

NORTH
AMERICAN
SECURITIES
ADMINISTRATORS
ASSOCIATION, INC.

Articles of Incorporation
Bylaws
Policies and Procedures Manual

(Updated October 16, 2012)



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ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION
OF THE

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

§ 101 ARTICLE I. Name of Corporation

The name of the corporation is NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC. (the "Corporation").

§ 102 ARTICLE II. Duration of the Corporation

The period of duration of the Corporation is perpetual.

§ 103 ARTICLE III. Purposes of the Corporation

The purposes and objectives for which the Corporation is organized are as follows:

- (a) To support the principles of investor protection and the enforcement of laws duly enacted for the prevention or suppression of fraud and abuse in the commerce of securities;
- (b) To preserve the integrity and efficiency of legitimate financial markets;
- (c) To enhance the effectiveness and efficiency, and to communicate and advocate the value of state and provincial securities regulation;
- (d) To promote investor awareness and to educate current and potential investors;
- (e) To promote, insofar as is practicable, the uniformity in legislation having for its purpose the regulation of the commerce of securities or the suppression of fraud and abuse therein and the procedures thereunder;
- (f) To formulate, insofar as is practicable, uniform policies, forms, examinations and other matters relating to securities regulation and civil or criminal enforcement of securities laws or such other laws as administered by the members;
- (g) To develop guidelines, procedures or rules of fair practice related to the offer and sale of securities and rules to prevent fraudulent and manipulative acts and practices, and in general to promote just and equitable principles of trade for the protection of investors;
- (h) To conduct periodic meetings and maintain a continuing organization to assist interested members in matters pertaining to the administration and enforcement of the members' securities laws;
- (i) To provide a forum for the mutual discussion of and the building of consensus on approaches to problems common to securities regulatory and enforcement agencies;

- (j) To promote high standards of commercial honor; to provide a medium through which the Corporation's members may be enabled to confer, consult, and cooperate with governmental units and other persons through seminars, enforcement schools, publications, economic crime prevention programs, investor protection information and other means;
- (k) To promote through cooperative effort civil and criminal enforcement against violators of securities laws;
- (l) To engage in the process of educating and assisting members, civil and criminal law enforcement agencies and other persons through seminars, enforcement schools, publications, economic crime prevention programs, investor protection information and other means: and
- (m) To transact non-profit corporate activities and to purchase, hold, own, lease, mortgage, sell and convey any and all property, real and personal, necessary, convenient, or useful for the purposes of the Corporation in any part of the United States of America or in any member country, territory, state or otherwise, provided that the above purposes and objectives of the Corporation are only as permitted by an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

In furtherance and pursuance of the foregoing purposes and objectives, subject to the limitations set forth herein, the Corporation shall have and may exercise all of the powers set forth in Section 505 of the District of Columbia Nonprofit Corporation Act, as amended from time to time (the "Act") including all powers necessary and convenient to effect any or all of the aforesaid purposes and objectives, and shall have and may exercise additional powers which may be conferred by law.

§ 104 ARTICLE IV. Non-Profit Membership Corporation

The foregoing purposes, objectives and powers are each and all subject to the limitation that:

- (a) This Corporation is not organized for profit.
- (b) No part of the net earnings of the Corporation shall inure to the benefit of any director, trustee, creator or organizer of the Corporation, or substantial contributor to it or any private individual, except that reasonable compensation for actual services rendered to or for the Corporation and reimbursement of reasonable expenditures in furtherance of one or more of its exempt purposes may be provided.
- (c) The private property of the directors, officers and members of the Corporation shall not be subject to payment of the corporate debts to any extent whatever.
- (d) The Corporation shall have authority to accept as contributions personal property and real property, and to receive, and administer, maintain, use and employ, in whole or in part, its income funds, securities and property, real and personal, as an association organized and operated exclusively for educational, charitable and other nonprofit purposes beneficial to the public as such terms and purposes are used and defined in or in connection with Code section 501(c)(3) and the regulations thereunder, and to pursue such objects and purposes either directly or

by contribution to organizations that qualify as exempt organizations pursuant to Code section 501(c)(3) or are states (or political subdivisions thereof) or state instrumentalities, contributions to which are described in Code section 170(c)(1) and the regulations thereunder.

