

One, or the first one says that exemptions for an offer or sale to an accredited investor need not be accompanied by the normal sort of evidence or registration, rather, under Nebraska law. Let me just make this a little clearer, as I'm looking at the material for the first time here today, and that is under normal circumstances you may not have a transaction except through a broker dealer and the registration and the securities sale has to be registered unless one of a series of statutory exemptions applies. This will add to the list of exemptions from the registration, the sale to an accredited investor. An accredited investor is somebody with high net worth and annual income or other such qualifications as promulgated by the Banking Department so that you have a sophisticated buyer buying these securities. This is a concept that exists in federal law and this allows us to put the same kind of exemption in our state law and then define it by rule and regulation by the Banking Department Director. A second exemption from the securities which, under normal circumstances, have to be registered and hence would not have to be registered are transactions in which there is an offering of sale of not more than 15 persons who would be buying the securities. Currently, the law exempts offerings of 10 persons or more. That number is relatively low given the relationship of surrounding states. Ten is low in our area, 25 is the high, 15 certainly represents much more of the common number in the midwestern area. Third, after the change on page 6, notices describing the terms of the transactions and containing a representation of the conditions of the exemptions are met by a seller in sending to the director notice within 30 days after the first sale of the claimed exemption. Up until now, exemption sales were supposedly to be informed to the director ten days prior to the sales, this has proven to be an unworkable process. After a year and a half of operating with the presales filing procedures, it is apparent that, given the proposal to separate the entrusted exemption, the presale filing is not necessary and is impractical. That's our Banking Department telling us to move to the 30-day postsale rule for notices of exempt transactions. Lastly, one more exemption to the list of exempt transactions and securities sales in the intrastate offering exemption which is intended to cover small offerings by Nebraska issuers and sold to Nebraska residents. This rule is now affected by 8-1111, subsection (16), and because it is a rule pursuant to that statute the department would like to lift it from rule status to code status, and what you have on pages 7 and 8 of the bill are basically the same terms as the existing rule which is in our banking code of rules