal 708  
act giving any federal court jurisdiction over such plan of 709  
reorganization, or under a plan of reorganization approved by a 710  
court of competent jurisdiction of any state of the United 711  
States is exempt. As used in this division, "reorganization," 712  
"recapitalization," and "refinancing" have the same meanings as 713  
in section 1707.04 of the Revised Code. 714

(M) A sale by a licensed dealer, acting either as 715

principal or as agent, of securities issued and outstanding 716  
before the sale is exempt, unless the sale is of one or more of 717  
the following: 718

(1) Securities constituting the whole or a part of an 719  
unsold allotment to or subscription by a dealer as an 720  
underwriter or other participant in the distribution of those 721  
securities by the issuer, whether that distribution is direct or 722  
through an underwriter, provided that, if the issuer is such by 723  
reason of owning one-fourth or more of those securities, the 724  
dealer has knowledge of this fact or reasonable cause to believe 725  
this fact; 726

(2) Any class of shares issued by a corporation when the 727  
number of beneficial owners of that class is less than twenty- 728  
five, with the record owner of securities being deemed the 729  
beneficial owner for this purpose, in the absence of actual 730  
knowledge to the contrary; 731

(3) Securities that within one year were purchased outside 732  
this state or within one year were transported into this state, 733  
if the dealer has knowledge or reasonable cause to believe, 734  
before the sale of those securities, that within one year they 735  
were purchased outside this state or within one year were 736  
transported into this state; but such a sale of those securities 737  
is exempt if any of the following occurs: 738

(a) A recognized securities manual contains the names of 739  
the issuer's officers and directors, a balance sheet of the 740  
issuer as of a date within eighteen months, and a profit and 741  
loss statement for either the fiscal year preceding that date or 742  
the most recent year of operations; 743

(b) Those securities, or securities of the same class, 744

within one year were registered or qualified under section 745  
1707.09 or 1707.091 of the Revised Code, and that registration 746  
or qualification is in full force and effect; 747

(c) The sale is made by a licensed dealer on behalf of the 748  
bona fide owner of those securities in accordance with division 749  
(B) of this section; 750

(d) Those securities were transported into Ohio in a 751  
transaction of the type described in division (L), (K), or (I) 752  
of this section, or in a transaction registered under division 753  
(A) of section 1707.06 of the Revised Code. 754

(N) For the purpose of this division and division (M) of 755  
this section, "underwriter" means any person who has purchased 756  
from an issuer with a view to, or sells for an issuer in 757  
connection with, the distribution of any security, or who 758  
participates directly or indirectly in any such undertaking or 759  
in the underwriting thereof, but "underwriter" does not include 760  
a person whose interest is limited to a discount, commission, or 761  
profit from the underwriter or from a dealer that is not in 762  
excess of the customary distributors' or sellers' discount, 763  
commission, or profit; and "issuer" includes any person or any 764  
group of persons acting in concert in the sale of such 765  
securities, owning beneficially one-fourth or more of the 766  
outstanding securities of the class involved in the transactions 767  
in question, with the record owner of securities being deemed 768  
the beneficial owner for this purpose, in the absence of actual 769  
knowledge to the contrary. 770

(O) (1) The sale of any equity security is exempt if all 771  
the following conditions are satisfied: 772

(a) The sale is by the issuer of the security. 773

(b) The total number of purchasers in this state of all securities issued or sold by the issuer in reliance upon this exemption during the period of one year ending with the date of the sale does not exceed ten. A sale of securities registered under this chapter or sold pursuant to an exemption under this chapter other than this exemption shall not be integrated with a sale pursuant to this exemption in computing the number of purchasers under this exemption.

(c) No advertisement, article, notice, or other communication published in any newspaper, magazine, or similar medium or broadcast over television or radio is used in connection with the sale, but the use of an offering circular or other communication delivered by the issuer to selected individuals does not destroy this exemption.

(d) The issuer reasonably believes after reasonable investigation that the purchaser is purchasing for investment.

(e) The aggregate commission, discount, and other remuneration, excluding legal, accounting, and printing fees, paid or given directly or indirectly does not exceed ten per cent of the initial offering price.

(f) Any such commission, discount, or other remuneration for sales in this state is paid or given only to dealers or salespersons registered pursuant to this chapter.

(2) For the purposes of division (0)(1) of this section, each of the following is deemed to be a single purchaser of a security: husband and wife, a child and its parent or guardian when the parent or guardian holds the security for the benefit of the child, a corporation, a limited liability company, a partnership, an association or other unincorporated entity, a

joint-stock company, or a trust, but only if the corporation, 803  
limited liability company, partnership, association, entity, 804  
joint-stock company, or trust was not formed for the purpose of 805  
purchasing the security. 806

(3) As used in division (O)(1) of this section, "equity 807  
security" means any stock or similar security of a corporation 808  
or any membership interest in a limited liability company; or 809  
any security convertible, with or without consideration, into 810  
such a security, or carrying any warrant or right to subscribe 811  
to or purchase such a security; or any such warrant or right; or 812  
any other security that the division considers necessary or 813  
appropriate, by such rules as it may prescribe in the public 814  
interest or for the protection of investors, to treat as an 815  
equity security. 816

(P) The sale of securities representing interests in or 817  
under profit-sharing or participation agreements relating to oil 818  
or gas wells located in this state, or representing interests in 819  
or under oil or gas leases of real estate situated in this 820  
state, is exempt if the securities are issued by an individual, 821  
partnership, limited partnership, partnership association, 822  
syndicate, pool, trust or trust fund, or other unincorporated 823  
association and if each of the following conditions is complied 824  
with: 825

(1) The beneficial owners of the securities do not, and 826  
will not after the sale, exceed five natural persons; 827

(2) The securities constitute or represent interests in 828  
not more than one oil or gas well; 829

(3) A certificate or other instrument in writing is 830  
furnished to each purchaser of the securities at or before the 831

consummation of the sale, disclosing the maximum commission, 832  
compensation for services, cost of lease, and expenses with 833  
respect to the sale of such interests and with respect to the 834  
promotion, development, and management of the oil or gas well, 835  
and the total of that commission, compensation, costs, and 836  
expenses does not exceed twenty-five per cent of the aggregate 837  
interests in the oil or gas well, exclusive of any landowner's 838  
rental or royalty; 839

