

## **§705. Registration of securities; when and how required; delivery of prospectus**

A. Generally. It shall be unlawful for any person to offer for sale or sell any securities in this state unless any of the following conditions are met:

- (1) They are subject to an effective registration statement under this Part.
- (2) The security or transaction is exempt under R.S. 51:708 or 709.
- (3) The securities are federal covered securities pursuant to R.S. 51:702.

B. Registration by qualification. (1) Any security may be registered by qualification under the terms and conditions provided in this Subsection by filing a registration statement which shall be signed by the issuer, its chief executive officer, its principal financial officer, its comptroller or principal accounting officer, and the majority of its board of directors or persons performing similar functions, or, if there is no board of directors or persons performing similar functions, by the majority of the persons or board having the power of management of the issuer. A registration statement shall be deemed effective only as to the securities specified therein as proposed to be offered.

(2) The registration statement shall contain the information specified in Paragraph (C)(1) of this Section and shall be accompanied by the documents specified in Paragraph (C)(2) of this Section except that the commissioner may by rules or regulations provide that any such information or document, other than the requirements with respect to financial statements provided in Paragraph (C)(1) of this Section, need not be included with respect to any class of insurers or securities if he finds that the requirement of such information or document is inapplicable to such class and that disclosure fully adequate for the protection of investors is otherwise required to be included within the registration statement. If any accountant, attorney, engineer, or appraiser or any person whose profession gives authority to a statement made by him is named in the registration statement as having prepared an opinion referred to in the registration statement or as having certified any part of the registration statement or is named as having prepared or certified a report of valuation for use in connection with the registration statement, the written consent of such person to the references to him in the registration statement shall be filed with the commissioner prior to the effectiveness of the registration statement. Any such registration statement shall contain such other information and be accompanied by such other documents as the commissioner may by rules or regulations require as being necessary or appropriate in the public interest or for the protection of investors. Each registration statement which is filed under this Subsection shall be accompanied by the payment of the filing fee prescribed in R.S. 51:706(A) and, if required under R.S. 51:706(B), a consent to service of process meeting the requirements of R.S. 51:718.

(3) A prospectus which is part of a registration statement effective under this Subsection and which contains the information specified in Paragraph (C)(1) of this Section, except to the extent modified by rules or regulations promulgated by the

commissioner as provided in Paragraph (C)(2) of this Section, shall be delivered to any purchaser prior to or simultaneously with the execution by the purchaser of a written agreement to purchase, the delivery of a confirmation of sale, or the payment for securities offered by means of such prospectus, whichever occurs first.

(4) A registration statement under this Subsection becomes effective when the commissioner so orders.

C. Registration statement. (1) Every registration statement filed under Subsection B of this Section shall contain the following information:

(a) With respect to the issuer: its name, street address, form of organization and its telephone number; the state or foreign jurisdiction and date of its organization; the general character and location of its business; a description of its physical properties and equipment; and a statement of the general competitive and regulatory conditions in the industry or business in which it is or will be engaged.

(b) With respect to every director and officer of the issuer, or person occupying a similar status or performing similar functions: his name, address, and principal occupation for the past five years; any criminal convictions or pending criminal proceedings involving the sale of securities of any such person or any disciplinary action taken or pending against any such person by the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the commissioner, or any state securities regulatory authority; the amount of securities of the issuer beneficially owned by him as of a specified date within thirty days of the filing of the registration statement; and a statement, including price information, of all transactions by such person in securities of the issuer beneficially owned by him during the two years preceding such date; the amount of the securities covered by the registration statement to which he has indicated his intention to subscribe; and with respect to each such person and any affiliate of such person or affiliate of a person specified in Subparagraph (e) and (f) of this Paragraph, a description of any material interest in any material transaction with the issuer or any significant subsidiary effected within the past three years or proposed to be effected.

(c) With respect to any person named as serving or as having agreed to serve as an advisory director of the issuer or in a similar capacity: a description of the exact relationship that will exist between the issuer and such person and the compensation paid or to be paid to such person to serve in such capacity.

