

Sec. 38a-124-9. Exemption of long term profits incident to sales within six months of the exercise of an option

(a) To the extent specified in subsection (b) of this section, the commissioner hereby exempts as not comprehended within the purposes of section 38a-119 of the 1965 supplement to the general statutes any transaction or transactions involving the purchase and sale, or sale and purchase, of any equity security where such purchase is pursuant to the exercise of an option or similar right either (1) acquired more than six months before its exercise, or (2) acquired pursuant to the terms of an employment contract entered into more than six months before its exercise.

(b) In respect to transactions specified in subsection (a) the profits inuring to the issuer shall not exceed the difference between the proceeds of sale and the lowest market price of any security of the same class within six months before or after the date of sale. Nothing in this rule shall be deemed to enlarge the amount of profit which would inure to such company in the absence of this rule.

(c) The commissioner also hereby exempts, as not comprehended within the purposes of said section 38a-119, the disposition of a security, purchased in a transaction specified in subsection (a), pursuant to a plan or agreement for merger or consolidation, or reclassification of such issuer's securities, or for the exchange of its securities for the securities of another person which has acquired its assets, where the terms of such plan or agreement are binding upon all stockholders of the issuer except to the extent that dissenting stockholders may be entitled, under statutory provisions or provisions contained in the certificate of incorporation, to receive the appraised or fair value of their holdings.

(d) The exemptions provided by this rule shall not apply to any transaction made unlawful by section 38-68d of said supplement or by any rules and regulations thereunder.

(e) The burden of establishing market price of a security for the purpose of this section shall rest upon the person claiming the exemption.

(Effective September 25, 1992)