

Amendment No. 152

Assembly Amendment to Assembly Bill No. 75	(BDR 7-145)
Proposed by: Assembly Committee on Judiciary	
Amends: Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION			Initial and Date	SENATE ACTION			Initial and Date		
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.



ASSEMBLY BILL NO. 75--ASSEMBLYMAN YEAGER

PREFILED JANUARY 30, 2023

Referred to Committee on Judiciary

SUMMARY—~~[Exempts]~~ **Revises** certain ~~[offers or sales of securities from registration]~~ requirements ~~[for]~~ **relating to** securities. (BDR 7-145)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to securities; defining “Nevada certified investor”; authorizing the Administrator of the Securities Division of the Office of the Secretary of State, who is the Deputy of Securities, to adopt certain regulations in consultation with the Office of Economic Development; **revising the information that must be included in a registration statement for a security that may be registered by qualification; exempting a person who files a registration statement for a security that may be registered by qualification from paying any fees associated with that filing;** providing for an exemption from certain requirements concerning the registration of securities for certain transactions involving an offer to sell or sale of a security by certain issuers who are residents of this State to a Nevada certified investor; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing federal law, with certain exceptions, prohibits a person from engaging in certain
2 activities relating to offering to sell or selling a security unless the security is registered with
3 the Securities and Exchange Commission. (15 U.S.C. § 77e) Existing federal law creates an
4 exemption from this requirement for a security which is part of an issue offered or sold only to
5 persons who are residents of the same state of which the issuer is also a resident and doing
6 business within or, if the issuer is a corporation, incorporated by and doing business within.
7 (15 U.S.C. § 77c(a)(11)) Existing federal regulations set forth: (1) requirements that an issuer
8 must meet to be deemed to be a resident of and doing business within a state where the issuer
9 offers and sells securities; and (2) various other requirements for transactions involving
10 intrastate offers or sales of securities for the transaction to qualify for the exemption from the
11 federal registration requirements. (17 C.F.R. §§ 230.147, 230.147A)

12 Existing state law prohibits a person from offering to sell or selling any security in this
13 State unless the security meets certain registration requirements or the security transaction is
14 exempt from the registration requirements. (NRS 90.460) **Section 5** of this bill creates an
15 exemption from those state registration requirements for certain transactions involving an
16 offer to sell or sale of a security to a Nevada certified investor. **Section 2** of this bill defines
17 “Nevada certified investor” to mean, in general, a natural person who is, or a married couple

18 who each are, a resident of this State and who meets certain financial qualifications. Under
 19 **section 5**, a transaction involving an offer to sell or sale of a security to a Nevada certified
 20 investor is exempt from the registration requirements provided under existing state law if: (1)
 21 the transaction meets the requirements for the federal exemption for intrastate offers and sales
 22 of securities; (2) the transaction meets any other requirements established by regulations
 23 adopted by the Administrator of the Securities Division of the Office of the Secretary of State,
 24 who is the Deputy of Securities, pursuant to **section 3** of this bill; ~~and~~ (3) the transaction
 25 involves certain types of Nevada certified investors, the total amount paid by the Nevada
 26 certified investor for all of the securities involved in the transaction does not exceed 10
 27 percent of the net worth of the investor, subject to certain requirements concerning the net
 28 worth of the investor ~~;~~; **(4) the transaction is part of an issue in which not more than 75**
 29 **purchasers are Nevada certified investors; and (5) the person offering to sell or selling**
 30 **the security first undergoes a criminal background check.**

31 **Section 3** authorizes the Administrator, in consultation with the Office of Economic
 32 Development within the Office of the Governor, to adopt regulations establishing additional
 33 requirements for transactions involving an offer to sell or sale of a security to a Nevada
 34 certified investor to qualify for an exemption from the registration requirements pursuant to
 35 **section 5**.

36 **Section 4** of this bill makes a conforming change to indicate the proper placement of
 37 **section 2** in the Nevada Revised Statutes.

38 **Existing law authorizes the registration of a security by qualification and requires**
 39 **the registration statement for such a security to contain certain information relating to**
 40 **the issuer and certain other persons. (NRS 90.490) Section 4.5 of this bill revises the**
 41 **information which is required to be included in the registration statement.**

42 **Existing law sets forth certain fees associated with the filing of a registration**
 43 **statement or an amendment to a registration statement. (NRS 90.500) Section 4.7 of this**
 44 **bill exempts a person who files a registration statement to register a security by**
 45 **qualification or an amendment to such a registration statement from paying any fees**
 46 **associated with such filings. Sections 4.1-4.9 and 5.5 make conforming changes to revise**
 47 **certain internal references.**

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 90 of NRS is hereby amended by adding thereto the
 2 provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2. 1. “Nevada certified investor” means a natural person who is, or a**
 4 ***married couple who each are, a resident of this State and who, at the time an***
 5 ***offer to sell or sale of a security is made to the person or couple:***

6 **~~1.1~~ (a) Holds an ownership interest of more than 50 percent in a business**
 7 ***that has reported a gross revenue of more than \$200,000 or 2 1/2 times the***
 8 ***median household income, whichever is greater, on each federal income tax***
 9 ***return filed for the 2 immediately preceding calendar years; or***

10 **~~1.2~~ (b) Has reported an income on the federal income tax return of the**
 11 ***person or couple filed for the immediately preceding calendar year that exceeds***
 12 ***\$100,000 or the median household income [in this State, as identified in the most***
 13 ***recent data from the American Community Survey published by the Bureau of***
 14 ***the Census of the United States Department of Commerce or as determined by the***
 15 ***Administrator based on another source of data specified by the Administrator by***
 16 ***regulation], whichever is greater.***

17 **2. As used in this section, “median household income” means the median**
 18 ***household income in this State, as identified in the most recent data from the***
 19 ***American Community Survey published by the Bureau of the Census of the***

1 United States Department of Commerce or as determined by the Administrator
2 based on another source of data specified by the Administrator by regulation.