(d) The remuneration paid during the past twelve months and estimated to be paid during the next twelve months, directly or indirectly, by the issuer, together with all predecessors, subsidiaries, and affiliates, to each of the three highest paid officers or directors of the issuer and to all those persons covered by Item (C)(1)(b) of this Section in the aggregate.

(e) With respect to any person owning of record, or beneficially, if known, ten percent or more of the outstanding shares of any class of equity security of the issuer:

the information specified in Item (C)(1)(b) of this Section other than information with respect to his occupation.

(f) With respect to every promoter if the issuer was organized within the past three years: the information specified in Item (C)(1)(b) of this Section, any amount paid to him within that period or intended to be paid to him, and the consideration for any such payment.

(g) With respect to any person, other than an issuer, on whose behalf any part of the offering is to be made: his name and address, the amount of securities of the issuer beneficially owned by him as of the date of the filing of the registration statement, and a description of any material interest in any material transaction with the issuer or any significant subsidiary effected within the past three years or proposed to be effected.

(h) The capitalization, including short-term and long-term debt, both as of the latest practicable date within ninety days and as adjusted to give effect to the proposed offering, of the issuer and all subsidiaries whose financial statements are filed with the registration statement on either a consolidated or an individual basis, including a description of each security outstanding or being registered or otherwise offered, and a statement of the amount and kind of consideration, whether in the form of cash, physical assets, services, patents, good will, or anything else, for which the issuer or any subsidiary has issued any of its securities within the past two years or is obligated to issue any of its securities.

(i) The kind and amount of securities to be offered; the proposed offering price or the method by which it is to be computed; any variation therefrom at which any portion of the offering is to be made to any person or class of persons other than the underwriters, with a specification of any such person or class; the basis upon which the offering is to be made if otherwise than for cash; the estimated aggregate underwriting and selling discounts or commissions and finders' fees, including separately, cash, securities, contracts, or anything else of value to accrue to the underwriters or finders in connection with the offering, or, if the selling discounts or commissions are variable, the basis of determining them and their maximum and minimum amounts; the estimated aggregate amounts of other selling expenses, including legal, engineering, printing, and accounting charges; the name and address of every underwriter and every recipient of a finder's fee; and a description of the plan of distribution of the securities which are to be offered.

(j) The net estimated cash proceeds to be received by the issuer from the offering after deducting all estimated expenses of the offering; the purposes for which the proceeds are to be used by the issuer; the amount proposed to be used for each purpose; the proposed order of priority in which the proceeds will be used for the purposes stated in the event the offering is not pursuant to an underwriting agreement under which no securities will be sold unless all securities to be offered are sold; the amounts of any funds to be raised from other sources to achieve the purposes stated; and the nature of the sources of any such funds.

(k) In any case where the securities to be offered are to be sold in any manner except an underwriting under which no securities will be sold unless all securities to be offered are sold, and where the issuer of such securities:

(i) Has not had any substantial gross revenues from the sale of products or services or any substantial net income from any source for any fiscal year ended during the past three years; and

(ii) Has not succeeded and does not intend to succeed to any business which has had any substantial gross revenues from the sale of products or services, or any substantial net income from any source, for any fiscal year ended during the past three years, the minimum amount of funds to be derived from the offering after expenses of the offering which the issuer reasonably believes to be necessary to enable the issuer to operate the business it proposes to conduct.

(l) A description of any stock options or other security options outstanding, or to be created in connection with the offering, together with the amount of any such options held or to be held by every person required to be named in Paragraph (C)(1) of this Section and by any person who holds or will hold, after giving effect to the proposed offering, ten percent or more of the securities subject to such options.

(m) The dates of, parties to, and general description concisely stated of every management or other material contract made or to be made otherwise than in the ordinary course of business if it is to be performed in whole or in part at or after the filing of the registration statement.

(n) A description of any pending litigation or proceeding to which the issuer or any significant subsidiary is a party and which could materially adversely affect its business or assets, including any such litigation or proceeding known to be contemplated by governmental authorities.

