

WAC 460-44A-110 Nonissuer transactions pursuant to RCW 21.20.320(2)—Senior securities. Any nonissuer transaction in a security by a registered salesperson of a registered broker-dealer shall be exempt pursuant to RCW 21.20.320(2) if:

(1) The issuer of the security is actually engaged in business and not in the organizational stage, bankruptcy or receivership;

(2) The issuer is not a blank check, blind pool or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person or persons;

(3) The security is senior in rank to the common stock of the issuer both as to payment of dividends or interest and upon dissolution or liquidation of the issuer;

(4) Such security has been outstanding in the hands of the public for at least three years; and

(5) Neither the issuer nor any predecessors has defaulted, within the current fiscal year or the three immediately preceding fiscal years, in the payment of any dividend, interest, principal, or sinking fund instalment on the security when due and payable.

[Statutory Authority: RCW 21.20.450 and 21.20.320(2). WSR 98-17-012, § 460-44A-110, filed 8/10/98, effective 9/10/98.]