3 **Sec. 3.** *The Administrator may, in consultation with the Office of*
4 *Economic Development, adopt regulations that set forth additional requirements*
5 *for transactions involving an offer to sell or sale of a security to a Nevada*
6 *certified investor that must be met for the transaction to qualify for an exemption*
7 *pursuant to subsection 22 of NRS 90.530. Such regulations may include, without*
8 *limitation, provisions establishing minimum qualifications for an issuer who*
9 *engages in such a transaction.*

10 **Sec. 4.** NRS 90.211 is hereby amended to read as follows:

11 90.211 As used in this chapter, unless the context otherwise requires, the
12 words and terms defined in NRS 90.215 to 90.309, inclusive, **and section 2 of this**
13 **act** have the meanings ascribed to them in those sections.

14 **Sec. 4.1.** NRS 90.470 is hereby amended to read as follows:

15 90.470 1. Securities for which a registration statement has been filed under
16 the Securities Act of 1933 in connection with the offering of the securities may be
17 registered by filing, whether or not they are also eligible for registration under NRS
18 90.480 or 90.490, if:

19 (a) The issuer is organized under the laws of the United States or a state or, if
20 the issuer is not organized under the laws of the United States or a state, it has
21 appointed a duly authorized agent in the United States for service of process;

22 (b) The issuer has actively engaged in business operations in the United States
23 for a period of at least 36 consecutive calendar months immediately before the
24 filing of the federal registration statement;

25 (c) The issuer has registered a class of equity securities under section 12(b) or
26 12(g) of the Securities Exchange Act of 1934, and the class of securities is held of
27 record by 500 or more persons;

28 (d) The issuer has:

29 (1) Either a total net worth of \$4,000,000 or a total net worth of \$2,000,000
30 and net pretax income from operations before allowances for extraordinary items,
31 for at least 2 of the 3 preceding fiscal years;

32 (2) Not less than 400,000 units of the class of security registered under
33 section 12 of the Securities Exchange Act of 1934 held by the public, excluding
34 securities held by officers and directors of the issuer, underwriters and persons
35 beneficially owning 10 percent or more of that class of security; and

36 (3) No outstanding warrants and options held by the underwriters and
37 executive officers and directors of the issuer in an amount exceeding 10 percent of
38 the total number of shares to be outstanding after completion of the offering of the
39 securities being registered;

40 (e) The issuer has been subject to the requirements of section 12 of the
41 Securities Exchange Act of 1934 and has filed all the material required to be filed
42 under sections 13 and 14 of that act for at least 36 consecutive calendar months
43 immediately before the filing of the statement and the issuer has filed in a timely
44 manner all reports required to be filed during the 12 calendar months next
45 preceding the filing of the federal registration statement;

46 (f) For at least 30 days during the 3 months next preceding the offering of the
47 securities registered there have been at least four market makers for the class of
48 equity securities registered under section 12 of the Securities Exchange Act of
49 1934;

50 (g) Each of the underwriters participating in the offering of the security and
51 each broker-dealer who will offer the security in this State is a member of or is
52 subject to the regulations of fair practice of a national association of securities

1 dealers with respect to the offering and the underwriters have contracted to
2 purchase the securities offered in a principal capacity;

3 (h) The aggregate commissions or discounts to be received by the underwriters
4 will not exceed 10 percent of the aggregate price at which the securities being
5 registered are offered to the public;

6 (i) Neither the issuer nor any of its subsidiaries, since the end of the fiscal year
7 next preceding the filing of the registration statement, have:

8 (1) Failed to pay a dividend or sinking fund installment on preferred stock;

9 (2) Defaulted on indebtedness for borrowed money; or

10 (3) Defaulted on the rental on one or more long-term leases, and the
11 defaults in the aggregate are material to the financial position of the issuer and its
12 subsidiaries, taken as a whole; and

13 (j) In the case of an equity security, the price at which the security will be
14 offered to the public is not less than \$5 per share.

15 2. A registration statement under this section must contain the following
16 information and be accompanied by the following records in addition to the
17 information specified in subsection ~~44~~ 5 of NRS 90.500 and the consent to service
18 of process required by NRS 90.770:

19 (a) A statement demonstrating eligibility for registration by filing;

20 (b) The name, address and form of organization of the issuer;

21 (c) With respect to a person on whose behalf a part of the offering is to be
22 made in a nonissuer distribution:

23 (1) Name and address;

24 (2) The amount of securities of the issuer held by the person as of the date
25 of the filing of the registration statement; and

26 (3) A statement of the reasons for making the offering;

27 (d) A description of the security being registered; and

28 (e) A copy of the latest prospectus filed with the registration statement under
29 and satisfying the requirements of section 10 of the Securities Act of 1933.

30 3. If the information and records required to be filed by subsection 2 have
31 been on file with the Administrator for at least 5 business days, or any shorter
32 period the Administrator allows by regulation or order, and the applicable
33 registration fee has been paid before the effectiveness of the federal registration
34 statement, a registration statement under this section automatically becomes
35 effective concurrently with the effectiveness of the federal registration statement. If
36 the federal statement becomes effective before the conditions in this section are
37 satisfied and they are not waived, the registration statement becomes effective when
38 the conditions are satisfied. The registrant shall promptly notify the Administrator
39 by telephone or telegram of the date and time when the federal registration
40 statement became effective and the content of the price amendment, if any, and
41 shall file promptly a posteffective amendment containing the information and
42 records in the price amendment. The Administrator shall promptly acknowledge
43 receipt of notification and effectiveness of the registration statement as of the date
44 and time the registration statement became effective with the Securities and
45 Exchange Commission.

46 **Sec. 4.3. NRS 90.480 is hereby amended to read as follows:**

47 90.480 1. Securities for which a registration statement has been filed under
48 the Securities Act of 1933 in connection with the offering of the securities may be
49 registered by coordination.

50 2. A registration statement under this section must contain the following
51 information and be accompanied by the following records in addition to the
52 information specified in subsection ~~44~~ 5 of NRS 90.500 and the consent to service
53 of process required by NRS 90.770:

1 (a) One copy of the latest form of prospectus filed under the Securities Act of
2 1933;

3 (b) If the Administrator by regulation or order requires:

4 (1) A copy of the articles of incorporation and bylaws, or their substantial
5 equivalents, currently in effect;

6 (2) A copy of any agreement with or among underwriters;

7 (3) A copy of any indenture or other instrument governing the issuance of
8 the security to be registered; and

9 (4) A copy, specimen or description of the security;

10 (c) If the Administrator requests and subject to the provisions of NRS 90.730,
11 any other information or copies of any other records filed under the Securities Act
12 of 1933; and

13 (d) An undertaking to forward promptly and in any event not later than the first
14 business day after the day they are forwarded to or filed with the Securities and
15 Exchange Commission, all future amendments to the federal prospectus, other than
16 an amendment that delays the effective date of the registration statement, whichever
17 occurs first.

