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2. Files a notice in the form of their current application required by the jurisdiction in which the head office of such person is located and a consent to service of process;
  3. Is a member of a self-regulatory organization or stock exchange in Canada;
  4. Maintains the provincial or territorial registration and membership in a self-regulatory organization or stock exchange of such person in good standing;
  5. Discloses to the clients of such person in this state that such person is not subject to the full regulatory requirements of the Colorado Securities Act; and
  6. Is not in violation of section 11-51-501(1), C.R.S.
- B. A person who acts as a business broker with respect to a transaction involving the offer or sale of all of the stock or other equity interests in any closely held corporation or limited liability company provided that such stock or other equity interest is sold to no more than one person, as that term is defined in the Act.

### **51-2.2 SEC Amendments Coordinated**

- A. If any SEC Rule or regulation incorporated in these Rules is amended by the SEC subsequent to the date the Colorado Rule was adopted, pursuant to section 11-51-202, C.R.S., such subsequent amendment may apply to the Rule provided that the Securities Commissioner does not commence Rule making proceedings within ninety (90) days of the effective date of any such amendment.
- B. Information concerning any SEC Rule or regulation incorporated in these Rules may be obtained from:

**Deputy Securities Commissioner 1560 Broadway, Suite 900 Denver CO 80202**

## **CHAPTER 3 REGISTRATION OF SECURITIES AND EXEMPTIONS**

### **51-3.1 Registration by Coordination.**

Preliminary Note: Securities for which a registration statement has been filed under the federal "Securities Act of 1933" or any securities for which filings have been made pursuant to the SEC's regulation A may be registered by coordination in Colorado. Various sections of the Colorado Securities Act, these Rules, and certain NASAA forms require a person seeking registration by coordination to file with the Securities Commissioner certain documents that are submitted to the SEC. The Division finds that the duplicative filing of such documents increases offering costs and harms the environment, and, therefore, not requiring these paper filings is in the public interest.

- A. Filing Information
1. When securities are registered by coordination under Section 11-51-303, C.R.S., any document filed with the SEC in connection with such offering shall be considered filed with the Securities Commissioner when such document is received by the SEC.
  2. Application for registration by coordination in the State of Colorado is made by filing the NASAA Form U-1 and the documents required by it, along with the information required for registration by coordination under section 11-51-303(1)(a) and (b)(I)-(III), C.R.S.
  3. The application for registration by coordination shall also include a specimen, copy, or detailed description of the security to be offered and sold. The description shall include details of all terms and conditions to which the security, or its holder, are subject.
  4. A person seeking registration by coordination shall also file a Consent to Service of Process on the NASAA Form U-2 (see Rule 51-7.1) with the Securities Commissioner, along with a filing fee as specified by the Securities Commissioner.

**B. Effective Date**

1. A registration statement required to be filed with the Securities Commissioner in connection with a registration by coordination is considered effective simultaneously with or subsequent to the registration statement filed with the SEC when the following conditions are satisfied:
  - a. A stop order issued under sections 11-51-303(4) or 11-51-306, C.R.S., or a stop order issued by the SEC, is not in effect, and a proceeding is not pending against the person seeking registration by coordination under section 11-51-410, C.R.S.; and
  - b. The complete registration statement has been on file with the Securities Commissioner for a period of at least ten (10) days.
2. The person seeking registration by coordination shall promptly notify the Securities Commissioner of the date when the registration statement filed with the SEC becomes effective, and the content of any price amendment. The notification containing the price amendment shall be promptly filed with the Securities Commissioner, and if not timely filed, the Securities Commissioner may, without prior notice or hearing, issue a stop order under section 11-51-306, C.R.S., which stop order shall retroactively deny the effectiveness of the registration statement, or suspend the effectiveness of the registration statement until the person seeking registration complies with the conditions in this Rule 51-3.1.
3. The Securities Commissioner shall promptly notify the person seeking registration of a stop order by telegram, telephone, facsimile, or other electronic means, and shall maintain evidence that such notification was given in the form of a certificate or affidavit of service or other appropriate document.
4. In the event the person seeking registration complies with the notice requirements of this Rule 51-3.1.B. subsequent to entry of a stop order, the stop order shall become void as of the date of its issuance.
5. In the event the Securities Commissioner intends to institute a proceeding for a stop order under section 11-51-306, C.R.S., in connection with the registration statement, the Securities Commissioner shall notify the person seeking such registration. Evidence of such notice by the Securities Commissioner may include a certificate or affidavit of service, or other appropriate documentary evidence.

