

STANDARD MANUALS EXEMPTIONS

The manual exemptions permits a security to be distributed in a particular state without being registered if the company issuing the security has a listing for that security in a securities manual recognized by the state. However, it is not enough for the security to be listed in a recognized manual. The listing entry must contain:

1. The names of issuers, officers, and directors
2. An issuer's balance sheet
3. A profit and loss statement for either the fiscal year preceding the balance sheet or for the most recent fiscal year of operations

Furthermore, the manual exemption is a nonissuer exemption restricted to secondary trading transactions, making it unavailable for issuers selling newly issued securities.

As you will see from the following chart, most of the accepted manuals are those published in Standard and Poor's, Moody's Investor Service (or Mergent's if the state has amended its laws and rules to recognize the official name change —See IMPORTANT NOTE below), Fitch's Investment Service, and Best's Insurance Reports, and many states expressly recognize these manuals. A smaller number of states declare that they "recognize securities manuals" but do not specify the recognized manuals. The states that do not have any provisions do not expressly recognize the manual exemption.

Securities practitioners wishing to claim the manual exemption in states that do not have any provisions or in states that simply declare their recognition of the exemption without specifying particular manuals are advised to contact the securities administrators in those states to determine their exact position on this exemption.

IMPORTANT NOTE

Moody's Manuals no longer exist, and in their place Mergent's Manuals are now recognized and accepted in those states that previously recognized Moody's Manuals, whether or not the state has amended its laws or regulations or adopted a policy statement or an administrative order to officially recognize the name change from Moody's to Mergent's.

<u>State</u>	<u>Manual Approved</u>	<u>State</u>	<u>Manual Approved</u>
ALABAMA	No provisions	COLORADO	[Law at ¶13,112]
ALASKA	[Law at ¶8134] <ol style="list-style-type: none"> Standard & Poor's Mergent FIS, Inc. (formerly "Financial Communications Company, Inc.", formerly "Moody's Manuals") Fitch's Investor Service, L.P. [Regulation at ¶8462; Order at ¶8573] 		<ol style="list-style-type: none"> Moody's Industrial Manual Moody's Municipal and Governmental Manual Moody's Transportation Manual Moody's Public Utility Manual Moody's Bank and Finance Manual Moody's OTC Industrial Manual Moody's International Manual Standard & Poor's Standard Corporation Descriptions Periodic Supplements to each recognized Securities Manual [Rule at ¶13,429] The name change from Moody's to Mergent's Manuals is recognized by the Colorado Securities Division for purposes of claiming the manual exemptions under the Colorado Securities Act and rules. Mergent's Manuals appearing in electronic formats including CD-ROM and Internet are recognized. [Administrative Order at ¶13,666B]
ARIZONA	[Law at ¶9136] <ol style="list-style-type: none"> Mergent's Industrial Manual Mergent's Municipal and Governmental Manual Mergent's Transportation Manual Mergent's Public Utility Manual Mergent's Bank and Financing Manual Standard & Poor's Corporation Records [Rule at ¶9524] 		
ARKANSAS	[Law at ¶10,164] <ol style="list-style-type: none"> Standard & Poor's Standard Corporation Records Mergent's Industrial Manual Mergent's Bank and Finance Manual Mergent's Transportation Manual Mergent's Public Utility Manual Mergent's OTC Industrial Manual Mergent's International Manual Mergent's Municipal and Governmental Manual [Rule at ¶10,480] The name change from Moody's to Mergent's Manuals is recognized by the Arkansas Securities Department for purposes of claiming the manual exemption under the Arkansas Securities Act and rules. Mergent's Manuals appearing in electronic formats including CD-ROM and Internet are recognized. [Administrative Order at ¶10,673] 	CONNECTICUT	[Law at ¶14,120] <ol style="list-style-type: none"> Standard & Poor's Standard Corporation Descriptions Moody's Industrial Manual Moody's Bank and Finance Manual Moody's Transportation Manual Moody's OTC Industrial Manual Moody's Public Utility Manual Moody's International Manual [Regulation at ¶14,481A; Order at ¶14,585] Mergent's Inc.'s print-published and CD-ROM and electronic versions of the above manuals are recognized and accepted for exemption purposes. [Letter at ¶14,611]
CALIFORNIA	<ol style="list-style-type: none"> Evidences of indebtedness rated as "investment grade securities" as defined by: <ol style="list-style-type: none"> Standard & Poor's Rating Services Moody's Investor Service Fitch IBCA, Inc. [Rule at ¶11,820B] 	DELAWARE	[Law at ¶15,109] <ol style="list-style-type: none"> Mergent's Industrial Manual Mergent's Transportation Manual Mergent's Public Utility Manual Mergent's Bank & Finance Manual Mergent's OTC Industrial Manual Standard & Poor's Standard Corporation Descriptions Fitch's Individual Stock Bulletin [Rule at ¶15,518]

