

**PROPOSED REGULATION OF THE
ADMINISTRATOR OF THE SECURITIES DIVISION OF THE OFFICE OF
THE SECRETARY OF STATE**

LCB FILE NO. R163-24I

**The following document is the initial draft regulation proposed
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**PROPOSED REGULATION OF THE
SECRETARY OF STATE, SECURITIES DIVISION**

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Explanation—matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: NRS 90.345(1)(e); NRS 90.750

Chapter 90 of Nevada Administrative Code is hereby amended by adding thereto the provisions set forth as sections 1 through 2, inclusive of this regulation.

Section 1. *Requirements to qualify for an exempt transaction for certain securities sold to Nevada Certified Investors.*

1. An offering of transactions of the sale of securities is exempt from the provisions of NRS 90.460 and 90.560 if an issuer files a Notice of Sale of Security to Nevada Certified Investor on a form as prescribed by the Administrator, with a fee of .2 percent of the aggregate offering, but not less than \$125 or more than \$5,000.

a. The Notice of Sale of Security to Nevada Certified Investor shall contain the following information:

i. With respect to the issuer and any significant subsidiary:

- 1. Its name, address and form of organization;*
- 2. The state or foreign jurisdiction and date of its organization;*
- 3. The general character and location of its business*

ii. With respect to every director and officer of the issuer or person occupying a similar status or performing similar functions:

- 1. Name, address and principal occupation for the last 3 years and a full disclosure of any and all previous criminal convictions;*

2. *The amount of securities of the issuer held by the person as of a specified date within 30 days before the filing of the notice of sale of security to a Nevada Certified Investor;*
 3. *A description of any material interest in any material transaction with the issuer or any significant subsidiary effected within the past 3 years or proposed to be effected;*
- iii. *With respect to persons covered by paragraph (ii), the compensation paid or given, directly or indirectly, during the last 24 months and estimated to be paid during the next 24 months by the issuer together with all predecessors, parents, subsidiaries and affiliates, to all those persons in the aggregate;*
- iv. *With respect to a promoter, if the issuer was organized within the last 3 years*
 1. *The information specified in paragraph (ii);*
 2. *The amount paid to the person within that period or intended to be paid; and*
 3. *The consideration for the payment.*
- v. *The capitalization and long-term debt, on both a current and a pro forma basis, of the issuer;*
- vi. *The kind and amount of securities to be offered, the proposed offering price or the method by which it is to be computed, and a description of the plan of distribution of securities that are to be offered;*
- vii. *The estimated cash proceeds to be received by the issuer from the offering;*

- viii. *A description of any pending litigation or proceedings to which the issuer is a party and that materially affect its business or assets, including any litigation or proceeding known to be contemplated by a governmental authority;*
- ix. *A copy of any prospectus, pamphlet, circular, form letter, advertisement or other sales literature intended as of the effective date to be used in connection with the offering;*
- x. *A copy of the issuer's articles of incorporation and bylaws or their substantial equivalents, as currently in effect;*
- xi. *A statement of financial condition of the issuer as of a date within 4 months before the filing of the registration statement covering the period of the previous 3 fiscal years, or for the period issuer's and any predecessors' existence if less than 3 years, and, if part of the proceeds of the offering is to be applied to the purchase of an existing business, the same financial statements which would be required if that business were the registrant;*
- xii. *Consent to service of process required by NRS 90.770; and*
- xiii. *An affirmative declaration that the transaction qualifies for an intrastate exemption under Section 3(a)(11) of the Investment Advisers Act of 1933 and Rule 147 or Rule 147A.*

2 *The person offering to sell or selling the security must submit to the Administrator a complete set of his or her fingerprints and written permission authorizing the Administrator to submit the fingerprints to the Central Repository for Nevada Records of Criminal History and for forwarding to the Federal Bureau of Investigation for its report on the criminal history of the person. The report on criminal history will be valid for*

each individual selling a security to Nevada Certified Investor and need not be resubmitted with each separate offering but shall be renewed every three years;

- 3 The Administrator shall provide a Notice of Effectiveness within 30 days of the submission of all requirements of paragraphs 1 – 3. The Administrator has grounds to revoke or deny the Notice of Effectiveness based upon the provisions of NRS 90.420(1)(a)-(l).*