

## CHAPTER 2715

### DEPARTMENT OF COMMERCE

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### INSIDER TRADING OF EQUITY SECURITIES

#### 2715.4100 DEFINITIONS.

Subpart 1. **Scope.** When used herein, the terms defined in this part shall have the meanings given them.

Subp. 2. **Act.** "Act" means Minnesota Statutes, section 60A.22, subdivision 2.

Subp. 3. **Class.** "Class" means all securities of an insurer that are of substantially similar character and the holders of which enjoy substantially similar rights and privileges.

Subp. 4. **Equity security.** "Equity security" means any stock or similar security; or any voting trust certificate or certificate of deposit for such a security; or any security convertible,

with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right.

Subp. 5. **Insurer.** “Insurer” means any domestic stock insurance company, which shall include a domestic stock and mutual company as defined in Minnesota Statutes, sections 66A.36 to 66A.39, with an equity security subject to the provisions of Minnesota Statutes, section 60A.22 and not exempt thereunder.

Subp. 6. **Officer.** “Officer” means a president, vice president, treasurer, actuary, secretary, controller, and any other person who performs for the insurer functions corresponding to those performed by the foregoing officers.

**Statutory Authority:** *MS s 60A.22*

**History:** *L 2005 c 69 art 2 s 18*

## 2715.4200 SECURITIES HELD OF RECORD.

Subpart 1. **Identified owner.** For the purpose of determining whether the equity securities of an insurer are held of record by 100 or more persons, securities shall be deemed to be “held of record” by each person who is identified as the owner of such securities on records of security holders maintained by or on behalf of the insurer, subject to the following:

A. In any case where the records of security holders have not been maintained in accordance with accepted practice, any additional person who would be identified as such an owner on such records if they had been maintained in accordance with accepted practice shall be included as a holder of record.

B. Securities identified as held of record by a corporation, a partnership, a trust whether or not the trustees are named, or other organization shall be included as so held by one person.

C. Securities identified as held of record by one or more persons as trustees, executors, guardians, custodians, or in other fiduciary capacities with respect to a single trust, estate, or account shall be included as held of record by one person.

D. Securities held by two or more persons as coowners shall be included as held by one person.

E. Each outstanding unregistered or bearer certificate shall be included as held of record by a separate person, except to the extent that the insurer can establish that, if such securities were registered, they would be held of record, under the provisions of this rule, by a lesser number of persons.

F. Securities registered in substantially similar names, where the insurer has reason to believe because of the address or other indications that such names represent the same person, may be included as held of record by one person.

Subp. 2. **Attempts to circumvent.** Notwithstanding subpart 1:

A. Securities held, to the knowledge of the insurer, subject to a voting trust, deposit agreement, or similar arrangement shall be included as held of record by the record holders of the voting trust certificates, certificates of deposit, receipts, or similar evidences of interest in such securities; provided, however, that the insurer may rely in good faith on such information as is received in response to its request from a nonaffiliated insurer of the certificates or evidences of interest.

B. If the insurer knows or has reason to know that the form of holding securities of record is used primarily to circumvent the provisions of the act, the beneficial owners of such securities shall be deemed to be the record owners thereof.

**Statutory Authority:** *MS s 60A.22*

## 2715.4300 EXEMPTED TRANSACTIONS.

Any acquisition or disposition of any equity security by a director or officer of an insurer within six months prior to the date on which the act shall first become applicable with respect to the equity securities of such insurer shall not be subject to the operation of clause (2) of the act.

**Statutory Authority:** *MS s 60A.22*

REPORTS UNDER MINNESOTA STATUTES, SECTION  
60A.22, SUBDIVISION 2, CLAUSE (1)

## 2715.4400 FILING STATEMENTS.

Subpart 1. **Forms A and B.** Initial statements of beneficial ownership of equity securities required by clause (1) of the act shall be filed on the form specified in form A, part 2715.6401. Statements of changes in such beneficial ownership required by clause (1) shall be filed on the form specified in form B, part 2715.6403. All such statements shall be prepared and filed in accordance with the requirements of the applicable form.

Subp. 2. **Form B filing.** Any director or officer who is required to file a statement on form B with respect to any change in beneficial ownership of equity securities that occurs within six months after that person became a director or officer of the insurer, or within six months after the date on which the act shall become applicable with respect to the equity securities of such insurer, shall include in the first such statement the information called for by form B with respect to all changes in beneficial ownership of equity securities of such insurer which occurred within six months prior to the date of the changes which requires the filing of such statement.

Subp. 3. **Termination.** Any person who has ceased to be a director or officer of an insurer that has equity securities with respect to which the act applies, or who is a director or officer of an insurer at the time it ceases to have any equity securities with respect to which the act applies, shall file a statement on form B with respect to any change in beneficial ownership of equity securities of such insurer that shall occur on or after the date on which that person ceased to be such director or officer or the date on which the insurer ceased to have any equity securities with respect to which the act applies, as the case may be, if such change shall occur within six months after any change in beneficial ownership of such securities prior to such date. The statement on form B shall be filed within ten days after the end of the month in which the reported change in beneficial ownership occurs.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

## 2715.4500 EQUITY SECURITY OWNERSHIP OVER TEN PERCENT.

Subpart 1. **Class of security.** In determining, for the purpose of clause (1) of the act, whether a person is the beneficial owner, directly or indirectly, of more than ten percent of any class of any equity security, such class shall be deemed to consist of the total amount of such class outstanding, exclusive of any securities of such class held by or for the account of the insurer or a subsidiary of the insurer; except that for the purpose of determining percentage ownership of voting trust certificates or certificates of deposit for equity securities, the class of voting trust certificates or certificates of deposit shall be deemed to consist of the amount of voting trust certificates or certificates of deposit issuable with respect to the total amount of outstanding equity securities of the class which may be deposited under the voting trust agreement or deposit agreement in question, whether or not all of such outstanding securities have been so deposited. For the purpose of this part a person acting in good faith may rely on the information contained in the latest convention form statement filed with the commissioner with respect to the amount of securities of a class outstanding or in the case of voting trust certificates or certificates of deposit the amount thereof issuable.

Subp. 2. **Ownership.** In determining for the purpose of clause (1) of the act whether a person is the beneficial owner, directly or indirectly, of more than ten percent of any class of equity securities, such person shall be deemed to be the beneficial owner of securities of such class that such person has the right to acquire through the exercise of presently exercisable options, warrants, or rights, or through the conversion of presently convertible securities. The securities subject to such options, warrants, rights, or conversion privileges held by a person shall be deemed to be outstanding for the purpose of computing, in accordance with subpart 1, the percentage of outstanding securities of the class owned by such person but shall not be deemed outstanding for the purpose of computing the percentage of the class owned by any other person. This subpart shall not be construed to relieve any person of any duty to

comply with clause (1) of the act with respect to any equity securities consisting of options, warrants, rights, or convertible securities that are otherwise subject as a class to that clause of the act.

**Statutory Authority:** *MS s 60A.22*

#### **2715.4600 DISCLAIMER OF BENEFICIAL OWNERSHIP.**

Any person filing a statement may expressly declare therein that the filing of such statement shall not be construed as an admission that such person is, for the purpose of the act, the beneficial owner of any equity securities covered by the statement.

**Statutory Authority:** *MS s 60A.22*

#### **2715.4700 EXEMPTIONS FROM CLAUSES (1) AND (2) OF THE ACT.**

Subpart 1. **Twelve-month exemption.** During the period of 12 months following their appointment and qualifications, securities held by the following persons shall be exempt from clauses (1) and (2) of the act:

- A. executors or administrators of the estate of a decedent;
- B. guardians or committees for an incompetent; and
- C. receivers, trustees in bankruptcy, assignees for the benefit of creditors, conservators, liquidating agents, and other similar persons duly authorized by law to administer the estate or assets of other persons.

Subp. 2. **Liability after exemption.** After the 12-month period following their appointment or qualification, the persons in subpart 1 shall be required to file reports with respect to the securities held by the estates that they administer under clause (1) of the act, and shall be liable for profits realized from trading in such securities pursuant to clause (2) of the act only when the estate being administered as a beneficial owner of more than ten percent of any class of equity security (other than an otherwise exempted security) of an insurer subject to the act.

Subp. 3. **Reacquisition.** Securities reacquired by or for the account of an insurer and held by it for its account shall be exempt from clauses (1) and (2) of the act during the time they are held by the insurer.

**Statutory Authority:** *MS s 60A.22*

#### **2715.4800 EXEMPTION OF TRANSACTIONS BY ODD-LOT DEALERS.**

Securities purchased or sold by an odd-lot dealer in odd lots so far as reasonably necessary to carry on odd-lot transactions, or in round lots to offset odd-lot transactions previously or simultaneously executed or reasonably anticipated in the usual course of business, shall be exempt from the provisions of the act with respect to participation by such odd-lot dealer in such transactions.

**Statutory Authority:** *MS s 60A.22*

#### **2715.4900 TRANSACTIONS SUBJECT TO CLAUSE (1).**

Subpart 1. **Changes in ownership.** Changes in ownership:

A. The granting, acquisition, or disposition of any presently exercisable put, call, option, or other right or obligation to buy securities from, or sell securities to, another person, or any expiration or cancellation thereof, shall be deemed to effect such a change in the beneficial ownership of the securities to which the right or obligation relates as to require the filing of a statement pursuant to clause (1) of the act reflecting such change in beneficial ownership.

B. If any such right or obligation is not initially exercisable, the granting and acquisition thereof shall be reported in a statement filed for the month in which it became exercisable, unless the filing of such statement is otherwise not required.

C. The right of a pledgee or borrower of securities to sell the pledged or borrowed securities is not an option or right to sell securities within the meaning of this subpart. However, the sale of the pledged or borrowed securities by the pledgee or borrower shall be reported by the pledgor or lender.

D. The right to acquire securities, or the obligation to dispose of securities, in connection with a merger or consolidation involving the insurer issuing the securities is not a right or obligation to buy or sell securities within the meaning of this subpart.

Subp. 2. **Beneficial owners.** For the purpose of clause (1) of the act, both the grantor and the holder of any presently exercisable put, call, option, or other right or obligation to buy or sell securities shall be deemed to be beneficial owners of the securities subject to such right or obligation until it is exercised or canceled or expires.

Subp. 3. **Exclusions and exemptions.** Notwithstanding, a statement need not be filed pursuant to clause (1) of the act by:

A. any person with respect to the acquisition, expiration, or cancellation of any nontransferable qualified, restricted, or other stock option granted by the insurer issuing the securities to which the option relates pursuant to a plan provided for the benefit of its employees or the employees of its affiliates if such plan meets the condition specified in part 2715.5400; or

B. any insurer with respect to any put, call, option, or other right or obligation to buy or sell securities of which it is the issuer.

An option, otherwise nontransferable, is deemed to be nontransferable even though it may be disposed of by will or by descent and distribution upon the death of the holder.

Nothing in this part shall be deemed to exempt any person from the duty to file the statements required upon the exercise of any put, call, option, or other right or obligation to buy or sell securities.

**Statutory Authority:** *MS s 60A.22*

## 2715.5000 OWNERSHIP OF SECURITIES HELD IN TRUST.

Subpart 1. **Inclusion.** Beneficial ownership of a security for the purpose of clause (1) of the act shall include:

A. the ownership of securities as a trustee where either the trustee or members of the trustee's immediate family have a vested interest in the income or corpus of the trust;

B. the ownership of a vested beneficial interest in a trust; and

C. the ownership of securities as a settlor of a trust in which the settlor has the power to revoke the trust without obtaining the consent of all the beneficiaries.

Subp. 2. **Less than 20 percent.** Except as provided in subpart 3, beneficial ownership of securities solely as a settlor or beneficiary of a trust shall be exempt from the provisions of clause (1) of the act where less than 20 percent in market value of the securities having a readily ascertainable market value held by such trust, determined as of the end of the preceding fiscal year of the trust, consists of equity securities with respect to which reports would otherwise be required. Exemption is likewise accorded from clause (1) of the act with respect to any obligation that would otherwise be imposed solely by reason of ownership as settlor or beneficiary of securities held in trust, where the ownership, acquisition, or disposition of such securities by the trust is made without prior approval by the settlor or beneficiary. No exemption pursuant to this subpart shall, however, be acquired or lost solely as a result of changes in the value of the trust assets during any fiscal year or during any time when there is no transaction by the trust in the securities otherwise subject to the reporting requirements of clause (1) of the act.

Subp. 3. **Ten percent.** In the event that ten percent of any class of any equity security (other than an exempted security) of an insurer subject to the act is held in a trust, that trust and the trustees thereof as such shall be deemed a person required to file the reports specified in clause (1) of the act.

Subp. 4. **Reports.** Not more than one report need be filed to report any holdings or with respect to any transactions in securities held by a trust, regardless of the number of officers, directors, or ten percent stockholders who are either trustees, settlors, or beneficiaries of a trust, provided that the report filed shall disclose the names of all trustees, settlors, and beneficiaries who are officers, directors, or ten percent stockholders. A person having an interest only as a beneficiary of a trust shall not be required to file any such report so long as that person relies in good faith upon an understanding that the trustee of such trust will file whatever reports might otherwise be required of such beneficiary.

Subp. 5. **Immediate family.** As used in this rule, the “immediate family” of a trustee means:

- A. a son or daughter of the trustee, or a descendant of either;
- B. a stepson or stepdaughter of the trustee;
- C. the father or mother of the trustee, or an ancestor of either;
- D. a stepfather or stepmother of the trustee; or
- E. a spouse of the trustee.

Subp. 6. **Adopted persons.** For the purpose of determining whether any of the relations in subpart 5 exists, a legally adopted child of a person shall be considered a child of such person by blood.

Subp. 7. **Remainders.** In determining, for the purposes of clause (1) of the act, whether a person is the beneficial owner, directly or indirectly, of more than ten percent of any class of any equity security, the interest of such person in the remainder of a trust shall be excluded from the computation.

Subp. 8. **Indirect interests.** No report shall be required by any person, whether or not otherwise subject to the requirement of filing reports under clause (1) of the act, with respect to that person’s indirect interest in portfolio securities held by a pension or retirement plan holding securities of an insurer whose employees generally are the beneficiaries of the plan or a business trust with over 25 beneficiaries.

Subp. 9. **Limitation.** Nothing in this rule shall be deemed to impose any duties or liabilities with respect to reporting any transaction or holding prior to its effective date.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

#### **2715.5100 EXEMPTION FOR SMALL TRANSACTIONS.**

Subpart 1. **Six-month period.** Any acquisition of securities shall be exempt from clause (1) of the act where:

- A. the person effecting the acquisition does not within six months thereafter effect any disposition, otherwise than by way of gift, of securities of the same class; and
- B. the person effecting such acquisition does not participate in acquisitions or in dispositions of securities of the same class having a total market value in excess of \$3,000 for any six-month period during which the acquisition occurs.