18 3. A registration statement under this section becomes effective when the
19 federal registration statement becomes effective and all the following conditions are
20 satisfied:

21 (a) No order is in effect, and no proceeding is pending, under NRS 90.510;

22 (b) The registration statement has been on file with the Administrator for at
23 least 10 days, but if the registration statement is not filed with the Administrator
24 within 5 days after the initial filing under the Securities Act of 1933, the
25 registration statement must have been on file with the Administrator for 30 days or
26 any shorter period as the Administrator by regulation or order specifies; and

27 (c) A statement of the maximum and minimum proposed offering prices and
28 the maximum underwriting discounts and commissions has been on file for 2 full
29 business days or any shorter period the Administrator permits and the offering is
30 made within those limitations.

31 4. The registrant shall promptly notify the Administrator of the date and time
32 when the federal registration statement became effective and the content of the
33 price amendment, if any, and shall promptly file a posteffective amendment
34 containing the information and records in the price amendment.

35 5. Upon failure to receive the required notification and posteffective
36 amendment with respect to the price amendment, the Administrator may enter an
37 order, retroactively denying effectiveness to the registration statement or
38 suspending its effectiveness until the registrant complies with subsection 4. The
39 Administrator shall promptly notify the registrant of the issuance of the order. If the
40 registrant proves compliance with the requirements of subsection 4 as to notice and
41 posteffective amendment, the order is void as of its entry.

42 6. The Administrator by regulation or order may waive either or both of the
43 conditions specified in paragraphs (b) and (c) of subsection 3.

44 7. If the federal registration statement becomes effective before all the
45 conditions in subsection 3 are satisfied and they are not waived, the registration
46 statement automatically becomes effective when all the conditions are satisfied. If
47 the registrant advises the Administrator of the date when the federal registration
48 statement is expected to become effective, the Administrator shall promptly advise
49 the registrant, at the registrant's expense, whether all conditions are satisfied and
50 whether the Administrator then contemplates the institution of a proceeding under
51 NRS 90.510, but the advice by the Administrator does not preclude the institution
52 of a proceeding for an order suspending the effectiveness of the registration
53 statement. An order issued under this subsection is not retroactive.

1 8. The Administrator by regulation or order may waive or modify the
 2 application of a requirement of this section if a provision or an amendment, repeal
 3 or other alteration of the provisions of the Securities Act of 1933 for the registration
 4 of securities or of the regulations adopted under that act renders the waiver or
 5 modification appropriate for further coordination of state and federal registration.

6 **Sec. 4.5. NRS 90.490 is hereby amended to read as follows:**

7 90.490 1. A security may be registered by qualification.

8 2. A registration statement under this section must contain the following
 9 information and be accompanied by the following records in addition to the
 10 information specified in subsection ~~4.5~~ 5 of NRS 90.500 and the consent to service
 11 of process required by NRS 90.770:

12 (a) With respect to the issuer and any significant subsidiary:

- 13 (1) Its name, address and form of organization;
- 14 (2) The state or foreign jurisdiction and date of its organization;
- 15 (3) The general character and location of its business;
- 16 (4) A description of its physical property and equipment; and
- 17 (5) A statement of the general competitive conditions in the industry or
 18 business in which it is or will be engaged;

19 (b) With respect to every director and officer of the issuer or person occupying
 20 a similar status or performing similar functions:

- 21 (1) Name ~~and~~ address; ~~and principal occupation for the last 5 years;~~
- 22 (2) The amount of securities of the issuer held by the person as of a
 23 specified date within 30 days before the filing of the registration statement;
- 24 (3) The amount of the securities covered by the registration statement to
 25 which the person has indicated an intention to subscribe; and
- 26 (4) A description of any material interest in any material transaction with
 27 the issuer or any significant subsidiary effected within the past 3 years or proposed
 28 to be effected ~~and~~, including, without limitation, compensation provided to the
 29 person or that is proposed to be provided to the person by the issuer or the
 30 significant subsidiary;

31 ~~(c) [With respect to persons covered by paragraph (b), the compensation paid~~
 32 ~~or given, directly or indirectly, during the last 12 months and estimated to be paid~~
 33 ~~during the next 12 months by the issuer together with all predecessors, parents,~~
 34 ~~subsidiaries and affiliates, to all those persons in the aggregate;~~

35 ~~(d)~~ With respect to any person owning of record, or beneficially if known, 10
 36 percent or more of the outstanding shares of a class of equity security of the issuer,
 37 the information specified in paragraph (b) ~~[other than occupation;~~

38 ~~(e);~~

39 (d) With respect to a promoter, if such a promoter exists, and if the issuer was
 40 organized within the last 3 years:

- 41 (1) The information specified in paragraph (b);
- 42 (2) The amount paid to the person within that period or intended to be paid;

43 and

- 44 (3) The consideration for the payment;

45 ~~[(f) With respect to a person on whose behalf a part of the offering is to be~~
 46 ~~made in a nonissuer distribution;~~

- 47 ~~(1) Name and address;~~
- 48 ~~(2) The amount of securities of the issuer held by the person as of the date~~
 49 ~~of the filing of the registration statement;~~
- 50 ~~(3) A description of any material interest in any material transaction with~~
 51 ~~the issuer or any significant subsidiary effected within the past 3 years or proposed~~
 52 ~~to be effected; and~~
- 53 ~~(4) A statement of the reasons for making the offering;~~

1 ~~(e)~~ (e) The capitalization and long-term debt, on both a current and a pro
2 forma basis, of the issuer and any significant subsidiary, including a description of
3 each security outstanding or being registered or otherwise offered, and . if
4 applicable, a statement of the amount and kind of consideration, whether in the
5 form of cash, physical assets, services, patents, goodwill or anything else, for which
6 the issuer or a subsidiary has issued its securities within the last 2 years or is
7 obligated to issue its securities;