(4) The sale is made in good faith and not for the purpose 840  
of avoiding this chapter. 841

(Q) The sale of any security is exempt if all of the 842  
following conditions are satisfied: 843

(1) The provisions of section 5 of the Securities Act of 844  
1933 do not apply to the sale by reason of an exemption under 845  
section 4 (2) of that act. 846

(2) The aggregate commission, discount, and other 847  
remuneration, excluding legal, accounting, and printing fees, 848  
paid or given directly or indirectly does not exceed ten per 849  
cent of the initial offering price. 850

(3) Any such commission, discount, or other remuneration 851  
for sales in this state is paid or given only to dealers or 852  
salespersons registered under this chapter. 853

(4) The issuer or dealer files with the division of 854  
securities, not later than sixty days after the sale, a report 855  
setting forth the name and address of the issuer, the total 856  
amount of the securities sold under this division, the number of 857  
persons to whom the securities were sold, the price at which the 858  
securities were sold, and the commissions or discounts paid or 859  
given. 860

(5) The issuer pays a filing fee of one hundred dollars 861  
for the first filing and fifty dollars for every subsequent 862  
filing during each calendar year. 863

(R) A sale of a money order, travelers' check, or other 864  
instrument for the transmission of money by a person qualified 865  
to engage in such business under Chapter 1315. of the Revised 866  
Code is exempt. 867

(S) A sale by a licensed dealer of securities that are in 868  
the process of registration under the Securities Act of 1933, 869  
unless exempt under that act, and that are in the process of 870  
registration, if registration is required under this chapter, is 871  
exempt, provided that no sale of that nature shall be 872  
consummated prior to the registration by description or 873  
qualification of the securities. 874

(T) The execution by a licensed dealer of orders for the 875  
purchase of any security is exempt, provided that the dealer 876  
acts only as agent for the purchaser, has made no solicitation 877  
of the order to purchase the security, has no interest in the 878  
distribution of the security, and delivers to the purchaser 879  
written confirmation of the transaction that clearly itemizes 880  
the dealer's commission. "Solicitation," as used in this 881  
division, means solicitation of the order for the specific 882  
security purchased and does not include general solicitations or 883  
advertisements of any kind. 884

(U) The sale insofar as the security holders of a person 885  
are concerned, where, pursuant to statutory provisions of the 886  
jurisdiction under which that person is organized or pursuant to 887  
provisions contained in its articles of incorporation, 888  
certificate of incorporation, partnership agreement, declaration 889  
of trust, trust indenture, or similar controlling instrument, 890

there is submitted to the security holders, for their vote or 891  
consent, (1) a plan or agreement for a reclassification of 892  
securities of that person that involves the substitution of a 893  
security of that person for another security of that person, (2) 894  
a plan or agreement of merger or consolidation or a similar plan 895  
or agreement of acquisition in which the securities of that 896  
person held by the security holders will become or be exchanged 897  
for securities of any other person, or (3) a plan or agreement 898  
for a combination as defined in division (Q) of section 1701.01 899  
of the Revised Code or a similar plan or agreement for the 900  
transfer of assets of that person to another person in 901  
consideration of the issuance of securities of any person, is 902  
exempt if, with respect to any of the foregoing transactions, 903  
either of the following conditions is satisfied: 904

(a) The securities to be issued to the security holders 905  
are effectively registered under sections 6 to 8 of the 906  
Securities Act of 1933 and offered and sold in compliance with 907  
section 5 of that act; 908

(b) At least twenty days prior to the date on which a 909  
meeting of the security holders is held or the earliest date on 910  
which corporate action may be taken when no meeting is held, 911  
there is submitted to the security holders, by that person, or 912  
by the person whose securities are to be issued in the 913  
transaction, information substantially equivalent to the 914  
information that would be required to be included in a proxy 915  
statement or information statement prepared by or on behalf of 916  
the management of an issuer subject to section 14(a) or 14(c) of 917  
the Securities Exchange Act of 1934. 918

(V) The sale of any security is exempt if the division by 919  
rule finds that registration is not necessary or appropriate in 920



the public interest or for the protection of investors. 921

(W) Any offer or sale of securities made in reliance on 922  
the exemptions provided by Rule 505 of Regulation D made 923  
pursuant to the Securities Act of 1933 and the conditions and 924  
definitions provided by Rules 501 to 503 thereunder is exempt if 925  
the offer or sale satisfies all of the following conditions: 926

(1) No commission or other remuneration is given, directly 927  
or indirectly, to any person for soliciting or selling to any 928  
person in this state in reliance on the exemption under this 929  
division, except to dealers licensed in this state. 930

(2) (a) Unless the cause for disqualification is waived 931  
under division (W) (2) (b) of this section, no exemption under 932  
this section is available for the securities of an issuer unless 933  
the issuer did not know and in the exercise of reasonable care 934  
could not have known that any of the following applies to any of 935  
the persons described in Rule 262(a) to (c) of Regulation A 936  
under the Securities Act of 1933: 937

(i) The person has filed an application for registration 938  
or qualification that is the subject of an effective order 939  
entered against the issuer, its officers, directors, general 940  
partners, controlling persons or affiliates thereof, pursuant to 941  
the law of any state within five years before the filing of a 942  
notice required under division (W) (3) of this section denying 943  
effectiveness to, or suspending or revoking the effectiveness 944  
of, the registration statement. 945

(ii) The person has been convicted of any offense in 946  
connection with the offer, sale, or purchase of any security or 947  
franchise, or any felony involving fraud or deceit, including, 948  
but not limited to, forgery, embezzlement, fraud, theft, or 949

conspiracy to defraud. 950

(iii) The person is subject to an effective administrative 951  
order or judgment that was entered by a state securities 952  
administrator within five years before the filing of a notice 953  
required under division (W) (3) of this section and that 954  
prohibits, denies, or revokes the use of any exemption from 955  
securities registration, prohibits the transaction of business 956  
by the person as a dealer, or is based on fraud, deceit, an 957  
untrue statement of a material fact, or an omission to state a 958  
material fact. 959

