

Kansas Administrative Regulations

Kansas Department of Insurance

Article 13.—Insider Stock Trading

40-13-13. Exemption from K.S.A. 40-265 of certain transactions effected in connection with a distribution.

40-13-13. Exemption from K.S.A. 40-265 of certain transactions effected in connection with a distribution. (a) Each purchase and sale, or sale and purchase, of a security which is effected in connection with the distribution of a substantial block of securities shall be exempt from the provisions of K.S.A. 40-265 if:

(1) The person effecting the transacting buys and sells securities in the ordinary course of business;

(2) the person is acting in good faith;

(3) the security involved in the transaction is:

(A) Acquired with the intent to distribute it for the insurer or other person on whose behalf it is being offered; or

(B) purchased in good faith by or for the account of the person initiating the transaction in order to stabilize the market price of securities of the type being offered, or to cover an over-allotment or other short position created by the offering, and

(4) other persons not within the purview of K.S.A. 40-265 participating in the offering shall be doing so on terms at least as favorable as the person initiating the transaction and all other persons exempted from the provisions of K.S.A. 40-265. Bona fide payment for performing the functions of a distributing group shall not preclude an exemption otherwise available under this section.

(b) The exemption of a transaction pursuant to this section, with respect to the participation of one party, shall not render the transaction exempt to the extent of any other person unless that party also meets the conditions of this section.

(Authorized by K.S.A. 40-103, 40-271; implementing K.S.A. 40-265; effective Jan. 1, 1967; amended May 1, 1986.)

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