



Ohio Administrative Code Rule 1301:6-3-09 Registration by qualification.

Effective: June 20, 2025

(A) Application.

- (1) An application to register securities by qualification in accordance with section 1707.09 of the Revised Code shall be made on a form 9 of the division or on form U-1 of the North American securities administrators association, and shall, as applicable, be accompanied by a division form 11 or a form U-2, and a form U-2(A) of the North American securities administrators association.
- (2) Whenever any statement or report, however characterized, prepared by an independent accountant is to be used in connection with an offering circular, prospectus, or other advertising, the issuer shall furnish the division a letter from the accountant consenting to the use of the statement or report by the issuer.
- (3) The division may require that an appropriate cross reference sheet of the North American securities administrators association be submitted with any application.
- (4) Absent good cause shown, the following guidelines apply to ensure that terms are not grossly unfair or a plan of issuance and sale of securities would not defraud or deceive, or tend to defraud or deceive purchasers:
 - (a) The following statements of policy as adopted by the membership of the North American Securities Administrators Association and available on NASAA's webpage at <https://www.nasaa.org/statements-of-policy/>. The Division will make an electronic copy of any Statement of Policy available upon request.
 - (i) Statement of Policy Regarding Debt Securities, as adopted on April 25, 1993.
 - (ii) Statement of Policy Regarding Church Bonds, as amended and adopted on March 31, 2008.



- (iii) Registration of Commodity Pool Programs, as amended and adopted on May 6, 2012.
- (iv) Equipment Programs, as amended and adopted on May 6, 2012.
- (v) Registration of Oil and Gas Programs, as amended and adopted on May 6, 2012.
- (vi) Statement of Policy Regarding Real Estate Investment Trusts, as amended and adopted on May 7, 2007.
- (vii) Statement of Policy Regarding Real Estate Programs, as amended and adopted on May 7, 2007.
- (viii) Statement of Policy Regarding Promoters' Equity Investment, as amended and adopted on September 11, 2016.
- (ix) Statement of Policy Regarding Loans and Other Material Transactions, as amended and adopted on May 6, 2018.
- (x) Statement of Policy Regarding Corporate Securities Definitions, as amended and adopted on May 6, 2018.
- (xi) Statement of Policy Regarding Church Extension Fund Securities, as amended and adopted on April 18, 2004.
- (xii) Statement of Policy Regarding Promotional Shares, as amended and adopted on March 31, 2008.
- (xiii) Omnibus Guidelines, as amended and adopted on May 7, 2007.
- (xiv) Small Company Offering Registrations (SCOR) Statement of Policy, as amended and adopted on May 19, 2019.
- (xv) Statement of Policy Regarding Unequal Voting Rights, as amended and adopted on September 11, 2016.



(xvi) Statement of Policy Regarding Specificity in Use of Proceeds, as amended and adopted on September 11, 2016.

(xvii) Statement of Policy Regarding Preferred Stock, as amended and adopted on September 11, 2016.

(xviii) Registration of Asset-Backed Securities, as amended and adopted on May 6, 2012.

(xix) Statement of Policy Regarding Options and Warrants, as amended and adopted on March 31, 2008.

(b) The following "Merit Standards for Securities Offerings" listed on the Division's webpage at <https://com.ohio.gov/divisions-and-programs/securities/registration-and-exemption/merit-standards-for-securities-offerings> as of January 1, 2023. The Division will make an electronic copy of any "Merit Standard for Securities Offerings" available upon request.

(i) Underwriter Compensation Policy.

(ii) Cheap Stock Policy Statement.

(iii) Dilution Policy Statement.

(iv) Insolvent Issuer Policy.

(v) Misleading Issuer Names.

(vi) Options and Warrants.

(vii) Selling Security Holders.

(viii) Use of Proceeds.



(ix) Blind Pool and Blank Check Offerings.

(x) Subordinate Voting Rights Policy.

