HOUSE BILL 1886

By Garrett

AN ACT to amend Tennessee Code Annotated, Title 48,
relative to business.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 48-1-103(a)(13)(A)(i), is amended by deleting the subdivision and substituting the following:

(i) The sale of the security must meet the requirements of the federal exemption for intrastate offerings in either:

(a) Section 3(a)(11) of the Securities Act of 1933 (15 U.S.C. § 77c(a)(11)), and 17 C.F.R. 230.147 or 17 C.F.R. 230.147A; or

(b) 17 C.F.R. 230.147A;

SECTION 2. Tennessee Code Annotated, Section 48-1-103(a)(13)(A)(vii), is amended by deleting the subdivision and substituting the following:

(vii) The issuer shall inform all buyers prior to the sale of a security that falls within this subdivision (a)(13)(A) that the security has not been registered under this part and:

(a) With respect to issuers utilizing 17 C.F.R. 230.147, the issuer shall also inform all buyers that the security is subject to the limitation on resales contained in 17 C.F.R. 230.147(e); or

(b) With respect to issuers utilizing 17 C.F.R. 230.147A, the issuer shall also inform all buyers that the security is subject to the limitations on resales contained in 17 C.F.R. 230.147A(e);

SECTION 3. Tennessee Code Annotated, Section 48-1-103(a)(13)(C)(ii), is amended by deleting the subdivision and substituting the following:

(ii) If the offering does not qualify for the exemption provided in 17 C.F.R. 230.147 or 17 C.F.R. 230.147A. The burden of proof of qualification for either exemption is on the issuer claiming the exemption. Failure to qualify for the claimed exemption will result in any offers or sales of the security to be unregistered offers to sell or sales in violation of § 48-1-104; or

SECTION 4. Tennessee Code Annotated, Section 48-249-114(f)(3)(B), is amended by deleting the word "this".

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.