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DISTRICT OF COLUMBIA	[Law at ¶16,122] “A nationally recognized securities manual designated ... by the Commissioner...” 1. Mergent’s Industrial Manual 2. Mergent’s Transportation Manual 3. Mergent’s Public Utility Manual 4. Mergent’s Bank and Finance Manual 5. Mergent’s International Manual 6. Standard & Poor’s Standard Corporation Description 7. Fitch’s Individual Stock Bulletin 8. Mergent’s OTC Industrial Manual [Rule at ¶16,500; P.S. at ¶16,753]	INDIANA	[Law at ¶24,107] “A nationally recognized securities manual or its electronic equivalent.” [Rule at ¶24,674] Name change from Moody’s to Mergent’s Manuals is recognized and does not affect application of the secondary trading exemption [Administrative Order at ¶24,702]
FLORIDA	[Law at ¶17,106] 1. Mergent’s Investors Service Manuals 2. Standard & Poor’s Corporation Manual [Rule at ¶17,450]	IOWA	[Law at ¶25,113] “A recognized securities manual approved by the Commissioner”
GEORGIA	No provisions	KANSAS	[Law at ¶26,107(2)] A nationally recognized securities manual or its electronic equivalent designated by rule, order, or a record filed with the securities exchange commission. “Standard & Poor’s manual of standard corporate descriptions” and “Mergent’s Manuals” formerly known as “Moody’s Manuals.” [¶26,405P; ¶26,628]
GUAM	[Law at ¶19,132] “... a recognized securities manual ...”	KENTUCKY	No provisions
HAWAII	[Law at ¶20,107] “A nationally recognized securities manual or its electronic equivalent.”	LOUISIANA	No provisions
IDAHO	[Law at ¶21,107] 1. Standard & Poor’s Corporation Records 2. Mergent’s Industrial Manual 3. Mergent’s International Manual 4. Walker’s Manual of Western Corporations 5. Best’s Insurance Reports-Life-Health [Rule at ¶21,456]	MAINE	[Law at ¶29,037] A nationally recognized securities manual. Any Mergent, Standard & Poor’s or Fitch securities manual that contains, in whatever format, the information specified in 32 M.R.S.A. §16202(2)(D)(1)—(4). [Rule at par. 29,427]
ILLINOIS	No provisions		

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MARYLAND	<p>[Law at ¶30,172]</p> <ol style="list-style-type: none"> 1. Mergent's Industrial Manual 2. Mergent's Transportation Manual 3. Mergent's Public Utility Manual 4. Mergent's Bank & Finance Manual 5. Standard & Poor's Standard Corporation Descriptions. [Rule at ¶30,433; Administrative Order at ¶30,621] 		<ol style="list-style-type: none"> 1. Standard & Poor's Corporation Records 2. Mergent's Industrial Manual and Industrial News Reports 3. Mergent's Bank & Finance Manual and Bank & Finance News Reports 4. Mergent's Transportation Manual and Transportation News Reports 5. Mergent's Public Utility Manual and Public Utility News Reports 6. Mergent's OTC Industrial Manual and OTC Industrial News Reports 7. Mergent's International Manual [Regulation at ¶33,404]
MASSACHUSETTS	<p>[Law at ¶31,132]</p> <ol style="list-style-type: none"> 1. Standard & Poor's Standard Corporation Descriptions 2. Moody's Industrial Manual 3. Moody's Bank and Finance Manual 4. Moody's Transportation Manual 5. Moody's OTC Industrial Manual 6. Moody's Public Utility Manual [Rule at ¶31,472] The official change in the name from "Moody's" to "Mergent's" securities manuals is recognized by the Massachusetts Securities Division and does not affect availability of the securities manuals exemption. [Policy Statement at ¶31,650] 	MISSISSIPPI	<p>[Law at ¶34,146]</p> <ol style="list-style-type: none"> 1. Mergent's Industrial Manual 2. Mergent's Municipal and Government Manual 3. Mergent's Transportation Manual 4. Mergent's Public Utility Manual 5. Mergent's Bank and Finance Manual 6. Standard and Poor's Standard Corporate Descriptions or Records 7. Mergent's Over-the-Counter Industrial Manual 8. Mergent's International Manual [Rule at ¶34,532]
MICHIGAN	<p>[Law at ¶32,132]</p> <ol style="list-style-type: none"> 1. Moody's Industrial Manual 2. Moody's Transportation Manual 3. Moody's Public Utility Manual 4. Moody's Bank and Finance Manual 5. Moody's Municipal and Government Manual 6. Moody's OTC Industrial Manual 7. Moody's International Manual 8. Standard and Poor's Corporation Records 9. Best's Life Insurance Reports 10. Best's Insurance Reports (Fire and Casualty) [Rule at ¶32,476, ¶32,623] 	MISSOURI	<p>[Law at ¶35,107]</p> <ol style="list-style-type: none"> 1. Fitch's Rating Register [Rule at ¶35,510]
MINNESOTA	<p>[Law at ¶33,107]</p> <p>A nationally recognized securities manual or its electronic equivalent designated by rule, order, or a record filed with the Securities Exchange Commission.</p>	MONTANA	<p>No provisions [except to claim a foreign security exemption across]. Requires, among other conditions to be satisfied, that the most recent edition of Mergent's Manual or Standard & Poor's Corporation Records, or the periodic supplements to these publications contains a description of the issuer's business, officers' names, and audited balance sheet. [Rule at ¶36,472] "The most recent edition of Mergent's Manual, Standard & Poor's Corporation Records or supplements to these publications" that appears on CD-ROM, the Internet or in another recognized format is considered an acceptable format for purposes of this exemption. [Rule at ¶36,472]</p>