(iv) The person is subject to any order, judgment, or 960  
decree of any court entered within five years before the filing 961  
of a notice required under division (W) (3) of this section, 962  
temporarily, preliminarily, or permanently restraining or 963  
enjoining the person from engaging in or continuing any conduct 964  
or practice in connection with the offer, sale, or purchase of 965  
any security, or the making of any false filing with any state. 966

(b) (i) Any disqualification under this division involving 967  
a dealer may be waived if the dealer is or continues to be 968  
licensed in this state as a dealer after notifying the 969  
commissioner of the act or event causing disqualification. 970

(ii) The commissioner may waive any disqualification under 971  
this paragraph upon a showing of good cause that it is not 972  
necessary under the circumstances that use of the exemption be 973  
denied. 974

(3) Not later than five business days before the earlier 975  
of the date on which the first use of an offering document or 976  
the first sale is made in this state in reliance on the 977  
exemption under this division, there is filed with the 978

commissioner a notice comprised of offering material in	979
compliance with the requirements of Rule 502 of Regulation D	980
under the Securities Act of 1933 and a fee of one hundred	981
dollars. Material amendments to the offering document shall be	982
filed with the commissioner not later than the date of their	983
first use in this state.	984
(4) The aggregate commission, discount, and other	985
remuneration paid or given, directly or indirectly, does not	986
exceed twelve per cent of the initial offering price, excluding	987
legal, accounting, and printing fees.	988
(X) Any offer or sale of securities made in reliance on	989
the exemption provided in Rule 506 of Regulation D under the	990
Securities Act of 1933, and in accordance with Rules 501 to 503	991
of Regulation D under the Securities Act of 1933, is exempt	992
provided that all of the following apply:	993
(1) The issuer makes a notice filing with the division on	994
form D of the securities and exchange commission within fifteen	995
days of the first sale in this state;	996
(2) Any commission, discount, or other remuneration for	997
sales of securities in this state is paid or given only to	998
dealers or salespersons licensed under this chapter;	999
(3) The issuer pays a filing fee of one hundred dollars to	1000
the division; however, no filing fee shall be required to file	1001
amendments to the form D of the securities and exchange	1002
commission.	1003
(Y) The offer or sale of securities by an issuer is exempt	1004
provided that all of the following apply:	1005
(1) The sale of securities is made only to persons who	1006
are, or who the issuer reasonably believes are, accredited	1007

investors as defined in Rule 501 of Regulation D under the 1008  
Securities Act of 1933. 1009

(2) The issuer reasonably believes that all purchasers are 1010  
purchasing for investment and not with a view to or for sale in 1011  
connection with a distribution of the security. Any resale of a 1012  
security sold in reliance on this exemption within twelve months 1013  
of sale shall be presumed to be with a view to distribution and 1014  
not for investment, except a resale to which any of the 1015  
following applies: 1016

(a) The resale is pursuant to a registration statement 1017  
effective under section 1707.09 or 1707.091 of the Revised Code. 1018

(b) The resale is to an accredited investor, as defined in 1019  
Rule 501 of Regulation D under the Securities Act of 1933. 1020

(c) The resale is to an institutional investor pursuant to 1021  
the exemptions under division (B) or (D) of this section. 1022

(3) The exemption under this division is not available to 1023  
an issuer that is in the development stage and that either has 1024  
no specific business plan or purpose or has indicated that its 1025  
business plan is to engage in a merger or acquisition with an 1026  
unidentified company or companies, or other entities or persons. 1027

(4) The exemption under this division is not available to 1028  
an issuer, if the issuer, any of the issuer's predecessors, any 1029  
affiliated issuer, any of the issuer's directors, officers, 1030  
general partners, or beneficial owners of ten per cent or more 1031  
of any class of its equity securities, any of the issuer's 1032  
promoters presently connected with the issuer in any capacity, 1033  
any underwriter of the securities to be offered, or any partner, 1034  
director, or officer of such underwriter: 1035

(a) Within the past five years, has filed a registration 1036

statement that is the subject of a currently effective 1037  
registration stop order entered by any state securities 1038  
administrator or the securities and exchange commission; 1039

(b) Within the past five years, has been convicted of any 1040  
criminal offense in connection with the offer, purchase, or sale 1041  
of any security, or involving fraud or deceit; 1042

(c) Is currently subject to any state or federal 1043  
administrative enforcement order or judgment, entered within the 1044  
past five years, finding fraud or deceit in connection with the 1045  
purchase or sale of any security; 1046

(d) Is currently subject to any order, judgment, or decree 1047  
of any court of competent jurisdiction, entered within the past 1048  
five years, that temporarily, preliminarily, or permanently 1049  
restrains or enjoins the party from engaging in or continuing to 1050  
engage in any conduct or practice involving fraud or deceit in 1051  
connection with the purchase or sale of any security. 1052

(5) Division (Y) (4) of this section is inapplicable if any 1053  
of the following applies: 1054

(a) The party subject to the disqualification is licensed 1055  
or registered to conduct securities business in the state in 1056  
which the order, judgment, or decree creating the 1057  
disqualification was entered against the party described in 1058  
division (Y) (4) of this section. 1059

(b) Before the first offer is made under this exemption, 1060  
the state securities administrator, or the court or regulatory 1061  
authority that entered the order, judgment, or decree, waives 1062  
the disqualification. 1063

(c) The issuer did not know and, in the exercise of 1064  
reasonable care based on reasonable investigation, could not 1065

have known that a disqualification from the exemption existed 1066  
under division (Y) (4) of this section. 1067

(6) A general announcement of the proposed offering may be 1068  
made by any means; however, the general announcement shall 1069  
include only the following information, unless additional 1070  
information is specifically permitted by the division by rule: 1071

(a) The name, address, and telephone number of the issuer 1072  
of the securities; 1073

(b) The name, a brief description, and price of any 1074  
security to be issued; 1075

(c) A brief description of the business of the issuer; 1076

(d) The type, number, and aggregate amount of securities 1077  
being offered; 1078

(e) The name, address, and telephone number of the person 1079  
to contact for additional information; and 1080

(f) A statement indicating all of the following: 1081

(i) Sales will only be made to accredited investors as 1082  
defined in Rule 501 of Regulation D under the Securities Act of 1083  
1933; 1084

(ii) No money or other consideration is being solicited or 1085  
will be accepted by way of this general announcement; 1086