Subp. 2. **Gift.** Any acquisition or disposition of securities by way of gift, where the total amount of such gifts does not exceed \$3,000 in market value for any six-month period, shall be exempt from clause (1) of the act and may be excluded from the computations prescribed in subpart 1, item B.

Subp. 3. **Subsequent reports.** Any person exempted by subpart 1 or 2 shall include in the first report filed after a transaction within the exemption a statement showing acquisitions and dispositions for each six-month period or portion thereof that has elapsed since that person’s last filing.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

#### **2715.5200 EXEMPTION OF TRANSACTIONS THAT NEED NOT BE REPORTED UNDER CLAUSE (1).**

Any transaction that has been or shall be exempted from the requirements of clause (1) of the act shall, insofar as it is otherwise subject to the provisions of clause (2) of the act, be likewise exempted from clause (2) of the act.

**Statutory Authority:** *MS s 60A.22*

#### **EXEMPTIONS UNDER MINNESOTA STATUTES, SECTION 60A.22**

#### **2715.5300 DEFINITIONS.**

Subpart 1. **Scope.** Unless the context otherwise requires, all terms used in parts 2715.5300 and 2715.6000 shall have the same meaning as in the act and in parts 2715.4100 and 2715.4200. In addition, the following definitions apply.

Subp. 2. **Employee stock purchase plan; qualified stock option.** The definition of the terms “qualified stock option” and “employee stock purchase plan” that are set forth in sections 422 and 423 of the Internal Revenue Code of 1954, as amended, are to be applied to those terms where used in parts 2715.5300 to 2715.6000.

Subp. 3. **Exercise of an option, warrant, or right.** The term “exercise of an option, warrant, or right” contained in part 2715.5400, subpart 1 shall not include the making of any election to receive under any plan compensation in the form of stock or credits therefor, provided that such election is made either prior to the making of the award or prior to the fulfillment of all conditions to the receipt of the compensation and provided further that such election is irrevocable until at least six months after termination of employment; nor the subsequent crediting of such stock; nor the making of any election as to a time for delivery of such stock after termination of employment, provided that such election is made at least six months prior to any such delivery; nor the fulfillment of any condition to the absolute right to receive such stock; nor the acceptance of certificates for shares of such stock.

Subp. 4. **Plan.** The term “plan” includes any plan, whether or not set forth in any formal written document or documents and whether or not approved in its entirety at one time.

Subp. 5. **Restricted stock option.** The term “restricted stock option” as defined in section 424(b) of the Internal Revenue Code of 1954, as amended, shall be applied to that term as used in parts 2715.5300 to 2715.6000; provided however, that for the purposes of parts 2715.5300 to 2715.6000 an option that meets all of the conditions of that part, other than the date of issuance, shall be deemed to be a “restricted stock option.”

**Statutory Authority:** *MS s 60A.22*

#### 2715.5350 CERTAIN TRANSACTIONS EFFECTED IN CONNECTION WITH DISTRIBUTION.

Subpart 1. **One party's exemption.** Any transaction of purchase and sale, or sale and purchase, of a security that is effected in connection with the distribution of a substantial block of securities shall be exempt from the provisions of clause (2) of the act, to the extent specified in parts 2715.5300 to 2715.6000 as not comprehended within the purpose of said clause of the act, upon the following conditions:

A. the person effecting the transaction is engaged in the business of distributing securities and is participating in good faith, in the ordinary course of such business, in the distribution of such block of securities;

B. the security involved in the transaction is a part of such block of securities and is acquired by the person effecting the transaction, with a view to the distribution thereof, from the insurer or other person on whose behalf such securities are being distributed or from a person who is participating in good faith in the distribution of such block of securities; or a security purchased in good faith by or for the account of the person effecting the transaction for the purpose of stabilizing the market price of securities of the class being distributed or to cover an over-allotment or other short position created in connection with such distribution; and

C. other persons not within the purview of clause (2) of the act are participating in the distribution of such block of securities on terms at least as favorable as those on which such person is participating and to an extent at least equal to the aggregate participation of all persons exempted from the provisions of clause (2) of the act by parts 2715.5300 to 2715.6000. However, the performance of the functions of manager of a distributing group and the receipt for a bona fide payment for performing such functions shall not preclude an exemption that would otherwise be available under this rule.

Subp. 2. **Other parties.** The exemption of a transaction pursuant to this rule with respect to the participation therein of one party thereto shall not render such transaction exempt with respect to participation of any other party therein unless such other party also meets the conditions of this rule.

**Statutory Authority:** *MS s 60A.22*

**2715.5400 ACQUISITIONS UNDER CERTAIN STOCK BONUS, OPTION, OR SIMILAR PLANS.**

Subpart 1. **Exempt acquisitions.** Any acquisition of shares of stock (other than stock acquired upon the exercise of an option, warrant, or right) pursuant to a stock bonus, profit sharing, retirement, incentive, thrift, savings, or similar plan, or any acquisition of a qualified or a restricted stock option pursuant to a qualified or a restricted stock option plan, or a stock option pursuant to an employee stock purchase plan, by a director or officer of an insurer issuing such stock or stock option shall be exempt from the operation of clause (2) of the act if the plan meets the conditions of subparts 2 to 4.

Subp. 2. **Approval of plan.** The plan must be approved, directly or indirectly:

A. by the affirmative votes of the holders of a majority of the securities of such insurer present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable laws of the state of Minnesota; or

B. by the written consent of the holders of a majority of the securities of such insurer entitled to vote; provided, however, that if such vote or written consent was not solicited substantially in accordance with the proxy rules, if any, prescribed by the commissioner in effect at the time of such vote or written consent, the insurer shall furnish in writing to the holders of record of the securities entitled to vote for the plan substantially the same information concerning the plan that would be required by any such rules so prescribed and in effect at the time such information is furnished, if proxies to be voted with respect to the approval or disapproval of the plan were then being solicited, on or prior to the date of the first annual meeting of security holders held subsequent to the later of the date the act first applies to such insurer, or the acquisition of an equity security for which exemption is claimed.

Such written information may be furnished by mail to the last known address of the security holders of record within 30 days prior to the date of mailing. Two copies of such written information shall be filed with, or mailed for filing to, the commissioner not later than the date on which it is first sent or given to security holders of the insurer. For the purposes of this subpart, the term "insurer" includes a predecessor corporation if the plan or obligations to participate thereunder were assumed by the insurer in connection with the succession.

Subp. 3. **Selection of officers.** If the selection of any director or officer of the insurer to whom stock may be allocated, or to whom qualified, restricted, or employee stock purchase plan stock options may be granted pursuant to the plan, or the determination of the number or maximum number of shares of stock that may be allocated to any such director or officer or that may be covered by qualified, restricted, or employee stock purchase plan stock options granted to any such director or officer, is subject to the discretion of any person, then such discretion shall be exercised only as follows:

A. with respect to the participation of directors:

(1) by the board of directors of the insurer, a majority of which board and a majority of the directors acting in the matter are disinterested persons;

(2) by, or only in accordance with the recommendations of, a committee of three or more persons having full authority to act in the matter, all of the members of which committee are disinterested persons; or

(3) otherwise in accordance with the plan, if the plan specifies the number of maximum number of shares of stock that directors may acquire or that may be subject to qualified, restricted, or employee stock purchase plan stock options granted to directors and the terms upon which, and the times at which, or the periods within which, such stock may be acquired or such options may be acquired and exercised; or sets forth, by formula or otherwise, effective and determinable limitations with respect to the foregoing based upon earnings of the insurer, dividends paid, compensation received by participants, option prices, market value of shares, outstanding shares or percentages thereof outstanding from time to time, or similar factors;

B. with respect to the participation of officers who are not directors:

(1) by the board of directors of the insurer or a committee of three or more directors; or

(2) by, or only in accordance with the recommendations of, a committee of three or more persons having full authority to act in the matter, all of the members of which



committee are disinterested persons. For the purpose of this subpart, a director or committee member shall be deemed to be a disinterested person only if such person is not at the time such discretion is exercised eligible and has not at any time within one year prior thereto been eligible for selection as a person to whom stock may be allocated or to whom qualified, restricted, or employee stock purchase plan stock options may be granted pursuant to the plan or any other plan of the insurer or any of its affiliates entitling the participants therein to acquire stock or qualified, restricted, or employee stock purchase plan stock options of the insurer or any of its affiliates;

C. the provisions of this subpart shall not apply with respect to any option granted, or other equity security acquired, prior to the date that clauses (1), (2), and (3) of the act became applicable with respect to any class of equity securities of any insurer.

Subp. 4. **Dollar limits.** As to each participant or as to all participants the plan effectively limits the aggregate dollar amount or the aggregate number of shares of stock that may be allocated, or that may be subject to qualified, restricted, or employee stock purchase plan stock options granted pursuant to the plan, the limitations may be established on an annual basis, or for the duration of the plan, whether or not the plan has a fixed termination date; and may be determined either by fixed or maximum dollar amounts or fixed or maximum numbers of shares or by formulas based upon earnings of the insurer, dividends paid, compensation received by participants, option prices, market value of shares, outstanding shares, or percentages thereof outstanding from time to time, or similar factors which will result in an effective and determinable limitation. Such limitations may be subject to any provisions for adjustment of the plan or of stock allocable or options outstanding thereunder to prevent dilution or enlargement of rights.

**Statutory Authority:** *MS s 60A.22*

#### **2715.5500 TRANSACTIONS IN WHICH SECURITIES ARE RECEIVED BY REDEEMING OTHER SECURITIES.**

Any acquisition of an equity security (other than a convertible security or right to purchase a security) by a director or officer of the insurer issuing such security shall be exempt from the operation of clause (2) of the act upon condition that:

A. the equity security is acquired by way of redemption of another security of an insurer, substantially all of whose assets other than cash (or government bonds) consist of securities of the insurer issuing the equity security so acquired, and which:

(1) represented substantially and in practical effect a stated or readily ascertainable amount of such equity security;

(2) had a value which was substantially determined by the value of such equity security; and

(3) conferred upon the holder the right to receive such equity security without the payment of any consideration other than the security redeemed;

B. no security of the same class as the security redeemed was acquired by the director or officer within six months prior to such redemption or is acquired within six months after such redemption;

C. the insurer issuing the equity security acquired has recognized the applicability of item A by appropriate corporate action.

**Statutory Authority:** *MS s 60A.22*

#### **2715.5600 LONG TERM PROFITS INCIDENT TO SALES WITHIN SIX MONTHS OF EXERCISE.**

Long term profits incident to sales within six months of exercise:

A. To the extent specified in item B, the commissioner hereby exempts as not comprehended within the purposes of clause (2) of the act any transaction or transactions involving the purchase and sale, or sale and purchase, of any equity security where such purchase is pursuant to the exercise of an option or similar right either acquired more than six months before its exercise, or acquired pursuant to the terms of an employment contract entered into more than six months before its exercise.

B. In respect of transactions specified in item A, the profits inuring to the insurer shall not exceed the difference between the proceeds of sale and the lowest market price of

any security of the same class within six months before or after the date of sale. Nothing in this part shall be deemed to enlarge the amount of profit which would inure to such insurer in the absence of this part.

C. The commissioner also hereby exempts, as not comprehended within the purposes of clause (2) of the act, the disposition of a security, purchased in a transaction specified in item A, pursuant to a plan or agreement for merger or consolidation, or reclassification of the insurer's securities, or for the exchange of its securities for the securities of another person that has acquired its assets, or which is in control, as defined in section 368(c) of the Internal Revenue Code of 1954, as amended, of a person that has acquired its assets, where the terms of such plan or agreement are binding upon all stockholders of the insurer, except to the extent that dissenting stockholders may be entitled, under statutory provisions or provisions contained in the certificate of incorporation, to receive the appraised or fair value of their holdings.

D. The exemptions provided by this part shall not apply to any transactions made unlawful by clause (3) of the act or by any rules thereunder.

E. The burden of establishing market price of a security for the purpose of this part shall rest upon the person claiming the exemption.

**Statutory Authority:** *MS s 60A.22*

## **2715.5700 ACQUISITIONS AND DISPOSITIONS OF SECURITIES PURSUANT TO MERGERS OR CONSOLIDATIONS.**

**Subpart 1. Exempt.** The following transactions shall be exempt from the provisions of clause (2) of the act as not comprehended within the purposes of said clause:

A. the acquisition of a security of an insurer, pursuant to a merger or consolidation, in exchange for a security of a company that, prior to said merger or consolidation, owned 85 percent or more of the equity securities of all other companies involved in the merger or consolidation except, in the case of consolidation, the resulting company;

B. the disposition of a security, pursuant to a merger or consolidation of an insurer that, prior to said merger or consolidation, owned 85 percent or more of the equity securities of all other companies involved in the merger or consolidation except, in the case of consolidation, the resulting company;

C. the acquisition of a security of an insurer, pursuant to a merger or consolidation, in exchange for a security of a company that, prior to said merger or consolidation, held over 85 percent of the combined assets of all the companies undergoing merger or consolidation, computed according to their book values prior to the merger or consolidation as determined by reference to their most recent available financial statements for a 12-month period prior to the merger or consolidation;

D. the disposition of a security, pursuant to a merger or consolidation, of an insurer that, prior to said merger or consolidation, held over 85 percent of the combined assets of all the companies undergoing merger or consolidation as determined by reference to their most recent available financial statements for a 12-month period prior to the merger or consolidation.

**Subp. 2. Merger defined.** A "merger" within the meaning of this part shall include the sale or purchase of substantially all the assets of one insurer by another in exchange for stock which is then distributed to the security holders of the insurer which sold its assets.

**Subp. 3. Excluded insider trading.** Notwithstanding the foregoing subparts, if an officer, director, or stockholder shall make any purchase (other than a purchase exempted by this part) of a security in any company involved in the merger or consolidation and any sale (other than a sale exempted by this part) of a security in any other company involved in the merger or consolidation within any period of less than six months during which the merger or consolidation took place, the exemption provided by this part shall be unavailable to such officer, director, or stockholder to the extent of such purchase and sale.

**Statutory Authority:** *MS s 60A.22*

**2715.5800 TRANSACTIONS INVOLVING DEPOSIT OR WITHDRAWAL OF EQUITY SECURITIES UNDER VOTING TRUST OR DEPOSIT AGREEMENT.**

Any acquisition or disposition of an equity security involved in the deposit of such security under, or the withdrawal of such security from, a voting trust or deposit agreement, and the acquisition or disposition in connection therewith of the certificate representing such security, shall be exempt from the operation of clause (2) of the act if substantially all of the assets held under the voting trust or deposit agreement immediately after the deposit or immediately prior to the withdrawal, as the case may be, consisted of equity securities of the same class as the security deposited or withdrawn; provided, however, that this part shall not apply to the extent that there shall have been either a purchase of an equity security of the class deposited and a sale of any certificate representing an equity security of such class, or a sale of an equity security of the class deposited and a purchase of any certificate representing an equity security of such class (other than in a transaction involved in such deposit or withdrawal or in a transaction exempted by any other provision of the rules under clause (2) of the act) within a period of less than six months that includes the date of the deposit or withdrawal.

