

ALABAMA SECURITIES COMMISSION
ADMINISTRATIVE CODECHAPTER 830-X-2
GENERAL RULES

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830-X-2-.01	<u>References To Rules And Regulations And To The Act, Or To Portions Thereof.</u>

(1) As used in the Rules and Regulations prescribed by the Commission pursuant to Title 8, Chapter 6, Section 23, Code of Ala. 1975, unless the context otherwise specifically requires:

(a) The term **Act** means the Alabama Securities Act as cited by Chapter 6, Section 1, Title 8, Code of Ala. 1975.

(b) The term **Section** refers to a section of the Alabama Securities Act.

(c) The term **Rules and Regulations** refers to all rules and regulations adopted by the Commission pursuant to the Act, including forms for registration and reports and the accompanying instructions thereto.

(2) Unless otherwise specifically stated, the terms used in the Rules and Regulations shall have the meaning defined in the Act.

(3) A rule or regulation which defines a term without express reference to the Act or to the Rules and Regulations, or to a portion thereof, defines such term for all purposes as used both in the Act and in the Rules and Regulations.

Author:

Statutory Authority: Code of Ala. 1975, § 8-6-23.

History: Filed September 30, 1982. **Readopted:** Filed November 9, 1983. **Amended:** Filed September 28, 1990.

830-X-2-.02 Office Hours Of The Commission.

The office of the Commission at Montgomery, Alabama, is open each day except Saturdays, Sundays and state holidays from 8 a.m. to 5 p.m. Central Standard Time or Central Daylight Savings Time, whichever is in effect.

Author:

Statutory Authority: Code of Ala. 1975, § 8-6-60.

History: Filed September 30, 1982. **Readopted:** Filed November 9, 1983.

830-X-2-.03 Filing Of Material With The Commission.

All papers required to be filed with the Commission may be filed through the mails or otherwise. The date on which papers are actually received by the Commission shall be the date of filing thereof; provided that all of the requirements with respect to the filing have been satisfied.

Author:

Statutory Authority: Code of Ala. 1975, § 8-6-26.

History: Filed September 30, 1982. **Readopted:** Filed November 9, 1983.

830-X-2-.04 Nondisclosure Of Information Obtained In The Course Of Examinations And Investigations.

Information or documents obtained by members of the Commission or employees of the Commission in the course of any examination or investigation pursuant to Code of Ala. 1975, Title 8, Chapter 6, Section 15, shall, unless made a matter of public record, be deemed confidential. Members of the Commission and employees are hereby prohibited from making such confidential information or documents or any other nonpublic records of the Commission available to anyone other than a member or employee of the Commission, unless the Commission has authorized the disclosure of such information or the production of such documents as not being contrary to the public interest. Any member or employee of the Commission who is served with a subpoena requiring the disclosure of such information or the production of such documents shall appear in court and, unless the authorization described in the preceding sentence shall have been given, shall disclose the information or produce the documents called for, only upon specific direction of a court of competent jurisdiction. Any member or employee of the Commission who is served with such a subpoena shall promptly advise the Commission of the service of such subpoena, the nature of the information documents sought, and

any circumstances which may bear upon the desirability of making available such information or document. This rule shall not be construed to inhibit or affect the cooperation or exchange of information documents by the Commission with other law enforcement, regulatory, or prosecuting agencies.

Author:

Statutory Authority: Code of Ala. 1975, § 8-5-15.

History: Filed September 30, 1982. **Readopted:** Filed November 9, 1983.

830-X-2-.05 Definitions -- Unless Otherwise Expressly Provided.

(1) The term **associated person** means any partner, officer, director (or any person occupying a similar status or performing similar functions) or any natural person directly or indirectly controlling, or controlled by, an applicant or registrant (other than employees whose functions are only clerical or ministerial).

(2) The term **home office** or **principal office** shall mean the place where the chief or principal affairs and business of the applicant or registrant are transacted.

(3) The term **main office** shall mean the primary branch office located in this state, provided that the applicant or registrant does not maintain a home or principal office in this state as otherwise defined.

(4) The term **branch office** shall mean any office of an applicant or registrant located in Alabama and other than a principal or home office, which is owned or controlled by an applicant or registrant and engaged in the securities business. In determining whether an office or the activities of a person associated with an applicant or registrant in an area constitutes a branch office, the following standards shall be used:

(a) The applicant or registrant, directly or indirectly, contributes a portion of the operating expenses of any address used by a person associated with an applicant or registrant engaged in the securities business, whether commercial office space or residence. Operating expenses, for purposes of this standard shall include items normally associated with the cost of operating the business; or

(b) The applicant or registrant authorizes a listing in any publication or other media, including a professional dealer's digest or a telephone directory, designating an address as an office.

(c) The Commission may classify any address of an applicant or registrant as a **branch office** if the Commission determines that the above standards are reasonably met.

(5) The term **material information** or **adequate information** shall mean that information required to provide full disclosure of financial and other information about the company and/or its securities which would enable a prudent individual to make an informed investment decision.

(6) The term **commission** or **remuneration** shall mean any compensation or financial benefit, direct or indirect, fixed or contingent, paid or received to or from any person, including reimbursement of expenses, in connection with a solicitation of any prospective buyer.

(7) The term **principal** shall mean any person associated with an applicant or registrant actively engaged in the management of the applicant's or registrant's securities business, including supervision, solicitation, conduct of business or the training of persons associated with an applicant or registrant for any of these functions. Such persons shall include sole proprietors, partners, officers, directors and branch managers.

Author:

Statutory Authority: Code of Ala. 1975, § 8-6-23.

History: Filed September 30, 1982. **Readopted:** Filed November 9, 1983. **Amended:** Filed September 28, 1990.

830-X-2-.06 Advertising And Sales Literature.

(1) Every advertisement and all sales literature used in connection with an offering of securities registered under this Act, must be authorized in writing by the Commission before being placed or used in newspapers or other means of public communication unless it is within the requirements and rules promulgated by the National Association of Securities Dealers, concerning advertisements for use in newspapers or any other means of public communication or satisfies the requirements of the Securities Act of 1933 any statement of policy by the Securities and Exchange Commission concerning advertisements and sales literature, or contains no more than the following:

- (a) Date of issuance or release
- (b) Name and address of issuer
- (c) Identity or title of securities
- (d) Amount of offering
- (e) Brief statement of general character
- (f) Address where prospectus or offering circular may be obtained

(2) The use of any sales material in such a fashion as to be deceptive or misleading is prohibited. An example of such practice is as follows: A distribution of any nonfactual data, material or presentation based on conjecture, unfounded or extravagant claims or assertions in any brochure or display by words, pictures, graphs or otherwise designed or tending to supplement, detract from, supersede or defeat the purpose or effect of the prospectus or disclosures therein.

Author:

Statutory Authority: Code of Ala. 1975, § 8-6-23.

History: Filed September 30, 1982. **Readopted:** Filed November 9, 1983.

830-X-2-.07 Applications.

All applications for registrations shall be submitted on forms authorized by the Alabama Securities Commission. All information requested in such application is essential and must be furnished. Any application which is not adequately and properly submitted will be returned for completion. Additional exhibits not called for in an application, but which are essential to a full representation of the facts, shall be furnished and properly identified. All exhibits filed become a part of the permanent records of the Commission and are not returnable.

Author:

Statutory Authority: Code of Ala. 1975, § 8-6-23.

History: Filed September 30, 1982. **Readopted:** Filed November 9, 1983.