8 ~~(f)~~ (f) The kind and amount of securities to be offered, the proposed offering
9 price or the method by which it is to be computed, any variation therefrom at which
10 a proportion of the offering is to be made to a person or class of persons other than
11 the underwriters, with a specification of the person or class, the basis upon which
12 the offering is to be made if otherwise than for cash, the estimated aggregate
13 underwriting and selling discounts or commissions and finder's fees, including
14 separately cash, securities, contracts or anything else of value to accrue to the
15 underwriters or finders in connection with the offering or, if the selling discounts or
16 commissions are variable, the basis of determining them and their maximum and
17 minimum amounts, the estimated amounts of other selling expenses, including
18 legal, engineering and accounting charges, the name and address of every
19 underwriter and every recipient of a finder's fee, a copy of any underwriting or
20 selling-group agreement pursuant to which the distribution is to be made, or the
21 proposed form of the agreement whose terms have not yet been determined, and
22 a description of the plan of distribution of securities that are to be offered otherwise
23 than through an underwriter;

24 ~~(g)~~ (g) The estimated cash proceeds to be received by the issuer from the
25 offering, the purposes for which the proceeds are to be used by the issuer, the
26 amount to be used for each purpose, the order of priority in which the proceeds will
27 be used for the purposes stated, the amounts of funds to be raised from other
28 sources to achieve the purposes stated, the sources of the funds, and, if part of the
29 proceeds is to be used to acquire property, including goodwill, otherwise than in the
30 ordinary course of business, the names and addresses of the vendors, the purchase
31 price, the names of the persons who have received commissions in connection with
32 the acquisition and the amounts of commissions and any other expense in
33 connection with the acquisition, including the cost of borrowing money to finance
34 the acquisition;

35 ~~(h)~~ (h) A description of the stock options or other security options
36 outstanding or to be created in connection with the offering and the amount of the
37 options held or to be held by every person required to be named in paragraph (b),
38 (c), (d) ~~(e)~~ or (f) ~~(h)~~ and by a person who holds or will hold 10 percent or
39 more in the aggregate of the options;

40 ~~(i)~~ (i) The dates of, parties to and general effect, concisely stated, of every
41 management or other material contract made or to be made otherwise than in the
42 ordinary course of business if it is to be performed in whole or in part at or after the
43 filing of the registration statement or was made within the last 2 years, and a copy
44 of the contract;

45 ~~(j)~~ (j) A description of any pending litigation or proceedings to which the
46 issuer is a party and that materially affect its business or assets, including any
47 litigation or proceeding known to be contemplated by a governmental authority;

48 ~~(k)~~ (k) A copy of any prospectus, pamphlet, circular, form letter,
49 advertisement or other sales literature intended as of the effective date to be used in
50 connection with the offering ~~(l)~~

51 ~~(n)~~ , if such materials exist;

52 (l) A copy, specimen or description of the security being registered, a copy of
53 the issuer's articles of incorporation and bylaws or their substantial equivalents, as

1 currently in effect, and a copy of any indenture or other instrument covering the
2 security to be registered;

3 ~~(e) A signed or conformed copy of an opinion of counsel as to the legality of~~
4 ~~the security being registered, with an English translation if it is in a foreign~~
5 ~~language, which states whether the security when sold will be legally issued, fully~~
6 ~~paid and nonassessable and, if a debt security, a binding obligation of the issuer;~~

7 ~~(p) The written consent of an accountant, engineer, appraiser or other person~~
8 ~~whose profession gives authority to a statement made by the person, if the person is~~
9 ~~named as having prepared or certified a report or valuation, other than a public and~~
10 ~~official record or statement, which is used in connection with the registration~~
11 ~~statement;~~

12 ~~(q) A statement of financial condition of the issuer as of a date within 4 months~~
13 ~~before the filing of the registration statement, a statement of results of operations~~
14 ~~and analysis of surplus for each of the 3 fiscal years preceding the date of the~~
15 ~~statement of financial condition and for any period between the close of the last~~
16 ~~fiscal year and the date of the statement of financial condition, or for the period of~~
17 ~~the issuer's and any predecessors' existence if less than 3 years, and, if part of the~~
18 ~~proceeds of the offering is to be applied to the purchase of a business, the same~~
19 ~~financial statements which would be required if that business were the registrant,~~
20 ~~and~~

21 ~~(r) and~~

22 (m) Any additional information the Administrator by regulation or order
23 specifies.

24 3. A statement under this section becomes effective 30 calendar days, or any
25 shorter period as the Administrator by regulation or order specifies, after the date
26 the registration statement or the last amendment other than a price amendment is
27 filed, if:

28 (a) No order is in effect and no proceeding is pending under NRS 90.510;

29 (b) The Administrator has not, under subsection 4, ordered that effectiveness
30 be delayed; and

31 (c) The registrant has not requested that effectiveness be delayed.

32 4. The Administrator may delay effectiveness for a single period of not more
33 than 90 days if the Administrator determines the registration statement is not
34 complete in all material respects and promptly notifies the registrant of that
35 determination. The Administrator may delay effectiveness for a single period of not
36 more than 30 days if the Administrator determines that the delay is necessary,
37 whether or not the Administrator previously delayed effectiveness under this
38 subsection.

39 **Sec. 4.7. NRS 90.500 is hereby amended to read as follows:**

40 90.500 1. A registration statement may be filed by the issuer, any other
41 person on whose behalf the offering is to be made, or a broker-dealer licensed
42 under this chapter.

43 2. Except as otherwise provided in subsection 3 ~~(r)~~ or 4, a person filing a
44 registration statement shall pay a filing fee of 0.2 percent of the maximum
45 aggregate offering price at which the registered securities are to be offered in this
46 State, but not less than \$700 or more than \$5,000. If a registration statement is
47 withdrawn before the effective date or a pre-effective order is entered under NRS
48 90.510, the Administrator shall retain the fee.