- (e) Notwithstanding any other provision of this Certificate, the Corporation shall not (i) conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Code section 501(c)(3) and the regulations thereunder, or (ii) engage in activities which are prohibited by an organization, contributions to which are deductible under Code section 170(b)(1)(A) and the regulations thereunder.

§105 ARTICLE V. Membership

The Corporation shall be a membership corporation with only one class of membership. The limitations, designations, powers and rights of each member are as follows:

- (a) The Department, Division, Commission, Bureau or other governmental unit that has primary and immediate authority to administer a law having for its purpose the regulation of the commerce of securities, and the regulation or supervision of individuals, corporations, partnerships or associations engaged in or concerned with the commerce of securities, of each of the following territories, provinces, states and country (hereinafter referred to as a "Member") shall be entitled to a one vote membership subject to the provisions of paragraph (d):

| | | |
|-------------------------|--------------------------|----------------------|
| Alabama | Manitoba | Ohio |
| Alaska | Maryland | Oklahoma |
| Alberta | Massachusetts | Ontario |
| Arizona | Mexico | Oregon |
| Arkansas | Michigan | Pennsylvania |
| British Columbia | Minnesota | Prince Edward Island |
| California | Mississippi | Puerto Rico |
| Colorado | Missouri | Quebec |
| Connecticut | Montana | Rhode Island |
| Delaware | Nebraska | Saskatchewan |
| District of Columbia | Nevada | South Carolina |
| Florida | New Brunswick | South Dakota |
| Georgia | Newfoundland | Tennessee |
| Hawaii | New Hampshire | Texas |
| Idaho | New Jersey | U.S. Virgin Islands |
| Illinois | New Mexico | Utah |
| Indiana | New York | Vermont |
| Iowa | North Carolina | Virginia |
| Kansas | North Dakota | Washington |
| Kentucky | Northwest Territories | West Virginia |
| Louisiana | Nova Scotia | Wisconsin |
| Maine | Nunavut Territory | Wyoming |
| | | Yukon Territory |

- (b) Each of the Members shall be represented in the Corporation by one agent, who shall be empowered to cast the membership vote on behalf of the Member (hereinafter referred to as the "Member Representative"). The Administrator, Commissioner, Director or other person from time to time having principal authority over the ordinary activities of the Member shall be the Member Representative. In the absence of or with the consent of the Member Representative, the vote of the Member may be cast by an agent of the Member Representative in accordance with the provisions therefor established in the Bylaws.
- (c) Any Member may vote by proxy subject to applicable law and such provisions as may be established in the Bylaws.
- (d) Except as set forth hereinabove, the conditions, methods of admission, qualification and classifications of membership, the limitations, rights, powers and duties of Members, the dues assessments, and contributions of the Members, the method of adding new Members and all other matters pertaining to the membership and the conduct, management and control of the business, property' and affairs of the Corporation shall be as provided from time to time in the Bylaws of the Corporation.

§106 ARTICLE VI. Board of Directors

The Board of Directors shall be composed of Member Representatives elected by the Members in accordance with the provisions established by the Bylaws; and the Executive Director employed pursuant to the Bylaws, ex officio and without vote. In addition to the powers of a board of directors under the Act, the Board of Directors shall have the following powers:

- (a) To authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation; and
- (b) By resolution or resolutions, passed by a majority of the Board of Directors, to designate one or more standing committees, each Committee to consist of such members and to have such powers and duties and have such name or names as may be provided by the Bylaws or the resolution or resolutions. The Bylaws may provide for such other committees as may from time to time be deemed advisable and such committees shall be appointed or elected in such manner and shall have such membership powers and duties as shall be from time to time provided by resolution of the Board of Directors or in the Bylaws of the Corporation.

The Corporation may, in its Bylaws, confer powers upon its board in addition to the foregoing and in addition to the powers and authorities expressly conferred upon it by the Act.

The number of directors constituting the Board of Directors of the Corporation shall be fixed by the Bylaws of the Corporation but at no time shall be fewer than three.