**Statutory Authority:** *MS s 60A.22*

**2715.5900 TRANSACTIONS INVOLVING CONVERSION OF EQUITY SECURITIES.**

**Subpart 1. Exemption.** Any acquisition or disposition of an equity security involved in the conversion of an equity security that, by its terms, or pursuant to the terms of the insurer's charter or other governing instruments, is convertible immediately or after a stated period of time into another equity security of the same insurer shall be exempt from the operation of clause (2) of the act; provided, however, that this part shall not apply to the extent that there shall have been either:

A. a purchase of any equity security of the class convertible (including any acquisition of or change in a conversion privilege) and a sale of any equity security of the class issuable upon conversion; or

B. a sale of any equity security of the class convertible and any purchase of any equity security issuable upon conversion (otherwise than in a transaction involved in such conversion or in a transaction exempted by any other provision of the rules under clause (2) of the act) within a period of less than six months which includes the date of conversion.

**Subp. 2. Acquisition or disposition.** For the purpose of this part, an equity security shall not be deemed to be acquired or disposed of upon conversion of an equity security if the terms of the equity security converted require the payment or entail the receipt, in connection with such conversion, of cash or other property (other than equity securities involved in the conversion) equal in value at the time of conversion to more than 15 percent of the value of the equity security issued upon conversion.

**Subp. 3. Convertible.** For the purpose of this part, an equity security shall be deemed convertible if it is convertible at the option of the holder or of some other person or by operation of the terms of the security or the governing instruments.

**Statutory Authority:** *MS s 60A.22*

**2715.6000 TRANSACTIONS INVOLVING SALE OF SUBSCRIPTION RIGHTS.**

Transactions involving sale of subscription rights:

A. Any sale of a subscription right to acquire any subject security of the same insurer shall be exempt from the provisions of clause (2) of the act, to the extent prescribed in this part, as not comprehended with the purposes of clause (2) of the act, if:

(1) such subscription right is acquired, directly or indirectly, from the insurer without the payment of consideration;

(2) such subscription right by its terms expires within 45 days after the issuance thereof;

(3) such subscription right by its terms is issued on a pro rata basis to all holders of the subject security of the insurer; and

(4) a registration statement under the Securities Act of 1933 is in effect as to each subject security, or the applicable terms of any exemption from such registration have been met in respect to each subject security.

B. When used within this part the following terms shall have the meanings indicated:

(1) The term "subscription right" means any warrant or certificate evidencing a right to subscribe to or otherwise acquire an equity security.

(2) The term "subject security" means a security which is the subject of a subscription right.

C. Notwithstanding anything contained herein to the contrary, if a person purchases subscription rights for cash or other consideration, then a sale by such person of subscription rights otherwise exempted by this part will not be so exempted to the extent of such purchases within the six-month period preceding or following such sale.

**Statutory Authority:** *MS s 60A.22*

#### **2715.6100 EXEMPTION OF CERTAIN SECURITIES.**

Any security shall be exempt from the operation of clause (3) of the act to the extent necessary to render lawful under such clause the execution by a broker of an order for an account in which the broker has no direct or indirect interest.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

#### **2715.6200 CERTAIN TRANSACTIONS EFFECTED IN CONNECTION WITH A DISTRIBUTION.**

Any security shall be exempt from the operation of clause (3) of the act to the extent necessary to render lawful under such clause any sale made by or on behalf of a dealer in connection with a distribution of a substantial block of securities, upon the following conditions:

A. the sale is represented by an over-allotment in which the dealer is participating as a member of an underwriting group, or the dealer or a person acting on the dealer's behalf intends in good faith to offset such sale with a security to be acquired by or on behalf of the dealer as a participant in an underwriting, selling, or soliciting-dealer group of which the dealer is a member at the time of the sale, whether or not the security to be so acquired is subject to a prior offering to existing security holders or some other class of persons; and

B. other persons not within the purview of clause (3) of the act are participating in the distribution of such block of securities on terms at least as favorable as those on which such dealer is participating and to an extent at least equal to the aggregate participation of all persons exempted from the provisions of clause (3) of the act by this part.

However, the performance of the functions of manager of a distributing group and the receipt of a bona fide payment for performing such functions shall not preclude an exemption that would otherwise be available under this part.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

#### **2715.6300 SALES OF SECURITIES TO BE ACQUIRED.**

Whenever any person is entitled, as an incident to ownership of an issued security and without the payment of consideration, to receive another security "when issued" or "when distributed," the security to be acquired shall be exempt from the operation of clause (3) of the act, provided that:

A. the sale is made subject to the same conditions as those attaching to the right of acquisition;

B. such person exercises reasonable diligence to deliver such security to the purchaser promptly after the right of acquisition matures; and

C. such person reports the sale on the appropriate form for reporting transactions by persons subject to clause (1) of the act.

This part shall not be construed as exempting transactions involving both a sale of a security “when issued” or “when distributed” and a sale of the security by virtue of which the seller expects to receive the “when issued” or “when distributed” security, if the two transactions combined result in a sale of more units than the aggregate of those owned by the seller plus those to be received by the seller pursuant to the right of acquisition.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

**2715.6400 ARBITRAGE TRANSACTIONS UNDER CLAUSE (5) OF THE ACT.**

It shall be unlawful for any director or officer of an insurer to effect any foreign or domestic arbitrage transaction in any equity security of such insurer, unless:

A. the director or officer shall include such transaction in the statements required by clause (1) of the act; and

B. the director or officer shall account to such insurer for the profits arising from such transaction, as provided in clause (2) of the act. The provisions of clause (3) of the act shall not apply to such arbitrage transactions. The provisions of the act shall not apply to any bona fide foreign or domestic arbitrage transaction insofar as it is effected by any person other than such director or officer of the insurer.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

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DOMESTIC STOCK COMPANIES 2715.6402

2715.6401 FORM A: STATEMENT OF OWNERSHIP.

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF EQUITY SECURITIES

(File with Respect to Domestic Stock Insurer Pursuant to Minnesota Statutes, Section 60A.22)

Name of Insurer:

Address:

Name of Person Whose Ownership is Reported:

Address:

Relationship of Such Person to Insurer (See Part 2715.6402, Subpart 4):

Date Indicated Relationship Occurred:

EQUITY SECURITIES BENEFICIALLY OWNED

Table with 3 columns: Title of Security (See Part 2715.6402, Subpart 5), Nature of Ownership (See Part 2715.6402, Subpart 6), Amount Beneficially Owned (See Part 2715.6402, Subpart 7). The table body is currently empty.

Remarks (See Part 2715.6402, Subpart 8):

Date of Statement:

I affirm under penalty of perjury that the foregoing is full, true, and correct.

Where Made:

(Signature)

Statutory Authority: MS s 60A.22

2715.6402 INSTRUCTIONS FOR FORM A.

Subpart 1. Persons required to file statements. A statement on this form is required to be filed by every person who is directly or indirectly the beneficial owner of more than ten percent of any class of any equity security of a Minnesota domestic stock insurance company, including a domestic stock and mutual insurance company as defined in Minnesota Stat-

utes, sections 66A.36 to 66A.43 (but not including a company if any equity security thereof is registered, or required to be registered, pursuant to section 12 of the federal Securities Exchange Act of 1934, or if the company does not have equity securities held of record by 100 or more persons on the last day of the year next preceding the year in which this statement would otherwise be required to be filed), or who is a director or an officer of such company. The term "officer" means a president, vice president, treasurer, actuary, secretary, controller, and any other person who performs for the insurer functions corresponding to those performed by the foregoing officers. A separate statement shall be filed with respect to the equity securities of each insurer.

**Subp. 2. When statements to be filed.** Persons who hold any of the relationships specified in subpart 1 are required to file a statement on this form within ten days after assuming such relationship.

**Subp. 3. Where statements to be filed.** One signed copy of each statement shall be filed with the Commissioner of Commerce, State of Minnesota, Metro Square Building, Saint Paul, Minnesota 55101.

**Subp. 4. Relationship of reporting person to insurer.** Indicate clearly the relationship of the reporting person to the insurer; for example, "director," "director and vice president," "beneficial owner of more than ten percent of the insurer's common stock."

**Subp. 5. Title of security.** Clearly identify the equity security, even though there is only one class; for example, "common stock," "class A common stock," "four percent convertible preferred stock." Persons required to file the statement with respect to any class of equity security of the insurer shall include information as to their beneficial ownership of all classes of equity securities of the insurer.

**Subp. 6. Nature of ownership.** Under "nature of ownership" state whether ownership of the equity securities is "direct" or "indirect." If the ownership is indirect, i.e., through a partnership, corporation, trust, or other entity, indicate in a footnote or other appropriate manner the name or identity of the medium through which the stock is indirectly owned. The fact that securities are held in the name of a broker or other nominee does not, of itself, constitute indirect ownership. Equity securities owned indirectly shall be reported on separate lines from those owned directly and also from those owned through a different type of indirect ownership.

**Subp. 7. Amount beneficially owned.** In the case of equity securities owned indirectly, the entire amount of equity securities owned by the partnership, corporation, trust, or other entity shall be stated. If desired, the person filing the statement may also indicate in a footnote or other appropriate manner the extent of that person's interest in the partnership, corporation, trust, or other entity. If desired, the person filing the statement may declare that the filing of the statement shall not be construed as an admission that such person is, for the purposes of Minnesota Statutes, section 60A.22, the beneficial owner of any equity securities covered by the statement.

**Subp. 8. Inclusion of additional information.** A statement may include any additional information or explanation deemed relevant by the person filing the statement.

**Subp. 9. Signature.** If the statement is filed for a corporation, partnership, trust, etc., the name of the organization shall appear over the signature of the officer or other person authorized to sign the statement. If the statement is filed for an individual, it shall be signed by that person or specifically on that person's behalf by another person authorized to sign for him or her.

**Statutory Authority:** *MS s 60A.22*

**History:** *L 1983 c 289 s 114 subd 1; L 1984 c 655 art 1 s 92; 17 SR 1279; L 2005 c 69 art 2 s 18*

# MINNESOTA RULES 2007

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DOMESTIC STOCK COMPANIES 2715.6404

## 2715.6403 FORM B: CHANGES IN OWNERSHIP.

### STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF EQUITY SECURITIES (Filed with Respect to Domestic Stock Insurer Pursuant to Minnesota Statutes, Section 60A.22)

Name of Insurer:

Address:

Name of Person Whose  
Ownership is Reported:

Address:

Relationship of Such  
Person to Insurer  
(See Part 2715.6404, Subpart 4):

Statement for Calendar Month of \_\_\_\_\_, 197 \_\_\_\_\_.

### CHANGES DURING MONTH, AND MONTH-END OWNERSHIP (See Part 2715.6404, Subpart 5)

Title of Security (See Part 2715.6404, Subpart 6)	Date of Trans- action (See Part 2715. 6404, Sub- part 7)	Amount Bought or Otherwise Acquired	Amount Sold or Otherwise Disposed of	Amount Owned at End of Month	Nature of Ownership (See Part 2715.6404, Subpart 9)
		(See Part 2715.6404, Subpart 8)			

Remarks (See Part 2715.6404, Subparts 10 and 11):

Date of Statement:

Where Made:

I affirm under penalty of perjury that  
the foregoing is full, true, and correct.

\_\_\_\_\_  
(Signature)

Statutory Authority: *MS s 60A.22*

## 2715.6404 INSTRUCTIONS FOR FORM B.

Subpart 1. **Persons required to file statements.** A statement on this form is required to be filed by every person who at any time during any calendar month was directly or indirectly the beneficial owner of more than ten percent of any class of any equity security of a Minnesota domestic stock insurance company, including a domestic stock and mutual insurance



company as defined in Minnesota Statutes, sections 66A.36 to 66A.43 (but not including a company if any equity security thereof is registered, or required to be registered, pursuant to section 12 of the federal Securities Exchange Act of 1934, or if the company does not have equity securities held of record by 100 or more persons on the last day of the year next preceding the year in which this statement would otherwise be required to be filed), or who was a director or an officer of such company, and who during such month had any change in the nature or amount of beneficial ownership of any class of equity securities of such company. The term "officer" means a president, vice president, treasurer, actuary, secretary, controller, and any other person who performs for the insurer functions corresponding to those performed by the foregoing officers. A separate statement shall be filed with respect to the equity securities of each insurer.

**Subp. 2. When statements to be filed.** Statements are required to be filed on or before the tenth day after the end of each calendar month in which any change in the nature or amount of beneficial ownership has occurred.

**Subp. 3. Where statements to be filed.** One signed copy of each statement shall be filed with the Commissioner of Commerce, Metro Square Building, Saint Paul, Minnesota 55101.

**Subp. 4. Relationship of reporting person to insurer.** Indicate clearly the relationship of the reporting person to the insurer; for example, "director," "director and vice president," "beneficial owner of more than ten percent of the insurer's common stock."

**Subp. 5. Transactions and holdings to be reported.** Every change in beneficial ownership shall be reported even though purchases and sales during the month are equal or the change involves only the nature of beneficial ownership (for example, from direct to indirect ownership or from one type of indirect ownership to another). Persons required to file the statement with respect to any class of equity security of the insurer shall include information as to changes in their beneficial ownership of all classes of equity securities of the insurer and shall show their beneficial ownership at the end of the month of all classes of equity securities of the insurer even though there has been no reportable change during the month in the ownership of equity securities of a particular class.

**Subp. 6. Title of security.** Clearly identify the equity security, even though there is only one class; for example, "common stock," "class A common stock," "four percent convertible preferred stock."

**Subp. 7. Date of transaction.** The exact date (month, date, and year) of each transaction shall be stated opposite the amount involved in the transaction.

**Subp. 8. Amounts of equity securities.** In the case of equity securities owned indirectly, the entire amount of equity securities owned by the partnership, corporation, trust, or other entity shall be stated. If desired, the person filing the statement may also indicate in a footnote or other appropriate manner the extent of that person's interest in the partnership, corporation, trust, or other entity. If desired, the person filing the statement may declare that the filing of the statement shall not be construed as an admission that such person is, for the purposes of Minnesota Statutes, section 60A.22, the beneficial owner of any equity securities covered by the statement.

**Subp. 9. Nature of ownership.** Under "nature of ownership" state whether ownership of the equity securities is "direct" or "indirect." If the ownership is indirect, i.e., through a partnership, corporation, trust, or other entity, indicate in a footnote or other appropriate manner the name or identity of the medium through which the stock is indirectly owned. The fact that securities are held in the name of a broker or other nominee does not, of itself, constitute indirect ownership. Equity securities owned indirect shall be reported on separate lines from those owned directly and also from those owned through a different type of indirect ownership.