(iii) The securities have not been registered with or 1087  
approved by any state securities administrator or the securities 1088  
and exchange commission and are being offered and sold pursuant 1089  
to an exemption from registration. 1090

(7) The issuer, in connection with an offer, may provide 1091  
information in addition to the general announcement described in 1092

division (Y)(6) of this section, provided that either of the 1093  
following applies: 1094

(a) The information is delivered through an electronic 1095  
database that is restricted to persons that are accredited 1096  
investors as defined in Rule 501 of Regulation D under the 1097  
Securities Act of 1933. 1098

(b) The information is delivered after the issuer 1099  
reasonably believes that the prospective purchaser is an 1100  
accredited investor as defined in Rule 501 of Regulation D under 1101  
the Securities Act of 1933. 1102

(8) No telephone solicitation shall be done, unless prior 1103  
to placing the telephone call, the issuer reasonably believes 1104  
that the prospective purchaser to be solicited is an accredited 1105  
investor as defined in Rule 501 of Regulation D under the 1106  
Securities Act of 1933. 1107

(9) Dissemination of the general announcement described in 1108  
division (Y)(6) of this section to persons that are not 1109  
accredited investors, as defined in Rule 501 of Regulation D 1110  
under the Securities Act of 1933, does not disqualify the issuer 1111  
from claiming an exemption under this division. 1112

(10) The issuer shall file with the division notice of the 1113  
offering of securities within fifteen days after notice of the 1114  
offering is made or a general announcement is made in this 1115  
state. The filing shall be on forms adopted by the division and 1116  
shall include a copy of the general announcement, if one is made 1117  
regarding the proposed offering, and copies of any offering 1118  
materials, circulars, or prospectuses. A filing fee of one 1119  
hundred dollars also shall be included. 1120

(Z) The offer or sale of securities by an OhioInvests 1121

issuer under sections 1707.05 to 1707.058 of the Revised Code is 1122  
exempt. 1123

**Sec. 1707.09.** (A) (1) All securities, except those 1124  
enumerated in section 1707.02 of the Revised Code ~~and, those~~ 1125  
that are the subject matter of a transaction permitted by 1126  
section 1707.03, 1707.04, or 1707.06 of the Revised Code, and 1127  
those that are subject to registration by coordination under 1128  
section 1707.091 of the Revised Code, shall be qualified in the 1129  
manner provided by this section before being sold in this state. 1130  
No security subject to registration by coordination under 1131  
section 1707.091 of the Revised Code is subject to this section. 1132

(2) Applications for qualification, on forms prescribed by 1133  
the division of securities, shall be made in writing either by 1134  
the issuer of the securities or by any licensed dealer desiring 1135  
to sell them within this state and shall be signed by the 1136  
applicant, sworn to by any individual having knowledge of the 1137  
facts stated in the application, and filed in the office of the 1138  
division. 1139

(3) The individual who executes the application for 1140  
qualification of securities on behalf of the applicant shall 1141  
state the individual's relationship to the applicant and certify 1142  
that: the individual has executed the application on behalf of 1143  
the applicant; the individual is fully authorized to execute and 1144  
file the application on behalf of the applicant; the individual 1145  
is familiar with the applicant's application; and to the best of 1146  
the individual's knowledge, information, and belief, the 1147  
statements made in the application are true, and the documents 1148  
submitted with the application are true copies of the original 1149  
documents. 1150

(B) The division shall require the applicant for 1151



qualification of securities to submit to it the following 1152  
information: 1153

(1) The names and addresses of the directors or trustees 1154  
and of the officers of the issuer, if the issuer is a 1155  
corporation or an unincorporated association; of all the members 1156  
of the issuer, if the issuer is a limited liability company in 1157  
which management is reserved to its members; of all the managers 1158  
of the issuer, if the issuer is a limited liability company in 1159  
which management is not reserved to its members; of all 1160  
partners, if the issuer is a general or limited partnership or a 1161  
partnership association; and the name and address of the issuer, 1162  
if the issuer is an individual; 1163

(2) The address of the issuer's principal place of 1164  
business and principal office in this state, if any; 1165

(3) The purposes and general character of the business 1166  
actually being transacted, or to be transacted, by the issuer, 1167  
and the purpose of issuing the securities named in the 1168  
application; 1169

(4) A statement of the capitalization of the issuer; a 1170  
balance sheet made up as of the most recent practicable date, 1171  
showing the amount and general character of its assets and 1172  
liabilities; a description of the security for the qualification 1173  
of which application is being made; and copies of all circulars, 1174  
prospectuses, advertisements, or other descriptions of the 1175  
securities, that are then prepared by or for the issuer, or by 1176  
or for the applicant if the applicant is not the issuer, or by 1177  
or for both, to be used for distribution or publication in this 1178  
state; 1179

(5) A statement of the amount of the issuer's income, 1180

expenses, and fixed charges during the last fiscal year or, if 1181  
the issuer has been in actual business less than one year, for 1182  
the time that the issuer has been in actual business; 1183

(6) A statement showing the price at which the security is 1184  
to be offered for sale; 1185

(7) A statement showing the considerations received or to 1186  
be received by the issuer of the securities purchased or to be 1187  
purchased from the issuer and an itemized statement of all 1188  
expenses of financing to be paid from those considerations so as 1189  
to show the aggregate net amount actually received or to be 1190  
received by the issuer; 1191

(8) All other information, including an opinion of counsel 1192  
as to the validity of the securities that are the subject matter 1193  
of the application, that the division considers necessary to 1194  
enable it to ascertain whether the securities are entitled to 1195  
qualification; 1196

(9) If the issuer is a corporation, there shall be filed 1197  
with the application a certified copy of its articles of 1198  
incorporation with all amendments to the articles, if the 1199  
articles or amendments are not already on file in the office of 1200  
the secretary of state; if the issuer is a limited liability 1201  
company, there shall be filed with the application a certified 1202  
copy of its articles of organization with all amendments to the 1203  
articles, if the articles or amendments are not already on file 1204  
in the office of the secretary of state; if the issuer is a 1205  
trust or trustee, there shall be filed with the application a 1206  
copy of all instruments by which the trust was created; and if 1207  
the issuer is a partnership or an unincorporated association, or 1208  
any other form of organization, there shall be filed with the 1209  
application a copy of its articles of partnership or association 1210

and of all other papers pertaining to its organization, if the 1211  
articles or other papers are not already on file in the office 1212  
of the secretary of state; 1213

