

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*

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