

Kansas Administrative Regulations

Department of Insurance Assistant Commissioner, Securities Division

Article 7.—Policy Relating to Registration

81-7-2. Statements of policy for specific types of securities offerings.

(a) If one of the NASAA guidelines or statements of policy adopted in subsection (b) applies to a securities offering, the registration statement shall meet the requirements of the applicable NASAA guideline or statement of policy.

(b) The following NASAA guidelines and statements of policy are hereby adopted by reference, except as modified in paragraph (b)(13):

(1) "Registration of asset-backed securities," as amended on May 6, 2012;

(2) "registration of publicly offered cattle-feeding programs," as adopted on September 17, 1980;

(3) "statement of policy regarding church bonds" and the related "cross reference sheet," as adopted on April 14, 2002;

(4) "statement of policy regarding church extension fund securities," as amended on April 18, 2004;

(5) "registration of commodity pool programs," as amended on May 6, 2012;

(6) "statement of policy regarding debt securities," as adopted on April 25, 1993;

(7) "equipment programs," as amended on May 6, 2012;

(8) "NASAA mortgage program guidelines," as amended on May 7, 2007;

(9) "registration of oil and gas programs," as amended on May 6, 2012;

(10) "omnibus guidelines," as amended on May 7, 2007;

(11) "statement of policy regarding real estate investment trusts," as revised and adopted on May 7, 2007;

(12) "statement of policy regarding real estate programs," as revised on May 7, 2007; and

(13) "guidelines regarding viatical investments," including appendix A, as in effect on January 1, 2006, which shall be modified as follows:

(A) In section I.B.14.a of the guidelines, the phrase "[reference to state statute or most recent version of the National Association of Insurance Commissioners ("NAIC") Model Viatical Settlement Act]" shall be replaced with "K.S.A. 40-5002(o), and amendments thereto";

(B) in section I.B.16, the phrase "[broker dealer]" shall be replaced with "broker-dealer," the term "[agent]" shall be replaced with "agent," and the phrase "[reference to statutory definition of issuer]" shall be replaced with "K.S.A. 17-12a102(17), and amendments thereto";

(C) in section I.B.17, the phrase "[reference to state statute or most recent version of the NAIC Model Viatical Settlement Act]" shall be replaced with "K.S.A. 40-5002(n), and amendments thereto";

(D) in section III.B, the brackets shall be removed, and the bracketed amounts shall remain in effect;

(E) in section VI.14, the phrase "[NAIC Model Viatical Settlement Act or similar viatical regulatory act of the particular state]" shall be replaced with "viatical settlement act of 2002, K.S.A. 40-5002 et seq., and amendments thereto"; and

(F) in the last sentence of section VI, the phrase "[statutory reference]" shall be replaced with "K.S.A. 17-12a411(d), and amendments thereto."

(c) The omnibus guidelines adopted in paragraph (b)(10) shall be applied to limited partnership programs or other entities for which more specific guidelines or statements of policy have not been adopted by NASAA, unless the administrator waives or modifies the requirements of the omnibus guidelines or applies other NASAA guidelines or statements of policy for good cause shown.

(d) In addition to the income and net worth standards and other suitability requirements contained within the NASAA guidelines and statements of policy adopted under subsection (b), the administrator may require that the registration statement include a statement that recommends or requires each purchaser to limit the purchaser's aggregate investment in the securities of the issuer and other similar investments to not more than 10 percent of the purchaser's liquid net worth. For purposes of this subsection, liquid net worth shall be defined as that portion of the

purchaser's total net worth that is comprised of cash, cash equivalents, and readily marketable securities, as determined in conformity with GAAP.

(e) Each registration statement subject to a guideline or statement of policy adopted under subsection (b) shall meet the requirements for financial statements under K.A.R. 81-7-3, unless the administrator waives or modifies the requirements for good cause shown under any of the following circumstances:

(1) The registration statement contains financial statements that meet the specific requirements of another guideline or statement of policy adopted under subsection (b) or another regulation, and the administrator determines that the financial statements are sufficient for the particular type of securities registration.

(2) The registration statement was filed for registration by coordination under K.S.A. 17-12a303, and amendments thereto, and contains financial statements that meet the SEC requirements.

(3) The registration statement was submitted for coordinated review under K.S.A. 17-12a608(c)(7) and amendments thereto, and the administrator determines that a waiver or modification would promote uniformity with other states.

(f) Each application for registration subject to a guideline or statement of policy adopted under subsection (b) shall include a cross-reference table to indicate compliance with the various sections of the applicable guideline or statement of policy.

(g) Whenever terms within the context of NASAA guidelines or statements of policy adopted by reference in this regulation are in conflict with definitions under the act and these regulations, the definitions in the NASAA guidelines or statements of policy shall apply.

(Authorized by K.S.A. 17-12a605(a); implementing K.S.A. 17-12a306(b) and 17-12a608(c); effective June 28, 1993; amended May 31, 1996; amended Jan. 19, 2007; amended Aug. 15, 2008; amended Jan. 4, 2016.)

***** Authenticated Kansas Administrative Regulation *****