(10) If the application is made with respect to securities 1214  
to be sold or distributed by or on behalf of the issuer, or by 1215  
or on behalf of an underwriter, as defined in division (N) of 1216  
section 1707.03 of the Revised Code, a statement showing that 1217  
the issuer has received, or will receive at or prior to the 1218  
delivery of those securities, not less than eighty-five per cent 1219  
of the aggregate price at which all those securities are sold by 1220  
or on behalf of the issuer, without deduction for any additional 1221  
commission, directly or indirectly, and without liability to pay 1222  
any additional sum as commission; 1223

(11) If the division so permits with respect to a 1224  
security, an applicant may file with the division, in lieu of 1225  
the division's prescribed forms, a copy of the registration 1226  
statement relating to the security, with all amendments to that 1227  
statement, previously filed with the securities and exchange 1228  
commission of the United States under the "Securities Act of 1229  
1933," as amended, together with all additional data, 1230  
information, and documents that the division requires. 1231

(C) If the division finds that it is not necessary in the 1232  
public interest and for the protection of investors to require 1233  
all the information specified in divisions (B)(1) to (10) of 1234  
this section, it may permit the filing of applications for 1235  
qualification that contain the information that it considers 1236  
necessary and appropriate in the public interest and for the 1237  
protection of investors, but this provision applies only in the 1238  
case of applications for qualification of securities previously 1239  
issued and outstanding that may not be made the subject matter 1240

of transactions exempt under division (M) of section 1707.03 of 1241  
the Revised Code by reason of the fact that those securities 1242  
within one year were purchased outside this state or within one 1243  
year were transported into this state. 1244

(D) All the statements, exhibits, and documents required 1245  
by the division under this section, except properly certified 1246  
public documents, shall be verified by the oath of the applicant 1247  
for qualification, of the issuer, or of any individual having 1248  
knowledge of the facts, and in the manner and form that may be 1249  
required by the division. Failure or refusal to comply with the 1250  
requests of the division shall be sufficient reason for a 1251  
refusal by the division to register securities. 1252

(E) If it appears to the division that substantially the 1253  
only consideration to be paid for any of the securities to be 1254  
qualified is to be intangible property of doubtful value, the 1255  
division may require that the securities be delivered in escrow 1256  
to a bank in this state under the terms that the division may 1257  
reasonably prescribe or require to prevent a deceitful 1258  
misrepresentation or sale of the securities; that the securities 1259  
be subordinated in favor of those sold for sound value until 1260  
they have a value bearing a reasonable relation to the value of 1261  
those sold for sound value; or that a legend of warning 1262  
specifying the considerations paid or to be paid for the 1263  
securities be stamped or printed on all advertisements, 1264  
circulars, pamphlets, or subscription blanks used in connection 1265  
with the sale of any securities of the same issuer; or it may 1266  
impose a combination of any two or more of these requirements. 1267

(F) At the time of filing the information prescribed in 1268  
this section, the applicant shall pay to the division a filing 1269  
fee of one hundred dollars. 1270

(G) (1) The division, at any time, as a prerequisite to 1271  
qualification, may make an examination of the issuer of 1272  
securities sought to be qualified. The applicant for 1273  
qualification of any securities may be required by the division 1274  
to advance sufficient funds to pay all or any part of the actual 1275  
expenses of that examination, an itemized statement of which 1276  
shall be furnished the applicant. 1277

~~(2) If (2) (a) Subject to division (G) (2) (b) of this~~ 1278  
section, if the division finds that the business of the issuer 1279  
is not fraudulently conducted, that the proposed offer or 1280  
disposal of securities is not on grossly unfair terms, that the 1281  
plan of issuance and sale of the securities referred to in the 1282  
proposed offer or disposal would not defraud or deceive, or tend 1283  
to defraud or deceive, purchasers, and that division (B) (10) of 1284  
this section applies and has been complied with, the division 1285  
shall notify the applicant of its findings, and, upon payment of 1286  
a registration fee of one-tenth of one per cent of the aggregate 1287  
price at which the securities are to be sold to the public in 1288  
this state, which fee, however, shall in no case be less than 1289  
one hundred or more than one thousand dollars, the division 1290  
shall register the qualification of the securities. 1291

(b) To eliminate and preclude excessive and duplicative 1292  
rules and regulations that stand in the way of job creation, the 1293  
division shall not condition or delay any registration due to 1294  
any noncompliance or partial compliance with any requirement, 1295  
formal or informal rule, or principle of law or policy of the 1296  
division that is inconsistent with, or more stringent or 1297  
burdensome than, federal law and rule require. 1298

(H) An application for qualification of securities may be 1299  
amended by the person filing it at any time prior to the 1300

division's action on it either in registering the securities for 1301  
qualification or in refusing to do so. Subsequent to any such 1302  
action by the division, the person who filed the application may 1303  
file with the consent of the division one or more amendments to 1304  
it that shall become effective upon the making by the division 1305  
of the findings enumerated in division (G) of this section; the 1306  
giving of notice of those findings to the applicant by the 1307  
division; and the payment by the applicant of the additional fee 1308  
that would have been payable had the application, as it 1309  
previously became effective, contained the amendment. 1310

(I) When any securities have been qualified and the fees 1311  
for the qualification have been paid as provided in this 1312  
section, any licensed dealer subsequently may sell the 1313  
securities under the qualification, so long as the qualification 1314  
remains in full force, and any dealer of that nature that 1315  
desires may file with the division a written notice of intention 1316  
to sell the securities or any designated portion of them. For 1317  
that filing, no fee need be paid. 1318

**Sec. 1707.091.** (A) Any security for which a registration 1319  
statement has been filed pursuant to Section 6 of the Securities 1320  
Act of 1933 or for which a notification form and offering 1321  
circular has been filed pursuant to regulation A of the general 1322  
rules and regulations of the securities and exchange commission, 1323  
17 C.F.R. sections 230.251 to 230.256 and 230.258 to 230.263, as 1324  
amended before or after the effective date of this section, in 1325  
connection with the same offering ~~may shall~~ be registered by 1326  
coordination rather than by qualification under section 1707.09 1327  
of the Revised Code or any other method of registration. 1328