49 3. An open-end management company, a face-amount certificate company or
50 a unit investment trust, as defined in the Investment Company Act of 1940, may
51 register an indefinite amount of securities under a registration statement. The
52 registrant shall pay:

53 (a) A fee of \$1,000 at the time of filing; and

1 (b) Within 60 days after the registrant's fiscal year during which its statement
2 is effective, a fee of \$4,000, or file a report on a form the Administrator adopts,
3 specifying its sale of securities to persons in this State during the fiscal year and
4 pay a fee of 0.2 percent of the aggregate sales price of the securities sold to persons
5 in this State, but the latter fee must not be less than \$700 or more than \$5,000.

6 4. A person filing a registration statement pursuant to NRS 90.490 is
7 exempt from paying any fee to file the registration statement.

8 5. Except as otherwise permitted by subsection 3, a statement must specify:

9 (a) The amount of securities to be offered in this State and the states in which a
10 statement or similar record in connection with the offering has been or is to be
11 filed; and

12 (b) Any adverse order, judgment or decree entered by a securities agency or
13 administrator in any state or by a court or the Securities and Exchange Commission
14 in connection with the offering.

15 ~~5.5~~ 6. A record filed under this chapter as now or previously in effect, within
16 5 years before the filing of a registration statement, may be incorporated by
17 reference in the registration statement if the record is currently accurate.

18 ~~6.6~~ 7. The Administrator by regulation or order may permit the omission of
19 an item of information or record from a statement.

20 ~~7.7~~ 8. In the case of a nonissuer offering, the Administrator may not require
21 information under subsection ~~14.14~~ 14 or NRS 90.510 unless it is known to the
22 person filing the registration statement or to the person on whose behalf the
23 offering is to be made, or can be furnished by one of them without unreasonable
24 effort or expense.

25 ~~8.8~~ 9. In the case of a registration under NRS 90.480 or 90.490 by an issuer
26 who has no public market for its shares and no significant earnings from continuing
27 operations during the last 5 years or any shorter period of its existence, the
28 Administrator by regulation or order may require as a condition of registration that
29 the following securities be deposited in escrow for not more than 3 years:

30 (a) A security issued to a promoter within the 3 years immediately before the
31 offering or to be issued to a promoter for a consideration substantially less than the
32 offering price; and

33 (b) A security issued to a promoter for a consideration other than cash, unless
34 the registrant demonstrates that the value of the noncash consideration received in
35 exchange for the security is substantially equal to the offering price for the security.

36 ~~9.9~~ The Administrator by regulation may determine the conditions of an escrow
37 required under this subsection, but the Administrator may not reject a depository
38 solely because of location in another state.

39 ~~9.9~~ 10. The Administrator by regulation may require as a condition of
40 registration under NRS 90.480 or 90.490 that the proceeds from the sale of the
41 registered security in this State must be impounded until the issuer receives a
42 specified amount from the sale of the security. The Administrator by regulation or
43 order may determine the conditions of an impounding arrangement required under
44 this subsection, but the Administrator may not reject a depository solely because of
45 its location in another state.

46 ~~10.10~~ 11. If a security is registered pursuant to NRS 90.470 or 90.480, the
47 prospectus filed under the Securities Act of 1933 must be delivered to each
48 purchaser in accordance with the requirements of that act for the delivery of a
49 prospectus.

50 ~~11.11~~ 12. If a security is registered pursuant to NRS 90.490, an offering
51 record containing information the Administrator by regulation or order designates
52 must be delivered to each purchaser with or before the earliest of:

1 (a) The first written offer made to the purchaser by or for the account of the
2 issuer or another person on whose behalf the offering is being made or by an
3 underwriter or broker-dealer who is offering part of an unsold allotment or
4 subscription taken by it as a participant in the distribution;

5 (b) Confirmation of a sale made by or for the account of a person named in
6 paragraph (a);

7 (c) Payment pursuant to a sale; or

8 (d) Delivery pursuant to a sale.

9 ~~12.3~~ 13. Except for a registration statement under which an indefinite
10 amount of securities are registered as provided in subsection 3, a statement remains
11 effective for 1 year after its effective date unless the Administrator by regulation
12 extends the period of effectiveness. A registration statement under which an
13 indefinite amount of securities are registered remains effective until 60 days after
14 the beginning of the registrant's next fiscal year following the date the statement
15 was filed. All outstanding securities of the same class as a registered security are
16 considered to be registered for the purpose of a nonissuer transaction while the
17 registration statement is effective, unless the Administrator by regulation or order
18 provides otherwise. A registration statement may not be withdrawn after its
19 effective date if any of the securities registered have been sold in this State, unless
20 the Administrator by regulation or order provides otherwise. No registration
21 statement is effective while an order is in effect under subsection 1 of NRS 90.510.

22 ~~14.3~~ 14. During the period that an offering is being made pursuant to an
23 effective registration statement, the Administrator by regulation or order may
24 require the person who filed the registration statement to file reports, not more often
25 than quarterly, to keep reasonably current the information contained in the
26 registration statement and to disclose the progress of the offering.

27 ~~14.4~~ 15. A registration statement filed under NRS 90.470 or 90.480 may be
28 amended after its effective date to increase the securities specified to be offered and
29 sold. The amendment becomes effective upon filing of the amendment and payment of
30 an additional filing fee of 3 times the fee otherwise payable, calculated in the
31 manner specified in subsection 2, with respect to the additional securities to be
32 offered and sold. The effectiveness of the amendment relates back to the date or
33 dates of sale of the additional securities being registered.