(o)(i) The following financial statements:

(aa) A balance sheet of the issuer or a consolidated balance sheet of the issuer and its subsidiaries prepared in accordance with generally accepted accounting principles as of a date within ninety days prior to the filing of the registration statement and, if such balance sheet is not certified, also a certified balance sheet of the issuer or a certified consolidated balance sheet of the issuer and its subsidiaries prepared in accordance with generally accepted accounting principles as of a date not more than one year prior to the date of filing unless the last fiscal year of the issuer has ended within ninety days prior to the date of filing, in which case such certified balance sheet may be as of the end of the fiscal year preceding such last fiscal year.

(bb) A profit and loss statement, analysis of surplus, and a statement of source and application of funds of the issuer or consolidated statements of the issuer and its subsidiaries, all of which statements shall be certified and prepared in accordance with

generally accepted accounting principles for each of the three fiscal years preceding the date of the most recent certified balance sheet filed and for the interim period, if any, between the close of the most recent of such fiscal years and the date of the most recent balance sheet filed and, with respect to the profit and loss statement, for the corresponding period of the preceding year, but statements for such interim and corresponding periods need not be certified, or, if the issuer and its predecessors have been in existence for less than three fiscal years, the profit and loss and other required statements for the periods for which it has been in existence.

(cc) If a substantial part of the proceeds of the offering is to be applied to the purchase of any business, the same financial statements which would be required if that business were the registrant.

(ii) If any financial statements are required to be certified, they shall be certified by an independent public accountant duly registered and in good standing as such under the laws of the place of his residence or principal office; and provided, further, that if the issuer does not report its accounts in the normal course of its business on a consolidated basis, then it may furnish, in lieu of consolidated statements, individual statements for it and its majority owned subsidiaries.

(p)(i) Whether the security is subject to, bound by, or otherwise controlled by a religious law, ethic, custom, or practice and, if so, a declaration that identifies all of the following information:

(aa) Such law, ethic, custom, or practice.

(bb) Any precept or edict of such law, ethic, custom, or practice that would affect the type or nature of activities of the issuer, whether any earnings may not be distributed to the purchaser, whether any earnings may be distributed to third parties, and whether any religious qualification may apply to the selection of directors, officers or managers of the issuer.

(ii) The issuer shall be solely responsible for disclosing and ensuring the accuracy of the information required by this Subparagraph.

(2) Every registration statement filed under Subsection B of this Section shall be accompanied by the following documents:

(a) A copy of the prospectus proposed to be used in complying with the requirements of Paragraph (B)(3) of this Section.

(b) A copy of any notice, circular, advertisement, sales literature, letter, or communication, if any such notice, circular advertisement, sales literature, letter, or communication is to be used in connection with the offering, in respect of a security which, if used, must state from whom a written prospectus meeting the requirements of Paragraph (B)(3) of this Section may be obtained and must conform to such limitations

as to content and such other terms and conditions as the commissioner, by rules or regulations, deemed necessary or appropriate in the public interest and for the protection of investors, may prescribe.

(c) A specimen or copy of the certificate, if any, intended to represent the security being registered; a copy of the issuer's articles of incorporation and bylaws or their substantial equivalents, as currently in effect; and a copy of any indenture or other instrument relating to the security to be registered.

(d) A signed opinion of legal counsel as to whether or not the security, when sold, will be legally issued, fully paid, and nonassessable, and, if a debt security, will be a binding obligation of the issuer.

(e) A copy of any underwriting or selling group agreement pursuant to which the distribution is to be made.

(f) A copy of every management or other material contract referred to in Item (C)(1)(m) of this Section.

(g) A signed copy of any professional opinions or any reports or certifications specifically referred to in the prospectus.

(h) A copy of any literature concerning the issuer or the offering given to any persons directly engaged in the sale of the securities.

