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Sequence Number: 07-22-20
Notice ID(s): 3127
File Date: 7/16/2020

Notice of Rulemaking Hearing

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, T.C.A. § 4-5-204. For questions and copies of the notice, contact the person listed below.

Agency/Board/Commission:	Tennessee Department of Commerce and Insurance
Division:	Tennessee Securities Division
Contact Person:	Virginia Smith
Address:	500 James Robertson Parkway, Nashville, TN 37243
Phone:	615-291-5890
Email:	Virginia.Smith@tn.gov

Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

ADA Contact:	Don Coleman
Address:	500 James Robertson Parkway, Nashville, TN 37243
Phone:	(615) 741-6500
Email:	Don.Coleman@tn.gov

Hearing Location(s) (for additional locations, copy and paste table)

Address 1:	500 James Robertson Parkway		
Address 2:			
City:	Nashville, TN		
Zip:	37243		
Hearing Date:	October 23, 2020		
Hearing Time:	10 AM	<input checked="" type="checkbox"/> X CST/CDT	

Additional Hearing Information:

In the event that this in-person hearing is prohibited by reason of Executive Order or closure of the building, this hearing will be conducted via WebEx hearing. In such a case, the meeting may be accessed here:

Meeting number (access code): 161 795 8935

Meeting password: Jm6kx6bDPJ8

Join by phone

+1-415-655-0003 US TOLL

Join from a video system or application

Dial 1617958935@tngov.webex.com

You can also dial 173.243.2.68 and enter your meeting number.

Revision Type (check all that apply):

- Amendment
 New
 Repeal

Rule(s) (**ALL** chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
0780-04-02	Securities Registration and Exemptions
Rule Number	Rule Title
0780-04-02-.11	Rescission Offers

Chapter Number	Chapter Title
Rule Number	Rule Title

Place substance of rules and other info here. Statutory authority must be given for each rule change. For information on formatting rules go to <https://sos.tn.gov/products/division-publications/rulemaking-guidelines>.

Chapter 0780-04-.02 is amended by adding a new Rule 0780-04-02-.11 Rescission Offers in the previously reserved sub-chapter 0780-04-02-.11.

**RULES OF
TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE
DIVISION OF SECURITIES**

**CHAPTER 0780-04-02
SECURITIES REGISTRATION AND EXEMPTIONS**

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0780-04-02-.04	Advertising and Sales Literature	0780-04-02-.13	Notice Filings for Exempt Employee Plans
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0780-04-02-.07	Non-Profit Exemption	0780-04-02-.16	Unsolicited Transaction Exemption
0780-04-02-.08	Uniform Limited Offering Exemption	0780-04-02-.17	Invest Tennessee Exemption
0780-04-02-.09	Successor Corporate Issuers		

0780-04-02-.11 RESCISSION OFFERS.

- (1) By the authority delegated to the commissioner in T.C.A §§ 48-1-103(b)(11) and 48-1-116, rescission offers are exempt from T.C.A § 48-1-104, if all requirements set forth in this rule are met. All rescission offers that do not meet the requirements of this rule must comply with the registration requirements of T.C.A. § 48-1-104.
- (2) No rescission offer exempted by this rule may be conducted in this state without obtaining the Division's prior written approval of the offer.
- (3) Any person seeking approval to conduct a rescission offer pursuant to this rule shall first notify the Division in writing. Such notice shall include:
 - (a) A description of the securities sold;
 - (b) The dates the securities were sold;
 - (c) The names of the Tennessee investors who purchased the securities;
 - (d) When the violation was discovered, if applicable;
 - (e) How the violation was discovered, if applicable; and
 - (f) A draft copy of the proposed rescission offer document(s).
- (4) The draft copy of the proposed rescission offer document(s) must include the following information:
 - (a) A statement specifying why the rescission offer is being conducted;
 - (b) Disclosure of all material facts regarding the rescission offer as well as any material facts that have arisen with respect to the issuer and the investment since the initial sale(s) of securities;
 - (c) Notice of the investor's right to rescind the purchase and recover the consideration paid plus interest at the legal rate from the date the subscription amount was paid by the investor, calculated in accordance with T.C.A. § 48-1-122(k);

- (d) A statement specifying the amount of time in which the investor must elect to accept or reject the offer of rescission, which shall be no less than thirty (30) days from the date the investor received notice of the offer;
 - (e) A statement describing the effect of the failure of an investor to accept or reject the rescission offer within the designated time period;
 - (f) A description of the procedure for accepting or rejecting the rescission offer;
 - (g) A statement that the offeree may wish to consult with independent counsel before deciding to accept or reject the rescission offer so as to be fully informed about the risks and the consequences attached to either choice; and
 - (h) Any other such information as the Division may deem appropriate and necessary for the protection of investors.
- (5) The Division reserves the right to review the rescission offer by applying the same standards for a registered offering under the following rules:
- (a) 0780-04-02-.03;
 - (b) 0780-04-02-.04; and
 - (c) 0780-04-02-.06.
- (6) A summary of the results of the rescission offer shall be provided to the Division in writing within thirty (30) days of the offer's conclusion. The summary shall include:
- (a) The names of the investors accepting the offer;
 - (b) The names of the investors declining the offer; and
 - (c) Certified mailing receipts for investors who declined to respond to the offer.
- (7) Successful completion of a rescission offer does not relieve the offeror of any civil or administrative liability available under the Act.

Authority: *T.C.A §§ 48-1-103(b)(11), 48-1-104, and 48-1-116.*

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: Jul 14, 2020

Signature: 
Hodgen Mainda (Jul 14, 2020 14:58 CDT)

Name of Officer: Hodgen Mainda

Title of Officer: Commissioner

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Filed with the Department of State on: 7/16/2020

Tre Hargett
Secretary of State

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