(B) A registration statement filed by or on behalf of the 1329  
issuer under this section with the division of securities shall 1330

contain the following information and be accompanied by the 1331  
following items in addition to the consent to service of process 1332  
required by section 1707.11 of the Revised Code: 1333

(1) One copy of the latest form of prospectus or offering 1334  
circular and notification filed with the securities and exchange 1335  
commission; 1336

(2) If the division of securities by rule or otherwise 1337  
requires, a copy of the articles of incorporation and code of 1338  
regulations or bylaws, or their substantial equivalents, as 1339  
currently in effect, a copy of any agreements with or among 1340  
underwriters, a copy of any indenture or other instrument 1341  
governing the issuance of the security to be registered, and a 1342  
specimen or copy of the security; 1343

(3) If the division of securities requests, any other 1344  
information, or copies of any other documents, filed with the 1345  
securities and exchange commission; 1346

(4) An undertaking by the issuer to forward to the 1347  
division, promptly and in any event not later than the first 1348  
business day after the day they are forwarded to or thereafter 1349  
are filed with the securities and exchange commission, whichever 1350  
occurs first, all amendments to the federal prospectus, offering 1351  
circular, notification form, or other documents filed with the 1352  
securities and exchange commission, other than an amendment that 1353  
merely delays the effective date; 1354

(5) A filing fee of one hundred dollars. 1355

(C) A-Subject to division (E) of this section, a 1356  
registration statement filed under this section becomes 1357  
effective, without delay or waiver of any condition by the 1358  
division of securities or issuer, either at the moment the 1359

federal registration statement becomes effective or at the time 1360  
the offering may otherwise be commenced in accordance with the 1361  
rules, regulations, or orders of the securities and exchange 1362  
commission, if all of the following conditions are satisfied: 1363

(1) No stop order is in effect, no proceeding is pending 1364  
under section 1707.13 of the Revised Code, and no cease and 1365  
desist order has been issued pursuant to section 1707.23 of the 1366  
Revised Code; 1367

(2) The registration statement has been on file with the 1368  
division for at least fifteen days or for such shorter period as 1369  
the division by rule or otherwise permits; provided, that if the 1370  
registration statement is not filed with the division within 1371  
five days of the initial filing with the securities and exchange 1372  
commission, the registration statement must be on file with the 1373  
division for thirty days or for such shorter period as the 1374  
division by rule or otherwise permits. 1375

(3) A statement of the maximum and minimum proposed 1376  
offering prices and the maximum underwriting discounts and 1377  
commissions has been on file with the division for two full 1378  
business days or for such shorter period as the division by rule 1379  
or otherwise permits and the offering is made within those 1380  
limitations; 1381

(4) The division has received a registration fee of one- 1382  
tenth of one per cent of the aggregate price at which the 1383  
securities are to be sold to the public in this state, which 1384  
fee, however, shall in no case be less than one hundred or more 1385  
than one thousand dollars. 1386

(D) The issuer shall promptly notify the division by 1387  
telephone of the date and time when the federal registration 1388



statement became effective, or when the offering may otherwise 1389  
be commenced in accordance with the rules, regulations, or 1390  
orders of the securities and exchange commission, and of the 1391  
contents of the price amendment, if any, and shall promptly file 1392  
the price amendment. 1393

"Price amendment" for the purpose of this division, means 1394  
the final federal registration statement amendment that includes 1395  
a statement of the offering price, underwriting and selling 1396  
discounts or commissions, amount of proceeds, conversion rates, 1397  
call prices, and other matters dependent upon the offering 1398  
price. 1399

If the division fails to receive the required notice and 1400  
required copies of the price amendment, the division may enter a 1401  
provisional stop order retroactively denying effectiveness to 1402  
the registration statement or suspending its effectiveness until 1403  
there is compliance with this division, provided the division 1404  
promptly notifies the issuer or its representative by telephone, 1405  
and promptly confirms by letter when it notifies by telephone, 1406  
of the entry of the order. If the issuer or its representative 1407  
proves compliance with the requirements of this division as to 1408  
notice and price amendment filing, the stop order is void as of 1409  
the time of its entry. The division may by rule or otherwise 1410  
waive either or both of the conditions specified in divisions 1411  
(C) (2) and (3) of this section. If the federal registration 1412  
statement becomes effective, or if the offering may otherwise be 1413  
commenced in accordance with the rules, regulations, or orders 1414  
of the securities and exchange commission, before all of the 1415  
conditions specified in divisions (C) and (D) of this section 1416  
are satisfied and they are not waived by the division the 1417  
registration statement becomes effective as soon as all of the 1418  
conditions are satisfied. 1419

If the issuer advises the division of the date when the federal registration statement is expected to become effective, or when the offering may otherwise be commenced in accordance with the rules, regulations, or orders of the securities and exchange commission, the division shall promptly advise the issuer or its representative by telephone, at the issuer's expense, whether all of the conditions have been satisfied or whether the division then contemplates the institution of a proceeding under section 1707.13 or 1707.23 of the Revised Code, but such advice does not preclude the institution of such a proceeding at any time.

(E) To eliminate and preclude excessive and duplicative rules and regulations that stand in the way of job creation, the division shall not condition or delay any registration under this section, or enter any stop order respecting any such registration, due to any noncompliance or partial compliance with any requirement, formal or informal rule, or principle of law or policy of the division that is inconsistent with, or more stringent or burdensome than, federal law and rule require.

(F) The division shall not issue a comment letter concerning a registration under this section.

(G) The division shall not issue any written guidance or interpretation, policy statement, advisory opinion, standard, or similar statement concerning registration by coordination, other than statements solely of an administration nature that have no general and uniform operation.