**Subp. 10. Character of transaction.** If the transaction in equity securities was with the insurer or one of its subsidiaries, so state. If it involved the purchase of equity securities through the exercise of options, so state. If any other purchase or sale was effected otherwise than in the open market, that fact shall be indicated. If the transaction was not a purchase or sale, indicate its character; for example, gift or stock dividend, etc., as the case may be. The

foregoing information may be appropriately set forth in the table or under remarks below the table.

Subp. 11. **Inclusion of additional information.** A statement may include any additional information or explanation deemed relevant by the person filing the statement.

Subp. 12. **Signature.** If the statement is filed for a corporation, partnership, trust, etc., the name of the organization shall appear over the signature of the officer or other person authorized to sign the statement. If the statement is filed for an individual, it shall be signed by that person or specifically on that person's behalf by another person authorized to sign for him or her.

**Statutory Authority:** *MS s 60A.22*

**History:** *L 1983 c 289 s 114 subd 1; L 1984 c 655 art 1 s 92; 17 SR 1279; L 2005 c 69 art 2 s 18*

## PROXIES, CONSENTS AND AUTHORIZATIONS

### 2715.7100 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 2715.7100 to 2715.8400, the terms defined in this rule have the meanings given them unless the context otherwise requires.

Subp. 2. **Affiliate.** An "affiliate" of, or a person affiliated with, a specified person is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

Subp. 3. **Associate.** The term "associate" used to indicate a relationship with any person means any corporation or organization, other than the issuer or a majority-owned subsidiary of the issuer, of which the person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent or more of any class of equity security; any trust or other estate in which the person has a substantial beneficial interest or as to which the person serves as trustee or in a similar fiduciary capacity; and any relative or spouse of the person, or any relative or the spouse, who has the same home as the person or who is a director or officer of the issuer or any of its parents or subsidiaries.

Subp. 4. **Beneficial owner.** The term "beneficial owner" includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares voting power including the power to vote or direct the voting of a security, or investment power including the power to dispose of or direct the disposition of the security.

Subp. 5. **Control.** The term "control," including the terms "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities by contract or otherwise.

Subp. 6. **Issuer.** The term "issuer" means the issuer of the securities in respect of which a proxy is solicited.

Subp. 7. **Last fiscal year.** The term "last fiscal year" means the last fiscal year of the issuer ending prior to the date of the meeting for which proxies are to be solicited.

Subp. 8. **Officer.** The term "officer" means the president, secretary, treasurer, any vice president in charge of a principal business function such as sales, administration or finance and any other person who performs similar policy-making functions for the insurer.

Subp. 9. **Parent.** A "parent" of a specified person is an affiliate controlling the person directly, or indirectly through one or more intermediaries.

Subp. 10. **Person.** The term "person" means an individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, or government or political subdivision thereof. As used in this subpart, the term "trust" includes only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

Subp. 11. **Proxy statement.** The term "proxy statement" means the statement required by part 2715.7310, whether or not contained in a single document.

Subp. 12. **Solicitation.** The terms "solicit" and "solicitation" include:

A. any request for a proxy, whether or not accompanied by or included in a form of proxy;

B. any request to execute, not to execute or revoke a proxy; or

C. the furnishing of a form of proxy or other communication to security holders under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy. The terms do not apply to the furnishing of a form of proxy to a security holder upon the unsolicited request of the security holder, the performance by the issuer of acts required by part 2715.7350, or the performance by any person of ministerial acts on behalf of a person soliciting a proxy.

**Statutory Authority:** *MS s 60A.22*

### 2715.7200 SCOPE.

Subpart 1. **Domestic stock and mutual insurers.** Parts 2715.7100 to 2715.8400 apply to each domestic stock insurer, including a domestic stock and mutual insurer as defined in Minnesota Statutes, sections 66A.36 to 66A.39, which has any class of equity security held of record by 100 or more persons. Parts 2715.7100 to 2715.8400 shall not apply to any insurer if 95 percent or more of its equity securities are owned or controlled by a parent or an affiliated insurer and the remaining securities are held of record by less than 500 persons. A domestic stock insurer which files with the Securities and Exchange Commission forms of proxies, consents and authorizations complying with the requirements of the Securities Exchange Act of 1934, as amended, and the applicable regulations promulgated thereunder shall be exempt from parts 2715.7100 to 2715.8400.

Subp. 2. **Written statement.** Unless proxies, consents or authorizations in respect of any class of equity securities of a domestic insurer subject to subpart 1 are solicited by or on behalf of the management of the insurer from the holders of record of the securities in accordance with parts 2715.7100 to 2715.8400 and the schedules hereunder prior to any annual or other meeting of the security holders, the insurer shall, in accordance with parts 2715.7100 to 2715.8400 and other rules the commissioner may adopt, file with the commissioner and transmit to all equity security holders who are entitled to vote in regard to any matter to be acted upon at the meeting and from whom a proxy is not solicited a written information statement containing the information specified in part 2715.8400 (schedule C).

**Statutory Authority:** *MS s 60A.22*

**History:** *L 2005 c 69 art 2 s 18*

### 2715.7300 SOLICITATIONS TO WHICH RULES APPLY.

Part 2715.7370 applies to every solicitation that is subject to part 2715.7200. Parts 2715.7100, 2715.7300 to 2715.7360, and 2715.7380 apply to every solicitation that is subject to part 2715.7200 except the following:

A. any solicitation made otherwise than on behalf of the issuer where the total number of persons solicited is not more than ten;

B. any solicitation by a person in respect of securities carried in that person's name or in the name of that person's nominee, otherwise than as voting trustee, or held in the person's custody, if the person:

(1) receives no commission or remuneration for the solicitation, directly or indirectly, other than reimbursement of reasonable expenses;

(2) furnishes promptly to the person solicited a copy of all soliciting material with respect to the same subject matter or meeting received from all persons who shall furnish copies thereof for this purpose and who shall, if requested, defray the reasonable expenses to be incurred in forwarding the material; and

(3) does no more than impartially instruct the person solicited to forward a proxy to the person, if any, to whom the person solicited desires to give a proxy, or impartially request from the person solicited instructions as to the authority to be conferred by the proxy and state that a proxy will be given if no instructions are received by a certain date;

C. any solicitation by a person in respect of securities of which it is the beneficial owner; or

D. any solicitation through the medium of a newspaper advertisement which informs security holders of a source from which they may obtain copies of a proxy statement, form of proxy and any other soliciting material and does no more than name the issuer, state the reason for the advertisement, and identify the proposal or proposals to be acted upon by security holders.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

### **2715.7310 INFORMATION TO BE FURNISHED TO SECURITY HOLDERS.**

Subpart 1. **Proxy statement.** No solicitation subject to parts 2715.7100 to 2715.8400 shall be made unless each person solicited is concurrently furnished or has previously been furnished with a written proxy statement containing the information specified in parts 2715.7700 to 2715.7910 (schedule A).

Subp. 2. **Annual report.** If the solicitation is made on behalf of the issuer and relates to an annual meeting of security holders at which directors are to be elected, each proxy statement furnished pursuant to subpart 1 shall be accompanied or preceded by an annual report to security holders. The report shall comply with the requirements of items A to G.

A. The report shall contain in comparative columnar form such financial statements for the last two fiscal years, prepared on a consistent basis, as will in the opinion of the management adequately reflect the financial position of the issuer at the end of each year and the results of its operations for each year. Consolidated financial statements of the issuer and its subsidiaries shall be included in the report if they are necessary to reflect the financial position and results of operations of the issuer and its subsidiaries, but in that case the individual statements of the issuer may be omitted. The commissioner shall, upon the request of the issuer, permit the omission of financial statements for the earlier of the two fiscal years upon a showing of good cause.

B. The financial statements for the last two fiscal years required by item A shall be prepared in a manner acceptable to the commissioner.

C. The report shall include in comparative columnar form a summary of issuer's operations or the operations of the issuer and its subsidiaries consolidated, or both as appropriate, for each of the last five fiscal years of the issuer, or the life of the issuer and its predecessors if less.

D. The report shall contain a brief description of the business or businesses done by the issuer and its subsidiaries during the most recent fiscal year which will, in the opinion of management, indicate the general nature and scope of the business of the issuer and its subsidiaries.

E. The report shall identify each of the issuer's directors and officers and shall indicate the principal occupation or employment of each of them and the name and principal business of any organization by which they are employed.

F. The report shall identify the principal market in which securities of any class entitled to vote at the meeting are traded, stating the range of bid and asked quotations for each quarterly period during the issuer's two most recent fiscal years, and shall set forth each dividend paid during the two-year period.

G. Subject to the requirements of items A to F, the report may be in any form deemed suitable by management and the information required by items C to F may be presented in an appendix or other separate section of the report if the attention of security holders is called to this presentation. The requirement of this subpart shall not apply to solicitations made on behalf of the management before the financial statements are available if solicitation is being made at the time in opposition to the management and if the management's proxy statement includes an undertaking in bold face type to furnish the annual report to all persons being solicited at least 20 days before the date of the meeting.

Subp. 3. **Information to commissioner.** Two copies of the report sent to the security holders pursuant to parts 2715.7100 to 2715.8400 shall be mailed to the commissioner solely for informational purposes not later than the date on which the report is first sent or given to security holders or the date on which preliminary copies of solicitation material are filed with the commissioner pursuant to part 2715.7340, whichever date is later.

Subp. 4. **Information to beneficial owners.** If the issuer knows that securities of any class entitled to vote at a meeting with respect to which the issuer intends to solicit proxies, consents or authorizations are held of record by a broker, dealer, bank or voting trustee, or their nominees, the issuer shall inquire of the record holder at least ten days prior to the record date for the meeting of security holders whether other persons are the beneficial owners of the securities and, if so, the number of copies of the proxy and other soliciting material and, in the case of an annual meeting at which directors are to be elected, the number of copies of the annual report to security holders, necessary to supply the material to beneficial owners. The issuer shall supply the record holder in a timely manner with additional copies in the quantities, assembled in the form and at the place, the record holder reasonably requests in order to address and send one copy of each to each beneficial owner of securities so held. The issuer shall pay, upon the request of the record holder, its reasonable expenses for mailing the material to security holders to whom the material is sent.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

### 2715.7320 PROXY REQUIREMENTS.

Subpart 1. **Form.** The form of proxy shall:

A. indicate in boldface type whether or not the proxy is solicited on behalf of the issuer's board of directors and not by whom it is issued;

B. provide a specifically designated blank space for dating the proxy; and

C. identify clearly and impartially each matter or group of related matters intended to be acted upon, whether proposed by the issuers or security holders. No reference need be made to proposals as to which discretionary authority is conferred pursuant to subpart 3.

Subp. 2. **Ballots.** Means shall be provided in the proxy for the person solicited to specify by ballot a choice between approval or disapproval of, or abstention with respect to, each matter or group of related matters referred to in it, other than elections to office. A proxy may confer discretionary authority with respect to matters as to which a choice is not specified if the form of proxy states in boldface type how it is intended to vote the shares represented by the proxy in each case.

Subp. 3. **Authority to vote in elections.** A form of proxy which provides both for election of directors and for action on other specified matters shall be prepared so as clearly to provide, by a box or otherwise, means by which the security holder may withhold authority to vote for election as a director. Any form of proxy which is executed by the security holder in this manner so as not to withhold authority to vote for elections of all nominees shall be deemed to grant this authority for all nominees for which a vote is not withheld, if the form of proxy states this in boldface type.

Subp. 4. **Discretionary authority conferred.** A proxy may confer discretionary authority with respect to any of the following matters:

A. matters to be presented at the meeting but not known by the person making the solicitation within a reasonable time before the solicitation if a specific statement to that effect is made in the proxy statement or form of proxy;

B. approval of the minutes of the prior meeting if approval does not amount to ratification of the action taken at that meeting;

C. the election of any person to any office for which a bona fide nominee is named in the proxy statement and the nominee is unable to serve or for good cause will not serve;

D. any proposal omitted from the proxy statement and form of proxy pursuant to part 2715.7360, subpart 3, or 2715.7370; or

E. matters incident to the conduct of the meeting.

Subp. 5. **Authority not conferred.** No proxy shall confer authority to vote for the election of any person to any office for which a bona fide nominee is not named in the proxy statement, or to vote at any annual meeting, other than the next annual meeting or any adjournment thereof, to be held after the date on which the proxy statement and form of proxy are first sent or given to security holders. A person is not a bona fide nominee unless the person has consented to being named in the proxy statement and to serve if elected.

Subp. 6. **Voting.** The proxy statement or form of proxy shall provide, subject to reasonable specified conditions, that the securities represented by the proxy will be voted and that where the person solicited specifies by means of ballot provided pursuant to subparts 2 and 3 a choice with respect to any matter to be acted upon, the securities will be voted in accordance with the specifications.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

#### **2715.7330 PRESENTATION OF INFORMATION IN PROXY STATEMENT.**

Subpart 1. **Organization.** The information included in the proxy statement shall be clearly presented and divided into groups according to subject matter. The various groups of information shall be preceded by appropriate headings.

Subp. 2. **Disclosure of deadline for inclusion of proposal in proxy statement.** All proxy statements shall disclose, under an appropriate caption, the date by which proposals of security holders intended to be presented at the next annual meeting must be received by the issuer for inclusion in the issuer's proxy statement and form of proxy relating to that meeting. The date shall be calculated in accordance with the provisions of part 2715.7360, subpart 1. If the date of the next annual meeting is subsequently advanced by more than 30 calendar days or delayed by more than 90 calendar days from the date of the annual meeting to which the proxy statement relates, the issuer shall, in a timely manner, notify security holders of the change, and the date by which proposals of security holders must be received.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7340 MATERIAL REQUIRED TO BE FILED.**

Subpart 1. **Preliminary soliciting material.** Two preliminary copies of the information statement or the proxy statement, form of proxy, and any other soliciting material to be furnished to security holders concurrently with it, or the information statement pursuant to part 2715.8400, shall be filed with the commissioner at least ten days prior to the date definitive copies of the material are first sent or given to security holders, or a shorter period prior to that date the commissioner authorizes upon a showing of good cause.

Subp. 2. **Additional preliminary soliciting material.** Two preliminary copies of any additional soliciting material relating to the same meeting or subject matter to be furnished to security holders subsequent to the proxy statement shall be filed with the commissioner at least two days, exclusive of Saturdays, Sundays and holidays, prior to the date copies of this material are first sent or given to security holders, or a shorter period prior to that date the commissioner authorizes upon a showing of good cause.

Subp. 3. **Soliciting material.** Two definitive copies of the information statement or the proxy statement, form of proxy, and all other soliciting material, in the form in which the material is furnished to security holders, shall be filed with or mailed for filing to the commissioner not later than the date the material is first sent or given to any security holders.

Subp. 4. **Revised material.** Where the proxy statement, form of proxy, or other material filed pursuant to this rule is amended or revised, one of the copies of the amended or revised material filed pursuant to this rule shall be marked to indicate clearly and precisely the changes made.