34 ~~14.5~~ 16. A registration statement filed under NRS 90.490 may be amended
35 after its effective date to increase the securities specified to be offered and sold, if
36 the public offering price and underwriters' discounts and commissions are not
37 changed from the respective amounts which the Administrator was informed. The
38 amendment becomes effective when the Administrator so orders and relates back to
39 the date of sale of the additional securities being registered. ~~[A person filing an
40 amendment shall pay an additional filing fee of 3 times the fee otherwise payable,
41 calculated in the manner specified in subsection 2, with respect to the additional
42 securities to be offered and sold.]~~

43 **Sec. 4.9. NRS 90.510 is hereby amended to read as follows:**

44 90.510 1. The Administrator may issue an order denying effectiveness to, or
45 suspending or revoking the effectiveness of, a registration statement if the
46 Administrator finds that the order is in the public interest and that:

47 (a) The registration statement as of its effective date or as of the proposed
48 effective date in the case of an order denying effectiveness, an amendment under
49 subsection ~~14.4~~ 15 or ~~14.5~~ 16 of NRS 90.500, as of its effective date, or a report
50 under subsection ~~14.3~~ 14 of NRS 90.500, is incomplete in any material respect or
51 contains a statement that, in the light of the circumstances under which it was made,
52 was false or misleading with respect to a material fact;

1 (b) This chapter, or a regulation, order or condition lawfully imposed under
2 this chapter, has been willfully violated in connection with the offering by:

3 (1) The person filing the registration statement;

4 (2) The issuer, a partner, officer or director of the issuer, a person
5 occupying similar status or performing similar functions, or a person directly or
6 indirectly controlling or controlled by the issuer, but only if the person filing the
7 registration statement is directly or indirectly controlled by or acting for the issuer;
8 or

9 (3) An underwriter;

10 (c) The security registered or sought to be registered is the subject of a
11 permanent or temporary injunction of a court of competent jurisdiction or an
12 administrative order similar to an order under this section entered under any other
13 federal or state law applicable to the offering, except that the Administrator may
14 not:

15 (1) Institute a proceeding against an effective registration statement under
16 this paragraph more than 1 year after the date of the order or injunction relied on; or

17 (2) Enter an order under this paragraph on the basis of an order or
18 injunction entered under the securities act of another state unless the order or
19 injunction was based on facts that currently would constitute a ground for an order
20 under this section;

21 (d) The issuer's enterprise or method of business includes or would include
22 activities that are illegal where performed;

23 (e) The offering has worked or tended to work a fraud upon purchasers or
24 would so operate;

25 (f) The offering has been or would be made with unreasonable amounts of
26 underwriters' and sellers' discounts, commissions or other compensation, or
27 promoters' profits or participation, or unreasonable amounts or kinds of options;

28 (g) A security sought to be registered pursuant to NRS 90.470 is not eligible
29 for such registration;

30 (h) With respect to a security sought to be registered pursuant to NRS 90.480,
31 there has been a failure to comply with the undertaking required by paragraph (d) of
32 subsection 2 of that section; or

33 (i) The applicant or registrant has failed to pay the proper filing fee, but the
34 Administrator may enter only an order denying effectiveness under this paragraph
35 and shall vacate the order if the deficiency is corrected.

36 2. The Administrator may not institute a proceeding:

37 (a) Against an effective registration statement on the basis of a fact or
38 transaction known to the Administrator when the registration statement became
39 effective unless the proceeding is instituted within 30 days after the registration
40 statement became effective; or

41 (b) With respect to a registration filed under NRS 90.470 on the basis of
42 paragraph (e) or (f) of subsection 1.

43 3. The Administrator may vacate or modify an order entered under this
44 section if the Administrator finds that the conditions which prompted entry have
45 changed or that it is otherwise in the public interest.

46 **Sec. 5.** NRS 90.530 is hereby amended to read as follows:

47 90.530 The following transactions are exempt from NRS 90.460 and 90.560:

48 1. An isolated nonissuer transaction, whether or not effected through a
49 broker-dealer.

50 2. A nonissuer transaction in an outstanding security if the issuer of the
51 security has a class of securities subject to registration under section 12 of the
52 Securities Exchange Act of 1934, 15 U.S.C. § 781, and has been subject to the
53 reporting requirements of section 13 or 15(d) of the Securities Exchange Act of

1 1934, 15 U.S.C. §§ 78m and 78o(d), for not less than 90 days next preceding the
2 transaction, or has filed and maintained with the Administrator for not less than 90
3 days preceding the transaction information, in such form as the Administrator, by
4 regulation, specifies, substantially comparable to the information the issuer would
5 be required to file under section 12(b) or 12(g) of the Securities Exchange Act of
6 1934, 15 U.S.C. §§ 78l(b) and 78l(g), were the issuer to have a class of its securities
7 registered under section 12 of the Securities Exchange Act of 1934, 15 U.S.C. §
8 78l, and paid a fee of \$300 with the filing.

9 3. A nonissuer transaction by a sales representative licensed in this State, in
10 an outstanding security if:

11 (a) The security is sold at a price reasonably related to the current market price
12 of the security at the time of the transaction;

13 (b) The security does not constitute all or part of an unsold allotment to, or
14 subscription or participation by, a broker-dealer as an underwriter of the security;

15 (c) At the time of the transaction, a recognized securities manual designated by
16 the Administrator by regulation or order contains the names of the issuer's officers
17 and directors, a statement of the financial condition of the issuer as of a date within
18 the preceding 18 months, and a statement of income or operations for each of the
19 last 2 years next preceding the date of the statement of financial condition, or for
20 the period as of the date of the statement of financial condition if the period of
21 existence is less than 2 years;

22 (d) The issuer of the security has not undergone a major reorganization, merger
23 or acquisition within the preceding 30 days which is not reflected in the information
24 contained in the manual; and

25 (e) At the time of the transaction, the issuer of the security has a class of equity
26 security listed on the New York Stock Exchange, American Stock Exchange or
27 other exchange designated by the Administrator, or on the National Market System
28 of the National Association of Securities Dealers Automated Quotation System.
29 The requirements of this paragraph do not apply if:

30 (1) The security has been outstanding for at least 180 days;

31 (2) The issuer of the security is actually engaged in business and is not
32 developing the issuer's business, in bankruptcy or in receivership; and

33 (3) The issuer of the security has been in continuous operation for at least 5
34 years.

35 4. A nonissuer transaction in a security that has a fixed maturity or a fixed
36 interest or dividend provision if there has been no default during the current fiscal
37 year or within the 3 preceding years, or during the existence of the issuer, and any
38 predecessors if less than 3 years, in the payment of principal, interest or dividends
39 on the security.

40 5. A nonissuer transaction effected by or through a registered broker-dealer
41 pursuant to an unsolicited order or offer to purchase.

42 6. A transaction between the issuer or other person on whose behalf the
43 offering of a security is made and an underwriter, or a transaction among
44 underwriters.