**Sec. 1707.092.** (A) For the purposes of selling securities in this state, except securities that are the subject matter of transactions enumerated in section 1707.03 of the Revised Code, an investment company, as defined by the Investment Company Act

of 1940, ~~that is registered or has filed a registration-~~ 1450  
~~statement with the securities and exchange commission under the~~ 1451  
~~Investment Company Act of 1940~~ and a business development 1452  
company that has elected to be subject to 15 U.S.C. 80a-54 to 1453  
80a-64, shall file the following with the division of 1454  
securities: 1455

(1) A notice filing consisting of either of the following: 1456

(a) A copy of the investment company's or business 1457  
development company's federal registration statement as filed 1458  
with the securities and exchange commission; 1459

(b) A form U-1 or form NF of the North American securities 1460  
administrators association. 1461

(2) Appropriate filing fees consisting of both of the 1462  
following: 1463

(a) A flat fee of one hundred dollars; 1464

(b) A fee calculated at one-tenth of one per cent of the 1465  
aggregate price at which the securities are to be sold to the 1466  
public in this state, which calculated fee, however, shall in no 1467  
case be less than one hundred or more than one thousand dollars. 1468

(B) (1) Upon payment of the maximum filing fees as provided 1469  
in division (A) (2) of this section, an investment company or 1470  
business development company may sell an indefinite amount of 1471  
securities in this state. 1472

(2) An investment company or business development company 1473  
making a notice filing as provided in this section shall comply 1474  
with section 1707.11 of the Revised Code. An investment company 1475  
or business development company that previously filed with the 1476  
division a valid consent to service of process pursuant to 1477

section 1707.11 of the Revised Code may incorporate that consent 1478  
by reference. 1479

(C) (1) For offerings involving covered securities, as 1480  
defined in section 18 of the "Securities Act of 1933," 15 U.S.C. 1481  
77r, that are not subject to section 1707.02, 1707.03, 1707.04, 1482  
1707.06, 1707.08, 1707.09, or 1707.091 of the Revised Code, or 1483  
division (A) of this section, a notice filing shall be submitted 1484  
to the division together with a consent to service of process 1485  
pursuant to section 1707.11 of the Revised Code and a filing fee 1486  
as provided in division (A) (2) of this section. 1487

(2) The notice filing described in division (C) (1) of this 1488  
section shall consist of any document filed with the securities 1489  
and exchange commission pursuant to the Securities Act of 1933, 1490  
together with annual or periodic reports of the value of the 1491  
securities sold or offered to be sold to persons located in this 1492  
state. 1493

(D) A notice filing submitted under this section shall be 1494  
effective for thirteen months. 1495

**Sec. 1707.13.** (A) The division of securities may suspend 1496  
the registration by description or by qualification of any 1497  
securities, or the right of any dealers or of the issuer, or of 1498  
both, to buy, sell, or deal in any particular security whether 1499  
it is registered, qualified, or exempt or even though 1500  
transactions in it are registered or exempt, if the division 1501  
finds that the issuer has violated sections 1707.01 to 1707.50, 1502  
inclusive, of the Revised Code, or any lawful order or 1503  
requirement of the division, has fraudulently conducted its 1504  
business, or has been engaged in or is engaged or about to 1505  
engage in deceptive or fraudulent acts, practices, or 1506  
transactions; that such security is being disposed of or 1507

purchased on grossly unfair terms, in such manner as to deceive 1508  
or defraud or as to tend to deceive or defraud purchasers or 1509  
sellers, or in disregard of the lawful rules and regulations of 1510  
the division applicable to such security or to transactions 1511  
therein; or, in the case of securities being sold under a 1512  
registration or qualification, that the issuer is insolvent. 1513

(B) To eliminate and preclude excessive and duplicative 1514  
rules and regulations that stand in the way of job creation, the 1515  
division shall not suspend, revoke, condition, or delay any 1516  
registration of securities, or enter any stop order respecting 1517  
any registration of securities due to noncompliance or partial 1518  
compliance with any requirement, formal or informal rule, or 1519  
principle of law or policy of the division that is inconsistent 1520  
with, or more stringent or burdensome than, federal law and rule 1521  
require. 1522

(C) Notice of such suspension shall be mailed by the 1523  
division to the issuer and to all licensed dealers concerned. 1524  
Such notice shall specify the particular security whose 1525  
registration is being suspended and shall set a date, not more 1526  
than ten days later than the date of the order of suspension, 1527  
for a hearing on the continuation or revocation of such 1528  
suspension. For good cause the division may continue such 1529  
hearing on application of any interested party. In conducting 1530  
such hearing the division shall have all the authority and 1531  
powers set forth in section 1707.23 of the Revised Code. 1532  
Following such hearing the division shall either confirm or 1533  
revoke such suspension. No such suspension shall invalidate any 1534  
sale of securities made prior thereto; and the rights of persons 1535  
defrauded by any sale shall in no wise be impaired. 1536

(D) If the issuer of a security refuses to permit an 1537

examination to be made by the division of its books, records, 1538  
and property, or refuses to furnish the division any information 1539  
which it may lawfully require under sections 1707.01 to 1707.50, 1540  
inclusive, of the Revised Code, such refusal is a sufficient 1541  
ground for the division to suspend the registration by 1542  
description or by qualification of such security, or the right 1543  
of any dealers or of the issuer, or of both, to buy, sell, or 1544  
deal in such security. 1545

If any interested party desires an investigation at a 1546  
place other than the office of the division, such person may be 1547  
required by the division to advance sufficient funds to pay the 1548  
actual expenses of such investigation. 1549

Whenever the division determines, upon hearing, that any 1550  
application for qualification was made, or that any securities 1551  
or any transaction was registered by description, by a person 1552  
who knew that untrue statements were contained in such 1553  
application or description, the division may proceed under 1554  
sections 1707.19, 1707.23, and 1707.44 of the Revised Code, or 1555  
any of them, against the person who filed such application or 1556  
such registration by description. 1557

**Sec. 1707.23. (A)** Whenever it appears to the division of 1558  
securities, from its files, upon complaint, or otherwise, that 1559  
any person has engaged in, is engaged in, or is about to engage 1560  
in any practice declared to be illegal or prohibited by this 1561  
chapter or rules adopted under this chapter by the division, or 1562  
defined as fraudulent in this chapter or rules adopted under 1563  
this chapter by the division, or any other deceptive scheme or 1564  
practice in connection with the sale of securities, or acting as 1565  
a dealer, a salesperson, an investment adviser, investment 1566  
adviser representative, bureau of workers' compensation chief 1567

investment officer, state retirement system investment officer, 1568  
or portal operator as defined in section 1707.05 of the Revised 1569  
Code or when the division believes it to be in the best 1570  
interests of the public and necessary for the protection of 1571  
investors, the division may do any of the following: 1572

