DEPARTMENT OF REGULATORY AGENCIES

DIVISION OF SECURITIES

3 CCR 704-1:51-2.1.1

CHAPTER 2 DEFINITIONS AND FEDERAL COORDINATION

51-2.1.1 **Pursuant to the authority of the Securities Commissioner provided at section 11-51-201(2)(d), C.R.S., "broker-dealer" as defined at section 11-51-201(2), C.R.S., does not include:**

A. A person who is resident in Canada, has no office or other physical presence in this state, and complies with the following conditions:

1. Only effects or attempts to effect transactions in securities

   a. With or through the issuers of securities involved in the transactions, broker-dealers, banks, savings institutions, trust companies, insurance companies, investment companies (as defined in the federal Investment Company Act of 1940), pension or profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees;

   b. With or for a person from Canada who is present temporarily in this state, with whom the Canadian person had a bona fide business relationship before the person entered this state, or

   c. With or for a person from Canada who is present in this state, whose transactions are in a self-directed tax advantaged retirement plan in Canada of which the person is the holder or contributor; and

2. Files a notice in the form of his current application required by the jurisdiction in which the head office of such person is located and a consent to service of process;

3. Is a member of a self-regulatory organization or stock exchange in Canada;

4. Maintains the provincial or territorial registration and membership in a self-regulatory organization or stock exchange of such person in good standing;

5. Discloses to the clients of such person in this state that such person is not subject to the full regulatory requirements of the Colorado Securities Act; and

6. Is not in violation of section 11-51-501(1), C.R.S.

B. A person who acts as a business broker with respect to a transaction involving the offer or sale of all of the stock or other equity interests in any closely held corporation provided that such stock or other equity interest is sold to no more than one person, as that term is defined in the Act.