45 7. A transaction in a bond or other evidence of indebtedness secured by a real
46 estate mortgage, deed of trust, personal property security agreement, or by an
47 agreement for the sale of real estate or personal property, if the entire mortgage,
48 deed of trust or agreement, together with all the bonds or other evidences of
49 indebtedness secured thereby, is offered and sold as a unit.

50 8. A transaction by an executor, administrator, sheriff, marshal, receiver,
51 trustee in bankruptcy, guardian or conservator.

52 9. A transaction executed by a bona fide secured party without the purpose of
53 evading this chapter.

1 10. An offer to sell or the sale of a security to a financial or institutional
2 investor or to a broker-dealer.

3 11. Except as otherwise provided in this subsection, a sale or an offer to sell
4 securities of an issuer if:

5 (a) The transaction is part of an issue in which there are not more than 35
6 purchasers in this State, other than those designated in subsection 10, during any 12
7 consecutive months;

8 (b) No general solicitation or general advertising is used in connection with the
9 offer to sell or sale of the securities;

10 (c) No commission or other similar compensation is paid or given, directly or
11 indirectly, to a person, other than a broker-dealer licensed or not required to be
12 licensed under this chapter, for soliciting a prospective purchaser in this State; and

13 (d) One of the following conditions is satisfied:

14 (1) The seller reasonably believes that all the purchasers in this State, other
15 than those designated in subsection 10, are purchasing for investment; or

16 (2) Immediately before and immediately after the transaction, the issuer
17 reasonably believes that the securities of the issuer are held by 50 or fewer
18 beneficial owners, other than those designated in subsection 10, and the transaction
19 is part of an aggregate offering that does not exceed \$500,000 during any 12
20 consecutive months.

21 ↳ The Administrator by rule or order as to a security or transaction or a type of
22 security or transaction may withdraw or further condition the exemption set forth in
23 this subsection or waive one or more of the conditions of the exemption.

24 12. An offer to sell or sale of a preorganization certificate or subscription if:

25 (a) No commission or other similar compensation is paid or given, directly or
26 indirectly, for soliciting a prospective subscriber;

27 (b) No public advertising or general solicitation is used in connection with the
28 offer to sell or sale;

29 (c) The number of offers does not exceed 50;

30 (d) The number of subscribers does not exceed 10; and

31 (e) No payment is made by a subscriber.

32 13. An offer to sell or sale of a preorganization certificate or subscription
33 issued in connection with the organization of a depository institution if that
34 organization is under the supervision of an official or agency of a state or of the
35 United States which has and exercises the authority to regulate and supervise the
36 organization of the depository institution. For the purpose of this subsection, "under
37 the supervision of an official or agency" means that the official or agency by law
38 has authority to require disclosures to prospective investors similar to those
39 required under NRS 90.490, impound proceeds from the sale of a preorganization
40 certificate or subscription until organization of the depository institution is
41 completed, and require refund to investors if the depository institution does not
42 obtain a grant of authority from the appropriate official or agency.

43 14. A transaction pursuant to an offer to sell to existing security holders of the
44 issuer, including persons who at the time of the transaction are holders of
45 transferable warrants exercisable within not more than 90 days after their issuance,
46 convertible securities or nontransferable warrants, if:

47 (a) No commission or other similar compensation, other than a standby
48 commission, is paid or given, directly or indirectly, for soliciting a security holder
49 in this State; or

50 (b) The issuer first files a notice specifying the terms of the offer to sell,
51 together with a nonrefundable fee of \$300, and the Administrator does not by order
52 disallow the exemption within the next 5 full business days.

1 15. A transaction involving an offer to sell, but not a sale, of a security not
2 exempt from registration under the Securities Act of 1933, 15 U.S.C. §§ 77a et seq.,
3 if:

4 (a) A registration or offering statement or similar record as required under the
5 Securities Act of 1933, 15 U.S.C. §§ 77a et seq., has been filed, but is not effective;

6 (b) A registration statement, if required, has been filed under this chapter, but
7 is not effective; and

8 (c) No order denying, suspending or revoking the effectiveness of registration,
9 of which the offeror is aware, has been entered by the Administrator or the
10 Securities and Exchange Commission, and no examination or public proceeding
11 that may culminate in that kind of order is known by the offeror to be pending.

12 16. A transaction involving an offer to sell, but not a sale, of a security
13 exempt from registration under the Securities Act of 1933, 15 U.S.C. §§ 77a et seq.,
14 if:

15 (a) A registration statement has been filed under this chapter, but is not
16 effective; and

17 (b) No order denying, suspending or revoking the effectiveness of registration,
18 of which the offeror is aware, has been entered by the Administrator and no
19 examination or public proceeding that may culminate in that kind of order is known
20 by the offeror to be pending.

21 17. A transaction involving the distribution of the securities of an issuer to the
22 security holders of another person in connection with a merger, consolidation,
23 exchange of securities, sale of assets or other reorganization to which the issuer, or
24 its parent or subsidiary, and the other person, or its parent or subsidiary, are parties,
25 if:

26 (a) The securities to be distributed are registered under the Securities Act of
27 1933, 15 U.S.C. §§ 77a et seq., before the consummation of the transaction; or

28 (b) The securities to be distributed are not required to be registered under the
29 Securities Act of 1933, 15 U.S.C. §§ 77a et seq., written notice of the transaction
30 and a copy of the materials, if any, by which approval of the transaction will be
31 solicited, together with a nonrefundable fee of \$300, are given to the Administrator
32 at least 10 days before the consummation of the transaction and the Administrator
33 does not, by order, disallow the exemption within the next 10 days.

34 18. A transaction involving the offer to sell or sale of one or more promissory
35 notes each of which is directly secured by a first lien on a single parcel of real
36 estate, or a transaction involving the offer to sell or sale of participation interests in
37 the notes if the notes and participation interests are originated by a depository
38 institution and are offered and sold subject to the following conditions:

39 (a) The minimum aggregate sales price paid by each purchaser may not be less
40 than \$250,000;

41 (b) Each purchaser must pay cash either at the time of the sale or within 60
42 days after the sale; and

43 (c) Each purchaser may buy for the purchaser's own account only.

