

## **NASAA RESOLUTION**

**WHEREAS**, capital formation and the methods by which issuers seek to raise capital have evolved over time; and

**WHEREAS**, the Internet, or the World Wide Web, or similar proprietary or common carrier electronic systems (hereinafter collectively referred to as the "Internet") have facilitated greatly the ability to communicate with a large number of persons; and

**WHEREAS**, the North American Securities Administrators Association (NASAA) has recognized that offers of securities have been, and will continue to be made on the Internet, and has created a committee to address the issues raised thereby; and

**WHEREAS**, it is appropriate for state securities regulators to develop a uniform policy concerning offers of securities on the Internet that is consistent with the goals of investor protection and access to capital markets; and

**WHEREAS**, a communication made on the Internet is directed generally to anyone who has access to the Internet; and

**WHEREAS**, a communication designed to raise capital and that is placed on the Internet may be construed as an offer of securities (Internet Offer); and

**NOW THEREFORE**, be it resolved that:

1. NASAA will develop a pilot program to monitor Internet Offers and subsequent sales resulting from such offers.
2. NASAA encourages States to take appropriate steps to exempt Internet Offers from the registration provisions of their securities laws where the following conditions apply:
  - A. The Internet Offer indicates, directly or indirectly, that the securities are not being offered to the residents of a particular state; and
  - B. An offer is not otherwise specifically directed to any person in a state by, or on behalf of an the issuer of securities.
3. NASAA encourages States to take appropriate steps that would allow sales of securities that were the subject of an Internet Offer where the following conditions apply:
  - A. No sales of the securities shall be made in any state until the offering has been registered and declared effective and the final prospectus or Form U-7 has been delivered to the investor prior to such sale; or
  - B. The sales are exempt from registration.

Adopted January 7, 1996 in Hilton Head, South Carolina.