(i) A written consent of each person who is, or who is named in the prospectus as about to become, a director of the issuer or of any person occupying a similar status or performing a similar function to the use of his name in the prospectus unless such director or person has signed the registration statement.

D. Registration by notification. (1) Any security whose issuer or any predecessors have been in continuous operation for at least five years may be registered by notification, whether or not it is also eligible for registration by qualification under Subsection B of this Section, if:

(a) There has been no default during the current fiscal year nor within three preceding fiscal years in the payment of principal, interest, or dividends on any security of the issuer, or any predecessor, with a fixed maturity or a fixed interest or dividend provision; and

(b) The issuer and any predecessors during the past three fiscal years have had average net earnings, determined in accordance with generally accepted accounting principles, which are applicable to all securities without a fixed maturity or a fixed interest or dividend provision and which:

(i) Equal at least five percent of the amount of securities without a fixed maturity or a fixed interest or dividend provision outstanding at the date the registration statement is filed, as measured by the maximum offering price or the market price on a day selected by the registrant within thirty days before the date of filing the registration statement, whichever is higher or, if there is neither a readily determinable market price nor an offering price, as measured by book value on a day selected by the registrant and within ninety days of the date of filing the registration statement; or

(ii) If the issuer and any predecessors have not had any securities without a fixed maturity or a fixed interest or dividend provision outstanding for three full fiscal years, equal at least five percent of the amount, as measured by the maximum public offering price, of such securities which will be outstanding if all the securities being offered or proposed to be offered, whether or not they are proposed to be registered or offered in this state, are issued.

(2) A registration statement under this Subsection shall be signed by the issuer, any other person on whose behalf the offering is to be made, a registered dealer participating in the offering, if any, or by any duly authorized agent of any such person and shall contain the following information or documents, in addition to payment of the filing fee, and, if required, a consent to service of process meeting the requirements of R.S. 51:718:

(a) A statement demonstrating eligibility for registration by notification.

(b) The issuer's name, address, and form of organization, the state, or foreign jurisdiction, and the date of its organization, and the general character and location of its business.

(c) With respect to any person on whose behalf any part of the offering is to be made in a nonissuer distribution: his name and address and the amount of securities of the issuer held by him as of the date of the filing of the registration statement.

(d) The information specified in Item (C)(1)(h) of this Section.

(e) Any prospectus proposed to be used in offering the securities in this state and a copy of any underwriting or selling agreement relating to the offering.

(3) If no stop order is in effect and no proceeding is pending under R.S. 51:716, a registration statement under this Subsection automatically becomes effective at 3:00 p.m. central standard time or central daylight time, whichever is applicable, of the fifth full business day after the filing of the registration statement, or at such earlier time as the commissioner determines.

E. Small issue registration. (1) The sale of securities of an issuer by or on behalf of such issuer or an affiliate of such issuer may be made pursuant to a registration statement filed under this Subsection if:

(a) The aggregate amount of the total offering, within or outside this state, shall not exceed five hundred thousand dollars, or such greater amount of not more than one million five hundred thousand dollars as the commissioner may by rule or regulation permit less the aggregate offering price for all securities sold within twelve months before the start of and during the offering of securities under this Subsection; or

(b) The aggregate number of persons in this state purchasing securities registered under this Subsection from the issuer and all affiliates of the issuer during any twelve month period shall not exceed fifty persons, or such greater number that is not more than one hundred, as the commissioner may by rule or regulation permit; however, any certificate or certificates representing securities issued in a transaction subject to the numerical limitation on the number of investors pursuant to this Subparagraph shall be marked for a period of one year from the date of their issuance or sale to indicate clearly that they were registered pursuant to this Subsection and that they may not be sold or transferred except in a transaction which is exempt under this Part or pursuant to an effective registration statement under this Part or in a transaction which is otherwise in compliance with this Part and shall be executed with a statement to the effect that such securities have been purchased for investment, for his own account. As used in this Subparagraph, the phrase "purchase for investment" shall mean the purchase of any securities with the intent of holding such securities for investment and without the intent of participating directly or indirectly in a distribution of such securities. Any person who holds such securities for a period of one year from the date such securities have been fully paid for by such person shall be presumed to have purchased such securities for investment.

