



**State of Tennessee**  
**PUBLIC CHAPTER NO. 79**

**SENATE BILL NO. 1336**

**By Watson, Southerland, Berke**

Substituted for: House Bill No. 1846

By McCormick, Favors, Cobb, Dean, Brown, Floyd

AN ACT to amend Tennessee Code Annotated, Title 48, Chapter 2, relative to the Tennessee Securities Act of 1980.

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

SECTION 1. Tennessee Code Annotated, Section 48-2-103(b)(18), is amended by deleting the subdivision in its entirety and substituting instead the following:

(18) A nonissuer transaction by or through a broker-dealer registered or exempt from registration under this part in a security of a foreign issuer:

(A) That is a margin security defined in regulations or rules adopted by the board of governors of the federal reserve system; or

(B) That relates to securities, including American Depository Receipts (ADRs) representing such securities, that are exempted from § 12(g) of the Securities Exchange Act of 1934, pursuant to § 12(g)(3) thereof. This subdivision (b)(18)(B) shall apply if the foreign issuer of the securities is in compliance with the conditions of Rule 12g3-2(b) promulgated under the Securities Exchange Act of 1934, and the primary trading market of the foreign issuer:

(i) Qualifies as a primary trading market as that term is defined in Rule 12g3-2(b), Note 1 to Paragraph (b)(1);

(ii) Maintains listing requirements;

(iii) Has delisting authority; and

(iv) Has disclosure requirements; or

(C) If, at the time of the transaction, the foreign issuer maintains a listing that:

(i) Includes the following:

(a) A description of the business and operations of the foreign issuer;

(b) The names of the executive officers and directors (or their corporate equivalents in the foreign issuer's country of domicile), if any;

(c) An audited balance sheet of the foreign issuer as of a date within eighteen (18) months before the date of the transaction or, in the case of a reorganization or merger, either an audited balance sheet of each party to the reorganization or merger or a pro forma balance sheet of the combined organization, in each case as of a date within eighteen (18) months before the date of the transaction; and

(d) An audited income statement for each of the foreign issuer's immediately preceding two (2) fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger either an audited income statement of each party to the reorganization or merger or a pro forma income statement

of the combined organization, in each case as of a date within eighteen (18) months before the date of the transaction; and

(ii) Is published in:

(a) Standard & Poor's Standard Corporation Records, including electronic formats of the publication on CD-ROM and the Internet;

(b) Any other nationally recognized securities manual that meets or exceeds the standards of Standard & Poor's Standard Corporation Records; or

(c) A securities manual designated by the commissioner through rule promulgated in accordance with § 48-2-116.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 1336

PASSED: March 31, 2011

  
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RON RAMSEY  
SPEAKER OF THE SENATE

  
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BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 14<sup>th</sup> day of April 2011

  
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BILL HASLAM, GOVERNOR