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NEBRASKA	[Law at ¶37,114] <ol style="list-style-type: none"> 1. Manuals published by Moody's Investors Service 2. Manuals published by Standard and Poor's Corporation [Reg. at ¶37,459] 		<ol style="list-style-type: none"> 3. Mergent's Industrial Manual 4. Mergent's Public Utility Manual 5. Mergent's Transportation Manual 6. Mergent's Municipal and Government Manual 7. Mergent's International Manual 8. Mergent's OTC Industrial Manual [Rule at ¶41,571]
NEVADA	[Law at ¶38,149, ¶38,150] <ol style="list-style-type: none"> 1. Mergent's Industrial Manual 2. Mergent's Municipal and Governmental Manual 3. Mergent's Public Utility Manual 4. Mergent's Transportation Manual 5. Mergent's Bank and Finance Manual 6. Mergent's International Manual 7. Standard & Poor's Corporation Records [Rules at ¶38,473, ¶38,474] 	NEW YORK	No provisions
NEW HAMPSHIRE	[Law at ¶39,177] <ol style="list-style-type: none"> 1. Moody's Manuals 2. Fitch's Manual 3. Standard & Poor's Manuals 	NORTH CAROLINA	[Law at ¶43,122] <ol style="list-style-type: none"> 1. Standard and Poor's Corporation Records 2. Mergent's Industrial Manual 3. Mergent's Over-the-Counter Industrial Manual 4. Mergent's International Manual 5. Periodic supplements to each recognized securities manual [Rule at ¶43,412]
NEW JERSEY	[Law at ¶40,104] <ol style="list-style-type: none"> 1. Moody's Manuals 2. Standard & Poor's Manuals [Rule at ¶40,591] Manuals issued by Mergent's and Standard and Poor's in either print or electronic format are recognized for the securities manuals exemption under the New Jersey Securities Act. [Rule at ¶ 40,525] The change in the name of Moody's Manuals to Mergent's Manuals does not affect the New Jersey Securities Bureau's recognition of these manuals for the exemption for nonissuer transactions by registered broker-dealers. The CD-ROM and Internet versions of Mergent's Manuals is an acceptable substitute for the print version. [No-Action Letter at ¶40,691W] 	NORTH DAKOTA	[Law at ¶44,106] <ol style="list-style-type: none"> 1. Standard and Poor's 2. Mergent's Industrial Manual 3. Mergent's Bank and Finance Manual 4. Mergent's Transportation Manual 5. Mergent's Public Utility Manual 6. Fitch's Investor Service, Inc.
NEW MEXICO	[Law at ¶41,186] <ol style="list-style-type: none"> 1. Standard & Poor's Corporation Records 2. Mergent's Bank & Financial Manual 	OHIO	[Law at ¶45,103] "a recognized securities manual"
		OKLAHOMA	[Law at ¶46,107] <ol style="list-style-type: none"> 1. Best's Insurance Reports, Life-Health 2. Moody's Industrial Manual 3. Moody's International Manual 4. Standard and Poor's Corporate Records [Rule at ¶46,514]