Subp. 5. **Information that need not be filed.** Copies of replies to inquiries from security holders requesting further information and copies of communications which do no more than request that forms of proxy previously solicited be signed and returned need not be filed pursuant to parts 2715.7100 to 2715.8400.

Subp. 6. **Discretionary filings.** Notwithstanding the provisions of subparts 1 and 2 and part 2715.7390, subpart 5, preliminary copies of soliciting material in the form of speeches, press releases, and radio or television scripts may be filed with the commissioner prior to use or publication. Definitive copies, however, shall be filed with or mailed for filing to the commissioner as required by subpart 3 not later than the date the material is used or published. The provisions of subparts 1 and 2 and part 2715.7390, subpart 5 apply to any reprints or reproductions of all or any part of this material.

**Statutory Authority:** *MS s 60A.22*

**2715.7350 MAILING COMMUNICATIONS FOR SECURITY HOLDERS.**

Subpart 1. **Duties of issuer.** If the management of the issuer has made or intends to make any solicitation subject to this rule, the issuer shall perform any of the acts in subparts 2 and 3 requested in writing with respect to the same subject matter or meeting by any security holder who is entitled to vote at least one percent of the votes entitled to be voted on the matter and who defrays the reasonable expenses incurred by the issuer in the performance of the act or acts requested.

Subp. 2. **Information required.** The issuer shall mail or otherwise furnish to the security holder, as promptly as practicable after the receipt of the request:

A. a statement of the approximate number of record owners and, to the extent known to the issuer, the approximate number of beneficial owners of any class of securities, any of whom have been or are to be solicited on behalf of the management, or any group of whom the security holder shall designate; and

B. an estimate of the cost of mailing a specified proxy statement, form of proxy or other communication to the owners.

Subp. 3. **Material furnished by security holder.**

A. Copies of any proxy statement, form of proxy and other communication furnished by the security holder shall be mailed by the issuer to the security owners specified in subpart 2, item A the security holder designates.

B. The material furnished by the security holder shall be mailed with reasonable promptness after receipt of the material to be mailed, the envelopes or other containers therefor, and postage or payment for postage. The issuer need not mail any material prior to the first day on which solicitation is made on behalf of the issuer.

C. The issuer shall not be responsible for the proxy statement, form of proxy or other communication.

Subp. 4. **Alternative compliance.** In lieu of performing the acts specified in subparts 2 and 3, the issuer may furnish promptly to the security holder a reasonably current list of the names and addresses of any of the record owners and, to the extent known to the issuer, the beneficial owners the security holder designates along with a schedule of the handling and mailing costs if the schedule has been supplied to the issuer.

**Statutory Authority:** *MS s 60A.22*

**2715.7360 PROPOSALS OF SECURITY HOLDERS.**

Subpart 1. **Inclusion in proxy statement and form of proxy.** If any holder of the securities of an issuer, hereafter referred to as the "proponent," notifies the issuer in writing not less than 90 days before the issuer's annual meeting of the intention to present a lawful proposal for action at a forthcoming meeting of the issuer's security holders and at the time of the notice the proponent is entitled to vote at least one percent of the votes entitled to be voted on the proposal, the issuer shall set forth the proposal in its proxy statement and identify it in its form of proxy and provide for the specification of approval or disapproval of the proposal. The proxy statement shall also include the name and address of the proponent.

Subp. 2. **Statement of support.** If the issuer opposes any proposal received from a proponent, it shall, at the request of the proponent, include in its proxy statement a statement of the proponent of not more than 200 words in support of the proposal.

Subp. 3. **Omissions.** The issuer may omit a proposal and any statement in support of it from its proxy statement and form of proxy under any of the following circumstances:

A. the proponent has submitted more than one proposal in connection with a particular meeting;

B. the proposal is more than 300 words in length;

C. the proposal or the supporting statement is contrary to any provision of this rule or the schedules hereto, including part 2715.7370 which prohibits false or misleading statements in proxy soliciting materials;

D. the proposal relates to the enforcement of a personal claim or the redress of a personal grievance against the issuer, its management, or any other person;

E. the proposal deals with a matter not significantly related to the issuer's business, a matter beyond the issuer's power to effectuate, a matter relating to the conduct of the ordinary business operations of the issuer, or an election to office;

F. the proposal is counter to a proposal to be submitted by the issuer at the meeting, the proposal has been rendered moot, or the proposal relates to specific amounts of cash or stock dividends;

G. the proposal is substantially duplicative of a proposal previously submitted to the issuer by another proponent, which proposal will be included in the management's proxy material for the meeting; or

H. substantially the same proposal has previously been submitted to security holders in the issuer's proxy statement and form of proxy relating to any annual or special meeting of security holders held within the preceding five calendar years and received less than five percent of the total number of votes cast in respect thereof at the time of its most recent submission.

Subp. 4. **Notice of omission.** If the issuer intends to omit any proposal from its proxy statement or forms of proxy, it shall notify the proponent in writing of its intention at least ten days before the issuer's preliminary proxy material is filed pursuant to part 2715.7340, subpart 1.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

#### **2715.7370 FALSE OR MISLEADING STATEMENTS.**

No proxy statement, form of proxy, notice of meeting, information statement, or other communication, written or oral, subject to parts 2715.7100 to 2715.8400 shall contain any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements in it not false or misleading or necessary to correct any statement in any earlier communication with respect to the same meeting or subject matter which has become false or misleading.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7380 PROHIBITION OF CERTAIN SOLICITATIONS.**

No person making a solicitation which is subject to this rule shall solicit any undated or postdated proxy or any proxy which provides that it shall be deemed to be dated as of any date subsequent to the date on which it is signed by the security holder.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7390 SPECIAL PROVISIONS APPLICABLE TO ELECTION CONTESTS.**

Subpart 1. **Scope.** This part applies to any solicitation subject to parts 2715.7100 to 2715.8400 by any person or group for the purpose of opposing a solicitation subject to parts 2715.7100 to 2715.8400 by any other person or group with respect to the election or removal of directors at any annual or special meeting of security holders.

Subp. 2. **Participant; participant in a solicitation.**

A. For purposes of this part the terms "participant" and "participant in a solicitation" include the issuer; any director of the issuer, and any nominee for whose election as a director proxies are solicited; or any other person, acting alone, or with one or more other persons, committees, or groups, in organizing, directing or financing the solicitation.

B. For the purpose of this part the terms "participant" and "participant in a solicitation" do not include a bank, broker or dealer who, in the ordinary course of business, lends money or executes orders for the purchase or sale of securities and who is not otherwise a participant; any person or organization retained or employed by a participant to solicit security holders, or any person who merely transmits proxy soliciting material or performs ministerial or clerical duties; any person employed in the capacity of attorney, accountant, or ad-



vertising, public relations or financial adviser, and whose activities are limited to the performance of duties in the course of that employment; any person regularly employed as an officer or employee of the issuer, or any of its subsidiaries or affiliates who is not otherwise a participant; or any officer or director of, or any person regularly employed by, any other participant, if the officer, director, or employee is not otherwise a participant.

**Subp. 3. Filing of information required by schedule B.**

A. No solicitation subject to this rule shall be made by any person other than the issuer unless at least five business days prior to it, or any shorter period the commissioner authorizes upon a showing of good cause, there has been filed with the commissioner, by or on behalf of each participant in the solicitation, a statement in duplicate containing the information specified in parts 2715.8300 to 2715.8350 (schedule B) and a copy of any material proposed to be distributed to security holders in furtherance of the solicitation.

B. Within five business days after a solicitation subject to this rule is made by the issuer, or any longer period the commissioner authorizes upon a showing of good cause, there shall be filed with the commissioner by or on behalf of each participant in the solicitation, other than the issuer, a statement in duplicate containing the information specified in parts 2715.8300 to 2715.8350.

C. If any solicitation on behalf of the issuer or any other person has been made, or if proxy material is ready for distribution, prior to a solicitation subject to this subpart in opposition to it, a statement in duplicate containing the information specified in parts 2715.8300 to 2715.8350 shall be filed with the commissioner by or on behalf of each participant in the prior solicitation, other than the issuer, as soon as reasonably practicable after the commencement of the solicitation in opposition to it.

D. If, subsequent to the filing of the statements required by items A to C, additional persons become participants in a solicitation subject to this rule, there shall be filed with the commissioner, by or on behalf of each person, a statement in duplicate containing the information specified in parts 2715.8300 to 2715.8350, within three business days after the person becomes a participant, or any longer period the commissioner authorizes upon a showing of good cause.

E. If any material change occurs in the facts reported in any statement filed by or on behalf of any participant, an appropriate amendment to the statement shall be filed promptly with the commissioner.

F. Each statement and amendment to it filed pursuant to this subpart shall be part of the public files of the commissioner.

**Subp. 4. Solicitations prior to furnishing required written proxy statement.** Notwithstanding the provisions of part 2715.8300, a solicitation subject to this rule may be made prior to furnishing security holders a written proxy statement containing the information specified in parts 2715.7700 to 2715.7910 (schedule A) with respect to the solicitation if:

A. the statements required by subpart 5 are filed by or on behalf of each participant in the solicitation;

B. no form of proxy is furnished to security holders prior to the time the written proxy statement required by part 2715.7310, subpart 1 is furnished to those persons. This subpart does not apply where a proxy statement then meeting the requirements of parts 2715.7700 to 2715.7910 (schedule A) has been furnished to security holders;

C. at least the information specified in the statements required by subpart 3, items B and C to be filed by each participant, or an appropriate summary thereof, is included in each communication sent or given to security holders in connection with the solicitation;

D. a written proxy statement containing the information specified in parts 2715.7700 to 2715.7910 (schedule A) with respect to a solicitation is sent or given security holders at the earliest practicable date.

**Subp. 5. Filing requirements of solicitations prior to furnishing required written proxy statement.** Two copies of any soliciting material proposed to be sent or given to security holders prior to the furnishing of the written proxy statement required by part 2715.7310, subpart 1 shall be filed with the commissioner in preliminary form at least five business days prior to the date definitive copies of the material are first sent or given to these persons, or any shorter period the commissioner authorizes upon a showing of good cause.

Subp. 6. **Annual report.** Notwithstanding the provisions of part 2715.7310, subpart 2, two copies of any portion of the annual report referred to in part 2715.7310, subpart 2 which comments upon or refers to any solicitation subject to this rule, or to any participant in any such solicitation, other than the solicitation by the management, shall be filed with the commissioner as proxy material subject to parts 2715.7100 to 2715.8400. This portion of the report shall be filed with the commissioner in preliminary form at least five business days prior to the date copies of the report are first sent or given to security holders.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

#### **SCHEDULE A; INFORMATION REQUIRED IN PROXY STATEMENT**

##### **2715.7700 MINIMUM REQUIREMENT.**

The proxy statement shall contain the information required by parts 2715.7710 to 2715.7910.

**Statutory Authority:** *MS s 60A.22*

##### **2715.7710 REVOCABILITY OF PROXY.**

State whether or not the person giving the proxy has the power to revoke it. If the right of revocation before the proxy is exercised is limited or is subject to compliance with any formal procedure, briefly describe the limitation or procedure.

**Statutory Authority:** *MS s 60A.22*

##### **2715.7720 DISSENTERS' RIGHT OF APPRAISAL.**

Outline briefly any rights of appraisal or similar rights of dissenting security holders with respect to any matter to be acted upon and indicate any statutory procedure required to be followed by dissenting security holders in order to perfect these rights. Where these rights may be exercised only within a limited time after the date of the adoption of a proposal, the filing of a charter amendment, or other similar act, state whether the person solicited will be notified of the date.

**Statutory Authority:** *MS s 60A.22*

##### **2715.7730 PERSONS MAKING SOLICITATIONS.**

Subpart 1. **Other than election contests.** Items B and C apply to solicitations not subject to part 2715.7390.

A. If the solicitation is made by the issuer, so state. Give the name of any director of the issuer who has informed the issuer in writing of intent to oppose any action intended to be taken by the issuer and indicate the action which the director intends to oppose.

B. If the solicitation is made otherwise than by the issuer, so state and give the names of the persons by whom and on whose behalf it is made.

C. If the solicitation is to be made otherwise than by use of the mails, describe the methods to be employed. If the solicitation is to be made by specially engaged employees or paid solicitors, state the material features of any contract or arrangement for the solicitation and identify the parties and the cost or anticipated cost of it.

D. State the name of the persons by whom the cost of solicitation has been or will be borne, directly or indirectly.

Subp. 2. **Election contests.** This subpart applies to solicitations subject to part 2715.7390.

A. State by whom the solicitation is made and describe the methods employed and to be employed to solicit security holders.

B. If regular employees of the issuer or any other participant in a solicitation have been or are to be employed to solicit security holders, describe the class or classes of employees to be so employed and the manner and nature of their employment for this purpose.

C. If specially engaged employees, representatives or other persons have been or are to be employed to solicit security holders, state the material features of any contract or arrangement for the solicitation and identify the parties, the cost or anticipated cost of it, and the approximate number of the employees or employees of any other person and the name of the other person who will solicit security holders.

D. State the total amount estimated to be spent and the total expenditures to date for or in connection with the solicitation of security holders.

E. State who will bear the cost of the solicitation. If reimbursement will be sought from the issuer, state whether the question of the reimbursement will be submitted to a vote of security holders.

F. If the solicitation is terminated pursuant to a settlement between the issuer and any other participant in the solicitation, describe the terms of the settlement, including the cost or anticipated cost of it to the issuer.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

### **2715.7740 INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON.**

A. For solicitations not subject to part 2715.7390, describe briefly any substantial interest, either direct or indirect, of each of the following persons, in any matter to be acted upon other than elections to office:

(1) if the solicitation is made on behalf of the issuer, each current director or officer of the issuer;

(2) if the solicitation is not made on behalf of the issuer, any person who would be a participant in a solicitation, except the issuer, or an officer, director, or nominee of the issuer;

(3) each nominee for election as a director of the issuer; and

(4) each associate of the foregoing persons.

B. For solicitations subject to part 2715.7390, describe briefly any substantial interest, either direct or indirect, of each participant, except the issuer in any matter to be acted upon at the meeting, and include with respect to each participant the information or an adequate summary thereof, required by parts 2715.8320, items A and D, 2715.8330, and 2715.8340, items B and C.

**Statutory Authority:** *MS s 60A.22*

### **2715.7750 VOTING SECURITIES AND PRINCIPAL HOLDERS OF THEM.**

A. State, as to each class of voting securities of the insurer entitled to be voted at the meeting, the number of shares outstanding and the number of votes to which each class is entitled.

B. Give the date as of which the record list of security holders entitled to vote at the meeting will be determined. If the right to vote is not limited to security holders of record on that date, indicate the conditions under which other security holders may be entitled to vote.