~~(A)~~ (1) Require any person to file with it, on such forms 1573  
as it prescribes, an original or additional statement or report 1574  
in writing, under oath or otherwise, as to any facts or 1575  
circumstances concerning the issuance, sale, or offer for sale 1576  
of securities within this state by the person, as to the 1577  
person's acts or practices as a dealer, a salesperson, an 1578  
investment adviser, investment adviser representative, bureau of 1579  
workers' compensation chief investment officer, state retirement 1580  
system investment officer, or portal operator within this state, 1581  
and as to other information as it deems material or relevant 1582  
thereto; 1583

~~(B)~~ (2) Examine any investment adviser, investment adviser 1584  
representative, state retirement system investment officer, 1585  
bureau of workers' compensation chief investment officer, or any 1586  
seller, dealer, salesperson, or issuer of any securities, or any 1587  
portal operator, and any of their agents, employees, partners, 1588  
officers, directors, members, or shareholders, wherever located, 1589  
under oath; and examine and produce records, books, documents, 1590  
accounts, and papers as the division deems material or relevant 1591  
to the inquiry; 1592

~~(C)~~ (3) Require the attendance of witnesses, and the 1593  
production of books, records, and papers, as are required either 1594  
by the division or by any party to a hearing before the 1595  
division, and for that purpose issue a subpoena for any witness, 1596  
or a subpoena duces tecum to compel the production of any books, 1597

records, or papers. The subpoena shall be served by personal 1598  
service or by certified mail, return receipt requested. If the 1599  
subpoena is returned because of inability to deliver, or if no 1600  
return is received within thirty days of the date of mailing, 1601  
the subpoena may be served by ordinary mail. If no return of 1602  
ordinary mail is received within thirty days after the date of 1603  
mailing, service shall be deemed to have been made. If the 1604  
subpoena is returned because of inability to deliver, the 1605  
division may designate a person or persons to effect either 1606  
personal or residence service upon the witness. The person 1607  
designated to effect personal or residence service under this 1608  
division may be the sheriff of the county in which the witness 1609  
resides or may be found or any other duly designated person. The 1610  
fees and mileage of the person serving the subpoena shall be the 1611  
same as those allowed by the courts of common pleas in criminal 1612  
cases, and shall be paid from the funds of the division. Fees 1613  
and mileage for the witness shall be determined under section 1614  
119.094 of the Revised Code, and shall be paid from the funds of 1615  
the division upon request of the witness following the hearing. 1616

~~(D)~~ (4) Initiate criminal proceedings under section 1617  
1707.042 or 1707.44 of the Revised Code or rules adopted under 1618  
those sections by the division by laying before the prosecuting 1619  
attorney of the proper county any evidence of criminality which 1620  
comes to its knowledge; and in the event of the neglect or 1621  
refusal of the prosecuting attorney to prosecute such 1622  
violations, or at the request of the prosecuting attorney, the 1623  
division shall submit the evidence to the attorney general, who 1624  
may proceed in the prosecution with all the rights, privileges, 1625  
and powers conferred by law on prosecuting attorneys, including 1626  
the power to appear before grand juries and to interrogate 1627  
witnesses before such grand juries. 1628



~~(E)~~ (5) Require any dealers immediately to furnish to the 1629  
division copies of prospectuses, circulars, or advertisements 1630  
respecting securities that they publish or generally distribute, 1631  
or require any investment advisers immediately to furnish to the 1632  
division copies of brochures, advertisements, publications, 1633  
analyses, reports, or other writings that they publish or 1634  
distribute; 1635

~~(F)~~ (6) Require any dealers to mail to the division, prior 1636  
to sale, notices of intention to sell, in respect to all 1637  
securities which are not exempt under section 1707.02 of the 1638  
Revised Code, or which are sold in transactions not exempt under 1639  
section 1707.03 or 1707.04 of the Revised Code; 1640

~~(G)~~ (7) Issue and cause to be served by certified mail 1641  
upon all persons affected an order requiring the person or 1642  
persons to cease and desist from the acts or practices appearing 1643  
to the division to constitute violations of this chapter or 1644  
rules adopted under this chapter by the division. The order 1645  
shall state specifically the section or sections of this chapter 1646  
or the rule or rules adopted under this chapter by the division 1647  
that appear to the division to have been violated and the facts 1648  
constituting the violation. If after the issuance of the order 1649  
it appears to the division that any person or persons affected 1650  
by the order have engaged in any act or practice from which the 1651  
person or persons shall have been required, by the order, to 1652  
cease and desist, the director of commerce may apply to the 1653  
court of common pleas of any county for, and upon proof of the 1654  
validity of the order of the division, the delivery of the order 1655  
to the person or persons affected, and of the illegality and the 1656  
continuation of the acts or practices that are the subject of 1657  
the order, the court may grant an injunction implementing the 1658  
order of the division. 1659

~~(H)~~ (8) Issue and initiate contempt proceedings in this 1660  
state regarding subpoenas and subpoenas duces tecum at the 1661  
request of the securities administrator of another state, if it 1662  
appears to the division that the activities for which the 1663  
information is sought would violate this chapter if the 1664  
activities had occurred in this state. 1665

~~(I)~~ (9) The remedies provided by this section are 1666  
cumulative and concurrent with any other remedy provided in this 1667  
chapter, and the exercise of one remedy does not preclude or 1668  
require the exercise of any other remedy. 1669

(B) To eliminate and preclude excessive and duplicative 1670  
rules and regulations that stand in the way of job creation, the 1671  
division shall not exercise any enforcement power under this 1672  
section, suspend, revoke, condition, or delay any registration 1673  
of securities, or enter any stop order respecting any 1674  
registration of securities due to any noncompliance or partial 1675  
compliance with any requirement, formal or informal rule, or 1676  
principle of law or policy of the division that is inconsistent 1677  
with, or more stringent or burdensome than, federal law and rule 1678  
require. 1679

**Section 2.** That existing sections 1707.01, 1707.03, 1680  
1707.09, 1707.091, 1707.092, 1707.13, and 1707.23 of the Revised 1681  
Code are hereby repealed. 1682