(2) A registration statement under this Subsection shall be signed by the issuer, its chief executive officer, its principal financial officer, its comptroller or principal accounting officer, and a majority of the board of directors or persons performing similar functions, or, if there is no board of directors or persons performing similar functions, by the majority of the persons or board having the power of management of the issuer. If the issuer is not a corporation or partnership registered with the secretary of state, the registration statement shall also include a copy of the issuer's articles of incorporation or partnership or their substantial equivalents, as currently in effect, and a copy of any indenture of similar instrument relating to the security to be registered.

(3) A prospectus, a copy of which shall be contained in the registration statement, shall be delivered to any purchaser of securities registered pursuant to this Subsection prior to or simultaneously with the execution by the purchaser of a written agreement to purchase, the delivery of a confirmation of sale, or the payment for securities offered by means of such prospectus, whichever occurs first. The prospectus under which securities registered pursuant to this Subsection are sold shall contain the following:

(a) With respect to the issuer: its name, street address, form of organization, and its telephone number; the state or foreign jurisdiction and date of its organization; a brief description of the type and location of its business.

(b) The following financial statements which may, but need not, be certified:

(i) A balance sheet of the issuer or a consolidated balance sheet of the issuer and its subsidiaries prepared in accordance with generally accepted accounting principles as of a date within ninety days prior to the filing of the registration statement; and

(ii) A profit and loss statement of the issuer or consolidated statements of the issuer and its subsidiaries prepared in accordance with generally accepted accounting principles for each of the two fiscal years preceding the date of the balance sheet filed and for the interim period, if any, between the close of the most recent of such fiscal years and the date of the balance sheet filed and for the corresponding period of the preceding year or, if the issuer and its predecessors have been in existence for less than two fiscal years, the profit and loss statement for the periods for which it has been in existence; however, if the issuer does not report its accounts in the normal course of its business on a consolidated basis, then it may furnish, in lieu of consolidated statements, individual statements for it and its majority owned subsidiaries.

(c) The information set forth in Items (C)(1)(i) and (C)(1)(j) of this Section.

(d) With respect to every officer and director of the issuer or person occupying a similar status or performing similar functions and with respect to every affiliate of the issuer, a description of: all securities of the issuer and its subsidiaries which are beneficially owned or expected to be beneficially owned, and the amount and type of consideration which was or will be given for such securities, and any material interest in any other material transactions with the issuer or any significant subsidiary of the issuer effected within the past three years or expected to be effected.

(e) Any additional information which is needed to comply with R.S. 51:712(A)(2) and which is not otherwise disclosed to the purchaser.

(4) The commissioner shall be authorized to accept a prospectus prepared by the issuer if the prospectus has been subjected to an examination by the securities regulatory authority of another state or territory of the United States which, in the discretion of the commissioner, is equal to or greater than the examination provided in such cases by the commissioner.

(5) Registration statements filed pursuant to this Subsection will become effective if no stop order is in effect and no proceeding is pending under R.S. 51:716, at 3:00 p.m. central standard time or central daylight time, whichever is applicable, on the tenth full business day after the filing of the registration statement or at such earlier time as the commissioner orders.

(6) Preliminary negotiations and agreements in contemplation of a registration and sale of a security pursuant to this Subsection shall not constitute an "offer to sell," "offer for sale," "offer," or "sale" of a security for the purposes of this Section unless,

before a registration statement relating thereto is effective, the seller receives some consideration for such security, a contract for sale of such security is executed, or the security is sold.

(7) In case any of the financial statements contained in the registration statement filed under this Subsection are certified, they shall be certified by an independent public accountant duly registered and in good standing as such under the laws of the place of his residence or principal office.