C. If action is to be taken with respect to the election of directors and if the persons solicited have cumulative voting rights:

(1) make a statement that they have these rights;

(2) describe the rights;

(3) state the conditions precedent to the exercise of them and;

(4) if discretionary authority to cumulate votes is solicited, so indicate.

D. Furnish the following information as of the most recent practicable date, in substantially the tabular form indicated, with respect to any person or group of persons who is known to be the beneficial owner of more than five percent of any class of securities; and all directors and nominees, naming them, and directors and officers of the issuer as a group, without naming them:

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1	2	3	4
Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class

E. If, to the knowledge of the persons on whose behalf the solicitation is made, a change in control of the issuer has occurred since the beginning of its last fiscal year, state the following: the name of the person who acquired control; the amount and the source of the consideration used by the person; the basis of the control; the date and a description of the transaction which resulted in the change of control and the percentage of voting securities of the issuer now beneficially owned directly or indirectly by the person who acquired control; and the identity of the person from whom control was assumed. Describe any arrangements which may at a subsequent date result in a change of control of the issuer.

**Statutory Authority:** *MS s 60A.22*

## 2715.7760 DIRECTORS AND EXECUTIVE OFFICERS.

If action is to be taken with respect to the election of directors, furnish the information required by items A to K, in tabular form to the extent practicable, with respect to each person nominated for election as a director and each other person whose term of office as a director will continue after the meeting. If the solicitation is made on behalf of persons other than the issuer, the information required need be furnished only as to nominees of the persons making the solicitation.

A. List the names and ages of all directors and officers of the issuer and all persons nominated or chosen to become directors or officers; indicate all positions and offices with the issuer held by each person; state the person's term of office as director or officer and any period during which the person has served as officer or director; briefly describe any arrangement or understanding between him or her and any other person pursuant to which he or she was or is to be selected as a director, officer, or nominee, and name this other person.

The information regarding officers need not be furnished in proxy or information statements if the information is furnished in a separate item in the issuer's annual report to stockholders.

B. State the nature of any family relationship not more remote than first cousin between any director, officer, or person nominated or chosen by the issuer to become a director or officer and also any similar family relationship between the person and any officer or director of any of the issuer's parents, subsidiaries or other affiliates.

C. State the principal occupations and employment during the past five years of each director and each person nominated or chosen to become a director or officer and the name and principal business of any corporation or other organization in which the occupations and employment were carried on.

D. Indicate other directorships held by each director or person nominated or chosen to become a director.

E. Describe any legal proceedings which have occurred during the past five years or which are pending which are material to an evaluation of the ability or integrity of any director or person nominated to become a director or officer of the issuer.

F. Describe any of the following relationships which exist:

(1) if the nominee or director is, or has within the last two full fiscal years been, an officer, director or employee of, or owns, or has within the last two full fiscal years owned, directly or indirectly, in excess of a one percent equity interest in any firm, corporation or other business or professional entity:

(a) which has made payments to the issuer or its subsidiaries during the issuer's last full fiscal year or which proposes to make payments to the issuer or its subsidiaries during the current fiscal year in excess of one percent of the issuer's consolidated gross revenues for its last full fiscal year;

(b) to which the issuer or its subsidiaries were indebted at any time during the issuer's last fiscal year in an aggregate amount in excess of one percent of the issuer's total consolidated assets at the end of the fiscal year;

(c) to which the issuer or its subsidiaries have made payments during the entity's last fiscal year or to which the issuer or its subsidiaries propose to make payments during the entity's current fiscal year in excess of one percent of the entity's consolidated gross revenues for its last full fiscal year;

(d) in order to determine whether payments made or proposed to be made exceed one percent of the consolidated gross revenues of any entity other than the issuer for the entity's last full fiscal year, it is appropriate to rely on information provided by the nominee or director;

(e) in calculating payments for property and services the following may be excluded:

i. payments where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a public utility at rates or charges fixed in conformity with law or governmental authority;

ii. payments which arise solely from the ownership of securities of the issuer and no extra or special benefit not shared on a pro rata basis by all holders of the class of securities is received;

(f) in calculating indebtedness for purposes of subitem (b), debt securities which have been publicly offered, admitted to trading on a national securities exchange, or quoted on the automated quotation system of a registered securities association may be excluded;

(2) the nominee or director is a member or employee of, or is associated with, a law firm which the issuer has retained in the last two full fiscal years or proposes to retain in the current fiscal year where fees paid or anticipated to be paid by the issuer are material to either the law firm, the issuer, or both;

(3) the nominee or director is a director, partner, officer or employee of any investment banking firm which has performed services for the issuer other than as a participating underwriter in a syndicate in the last two full fiscal years or which the issuer proposes to have perform services in the current year; or

(4) the nominee or director is a control person of the issuer, other than solely as a director of the issuer.

G. State whether or not the issuer has standing audit, nominating, and compensation committees of the board of directors, or committees performing similar functions. If the issuer has the committees, however designated, identify each committee member, state the number of committee meetings held by each committee during the last fiscal year and describe briefly the functions performed by the committees. If the issuer has a nominating or similar committee, state whether the committee will consider nominees recommended by shareholders and describe the procedures to be followed by shareholders in submitting these recommendations.

H. State the total number of meetings of the board of directors, including regularly scheduled and special meetings, which were held during the last full fiscal year. Name each incumbent director who during the last full fiscal year attended fewer than 75 percent of the aggregate of the total number of meetings of the board of directors held during the period for which that person has been a director, and the total number of meetings held by all committees of the board on which the director served during the periods that he or she served.

I. If a director has resigned or declined to stand for reelection to the board of directors since the date of the last annual meeting of shareholders because of a disagreement with the issuer on any matter relating to the issuer's operations, policies or practices, and if the director has furnished the issuer with a letter describing the disagreement and requesting that the matter be disclosed, the issuer shall state the date of resignation or declination to stand for reelection and summarize the director's description of the disagreement.

If the issuer believes that the description provided by the director is incorrect or incomplete, it may include a brief statement presenting its views of the disagreement.

J. With respect to those classes of voting stock which participated in the election of directors at the most recent meeting at which directors were elected:

(1) state the percentage of shares present at the meeting and voting or withholding authority to vote in the election of directors; and

(2) disclose in tabular format, the percentage of total shares cast for and withheld from the vote for or, where applicable, cast against, each nominee, which respectively were voted for and withheld from the vote for, or voted against, the nominee. When groups of classes or series of classes vote together in the election of a director or directors, they shall be treated as a single class for the purpose of the preceding sentence.

**K. Instructions:**

(1) Calculate the percentage of shares present at the meeting and voting or withholding authority to vote in the election of directors, referred to in item J, subitem (1) by dividing the total shares cast for and withheld from the vote for or, where applicable, voted against, the director in respect of whom the highest aggregate number of shares was cast by the total number of shares outstanding which were eligible to vote as of the record date for the meeting.

(2) No information need be given in response to item J unless, with respect to any class of voting stock or group of classes which voted together, five percent or more of the total shares cast for and withheld from the vote for or, where applicable, cast against any nominee were withheld from the vote for or cast against the nominee.

(3) If an issuer elects less than the entire board of directors annually, disclosure is required as to all directors if five percent or more of the total shares cast for and withheld from the vote for or, where applicable, cast against any incumbent director were withheld from or cast against the vote for the director at the meeting at which the director was most recently elected.

(4) No information need be given in response to item J if the issuer has previously furnished to its security holders a report of the results of the most recent meeting of security holders at which directors were elected which includes a description of each matter voted upon at the meeting and a statement of the percentage of the shares voting which were voted for and against each matter and the information which would be called for by item J. If an issuer has previously furnished these results to its security holders, this fact should be set forth in a letter accompanying the filing of preliminary proxy materials with the commissioner.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

**2715.7770 REMUNERATION OF DIRECTORS AND OFFICERS.**

Furnish the information required by items A to G if action is to be taken with respect to the election of directors; any bonus, profit sharing or other remuneration plan, contract or arrangement in which any director, nominee for election as a director, or officer of the insurer will participate; any pension or retirement plan in which any such person will participate; or the granting or extension to any such person of any options, warrants or rights to purchase any securities other than warrants or rights issued to security holders, as such, on a pro rata basis. If the solicitation is made on behalf of persons other than the issuer, the information required need be furnished only as to nominees of the persons making the solicitation and associates of the nominees.

**A. Current remuneration:** furnish the information required in item B, in substantially the tabular form specified, concerning all remuneration of the persons and groups in subitems (1) and (2) for services in all capacities to the issuer and its subsidiaries during the issuer's last fiscal year, or, in specified instances, certain prior fiscal years.

(1) Furnish the required information concerning each of the five most highly compensated officers or directors of the issuer as to whom the total remuneration required to be disclosed in columns C1 and C2 of item B would exceed \$50,000, naming each person.

(2) Furnish the required information concerning all officers and directors of the issuer as a group, stating the number of persons in the group without naming them.

(3) The provisions of subitems (1) and (2) include transactions between the issuer and a third party when the primary purpose of the transaction is to furnish remuneration to the persons specified in that paragraph. Other transactions between the issuer and third parties in which persons specified in subitems (1) and (2) have an interest, or may realize a benefit, generally are addressed by other disclosure requirements concerning the inter-

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est of management and others in certain transactions. This item does not require disclosure of remuneration paid to a partnership in which any officer or director was a partner; any such transaction should be disclosed pursuant to other disclosure requirements and not as a note to the remuneration table presented pursuant to item A.

(4) The issuer may provide additional disclosure through a footnote to the table, through additional columns, or otherwise, describing the components of aggregate remuneration in such greater detail as is appropriate.

**B. Current remuneration:**

(A) Name of individual or number of persons in group	(B) Capacities in which served	(C) Cash and cash equivalent forms of remuneration	(D) Aggregate of contingent forms of remuneration
	(C1) Salaries, fees, directors' fees, commissions, and bonuses	(C2) Securities or property, insurance benefits, reimbursement, or personal benefits	

Columns (C1), (C2) and (D) should contain with respect to each person or group of persons specified in item A, subitems (1) and (2) a dollar amount which reflects the total of all items of remuneration described in the heading to that column including those items set forth in the subparagraphs of that column.

**COLUMN (C)**  
Include all cash and cash equivalent forms of remuneration received during the fiscal year and all such amounts accrued during the fiscal year which, with reasonable certainty, will be distributed or vested in the future.

**COLUMN (D)**  
Include all contingent forms of remuneration the distribution, vesting, and measurement of which is subject to future events.

**COLUMN (C1)**  
Salaries, bonuses, fees, and commissions

**COLUMN (C2)**  
Securities, property, insurance benefits or reimbursement, personal benefits (Perquisites)

Report only amounts relating to the latest fiscal year, not amounts accrued in previous periods.

1. All cash remuneration distributed or accrued in the form of salaries, commissions, bonuses and fees for services rendered.
2. Compensation earned for services performed in the latest fiscal year even if it is deferred for future payment.

1. Spread between the acquisition price, if any, and fair market price of securities or property acquired under any contract, plan or arrangement.
2. Cost of any life insurance premiums, health insurance premiums and medical reimbursement plans. Premiums for

1. Amount expended for financial reporting purposes representing nonvested contributions, payments, or accruals under any pension or retirement plans, annuities, employment contracts, deferred compensation plans including Internal Revenue Service qualified plans, unless the

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	nondiscriminatory plans generally available to all salaried employees are excluded.	amount for the individual cannot be separated in which case a footnote is required indicating the percentage which contributions to the plan bear to participant's total remuneration.
3. Payments received in the latest fiscal year but earned in prior years which were deferred until the latest year, if such amounts were not shown in an earlier proxy statement or annual report to stockholders.	3. Personal benefits (perquisites) not directly related to job performance, excluding benefits provided on a nondiscriminatory basis, valued on the basis of cost to the issuer of providing these benefits.  a. If unreasonable effort or expense is required to determine the amounts of personal benefits, they may be omitted if their aggregate value does not exceed \$10,000 for each officer.  b. If the amount of personal benefits exceeds ten percent of the amount of total remuneration or \$25,000, whichever is less, the amount and a brief description of the benefits must be disclosed in a footnote.	2. The amount expended for financial reporting purposes under any incentive compensation plans (long-term income plans), such as stock appreciation rights, stock options, performance share plans, where payout is based on objective standards or stock value.  In subsequent years, if the corporation credits compensation expense for financial reporting purposes as a result of a decline in the value of contingent compensation, Column D may be reduced by a corresponding amount. A footnote explaining such action should be included.
	4. Vested company contributions to thrift, profit sharing, pension, stock purchase and similar plans.	



3. The amount expended for financial reporting purposes for any nonvested contribution payment or accrual to stock purchase plans, profit sharing, and thrift plans whether or not they are qualified under the Internal Revenue Code.

C. Proposed remuneration:

(1) Briefly describe all remuneration payments proposed to be made in the future pursuant to any existing plan or arrangement to the persons and groups specified in item A. As to defined benefit or actuarial plans with respect to which amounts are not included in the table, include a separate table showing the estimated annual benefits payable upon retirement to persons in specified remuneration and years-of-service classifications.

(2) Information need not be furnished with respect to any group life, health, hospitalization, or medical reimbursement plans which do not discriminate in favor of officers or directors of the issuer and which are available generally to all salaried employees.

D. Remuneration of directors: Describe any standard or special arrangements by which directors of the issuer are compensated for services as a director. State the amount of compensation.

E. Options, warrants, or rights:

(1) Furnish the information required by subitem (2) as to all options to purchase securities from the issuer or its subsidiaries which were granted to or exercised by the persons and groups specified in item A, subitem (1) since the beginning of the issuer's last fiscal year, and as to all options held by such persons as of the latest practicable date.

(2) shows as to certain directors and officers and as to all directors and officers as a group:

(a) the amount of options granted since the beginning of the issuer's last full fiscal year;

(b) the amount of shares acquired since that date through the exercise of options;

(c) the amount of shares of the same class sold during the period; and

(d) the amount of shares subject to all unexercised options held as of the most recent practicable date.

(3) Options to purchase securities from issuer or subsidiaries:

	Name	Name	Name	All Directors and Officers as a Group
Title of securities				
Granted - .... to date:				
Number of shares	_____	_____	_____	_____
Average per share option price	\$ _____	\$ _____	\$ _____	\$ _____
Exercised - .... to date:				
Number of shares	_____	_____	_____	_____

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Aggregate option price of options exercised	\$ ____	\$ ____	\$ ____	\$ ____
Aggregate market value of shares on date options exercised	\$ ____	\$ ____	\$ ____	\$ ____
Sales - .... to date: Number of shares	____	____	____	____

(Sales by directors and officers who exercised options during the month, day, and year to the date of the proxy material.)

Unexercised at ....: Number of shares	____	____	____	____
Average per share option price	\$ ____	\$ ____	\$ ____	\$ ____

In addition, during the period employees were granted options for \_\_\_\_ shares at an average price per share of \$ \_\_\_\_.

