

# TITLE 18.

## SECURITIES; COOPERATIVES, AND NON-PROFIT CORPORATIONS

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### CHAPTER 1.

#### SECURITIES AND INVESTMENTS

##### ARRANGEMENT OF SECTIONS

###### Section

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An Act to establish procedures for the registration of investment securities in the Republic and for matters connected therewith. [This Act was formerly Ch. 2 under this Title.][Section numbering style modified to conform to new Code format Rev2003]

Source: TTC 1966  
71 TTC 1970  
COM P.L. 4C-15 (1972)  
71 TTC 1980

###### **§101. Short title.**

This Chapter may be cited as the “Securities and Investment Act.” [Note: Section 1 has been added to conform this Act to the format of this Revised Code].

###### **§102. Interpretations.**

When used in this Chapter, unless the context otherwise requires:

(a) “Issuer” means any person who issues or proposes to issue any security, except that:

(i) with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates of interest or shares in an unincorporated investment trust not having a board of directors or persons performing similar functions or of the fixed, restricted management, or unit type, the term “issuer” means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or agreement or instrument under which the security is issued; and

(ii) with respect to certificates of interest or participation in oil, gas or mining titles or leases or in payments out of production under such titles or leases, there is not considered to be any “issuer”.

(b) “person” means an individual, a corporation, a partnership, an association, a joint-stock company, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a government, or a political subdivision of a government;

(c) “sale or sell” means every contract of sale or disposition of a security or interest in a security, for value;

(d) “security” means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting trust certificate, certificate of deposit for a security, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of or warrant or right to subscribe to or purchase, any of the foregoing. “Security” does not include any insurance or endowment policy or annuity contract under which an insurance company promises to pay a fixed sum of money either in a lump sum or periodically for life or for some other specified period. [71 TTC 1970, §8; 71 TTC 1980, §8, modified.]

**§103. Registration required.**

It shall be unlawful for any person, directly or indirectly, to issue, sell, exchange or transfer any security, as defined in Section 102 of this Chapter, in the Republic unless or until such security has been registered with the Registrar of Corporations and approval of the registered security has been granted by the Cabinet. [71 TTC 1970, §1; 71 TTC 1980, §1, modified.]

**§104. Method of registration.**

Any security may be registered by filing a registration statement signed by each issuer, its principal executive officer or officers and the majority of its board of directors or persons performing similar functions, and in case the issuer is a non-citizen, by its duly authorized representative in the Republic; provided, that in the case of a security issued by a foreign government, the statement may be signed by the underwriter of such security. [71 TTC 1970, §2; 71 TTC 1980, §2, modified.]

**§105. Contents of registration statement.**

The registration statement, when relating to a security other than a security issued by a foreign government, shall contain the information the Registrar of Corporations by rule or regulation shall require for the protection of investors, and shall contain the approval of the Cabinet for the issuance, sale, exchange or transfer of such security. [71 TTC 1970, §3; 71 TTC 1980, §3, modified.]

**§106. Stop orders.**

The Cabinet may issue a stop order against any security transaction subject to this Act if after approval of such transaction it appears that:

(a) the registration statement includes any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein not misleading; or

(b) upon examination by the Registrar of Corporations of the books, records, practices and management of the issuer, material misrepresentations or misleading statements were made at the time of registration and approval under the circumstances prevailing at the time of examination. [71 TTC 1970, §4; 71 TTC 1980, §4, modified.]

**§107. Review of orders.**

(1) Any person aggrieved by an order of the Cabinet may obtain review on the record upon which the order was based, by filing a petition for review in the High Court within sixty (60) days of entry of such order, asking that it be modified or set aside.

(2) The findings of the Registrar of Corporations as to facts, if supported by evidence, shall be conclusive.

(3) The decision of the High Court shall be subject to review by the Supreme Court on appeal in accordance with law or rule. [1 TTC 1970, §5; 71 TTC 1980, §5, modified.]

**§108. Exemptions.**

(1) The provisions of this Act shall not apply to the following classes of securities:

(a) any security issued or guaranteed by the Republic;

(b) any security issued by an entity organized and operated exclusively for religious, educational, benevolent, fraternal or charitable purposes and not for pecuniary profit, no part of the net earnings of which inures to the benefit of any person or individual;

(c) certificates issued by a receiver or trustee in bankruptcy, with the approval of the court;

(d) any security exchanged by the issuer with its existing security holders exclusively;

(e) any security which is issued in exchange for one or more bona fide outstanding securities, claims or property interest or partly in exchange and partly for cash, when the terms and conditions of such issuance and exchange are approved by the Cabinet as to the fairness thereof; or

(f) any commercial paper which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, and which evidences an obligation to pay cash within nine (9) months of the date of issuance, exclusive of days of grace or any renewal thereof.

(2) The Registrar of Corporations may from time to time by rule and regulation, and subject to such terms and conditions as may be prescribed therein, add any class of securities exempted, if he finds that the enforcement of this Chapter with respect to such securities is not necessary in the public interest and for the protection of investors by reason of the small amount involved or the limited character of the public offering. [1 TTC 1970, §6; COMP.L. 4C-15, §1, 2(1972); 1 TTC 1980, §6, modified.]

**§109. Right to sue for damages incurred through misrepresentation.**

In the event any registration application contains a misrepresentation of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements not misleading, any person acquiring such security (unless it be proved that at the time of acquisition

he knew of such misrepresentation or omission) may sue the issuer and every person who signed the registration application or any supporting document, or any officer or director of the issuer, for the recovery of such damages as will represent the difference between the amount paid for the security and the value at the time of suit; provided however, that no such action shall be filed later than one year after the discovery of the misrepresentation or omission. [1 TTC 1970, §7; 1 TTC 1980, §7.]