(8) If any accountant, attorney, engineer, or appraiser or any person whose profession gives authority to a statement made by him is named in the registration statement as having prepared an opinion referred to in the registration statement or as having certified any part of the registration statement or is named as having prepared or certified a report of valuation for use in connection with the registration statement, the written consent of such person to the references to him in the registration statement shall be filed with the commissioner prior to the effectiveness of the registration statement.

(9) With respect to registration statements filed under this Subsection the commissioner shall be authorized to participate in any program designed to promote and achieve compatibility with federal law and uniformity among the states and to promulgate such rules and regulations as may be necessary to achieve such compatibility and uniformity.

(10) The commissioner shall treat as confidential and not subject to public inspection all material filed by or on behalf of the issuer pursuant to this Subsection unless he shall determine that such treatment is not consistent with the public interest, in which case he may make public such of the filed information as he may deem necessary for protection of the public interest.

(11) The commissioner may modify any legend required by this Subsection to conform to standardized legends, but any modification shall ensure that the legend contains substantially the same information required by this Part.

F. Nonprofit issuer registration. (1) Sales of securities issued by any person organized and operated:

(a) Not for private profit; and

(b) No part of the net earnings of which inures to the benefit of any person, private stockholder, or individual made by or on behalf of such issuer may be made pursuant to a registration statement filed pursuant to this Subsection.

(2) A registration statement under this Subsection shall be signed by the issuer, its chief executive officer, its principal financial officer, its comptroller or principal accounting officer, and the majority of its board of directors or persons performing

similar functions, or, if there is no board of directors or persons performing similar functions, by the majority of the persons or board having the power of management of the issuer, and shall contain the following documents:

(a) A copy of the prospectus proposed to be used in complying with the requirements of Paragraph (F)(4) of this Section.

(b) A copy of any notice, circular, advertisement, sales literature, letter, or communication, if any such notice, circular, sales literature, letter, or communication is to be used in connection with the offering, in respect of a security which, if used, must state from whom a written prospectus meeting the requirements of Paragraph (F)(4) of this Section may be obtained and must conform to such limitations as to content and such other terms and conditions as the commissioner, by rules or regulations, deemed necessary or appropriate in the public interest and for the protection of investors may prescribe.

(c) A specimen or copy of the securities being registered and a copy of the issuer's articles of incorporation and bylaws or their substantial equivalents, as currently in effect.

(d) If the securities described in the prospectus forming a part of the registration statement are to be secured by any interest in or lien upon any real or personal property, a signed opinion of legal counsel which states that such interest or lien will be as described in such prospectus and that such interest or lien has been filed of record and otherwise perfected under applicable law.

(e) A copy of any underwriting or selling group agreement pursuant to which the distribution is to be made.

(f) A copy of every management or other material contract referred to in the prospectus.

(g) A signed copy of any professional opinion or any reports or certifications specifically referred to in the prospectus.

(h) A copy of any literature concerning the issuer or the offering given to any person directly engaged in the sale of securities.

(i) A written consent of each person who is, or who is named in the prospectus as about to become, a director of the issuer or a person occupying a similar status or performing a similar function to the use of his name in the prospectus unless such director or person has signed the registration statement.

(j) If any accountant, attorney, engineer, or appraiser or any person whose profession gives authority to a statement made by him is named in the registration statement as having prepared an opinion referred to in the registration statement or as

having certified any part of the registration statement or is named as having prepared or certified a report of valuation for use in connection with the registration statement, the written consent of such person to the references to him in the registration statement.

(k) A copy of any trust indenture required by Paragraph (F)(3) of this Section.

(3)(a) If the securities to be registered are bonds, notes, debentures, evidences of indebtedness, or any interest in such securities, the provisions for disbursing the proceeds of such securities, for collecting and disbursing funds for the payment of principal of and interest on such securities, and for governing the rights of the trustee and the holders of such securities with respect to any collateral or other security therefor shall be governed by an indenture between the issuer of such securities and a trustee or trustees.

