

**11 NCAC 11D .0165 EXEMPTION FROM SUBSECTION (C): DISTRIBUTION**

Any security shall be exempt from the operation of subsection (c) of the act to the extent necessary to render lawful under such section 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:

- (1) 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 his 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 prior offering to existing security holders or some other class of persons; and
- (2) Other persons not within the purview of subsection (c) 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 subsection (c) of the act by this Rule. 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 which would otherwise be available under this Rule.

*History Note: Authority G.S. 58-2-40; 58-7-145;  
Eff. February 1, 1976;  
Readopted Eff. February 28, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 20, 2015.*