

Sec. 38a-124-14. Exemption of sales of securities to be acquired from section 38a-120

(a) Whenever any person is entitled, as an incident to his ownership of an issued security and without the payment of consideration, to receive another security “when issued” or “when distributed,” the security to be acquired shall be exempt from the operation of section 38a-120 of the 1965 supplement to the general statutes provided: (1) The sale is made subject to the same conditions as those attaching to the right of acquisition, and (2) such person exercises reasonable diligence to deliver such security to the purchaser promptly after his right of acquisition matures, and (3) such person reports the sale on the appropriate form for reporting transactions by persons subject to section 38a-118 of said supplement.

(b) This rule shall not be construed as exempting transactions involving both a sale of a security “when issued” or “when distributed” and a sale of the security by virtue of which the seller expects to receive the “when-issued” or “when-distributed” security, if the two transactions combined result in a sale of more units than the aggregate of those owned by the seller plus those to be received by him pursuant to his right of acquisition.

(Effective September 25, 1992)