(4) Instructions:

(a) All figures in subitem (3) should be adjusted, where applicable, in accordance with the terms of the options to reflect stock splits and to give effect to share dividends.

(b) Other tabular presentations are acceptable if they include the necessary data. Tabular presentation shall not be needed if options granted do not exceed five percent of the outstanding shares.

(c) Where the total market value on the granting dates of the securities called for by all options granted during the period specified does not exceed \$10,000 for any officer or director named in answer to item A, or \$40,000 for all officers and directors as a group, this part need not be answered with respect to options granted to the person or group.

(d) Where the total market value on the dates of purchase of all securities purchased through the exercise of options during the period specified does not exceed \$10,000 for any person or \$40,000 for a group, this part need not be answered with respect to options exercised by the person or group.

(e) Where the total market value as of the latest practicable date of the securities called for by all options held at that time does not exceed \$10,000 for any person or \$40,000 for a group, this part need not be answered with respect to options held as of the specified date by the person or group.

(f) The term "options" as used in this item includes all options, warrants or rights, other than those issued to security holders as such on a pro rata basis. Where the average option price per share is called for, the weighted average price per share shall be given.

(g) The extension, regranting or material amendment of options shall be deemed the granting of options within the meaning of unit (f).

(h) If the options relate to more than one class of securities the information shall be given separately for each class.

F. Indebtedness of management:

(1) State as to each of the following persons who was indebted to the issuer or its subsidiaries at any time since the beginning of the last fiscal year of the registrant the largest aggregate amount of indebtedness outstanding at any time during that period; the nature

of the indebtedness outstanding and the transaction in which it was incurred; the amount of the indebtedness outstanding as of the latest practicable date; and the rate of interest paid or charged on it:

- (a) each director or officer of the issuer;
- (b) each nominee for election as a director; and
- (c) each associate of the director, officer or nominee.

(2) The requirements of item E do not apply to any person whose aggregate indebtedness did not exceed \$10,000 or one percent of the issuer's total assets, whichever is less, at any time during the period specified, or indebtedness under an insurance policy.

G. Transactions with management:

(1) Describe briefly any transaction since the beginning of the issuer's last fiscal year or any presently proposed transactions, to which the issuer or any of its subsidiaries was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest, naming the person and stating the relationship to the issuer, the nature of the person's interest in the transaction and, where practicable, the amount of the interest:

- (a) any director or officer of the issuer;
- (b) any nominee for election as a director;
- (c) any security holder who is known to the issuer to own of record or beneficially more than ten percent of any class of the issuer's voting securities; and
- (d) any relative or spouse of any of the foregoing persons, or any relative of the spouse, who has the same home as the person or who is a director or officer of any parent or subsidiary of the issuer.

(2) Describe briefly any material legal proceedings to which the person is a party adverse to the issuer or any of its subsidiaries or has a material interest adverse to the issuer or any of its subsidiaries.

(3) No information need be given in response to this item as to any remuneration or other transaction reported in response to items A to E, or as to any transaction with respect to which information may be omitted pursuant to those provisions.

(4) No information need be given in answer to this item as to any transaction where:

(a) the rates or charges involved in the transaction are determined by competitive bids, or at rates or charges fixed in conformity with law or governmental authority;

(b) the transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

(c) the amount involved in the transaction or series of similar transactions, including all periodic installments in the case of any lease or other agreement providing for periodic payments or installments, does not exceed \$40,000; or

(d) the interest of the specified person arises solely from the ownership of securities of the issuer and the specified person receives no extra or special benefit not shared on a pro rata basis by all holders of securities of the class.

(5) It should be noted that this part calls for disclosure of indirect, as well as direct, material interests in transactions. A person who has a position or relationship with a firm, corporation, or other entity, which engages in a transaction with the issuer or its subsidiaries may have an indirect interest in the transaction by reason of the position or relationship. A person does not have a material indirect interest in a transaction within the meaning of this paragraph where:

(a) the interest arises only from the person's position as a director of another corporation or organization, other than a partnership, which is a party to the transaction; or from the direct or indirect ownership by the person and all other persons specified in this paragraph of less than a ten percent equity interest in another person, other than a partnership, which is a party to the transaction; or from both the position and ownership;

(b) the interest arises only from the person's position as a limited partner in a partnership in which the person and all other persons specified in this paragraph had an interest of less than ten percent; or

(c) the interest of the person arises solely from the holding of an equity interest, including a limited partnership interest but excluding a general partnership interest, or a creditor interest in another person which is a party to the transaction with the issuer or any of its subsidiaries and the transaction is not material to the other person.

(d) Instructions:

i. In describing any transaction involving the purchase or sale of assets by or to the issuer or any of its subsidiaries, otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and, if acquired by the seller within two years prior to the transaction, the cost of them to the seller. Indicate the principle followed in determining the issuer's purchase or sale price and the name of the person making the determination.

ii. Information shall be furnished in answer to this part with respect to transactions not excluded above which involve remuneration from the issuer or its subsidiaries, directly or indirectly, to any of the specified persons for services in any capacity unless the interest of the persons arises solely from the ownership individually and in the aggregate of less than ten percent of any class of equity securities of another corporation furnishing the services to the issuer or its subsidiaries.

**H. Transactions with pension or similar plans:**

(1) Describe briefly any transactions since the beginning of the issuer's last fiscal year, or any presently proposed transactions, to which any pension, retirement, savings or similar plan provided by the issuer, or any of its parents or subsidiaries was or is to be a party, in which any of the persons specified in item F or the issuer or any of its subsidiaries had or is to have a direct or indirect material interest naming the person and stating the relationship to the issuer, the nature of the person's interest in the transaction and, where practicable, the amount of the interest.

(2) No information need be given in answer to this item with respect to:

(a) payments to the plan, or payments to beneficiaries, pursuant to the terms of the plan;

(b) payment of remuneration for services not in excess of five percent of the aggregate remuneration received by the specified person during the issuer's last fiscal year from the issuer and its subsidiaries; or

(c) any interest of the issuer or any of its subsidiaries which arises solely from its general interest in the success of the plan.

(3) Instructions:

(a) The provisions of item F, subitem (4) shall apply to this subitem.

(b) Without limiting the general meaning of the term "transaction" there shall be included in answer to this item any remuneration received or any loans received or outstanding during the period, or proposed to be received.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279; L 1998 c 254 art 1 s 107*

**2715.7780 MATTERS RELATED TO ACCOUNTING.**

If the solicitation is made on behalf of the issuer and relates to an annual meeting of security holders at which directors are to be elected or financial statements are included, furnish the information contained in items A to C.

A. If the issuer's financial statements are not certified by independent public or certified accountants, so state.

B. If the board of directors has no audit or similar committee, so state.

C. If the issuer's financial statements are certified by independent public or certified accountants, so state and provide the following information:

(1) The name of the principal accountant selected or being recommended to shareholders for election, approval or ratification for the current year. If no accountant has been elected or recommended, so state and briefly describe the reasons therefor.

(2) The name of the principal accountant for the fiscal year most recently completed if different from the accountant selected or recommended for the current year or if no accountant has been elected or recommended for the current year.

(3) If a change in accountants has taken place since the date of the proxy statement for the most recent annual meeting of shareholders, so state, and, if in connection with the change a material disagreement in connection with financial disclosure between the accountant and issuer has occurred, the disagreement shall be described. Prior to filing the preliminary proxy materials with the commissioner which contains or amends the description, the issuer shall furnish the description of the disagreement to any accountant with whom the disagreement has occurred. If that accountant believes that the description of the disagreement is incorrect or incomplete, the accountant may include a brief statement, not to exceed 200 words, in the proxy statement presenting the accountant's view of the disagreement. This statement shall be submitted to the issuer within ten business days of the date the accountant receives the issuer's description.

(4) The proxy statement shall indicate whether or not representatives of the principal accountants for the current year and for the most recently completed fiscal year are expected to be present at the stockholders' meeting with the opportunity to make a statement if they desire to do so and whether or not the representatives are expected to be available to respond to appropriate questions.

(5) If any change in accountants has taken place since the date of the proxy statement for the most recent annual meeting of shareholders, state whether the change was recommended or approved by any audit or similar committee of the board of directors if the issuer has such a committee, or the board of directors if the issuer has no such committee.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

#### **2715.7790 BONUS, PROFIT SHARING, OTHER REMUNERATION PLANS, PENSION, AND RETIREMENT PLANS.**

If action is to be taken with respect to any bonus, profit sharing, or other remuneration plan or any pension or retirement plan, furnish the information contained in items A to F.

A. Describe briefly the material features of the plan; identify each class of persons who will participate in it; indicate the approximate number of persons in each class; and state the basis of the participation.

B. Furnish the information, in addition to that required by this part and part 2715.7770, necessary to describe adequately the provisions already made pursuant to all bonus, profit sharing, pension, retirement, stock option, stock purchase, deferred compensation, or other remuneration or incentive plans, now in effect or in effect within the past five years, for each director or officer named in answer to part 2715.7770, item A who may participate in the plan to be acted upon; all present directors and officers of the issuer as a group, if any director or officer may participate in the plan, and all employees, if employees may participate in the plan.

C. If the plan to be acted upon can be amended otherwise than by a vote of stockholders to increase the cost of it to the issuer or to alter the allocation of the benefits as between the directors and officers on the one hand and employees on the other hand, state the nature of the amendments which can be made.

D. With regard to any bonus, profit sharing or other remuneration plan on which action is to be taken, furnish the following information:

(1) state separately the amounts which would have been distributable under the plan during the last fiscal year of the issuer to directors and officers, and to employees if the plan had been in effect; and

(2) state the name and position with the issuer of each person specified in part 2715.7770, item A who will participate in the plan and the amount which each person would have received under the plan for the last fiscal year of the issuer if the plan had been in effect.

E. With regard to any pension or retirement plan on which action is to be taken furnish the following information:

(1) state the approximate total amount necessary to fund the plan with respect to past services, the period over which the amount is to be paid and the estimated annual payments necessary to pay the total amount over the period; the estimated annual payment to be made with respect to current services; and the amount of the annual payments to be made for the benefit of directors, officers, and employees; and

(2) state the name and position with the issuer of each person specified in part 2715.7770, item A who will be entitled to participate in the plan; the amount which would have been paid or set aside by the issuer and its subsidiaries for the benefit of the person for the last fiscal year of the issuer if the plan had been in effect; and the amount of the annual benefits estimated to be payable to the person in the event of retirement at normal retirement date.

**F. Instructions:**

(1) If action is to be taken with respect to the amendment or modification of an existing plan, this part shall be answered with respect to the plan as proposed to be amended or modified and shall indicate any material differences from the existing plan.

(2) The following instructions shall apply to item B:

(a) information need only be given with respect to benefits received or set aside within the past five years;

(b) information need not be included as to payments made for, or benefits to be received from, group life or accident insurance, group hospitalization or similar group payments or benefits; and

(c) if action is to be taken with respect to any plan in which directors or officers may participate, the information called for by part 2715.7770, item E shall be furnished for the last five fiscal years of the issuer and any period subsequent to the end of the latest fiscal year, in aggregate amounts for the entire period for each person and group. If any named person, or any other director or officer, purchased securities through the exercise of options during the period, state the aggregate amount of securities of that class sold during the period by the named person and other directors and officers as a group. The information called for by this instruction is in lieu of the information since the beginning of the issuer's last fiscal year called for by part 2715.7770, item E. If employees may participate in the plan to be acted upon, state the aggregate amount of securities called for by all options granted to employees during the five year period and, if the options were other than "restricted" or "qualified" stock options or options granted pursuant to an "employee stock purchase plan", as these terms are defined in the Internal Revenue Code, sections 422 to 424, as amended through May 9, 1983, state that fact and the weighted average option price per share. The information called for by this instruction may be furnished in the form of the table set forth in part 2715.7770, item E, subitem (2).

(3) If the plan to be acted upon is set forth in a written document, three copies of it shall be filed with the commissioner at the time preliminary copies of the proxy statement and form of proxy are filed.

(4) The information called for by subitem (2), unit (b), or part 2715.7770, item F, subitem (1), unit (c), need not be given as to payments made on an actuarial basis pursuant to any group pension plan which provides for fixed benefits in the event of retirement at a specified age or after a specified number of years of service.

**Statutory Authority:** *MS s 60A.22*

**2715.7800 OPTIONS, WARRANTS, OR RIGHTS.**

If action is to be taken with respect to the granting or extension of any options to purchase securities of the issuer or any subsidiary, furnish the information contained in items A to D.

**A. State the following:**

(1) the title and amount of securities called for or to be called for by the options;

(2) the prices, expiration dates, and other material conditions upon which the options may be exercised;

(3) the consideration received or to be received by the issuer or subsidiary for the granting or extension of the options;

(4) the market value of the securities called for or to be called for by the options as of the latest practicable date; and

(5) in the case of options, the federal income tax consequences of the issuance and exercise of the option to the recipient and to the issuer.

B. State separately the amount of options received or to be received by the following persons, naming each person:

(1) each director or officer named in answer to part 2715.7770, item A;

(2) each nominee for election as a director of the issuer;

(3) each associate of the directors, officers, or nominees; and

(4) each other person who received or is to receive ten percent or more of the options received or to be received by all directors and officers of the issuer as a group, without naming them.

C. In addition to that required by this part and part 2715.7770, furnish the information necessary to describe adequately the provisions already made pursuant to all bonus, profit sharing, pension, retirement, stock option, stock purchase, deferred compensation, or other remuneration or incentive plans, now in effect or in effect within the past five years, for each director or officer named in answer to part 2715.7770, item A who may participate in the plan to be acted upon; all present directors and officers of the issuer as a group, if any director or officer may participate in the plan; and all employees, if employees may participate in the plan.

D. Instructions:

(1) The term option includes any option, warrant, or right.

(2) The provisions of items A and C do not apply to warrants or rights to be issued to security holders as such on a pro rata basis.

(3) The provisions of part 2715.7790, item F, subitem (2) shall also apply to item C.

(4) If the options described in answer to this part are issued pursuant to a plan which is set forth in a written document, three copies of it shall be filed with the commissioner at the time preliminary copies of the proxy statement and form of proxy are filed.

**Statutory Authority:** *MS s 60A.22*

### **2715.7810 AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE.**

If action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the issuer, furnish the information contained in items A to D.

A. State the title and amount of the securities to be authorized or issued.

B. If the securities are other than additional shares of common stock of a class outstanding, furnish a brief summary of the following, if applicable: dividend, voting, liquidation, preemptive, and conversion rights; redemption and sinking fund provisions; interest rate and date of maturity.

C. Describe briefly the transaction in which the securities are to be issued, including a statement as to the nature and approximate amount of consideration received or to be received by the issuer; and the approximate amount devoted to each purpose, as far as is determinable, for which the net proceeds have been or are to be used. If it is impracticable to describe the transaction in which the securities are to be issued, state the reason, indicate the purpose of the authorization of the securities and state whether further authorization for the issuance of the securities by a vote of security holders will be solicited prior to the issuance.

