

18 NCAC 06A .2011 REQUIRED STATEMENTS TO INCLUDE IN ISSUER DISCLOSURE DOCUMENT

(a) An issuer shall include the legend required by G.S. 78A-17.1(a)(7) in its disclosure document as specified by this Rule.

(b) The text of the legend shall be separated into these paragraphs:

- (1) "In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense."
- (2) "These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time."

The numbers on the paragraphs above do not have to be included when the text of the legend is presented.

(c) The issuer shall present the legend conspicuously and in a readable form. For purposes of this Rule, "conspicuously and in a readable form" means:

- (1) in a bold font that is at least 10 point in size; and
- (2) uses at least one additional method of the issuer's choice to set the legend apart and emphasize it in comparison to other cover page information. NOTE: Examples of other ways of setting the legend apart include a different color font, white space around the legend, increased line spacing, or bordering the legend.

History Note: Authority G.S. 78A-17.1(a)(5); 78A-17.1(f); 78A-49(a); 78A-49(d); 78A-64; S.L. 2016-103, s.4.(a);
Eff. April 1, 2017.