(xi) Blank Check Preferred Policy.

(xii) Insider Loan Policy.

(xiii) Future Transactions with Affiliates.

(xiv) Debt Service.

(xv) General Standards on Debt-to-Equity Ratio.

(xvi) Organizational and Offering Expense Policy.

(xvii) Varying Terms.

(5) Absent good cause shown, terms that are grossly unfair or a plan of issuance and sale of securities that would defraud or deceive, or tend to defraud or deceive purchasers include, but are not limited to the following:

(a) The right to restrict or retain an Ohio purchaser's returns or ability to exit from a speculative or high-risk investment in whole or in part for an indefinite or significant period of time, unless the potential for purchaser harm is mitigated by other terms such as restricting sales to the purchaser in concentrations not to exceed 10% of a purchaser's liquid net worth;

(i) the 10% limitation applies in the aggregate at the time of sale to all holdings of the purchaser in the issuer and other issuers of the same security type to the extent the securities held are subject to registration in accordance with sections 1707.09 and 1707.091 of the Revised Code and likewise restrict an Ohio purchaser's returns or ability to exit in whole or part for an indefinite or significant period of time; but



(ii) the 10% limitation shall not apply to an Ohio purchaser who meets the definition of accredited investor as defined in rule 501(a) of Regulation D under the Securities Act of 1933, 15 U.S.C.A. 77a, as amended;

(b) Statements or advertisements that:

(i) inflate or distort the value or performance of securities purchased or held;

(ii) include misleading or incomplete financial metrics, such as using non- generally accepted accounting principles (GAAP) figures without presenting the most comparable GAAP figures;

(iii) conflict with the express terms of the prospectus or that downplay the risk disclosures set forth in the prospectus; or

(iv) fail to provide a balanced presentation of risks and benefits of the investment or otherwise present risk in a manner that makes it difficult for prospective purchasers to read or understand.

(B) Period of effectiveness.

(1) Unless otherwise specified by division order, a registration by qualification shall have a period of effectiveness of thirteen months from the effective date of the division order. Upon good cause shown, the division may establish a period of effectiveness for a registration by qualification of not more than twenty-four months.

(2) During the period of effectiveness of a registration by qualification, the issuer shall advise the division of:

(a) Any adverse material change in the financial status of the issuer;

(b) Any material change in the compensation agreement between the issuer and a dealer licensed to sell its securities;

(c) Any material change in the proposed use of the proceeds of an issue;



- (d) Any change in the identity of the principals, general partners or officers of the issuer;
- (e) Any change in the stated investment policies, objectives, or restrictions of the registration; and
- (f) The occurrence of any event or series of events which have caused any statement contained in a prospectus or circular to be false or misleading in any material respect.

(C) Escrow of securities or proceeds from sale of securities.

(1) The division may, for the protection of investors, require the escrow of all or a portion of the securities of an issuer or of the proceeds of sale of securities registered by qualification under terms and conditions of an escrow agreement established by the division in the order qualifying the securities. The division shall have continuing jurisdiction over the escrow agreement so long as the escrow agreement is in effect.

(2) No person shall sell securities in violation of the provisions of an escrow agreement entered into in accordance with paragraph (C)(1) of this rule.

(D) An issuer relying on rule 504 of regulation D of the securities and exchange commission as amended or section 3(a)(11) of the Securities Act of 1933, 15 U.S.C.A. 77a, as amended shall deliver an offering circular or other disclosure document or documents as required by rule 1301:6-3-06 of the Administrative Code prior to the earlier of the date that a subscription agreement or its equivalent is signed by a purchaser or the purchaser transfers or loses control of the purchase funds.

Notwithstanding the foregoing, an issuer relying on rule 504 of regulation D of the securities and exchange commission as amended may use a form U-7 of the North American securities administrators association in lieu of the offering circular or other disclosure document or documents required by rule 1301:6-3-06 of the Administrative Code.