§ 107 ARTICLE VII. Regulation of Internal Affairs of Corporation

Provisions for the regulation of internal affairs of the Corporation shall be set forth in the Bylaws of the Corporation, to the extent that they are not set forth herein as follows:

- (a) No directorship or officership in this Corporation shall be assignable inter vivos or pass to any personal representative, heir, or devisee of any director or officer.
- (b) This Corporation shall not have or exercise any power or authority either expressly, by interpretation, or by operation of law, nor shall it directly or indirectly engage in any activity that will prevent this Corporation from qualifying (and continuing to qualify) as a corporation described in Code section 501(c)(3) and the regulations thereunder.
- (c) No substantial part of the activities of this Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation; this Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office; nor shall it in any manner engage in activities that are unlawful under the laws of the United States of America, the District of Columbia, or any other jurisdiction where such activities are carried on.
- (d) This Corporation shall never be operated for the primary purpose of carrying on a trade or business for profit. Neither the whole nor any part or portion of the assets or net earnings of this Corporation shall be used, nor shall this Corporation ever be organized or operated for purposes that are not exclusively educational, charitable, or otherwise permitted by Code sections 170(c)(1), (c)(2)(B), and 501(c)(3) and the regulations thereunder.
- (e) No compensation or payment shall ever be paid or made to any director, officer, trustee, creator, or organizer of this Corporation or substantial contributor to it, except as a reasonable allowance for actual expenditures or service actually made or rendered to or for this Corporation; provided, neither the whole nor any part or portion of the assets or net earnings, current or accumulated, of this Corporation shall ever be distributed to or divided among any of such persons; provided further, that neither the whole nor any part or portion of such assets or net earnings shall be used for, accrue to, or inure to the benefit of any private individual within the meaning of Code section 501(c)(3) and the regulations thereunder.
- (f) The Corporation may be liquidated or dissolved, and any such liquidation or dissolution may be carried out in the manner prescribed by the Bylaws of the Corporation, but any assets of the Corporation available for distribution after payment of its lawful debts and satisfaction of applicable legal obligations shall be transferred or assigned only to a corporation or other legal entity that is dedicated to charitable or educational purposes and that would then qualify under the provision of Code section 501(c)(3) and the regulations thereunder, or to one or more of the States of the United States or to an instrumentality of the States within the meaning of Code section 115 and the regulations thereunder, for a public purpose.

§ 108 ARTICLE VIII. Principal Place of Business, Registered Office and Agent

The address of the Corporation's principal place of business is 10 G Street, NE, Suite 710, Washington, D.C. 20002. The name and address of its registered agent is CT Corporation System, 1025 Vermont Ave., N. W., Washington, D.C. 20005.

§ 109 ARTICLE IX. Amendment, Supplement or Restatement of Articles and Bylaws

The Members reserve the right to amend, alter, change, supplement, restate or repeal any provision contained in the Articles of Incorporation, in the manner now or hereafter prescribed by the Act, by a two-thirds (2/3) vote of all Members.

The Members also reserve the right to amend, alter, change, supplement, restate or repeal any provision contained in the Bylaws of the Corporation, in the manner prescribed by the Bylaws as permitted by the Act.

IN WITNESS WHEREOF, the undersigned subscribed these Restated and Amended Articles of Incorporation which were filed with the District of Columbia on the 26th day of September, 1999 and a Certificate of Incorporation issued that same date.

Peter C. Hildreth
President

Corporate Seal

Attest:

Patricia Struck, Secretary

BYLAWS

§ 111 ARTICLE I. Name and Location

1.1 Name. These are the Bylaws (the "Bylaws") of the North American Securities Administrators Association, Inc. (the "Corporation"). The Corporation, a nonprofit corporation incorporated in the District of Columbia in the United States.

1.2 Location. Offices of the Corporation shall be located in the District of Columbia in the United States and/or such other localities as may be determined by the Board of Directors of the Corporation (the "Board of Directors" or, individually, the "Directors").