D. If the securities are to be issued otherwise than in a general public offering for cash, state the reasons for the proposed authorization or issuance and the general effect of it upon the rights of existing security holders.

**Statutory Authority:** *MS s 60A.22*

**2715.7820 MODIFICATION OF OR EXCHANGE OF SECURITIES.**

If action is to be taken with respect to the modification of any class of securities of the issuer, or the issuance or authorization for issuance of securities of the issuer in exchange for outstanding securities of the issuer, furnish the information contained in items A to E.

A. If outstanding securities are to be modified, state the title and amount of the securities. If securities are to be issued in exchange for outstanding securities, state the title and the amount of securities to be so issued, the title and the amount of outstanding securities to be exchanged, and the basis of the exchange.

B. Describe any material differences between the outstanding securities and the modified or new securities.

C. State the reasons for the proposed modification or exchange and the general effect of it upon the rights of existing security holders.

D. Furnish a brief statement as to arrears in dividends or defaults in principal or interest in respect to the outstanding securities which are to be modified or exchanged and other information appropriate in the particular case to disclose adequately the nature and effect of the proposed action.

E. Outline briefly any other material features of the proposed modification or exchange. If the plan of proposed action is set forth in a written document, file copies of it with the commissioner at the time the preliminary proxy material is filed.

**Statutory Authority:** *MS s 60A.22*

**2715.7830 MERGERS, CONSOLIDATIONS, ACQUISITIONS, AND SIMILAR MATTERS.**

Furnish the information contained in items A to C if action is to be taken with respect to any plan for: the merger or consolidation of the issuer into or with any other person or of any other person into or with the issuer; the acquisition by the issuer or any of its security holders of securities of another issuer; the acquisition by the issuer of any other going business or of the assets thereof; the sale or other transfer of all or any substantial part of the assets of the issuer; or the liquidation or dissolution of the issuer.

A. Outline briefly the material features of the plan. State the reasons for it and the general effect of it upon the rights of existing security holders. If the plan is set forth in a written document, file three copies of it with the commissioner at the time preliminary copies of the proxy statement and form of proxy are filed.

B. Furnish the information contained in subitems (1) to (8) as to the issuer and each person to be merged into the issuer or into or with which the issuer is to be merged or consolidated or the business or assets of which are to be acquired or which is the issuer of securities to be acquired by the issuer in exchange for all or a substantial part of its assets or to be acquired by security holders of the issuer. What is required is information essential to an investor's appraisal of the action proposed to be taken.

(1) Describe briefly the business of the person.

(2) State the location and describe the general character of the plants and other important physical properties of the person. The description is to be given from an economic and business standpoint, as distinguished from a legal standpoint. Portfolio or investment assets of an issuer need not be disclosed.

(3) Furnish a brief statement as to dividends in arrears or defaults in principal or interest in respect of any securities of the issuer or of the person, and as to the effect of the plan thereon and such other information as may be appropriate in the particular case to disclose adequately the nature and effect of the proposed action.

(4) Furnish a tabulation in columnar form showing the existing and the pro forma capitalization.

(5) Furnish in columnar form for each of the last five fiscal years an historical summary of earnings and show per share amounts of net earnings, dividends declared for each year and book value per share at the end of the latest period.

(6) Furnish in columnar form for each of the last five fiscal years a combined pro forma summary of earnings, as appropriate in the circumstances, indicating the aggre-



gate and per-share earnings for each year and the pro forma book value per share at the end of the latest period. If the transaction establishes a new basis of accounting for assets of any of the persons included in the accounting, the pro forma summary of earnings shall be furnished only for the most recent fiscal year and interim period and shall reflect appropriate pro forma adjustments resulting from the new basis of accounting.

(7) To the extent material for the exercise of prudent judgment in regard to the matter to be acted upon, furnish the historical and pro forma earnings data specified subitems in (5) and (6) for interim periods of the current and prior fiscal years, if available.

(8) Instructions: The provisions of this item shall not apply if the plan described in answer to item A involves only the issuer and one or more of its totally held subsidiaries.

C. As to each class of securities of the issuer, or of any person specified in item B, which is admitted to dealing on a national securities exchange or with respect to which a market otherwise exists and which will be materially affected by the plan, state the high and low sale prices, or, in the absence of trading in a particular period, the range of the bid and asked prices for each quarterly period within two years. This information may be omitted if the plan involves merely the liquidation or dissolution of the issuer.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7840 FINANCIAL STATEMENTS.**

A. If action is to be taken with respect to any matter specified in parts 2715.7810 to 2715.7830, furnish financial statements of the issuer and its subsidiaries complying with the requirements of part 2715.7310, subpart 2, items A to C including schedules of supplementary profit and loss information. The statements may be omitted with respect to a plan described in answer to part 2715.7830 if the plan involves only the issuer and one or more of its totally held subsidiaries.

B. If action is to be taken with respect to any matter specified in part 2715.7830, item B, furnish for each person specified, other than the issuer, financial statements complying with the requirements of part 2715.7310, subpart 2, items A to C.

C. The commissioner may, upon the request of the issuer, permit the omission of any of the statements required in this part where the statements are not necessary for the exercise of prudent judgment in regard to any matter to be acted upon, or may permit the filing in substitution therefor of appropriate statements of comparable character. The commissioner may also require the filing of other statements in addition to, or in substitution for, the statements required in this part in any case where the statements are necessary or appropriate for an adequate presentation of the financial condition of any person whose financial statements are required, or whose statements are otherwise material for the exercise of prudent judgment in regard to any matter to be acted upon. In the usual case, financial statements are deemed material to the exercise of prudent judgment where the matter to be acted upon is the authorization or issuance of a material amount of senior securities, but are not deemed material where the matter to be acted upon is in the authorization or issuance of common stock, otherwise than in an exchange, merger or consolidation, acquisition or similar transaction.

D. The proxy statement may incorporate by reference any financial statements contained in an annual report sent to security holders with respect to the same meeting as that to which the proxy statement relates, if the financial statements substantially meet the requirements of this part.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7850 ACQUISITION OR DISPOSITION OF PROPERTY.**

If action is to be taken with respect to the acquisition or disposition of any property, furnish the information contained in items A to D.

A. Describe briefly the general character and location of the property.

B. State the nature and amount of consideration to be paid or received by the issuer or any subsidiary. To the extent practicable, outline briefly the facts bearing upon the question of the fairness of the consideration.

C. State the name and address of the transferor or transferee as the case may be, and the nature of any material relationship of the person to the issuer or an affiliate of the issuer.

D. Outline briefly any other material features of the contract or transaction.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7860 RESTATEMENT OF ACCOUNTS.**

If action is to be taken with respect to the restatement of any asset, capital, or surplus account of the issuer, furnish the information contained in items A to D.

A. State the nature of the restatement and its effective date.

B. Outline briefly the reasons for the restatement and the selection of the particular effective date.

C. State the name and amount of each account, including any reserve accounts, affected by the restatement and the effect of the restatement on it. Tabular presentation of the amounts shall be made when appropriate, particularly in the case of recapitalizations.

D. To the extent practicable, state whether and the extent, if any, to which the restatement will, as of the date of it, alter the amount available for distribution to the holders of equity securities.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7870 ACTION WITH RESPECT TO REPORTS.**

If action is to be taken with respect to any report of the issuer or of its directors, officers or committees or any minutes of meetings of its stockholders, furnish the information contained in items A and B.

A. State whether or not the action constitutes approval or disapproval of any of the matters referred to in the reports or minutes.

B. Identify each of the matters which it is intended will be approved or disapproved and furnish the information required by the appropriate provisions of parts 2715.7700 to 2715.7910 with respect to each matter.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7880 MATTERS NOT REQUIRED TO BE SUBMITTED.**

If action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders, state the nature of the matter, the reasons for submitting it to a vote of security holders and what action is intended to be taken by the management in the event of a negative vote on the matter by the security holders.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7890 AMENDMENT OF CHARTER, BYLAWS, OR OTHER DOCUMENTS.**

A. If action is to be taken with respect to any amendment of the issuer's charter, bylaws or other documents as to which information is not required in parts 2715.7100 to 2715.7910, state briefly the reasons for and general effect of the amendment.

B. Where the matter to be acted upon is the classification of directors, state whether vacancies which occur during the year may be filled by the board of directors to serve only until the next annual meeting or may be filled for the remainder of the full term.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7900 OTHER PROPOSED ACTION.**

If action is to be taken with respect to any matter not specifically referred to in parts 2715.7100 to 2715.7910 describe briefly the substance of each matter in substantially the same degree of detail as is required by parts 2715.7750 to 2715.7890.

**Statutory Authority:** *MS s 60A.22*

#### **2715.7910 VOTE REQUIRED FOR APPROVAL.**

As to each matter which is to be submitted to a vote of security holders, other than elections to office or the selection or approval of auditors, state the vote required for its approval.

**Statutory Authority:** *MS s 60A.22*

**SCHEDULE B; INFORMATION TO BE INCLUDED IN STATEMENTS  
FILED BY OR ON BEHALF OF A PARTICIPANT OTHER THAN THE  
ISSUER IN A PROXY SOLICITATION IN AN ELECTION CONTEST****2715.8300 MINIMUM REQUIREMENT.**

The proxy statement shall contain the information required by parts 2715.8310 to 2715.8340.

**Statutory Authority:** *MS s 60A.22*

**2715.8310 ISSUER.**

State the name and address of the issuer.

**Statutory Authority:** *MS s 60A.22*

**2715.8320 IDENTITY AND BACKGROUND.**

A. State your name and business address and your present principal occupation or employment and the name, principal business and address of any corporation or other organization in which this employment is carried on.

B. State your residence address and information as to all material occupations, positions, offices or employments during the last ten years, giving starting and ending dates of each and the name, principal business and address of any business corporation or other business organization in which each occupation, position, office or employment was carried on.

C. State whether or not you are or have been a participant in any other proxy contest involving this company or other companies within the past ten years. If so, identify the principals, the subject matter and your relationship to the parties and the outcome.

D. State whether or not, during the past ten years, you have been convicted in a criminal proceeding, excluding traffic violations or similar misdemeanors, and, if so, give dates, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. A negative answer to this paragraph need not be included in the proxy statement or other proxy soliciting material.

**Statutory Authority:** *MS s 60A.22*

**2715.8330 INTEREST IN SECURITIES OF ISSUER.**

A. State the amount of each class of securities of the issuer which you own beneficially, directly or indirectly.

B. State the amount of each class of securities of the issuer which you own of record but not beneficially.

C. State with respect to all securities of the issuer purchased or sold within the past two years, the dates on which they were purchased or sold and the amounts purchased or sold on each date.

D. If any part of the purchase price or market value of any of the securities specified in item C is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding the securities, so state and indicate the amount of the indebtedness as of the latest practicable date. If the funds were borrowed or obtained otherwise than pursuant to a margin account or bank loan in the regular course of business of a bank, broker or dealer, briefly describe the transaction, and state the names of the parties.

E. State whether or not you are a party to any contracts, arrangements or understandings with any person with respect to any securities of the issuer, including joint ventures, loan or option arrangements, puts or calls, guarantees against losses or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. If so, name the persons with whom the contracts, arrangements, or understandings exist and give the details of them.

F. State the amount of securities of the issuer owned beneficially, directly or indirectly, by each of your associates and the name and address of each associate.

G. State the amount of each class of securities of any parent, subsidiary or affiliate of the issuer which you own beneficially, directly or indirectly.

**Statutory Authority:** *MS s 60A.22*

**2715.8340 FURTHER MATTERS.**

A. Describe the time and circumstances under which you became a participant in the solicitation and state the nature and extent of your activities or proposed activities as a participant.

B. Describe briefly, and where practicable state the approximate amount of, any material interest, direct or indirect, of yourself and of each of your associates in any material transactions since the beginning of the company's last fiscal year, or in any material proposed transactions, to which the company or any of its subsidiaries or affiliates was or is to be a party.

C. State whether or not you or any of your associates have any arrangement or understanding with any person with respect to any future employment by the issuer or its subsidiaries or affiliates; or with respect to any future transactions to which the issuer or any of its subsidiaries or affiliates will or may be a party.

If so, describe the arrangement or understanding and state the names of the parties to it.

**Statutory Authority:** *MS s 60A.22*

**2715.8350 SIGNATURE.**

The statement shall be dated and signed in the following manner:

I certify that the statements made in this statement are true, complete, and correct, to the best of my knowledge and belief.

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Signature of participant or  
authorized representative)

**Statutory Authority:** *MS s 60A.22*

**2715.8400 SCHEDULE C; INFORMATION REQUIRED IN INFORMATION STATEMENT.**

Subpart 1. **Contents.** The information statement shall contain the information required by subparts 2 to 7.

Subp. 2. **Limitation.** Where any provision other than subpart 6 calls for information with respect to any matter to be acted upon at the meeting, the provision need be answered only with respect to proposals to be made by the issuer.

Subp. 3. **Information required by schedule A.** Furnish the information called for by parts 2715.7700 to 2715.7910 except parts 2715.7700, 2715.7710, 2715.7730, and 2715.7740 which would be applicable to any matter to be acted upon at the meeting if proxies were to be solicited in connection with the meeting.

Subp. 4. **Statement that proxies not solicited.** The following statement shall be set forth on the first page of the information statement in bold face type:

**"WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE  
REQUESTED NOT TO SEND US A PROXY."**

Subp. 5. **Date, time, and place of meeting.** State the date, time, and place of the meeting of security holders, unless the information is otherwise disclosed in material furnished to security holders with the information statement.

Subp. 6. **Interest of certain persons.**

A. Describe briefly any substantial interest, direct or indirect, by security holdings or otherwise, of each of the following persons in any matter to be acted upon, other than elections to office:

- (1) each person who has been a director or officer of the issuer at any time since the beginning of the last fiscal year;
- (2) each nominee for election as a director of the issuer; and
- (3) each associate of the foregoing persons.

B. Give the name of any director of the issuer who has informed the management in writing of intent to oppose any action to be taken by the management at the meeting and indicate the action which that person intends to oppose.

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Subp. 7. **Proposals by security holders.** If any security holder entitled to vote at the meeting has, not less than 90 days before the issuer's annual meeting, submitted to the issuer a proposal which is accompanied by notice of intention to present the proposal for action at the meeting, make a statement to that effect, identify the proposal and indicate the disposition proposed to be made of the proposal by the management at the meeting.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279*

## 2715.8500 ALTERNATIVE COMPLIANCE.

Notwithstanding the provisions of parts 2715.7100 to 2715.8400, the commissioner shall permit the solicitation of proxies, consents, or authorizations if the manner of solicitation and the form of proxy, proxy statement and other documents used in the solicitation comply with the National Association of Insurance Commissioner's Model Regulation and the Schedules thereto.

**Statutory Authority:** *MS s 60A.22*