(b) Each such trustee shall be an attorney duly admitted to practice before the highest court of any state who is not regularly employed by the issuer or underwriter of the securities subject to the indenture or a corporation which is organized and doing business under the laws of the United States or any state, which is qualified to do business in Louisiana, which is authorized to exercise corporate trust powers, and which is subject to supervision or examination by an agency or authority of the United States or the state of its incorporation or principal place of business:

(i) Provided that no such attorney or corporation may serve as trustee if such attorney or corporation:

(aa) Serves as trustee under an indenture covering any other securities of the issuer of the securities subject to the indenture.

(bb) Is an affiliate of the issuer or underwriter of the securities subject to the indenture.

(cc) Is a guarantor of or an affiliate of an obligor upon or a guarantor of the securities subject to the indenture.

(dd) Is the beneficial owner of, or holds as collateral security for an obligation which is in default, five percent or more of the voting securities of, or ten percent or more of any other class of security of the issuer of the securities subject to the indenture.

(ee) Is the beneficial owner of, or holds as collateral security for an obligation which is in default, ten percent or more of any class of security of any person who, to the knowledge of such attorney or corporation, owns fifty percent or more of the voting securities of the issuer or any guarantor of the securities subject to the indenture.

(ii) Provided, further, that no such attorney nor any director or executive officer, or persons performing similar functions, of such corporation:

(aa) Is a director, officer, partner, employee, appointee, or representative of the issuer, any guarantor, or any underwriter of the securities subject to the indenture.

(bb) Is a guarantor or underwriter of or an obligor upon the securities subject to the indenture.

(c) Such indenture shall in addition to the provisions specified in Subparagraph (a) of this Paragraph contain:

(i) A provision requiring the trustee to maintain a current list of the names and addresses of the holders of the securities subject to the indenture; and

(ii) A provision that the trustee, in case of any failure to make, when due, any payment into any sinking fund for the repayment of the securities subject to the indenture or any payment of the principal of or interest on the securities subject to the indenture, which failure is not corrected within thirty days of the date such payment was due, shall have the authority to commence a civil action to recover on behalf of the holders of the securities subject to the indenture all payments of principal and interest which are due and have not been paid; to declare the entire outstanding principal balance of an accrued but unpaid interest on such securities to be immediately due and payable and to commence a civil action to recover such principal and interest on behalf of the holders of the securities subject to the indenture; to take possession of and dispose of any collateral security subject to the indenture; and to secure such additional relief as the parties to the indenture shall provide; and a provision that, upon occurrence of any such failure the trustee shall notify, to the extent that it can identify them, the holders of such securities of the occurrence of such failure and of its intentions with respect thereto.

(4) The prospectus required in this Paragraph shall be delivered to any purchaser of securities registered pursuant to this Subsection prior to or simultaneously with the execution by the purchaser of a written agreement to purchase, the delivery of a confirmation of sale, or the payment for securities offered by means of such prospectus, whichever occurs first. The prospectus under which securities registered pursuant to this Subsection are sold shall contain the following:

(a) With respect to the issuer: its name, street address, form of organization, and telephone number; the state or foreign jurisdiction and date of its organization; and a brief description of the type of business or other endeavors it conducts.

(b) The following financial statements:

(i) A balance sheet of the issuer or a consolidated balance sheet of the issuer and its subsidiaries prepared in accordance with generally accepted accounting principles as of the date within ninety days prior to the filing of the registration statement.

(ii) A statement of source and application of funds of the issuer or consolidated statements of the issuer and its subsidiaries prepared in accordance with generally accepted accounting principles for each of the two fiscal years preceding the date of the balance sheet filed and for the interim period, if any, between the close of the most recent of such fiscal years and the date of the balance sheet filed and for the corresponding period of the preceding year or, if the issuer and its predecessors have been in existence for less than two fiscal years, the statement of source and application of funds for the periods for which it has been in existence; provided, however, if the issuer does not report its accounts in the normal course of its business on a consolidated basis, then it may furnish, in lieu of consolidated statements, individual statements for it and its majority owned subsidiaries.

(c) The information set forth in Items (C)(1)(i) and (C)(1)(j) of this Section.