§ 112 ARTICLE II. Purposes and Governing Instruments

2.1 Nonprofit Corporation. The Corporation shall be organized and operated as a nonprofit corporation under the provisions of the District of Columbia Nonprofit Corporation Act, as amended from time to time (the "Act").

2.2 Charitable, Educational, and Governmental Purposes. The purposes of the Corporation, as set forth in the Articles of Incorporation, are exclusively charitable, educational, and governmental within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). In furtherance and pursuance of these purposes, subject to the limitations set forth in the Bylaws, the Corporation shall have and may exercise all powers necessary and convenient to effect any or all of the purposes, and shall have and may exercise additional powers that may be conferred by law.

§ 113 ARTICLE III. Membership

3.1 Membership. The membership of the Corporation shall consist of those governmental units described as "Members" in the Articles of Incorporation. Except as otherwise provided in the Bylaws, each Member shall be represented at any meeting of the Corporation by the person described as its "Member Representative" in the Articles of Incorporation.

§ 114 ARTICLE IV. Meetings of Members

4.1 Place of Meetings. Meetings may be held within and outside the District of Columbia.

4.2 Annual Meeting. An Annual Meeting of the Members shall be held in the month of August, September or October of each year at such time as is designated in the notice of such meeting. The purposes of the meeting shall be to:

- (a) Receive reports on the operation of the Corporation:
- (b) Consider amending or restating the Articles of Incorporation or Bylaws:
- (c) Review a preliminary budget estimate for the Corporation's next fiscal year reflecting the proposed revisions to the Strategic Plan: and
- (d) Transact such other business as may properly be brought before it.

Notice of, and materials relating to, the matters identified in subsections (b), (c) and (d) shall be delivered to the Members twenty-one (21) days prior to the meeting. If a quorum is not present at the meeting or the meeting has not been properly convened, the Board of Directors shall designate a subsequent date to hold the meeting.

4.3 Annual Meeting Site. A majority of the Members entitled to vote at any meeting shall determine the Annual Meeting site for any future year(s) in accordance with such procedures as shall be established from time to time by the Board of Directors.

4.4 Spring Meeting. A Spring Meeting of the Members shall be in the Washington, D.C. area or such other location as may be found necessary by the Board of Directors and held in March, April or May of each year, at such time as is designated in the notice of such meeting.

4.5 Special Meetings. Special meetings of the Members may be called by the President, by a majority of the Board of Directors or by not less than one-fourth (1/4) of all Members. Special meetings may be called for any purpose including the specific purpose of removal or replacement of Directors or officers. The business to be transacted at any special meeting shall be stated in the notice of the meeting and no other business may be considered at the meeting.

4.6 Notice of Meetings. Prior to any meeting of the Members, a written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by or at the direction of the President, the Secretary, the Directors or the Members calling the meeting, to each Member of record entitled to vote at such meeting. Such notice shall be delivered no fewer than ten (10) days and no more than fifty (50) days before the date of the meeting. Any Member may waive notice of any meeting by the execution of a written waiver, or by actually attending the meeting without first raising an objection to any defect of notice to such Member.

4.7 Voting Rights. The Member has the right to vote as conferred by the Articles of Incorporation.

4.8 Voting and Proxies. Any Member may vote on any issue by its Member Representative or by an employee or agent of such Member's government provided the person voting represents that he or she is entitled to vote at the request of the Member Representative. Such person shall have full voting status and be considered the representative of the Member "in person" for purposes of the Articles of Incorporation and the Bylaws. Any Member that has been represented in person at one of the last three meetings of the Corporation may vote by proxy to another Member provided that such proxy was not solicited. This proxy shall be in writing, shall be executed on behalf of a Member by its Member Representative and shall be delivered to the Secretary of the Corporation prior to being exercised. Each proxy shall be revocable at any time prior to the vote on a particular matter, and shall convey general authority to determine and register the vote for the Member executing the proxy unless specific limitations upon the authority conveyed are set forth in the proxy. A Member may vote or act upon a proxy from no more than one other Member, and no proxy shall remain valid beyond the meeting of the Corporation, including any adjournments of the meeting, first following the date of the proxy.