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OREGON	<p>[Law at ¶47,103]</p> <ol style="list-style-type: none"> 1. Fitch’s Investors Service with ratings of BBB or better for bonds, and ratings of F-3 or better for commercial paper 2. Moody’s Investors Service with Ratings of Baa or better for bonds, and ratings of P-3 or better for commercial paper 3. Standard & Poor’s Corporation with ratings of BBB or better for bonds, and ratings of A-3 or better for commercial paper [Rule at ¶47,548] <p>[Law at ¶47,104]</p> <ol style="list-style-type: none"> 1. Fitch’s Investor Service 2. Mergent’s Investor Service 3. Standard and Poor’s Corporation [Rule at ¶47,555] 	SOUTH CAROLINA	<p>[Law at ¶51,132]</p> <ol style="list-style-type: none"> 1. Standard & Poor’s Corporation Records 2. Mergent’s Manuals [Rule at ¶51,507]
PENNSYLVANIA	<p>No provisions Commercial paper is of “prime quality” when it is in one of the three highest ratings of a nationally recognized statistical rating organization [Regulation at ¶48,421]</p>	SOUTH DAKOTA	<p>[Law at ¶52,317]</p> <ol style="list-style-type: none"> 1. Standard and Poor’s Standard Corporation Descriptions 2. Moody’s Industrial Manual 3. Moody’s Bank and Finance Manual 4. Moody’s Public Utility Manual 5. Moody’s Municipal and Government Manual 6. Moody’s Transportation Manual 7. Moody’s OTC Industrial Manual 8. Moody’s OTC Unlisted Manual 9. Moody’s International Manual [Rule at ¶52,810W]
PUERTO RICO	<p>[Law at ¶49,132]</p> <ol style="list-style-type: none"> 1. Mergent’s Industrial Manual 2. Mergent’s Transportation Manual 3. Mergent’s Public Utility Manual 4. Mergent’s Bank & Finance Manual 5. Standard & Poor’s Standard Corporation Descriptions [Rule at ¶49,537; Policy Statement at ¶49,604] 	TENNESSEE	<p>No provisions.</p>
RHODE ISLAND	<p>[Law at ¶50,124]</p> <ol style="list-style-type: none"> 1. Fitch Investor Services, Inc. 2. Moody’s Investor Services 3. Standard & Poors Corp. [Rule at ¶50,408] 	TEXAS	<p>Law at ¶55,105]</p> <ol style="list-style-type: none"> 1. Standard & Poor’s Corporation Records (including the Daily News Section) 2. Best’s Insurance Reports Life-Health 3. Mergent’s Bank & Financial Manual and News Reports 4. Mergent’s Industrial Manual and News Reports 5. Mergent’s Public Utility Manual and News Reports 6. Mergent’s Transportation Manual and News Reports 7. Mergent’s Municipal and Government Manual and News Reports 8. Mergent’s International Manual and News Reports 9. Mergent’s OTC Industrial Manual and News Reports (Reports only for updating Manual) [Rule at ¶55,557; Securities Bulletin at ¶55,801]

<u>State</u>	<u>Manual Approved</u>	<u>State</u>	<u>Manual Approved</u>
U.S. VIRGIN ISLANDS	[Law at ¶60,508] A nationally recognized securities manual or its electronic equivalent.	WEST VIRGINIA	[Law at ¶63,132] 1. Moody's Industrial Manual 2. Moody's Transportation Manual 3. Moody's Public Utility Manual 4. Moody's Bank and Finance Manual 5. Moody's Municipal and Government Manual 6. Moody's OTC Industrial Manual 7. Standard and Poor's Corporation Records 8. Best's Life Insurance Reports 9. Best's Insurance Reports (Fire and Casualty) [Regulation at ¶63,492] Mergent's published versions of Moody's Manuals are recognized by the West Virginia Securities Division for the exemption for transactions in outstanding securities. [Administrative Order at ¶63,634]
UTAH	[Law at ¶57,144] 1. Standard & Poor's Corporation Records 2. Mergent's Industrial Manual 3. Mergent's Bank & Finance Manual 4. Mergent's Transportation Manual 5. Mergent's OTC Industrial Manual 6. Mergent's Public Utility Manual 7. Mergent's OTC Unlisted Manual 8. Mergent's International Manual [Rule at ¶57,411] The electronic version of Standard & Pooers Corporation Records is recognized by the Utah Securities Division to the same extent as the print version, for purposes of the Utah manual exemption in ¶57,411 [No-action letter at ¶57,498]	WISCONSIN	[Law at ¶64,172] Any Standard & Poor's, Mergent's or Fitch securities manual containing in whatever format the information specified in 551.202(2) (d) 1. through 4. [par. 64,172] is designated a "nationally recognized securities manual" for the s. 551.202(2) exemption for nonissuer transactions by or through a registered or exempt broker-dealer. [Rule at ¶64,512]
VERMONT	[Law at {58,107} A nationally recognized securities manual or its electronic equivalent.	WYOMING	[Law at ¶66,114] 1. Moody's Manuals 2. Standard & Poor's 3. Fitch's 4. Value Line Regulation at ¶66,433]
VIRGINIA	No provisions		
WASHINGTON	[Law at ¶61,133] 1. Fitch Investors Service 2. Moody's Investors Service 3. Standard & Poor's Corporations Records. [Rule at ¶61,530; for nonissuer transaction exemptions involving the NASAA Uniform Manual Exemption, see ¶61,749J, ¶61,749L]		