44 19. A transaction involving the offer to sell or sale of one or more promissory
45 notes directly secured by a first lien on a single parcel of real estate or participating
46 interests in the notes, if the notes and interests are originated by a mortgagee
47 approved by the Secretary of Housing and Urban Development under sections 203
48 and 211 of the National Housing Act, 12 U.S.C. §§ 1709 and 1715b, and are
49 offered or sold, subject to the conditions specified in subsection 18, to a depository
50 institution or insurance company, the Federal Home Loan Mortgage Corporation,
51 the Federal National Mortgage Association or the Government National Mortgage
52 Association.

1 20. A transaction between any of the persons described in subsection 19
2 involving a nonassignable contract to buy or sell the securities described in
3 subsection 18 if the contract is to be completed within 2 years and if:

4 (a) The seller of the securities pursuant to the contract is one of the parties
5 described in subsection 18 or 19 who may originate securities;

6 (b) The purchaser of securities pursuant to a contract is any other person
7 described in subsection 19; and

8 (c) The conditions described in subsection 18 are fulfilled.

9 21. A transaction involving one or more promissory notes secured by a lien
10 on real estate, or participating interests in those notes, by a mortgage company
11 licensed pursuant to chapter 645B of NRS to engage in those transactions.

12 ***22. A transaction involving an offer to sell or sale of a security to a Nevada
13 certified investor if all of the following conditions are satisfied:***

14 ***(a) The transaction satisfies the requirements for exemption under section
15 3(a)(11) of the Securities Act of 1933, 15 U.S.C. § 77c(a)(11) and Rule 147 or
16 147A of the Securities and Exchange Commission, 17 C.F.R. § 230.147 or
17 230.147A.***

18 ***(b) The transaction satisfies any requirements established by the
19 Administrator by regulation pursuant to section 3 of this act.***

20 ***(c) For a transaction involving the sale of a security to a Nevada certified
21 investor described in paragraph (b) of subsection ~~19~~ 1 of section 2 of this act, the
22 total amount paid by the Nevada certified investor for all of the securities
23 involved in the transaction does not exceed 10 percent of the net worth of the
24 investor. For the purposes of meeting the requirements of this paragraph, the
25 equity the Nevada certified investor holds in a primary residence must not
26 account for more than 50 percent of the net worth of the Nevada certified
27 investor.***

28 ***(d) The transaction is part of an issue in which there are not more than 75
29 purchasers who are Nevada certified investors.***

30 ***(e) The person offering to sell or selling the security has submitted to the
31 Administrator a complete set of his or her fingerprints and written permission
32 authorizing the Administrator to submit the fingerprints to the Central Repository
33 for Nevada Records of Criminal History for its report on the criminal history of
34 the person and for forwarding to the Federal Bureau of Investigation for its
35 report on the criminal history of the person.***

36 ***Sec. 5.5. NRS 90.660 is hereby amended to read as follows:***

37 90.660 1. A person who offers or sells a security in violation of any of the
38 following provisions:

39 (a) Subsection 1 of NRS 90.310;

40 (b) NRS 90.460;

41 (c) Subsection ~~10~~ 11 of NRS 90.500;

42 (d) Subsection 2 of NRS 90.570;

43 (e) Subsection 2 of NRS 90.610; or

44 (f) A condition imposed in subsection ~~9~~ 9 or ~~10~~ 10 of NRS 90.500,

45 is liable to the person purchasing the security. Upon tender of the security, the
46 purchaser may recover the consideration paid for the security and interest at the
47 legal rate of this State from the date of payment, costs and reasonable attorney's
48 fees, less the amount of income received on the security. A purchaser who no
49 longer owns the security may recover damages. Damages are the amount that
50 would be recoverable upon a tender less the value of the security when the
51 purchaser disposed of it, plus interest at the legal rate of this State from the date of
52 disposition of the security, costs and reasonable attorney's fees determined by the

1 court. Tender requires only notice of willingness to exchange the security for the
2 amount specified.

3 2. A person who offers or sells a security in violation of subsection 2 of NRS
4 90.570 is not liable under subsection 1 of this section if:

5 (a) The purchaser knew that a statement of a material fact was untrue or that
6 there was an omission of a statement of a material fact; or

7 (b) The seller did not know and in the exercise of reasonable care could not
8 have known of the untrue statement or misleading omission.

9 3. A person who willfully participates in any act or transaction in violation of
10 NRS 90.580 is liable to a person who purchases or sells a security, other than a
11 security traded on a national securities exchange or quoted on a national automated
12 quotation system administered by a self-regulatory organization, at a price that was
13 affected by the act or transaction for the damages sustained as a result of the act or
14 transaction. Damages are the difference between the price at which the securities
15 were purchased or sold and the market value the securities would have had at the
16 time of the person's purchases or sale in the absence of the act or transaction, plus
17 interest at the legal rate of this State from the date of the act or transaction and
18 reasonable attorney's fees.

19 4. A person who directly or indirectly controls another person who is liable
20 under subsection 1 or 3, a partner, officer or director of the person liable, a person
21 occupying a similar status or performing similar functions, any agent of the person
22 liable, an employee of the person liable if the employee materially aids in the act,
23 omission or transaction constituting the violation, and a broker-dealer or sales
24 representative who materially aids in the act, omission or transaction constituting
25 the violation, are also liable jointly and severally with and to the same extent as the
26 other person, but it is a defense that the person did not know, and in the exercise of
27 reasonable care could not have known, of the existence of the facts by which the
28 liability is alleged to exist. With respect to a person who directly or indirectly,
29 controls another person who is liable under subsection 3, it is also a defense that the
30 controlling person acted in good faith and did not, directly or indirectly, induce the
31 act, omission or transaction constituting the violation. Contribution among the
32 several persons liable is the same as in cases arising out of breach of contract.

33 **Sec. 6.** 1. This section becomes effective upon passage and approval.

34 2. Sections 1 to ~~5.4~~ 5.5, inclusive, of this act become effective:

35 (a) Upon passage and approval for the purpose of adopting any regulations and
36 performing any other preparatory administrative tasks that are necessary to carry
37 out the provisions of this act; and

38 (b) On October 1, 2023, for all other purposes.