4.9 Quorum and Voting Requirements. A majority of the Members shall constitute a quorum for the purposes of conducting business of the Corporation at any meeting. The affirmative vote of the majority of the Members present at a meeting shall be the act of the Members unless the vote of a greater number is required by the Articles of Incorporation or by law with respect to such matter. Any Member abstaining from the vote on a particular matter shall not be considered "present at a meeting" for purposes of determining the number of votes necessary for that particular matter pursuant to this Section. Unless otherwise provided in the Articles of Incorporation or the Bylaws, every Member of record shall be entitled to vote at each meeting of the Members and upon each proposal presented at such meeting.

§ 115 ARTICLE V. Board of Directors

5.1 Number, Term and Qualifications. The Board of Directors shall consist of the President, President-elect, immediate past President (collectively, the "Presidential Officers"), and six additional Directors annually elected or appointed pursuant to these Bylaws. The Executive Director shall be an ex officio member of the Board of Directors, without a vote. If, for any reason, the immediate past President is unwilling or unable to act as a Director, it shall be deemed to create a vacancy and filled pursuant to Section 5.7. No Director may serve more than three consecutive one-year terms, exclusive of terms served as President, President-elect, or immediate past President. No person may be elected or serve as a Director unless he/she is a Member Representative.

5.2 General and Special Powers. The activities and affairs of the Corporation shall be managed by the Board of Directors. The Board of Directors shall be authorized collectively to take any and all action and to exercise any power, not reserved to the Members, on behalf of the Corporation which the Corporation is authorized or empowered to do and that is not otherwise expressly prohibited by the Articles of Incorporation or the Bylaws. Those actions and powers shall include, but not be limited to:

- (a) Implementing the Strategic Plan;
- (b) Reporting to the Members at the Spring and Annual Meetings the status of the implementation of the Strategic Plan and actions to be taken towards its implementation;
- (c) Approving the budget according to Section 5.11;
- (d) Informing the Members of the meetings, actions and policy determinations of the Board of Directors in a timely manner.
- (e) Establishing Sections, Section Committees and Project Groups;
- (f) Developing Section Committee charges reflecting the Strategic Plan;
- (g) Appointing Section Committee members, including the Section Chair;
- (h) Approving Project Groups and their tasks;
- (i) Appointing Project Group members; and
- (j) Employing and terminating the Executive Director.

Collectively, the Presidential Officers and the Executive Director may act where immediate decisions are required and it is impractical for the Board of Directors to act. Any such act shall be submitted to the Board of Directors for ratification as soon as possible.

5.3 Annual and Spring and Other Regular Meetings. The Board of Directors shall regularly meet in conjunction with the Annual and the Spring Meetings for the purpose of transacting the general business affairs and activities of the Corporation.

5.4 Special Meetings. A special meeting of the Board of Directors may be held at any time or place upon written call by the President or a majority of the Board of Directors.

5.5 Notice of Special Meetings. Notice of a special meeting of the Board of Directors shall be delivered to each Director at least five (5) business days but not more than fifty (50) days before the date of the meeting. The business to be transacted at and the purpose of the special meeting of the Board of Directors shall be specified in the notice of the meeting. Any Director shall conclusively be deemed to have received proper notice of a special meeting if he/she attends the meeting without first raising an objection to any defect of notice to such Director.

5.6 Other Actions and Meetings of the Board of Directors.

- (a) Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if each Director signs a written consent to such action and files such consent with the Secretary of the Corporation for inclusion in the minute book.
- (b) Directors may participate in a meeting of the Board of Directors by means of which all persons participating in the meeting can communicate. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

5.7 Removal of Directors and Vacancies.

- (a) A Director may be removed from office only by a majority vote of the Members present at a special meeting of the Members called expressly for that purpose. A vacancy created by the removal of a Director shall be filled at that meeting by a majority vote of the Members present.
- (b) A vacancy on the Board of Directors caused by the death or resignation of a Director, or his/her ceasing to be qualified for office as a Director, or by virtue of newly created Directorship(s) resulting from any increase in the specified number of Directors, shall be filled as soon as possible by the affirmative vote of a majority of the remaining Directors. Any Director so chosen shall hold office until the next meeting of the Members at which time an election by ballot of the Members shall be held for that position.