(d) A summary of special risk factors, if any, involved in the purchase of such securities.

(e) With respect to any underwriter of the securities being registered: a description of all fees, commissions, expenses, and other payments and remunerations received or to be received directly or indirectly by such underwriter and its affiliates in connection with the sale of the securities being registered and a description of any affiliation, interest, or arrangement such underwriter may have with any building contractor, supplier, paying agent, or other person who may receive any proceeds from the sale of the securities being registered.

(f) A description of the material terms of the securities to be registered and, if such securities are bonds, notes, debentures, evidences of indebtedness, or any interest in such securities, a description of the material terms of the indenture under which the securities are to be issued.

(g) Any additional information needed to comply with R.S. 51:712(A)(2).

(5) In case any of the financial statements contained in the registration statement filed under this Subsection are certified, they shall be certified by an independent public accountant duly registered and in good standing as such under the laws of the place of his residence or principal office.

(6) Registration statements filed pursuant to this Subsection will become effective if no stop order is in effect and no proceeding is pending under R.S. 51:716 at 3:00 p.m. central standard time or central daylight time, whichever is applicable, on the fifth full business day after the filing of the registration statement or at such earlier time as the commissioner orders.

G. Notice filing for federal covered securities. (1) Prior to the initial offer of a federal covered security under Section 18(b)(2) of the federal Securities Act of 1933, as

amended, and for purposes of renewal, the issuer shall make a notice filing with the commissioner, consisting of the following:

(a) A copy of the current registration statement filed by the issuer with the United States Securities and Exchange Commission.

(b) A consent to service of process.

(c) An initial filing fee and an annual renewal fee equal to the fees prescribed in R.S. 51:706(A).

(2) The commissioner, by rule, may require the issuer of any security that is a federal covered security under Section 18(b)(4)(E) of the Securities Act of 1933, as amended, to make a notice filing no later than fifteen days after the first sale in this state of such federal covered security on United States Securities and Exchange Commission Form D, together with a consent to service of process and a filing fee.

H. Registration of Regulation A Securities. (1) Any security that qualifies under Regulation A adopted under Section 3(b) of the Federal Securities Act of 1933, as now or hereafter amended, may be registered under the terms and conditions provided in this Subsection by filing all of the following:

(a) A notice of intention to sell executed by the issuer, any other person on whose behalf the offering is to be made, a dealer registered under this Part, or any duly authorized agent of any such person who sets forth the name and address of the applicant, the name and address of the issuer, and the title of the securities to be offered in this state.

(b) A copy of the notification on Form 1-A or any form substituted therefor, and related offering circular or offering sheet, including other exhibits, filed with the Securities and Exchange Commission.

(c) A filing fee of one-tenth of one percent of the aggregate price of the securities to be offered to be sold in this state. In no case shall the fee be less than one hundred dollars nor more than one thousand dollars. In addition there shall be a charge of two hundred fifty dollars to be used to defray the expenses of the commissioner. All fees and charges paid in accordance with this Subparagraph, whether paid at the time of filing or at the time of renewal, shall be transmitted to the state treasurer for credit to the state general fund, except that the two hundred fifty dollar fee required pursuant to this Subparagraph shall be retained by the commissioner to be used for the enforcement of this Part generally.

(d) A consent to service of process in the form prescribed by R.S. 51:718 that has been executed by the person who executed the notice of intention to sell, unless the person has previously filed with the commissioner an irrevocable consent to service of process in the form prescribed by R.S. 51:718.

(2) A registration pursuant to this Subsection becomes effective when ordered by the commissioner.

Acts 1985, No. 722, §1; Acts 1999, No. 250, §1; Acts 2006, No. 544, §1, eff. June 22, 2006; Acts 2008, No. 274, §1; Acts 2010, No. 7, §4, eff. May 19, 2010; Acts 2012, No. 369, §1; Acts 2014, No. 119, §1, eff. May 16, 2014; Acts 2014, No. 224, §1.