**C. Amendments**

Any amendments to the federal prospectus filed with the Securities Commissioner pursuant to section 11-51-303(2) shall be made by filing an amended Form U-1 and an amended registration statement. The amendment becomes effective when the amended registration becomes effective with the SEC and any requirements of this Rule 51-3.1 have been satisfied. Such amendment shall also contain any post-effective amendments to such SEC registration that would result in net proceeds from the sale of registered securities that are subject to the escrow requirements of section 11-51-302(6), C.R.S. and Rule 51-3.4.

**D. Closing Report**

Within 30 days of the close of the offering or the termination of the registration statement, whichever occurs first, the registrant shall file with the Securities Commissioner a closing report. The closing report shall be filed on the Division's Form RC-C.

E. Designees

At such time as the Securities Commissioner authorizes the electronic filing of registration statements, the Securities Commissioner may designate other persons or entities to receive filings on behalf of the Division under this Rule 51-3.1, including but not limited to, applications, registration statements, and fees. Any such designation shall be for the sole purpose of receiving such filings and transmitting those documents to the Division.

F. Prompt filing; Notification

1. For purposes of this Rule 51-3.1, when an act is required to be done “promptly,” or any person is required to “promptly file” or “promptly notify,” such terms shall mean within five (5) business days of the date the action was taken or order entered.
2. Methods of “notification,” as required by this Rule 51-3.1, may include certified or registered mail, telegram, telephone, facsimile, e-mail, or other electronic means. The person sending any required notification shall assure receipt of such notification by retaining all necessary documents reflecting that the notice was sent and received, including preparing and maintaining a certificate or affidavit of service, with appropriate documentation attached.

**51-3.2 Registration by Qualification**

- A. An application for registration of an offering of securities by qualification pursuant to section 11-51-304(2), C.R.S., is made by filing with the Securities Commissioner Form RQ, and a registration statement as required by said section. Pursuant to section 11-51-302(4), C.R.S., the Securities Commissioner will permit public offerings made under Rule 504 of the SEC to apply for registration on Form U-7 (Registration Form for Small Corporate Offerings), provided that the form is completed and there is full compliance with all of the form's requirements, conditions and limitations.
- B. A person seeking registration by qualification must also file a Consent to Service of Process form (see Rule 51-7.1) with the Securities Commissioner.
- C. Required filings and fees may be made through the Electronic Filing Depository (EFD).

**51-3.3 Limited Offering Registration**

- A. An application for registration of a limited offering of securities under section 11-51-304(6), C.R.S., is made by filing with the Securities Commissioner a registration statement on Form RL.
- B. A person seeking registration by qualification under section 11-51-304(6), C.R.S., must also file a Consent to Service of Process form (see Rule 51-7.1) with the Securities Commissioner.

**51-3.4 Escrow and Release of Funds under Section 11-51-302(6), C.R.S.**

- A. For the purposes of section 11-51-302(6), C.R.S.:
  1. “Committed for use” means an identification of general or specific purposes for which specific portions of the net proceeds from the offering are intended in good faith to be used in the manner and within the time specified in the registration statement. Nothing contained herein shall preclude the issuer from making a good faith reallocation of anticipated expenditures of the net proceeds within the categories specified in the registration statement, or an allocation to new categories not reasonably anticipated at the date the registration statement was declared effective.