

18 NCAC 06A .1405 DEALER MERGER/CONSOLIDATION/ACQUISITION/SUCCESSION

(a) When there is a merger, consolidation, acquisition, succession, or other fundamental change the surviving or new entity shall file with the administrator, prior to such fundamental change, an amended Form BD or successor form, with the plan of fundamental change and a letter or any documents of explanation including the date of mass transfer of salesmen pursuant to Paragraph (c) of this Rule if contemplated. As soon as practicable, but not later than 30 days after the fundamental change, the surviving or new entity shall file with the administrator the current financial statements of the surviving or new entity; the amended or new charter and by-laws; and, if applicable, a copy of the certificate of merger, consolidation or other fundamental change.

(b) The registration of the surviving or new entity will be granted by the administrator on the same date that the fundamental change becomes effective. Where the fundamental change results in a change in the name of the surviving or new entity from the name listed on any outstanding dealer's license, the license shall be returned and a new license reflecting the new name will be issued. There will be no fee for reissuance of a license.

(c) Dealers shall effect mass transfers of salesmen in the following manner:

- (1) Where the surviving or new entity is a NASD member firm, it shall follow the NASAA/NASD Central Registration Depository procedures for effecting a mass transfer of salesmen from the nonsurviving entity to the surviving or new entity. For any salesman not to be transferred, the surviving or new entity shall timely terminate registration of that salesman pursuant to the NASAA/NASD Central Registration Depository procedures. There will be no fee for these transfers.
- (2) Where the surviving or new entity is a non-NASD member firm, it shall file with the Securities Division a Form U-4 or successor form for each salesman to be transferred from the nonsurviving entity to the surviving or new entity and a Form U-5 or successor form for each salesman not to be transferred. Each transferred salesman shall retain his salesman's license or notice of registration which shall suffice as evidence of registration with the surviving or new entity until renewal. The transfer of the salesman is effective upon receipt of the Form U-4 or successor form by the Securities Division. All Form U-5's or successor forms shall be filed as soon as practicable but no later than 10 business days after the fundamental change. A regular application fee shall be paid by the surviving or new dealer for each agent in such transfer.

*History Note: Authority G.S. 78A-37(b); 78A-37(c); 78A-40(a); 78A-49(a);
Eff. April 1, 1981;
Amended Eff. September 1, 1995; January 1, 1984; November 1, 1982;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 6, 2016.*