5.8 Quorum and Voting. A majority of the number of Directors specified in Section 5.1 shall constitute a quorum for the transaction of business. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Any Director who abstains from the vote on a particular matter shall not be considered "present at the meeting" for purposes of determining the number of votes necessary for an act of the Board of Directors under this Section.

5.9 Executive Committee. The Board of Directors may designate an Executive Committee that shall consist of three (3) or more Directors. This Committee shall have and exercise the authority of the Board of Directors in the management of the affairs of the Corporation. The designation of an Executive Committee shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him/her by law.

5.10 Other Committees of the Board of Directors. Other Committees, each consisting of one (1) or more Directors and such other persons, not having and exercising the authority of the Board of Directors in the management of the Corporation, may be designated by the Board of Directors.

5.11 Annual Budget. The President-elect and the Treasurer shall prepare a preliminary budget estimate for the Corporation's next fiscal year reflecting the proposed revisions to the Strategic Plan and deliver it to the Members, at least twenty-one (21) days prior to the Annual Meeting, asking for written comments thereon from Members. The President-elect of the Corporation shall make an oral report at the Annual Meeting on the preliminary budget estimate and any comments received. The Members may discuss any item in the preliminary budget estimate the Annual Meeting and may, by resolution or otherwise, provide guidance to the Board of Directors regarding the budget for the coming fiscal year or any subsequent year.

The Board of Directors shall adopt a budget for the next fiscal year at least 15 days prior to the end of the current fiscal year.

5.12 Financial Statements. Annual audited financial statements shall be provided to the Members within a reasonable time after they become available. Interim financial statements and such other information as is reasonably available and relevant or material shall also be provided from time to time. At the Annual and Spring Meetings, the Treasurer shall make an oral report to the Members on the financial condition of the Corporation, and shall be available to answer questions on the financial affairs of the Corporation.

5.13 Directorship Personal. Directorship in the Corporation shall be personal and shall not be assignable inter vivos or pass to any Member or to the personal representative, heir, or devisee of any Director.

5.14 Compensation. No Director shall receive, directly or indirectly, any salary or compensation as Director, except as a reimbursement for reasonable expenditures from the Corporation, provided that such allowance is in accordance with that permitted under the Articles of Incorporation.

§116 ARTICLE VI. Officers

6.1 Positions Authorized. The principal officers of the Corporation shall consist of the President, President-elect, immediate past President, Secretary, Treasurer, and Executive Director. The Board of Directors may appoint one or more non-principal officers as the Board of Directors may from time to time designate. The same person may not hold more than one principal office.

6.2 Method of Selection.

- (a) The President-elect, elected in accordance with Section 9.2, shall serve until his/her succession to the office of President or until his/her earlier death, resignation, or removal. Except as provided in Section 6.2(b), the President-elect shall become President upon adjournment of the Annual Meeting of the Corporation. The President is not eligible to run for President-elect to succeed him/herself, except as provided in Section 6.2(b)(3).
- (b) In the event of a vacancy in the office of President, the President-elect may elect to succeed automatically to the office of the President for the remainder of the existing presidential term or to wait until adjournment of the next Annual Meeting.
- 1) If the vacancy occurs prior to the Spring Meeting and the President-elect chooses not to assume the position of President, the Board of Directors shall select an acting President from the Board of Directors to serve until the Spring Meeting and solicit nominations of Member Representatives to run for the remaining term of President to be elected at the Spring Meeting by a ballot election. The remaining term shall be filled by a candidate receiving a majority vote of the Members present at the Spring Meeting.
 - 2) If the vacancy occurs prior to the Spring Meeting and the President-elect elects to assume the position of President, he/she is eligible to complete the partial term and is eligible to succeed him/herself as President provided he/she runs for election as President through the process set forth in Section 9.2.
 - 3) If the vacancy occurs after the Spring Meeting and the President-elect elects to assume the position of President, he/she shall continue to serve as President upon the expiration of the remainder of the existing presidential term without the necessity of a second election.
 - 4) If the vacancy occurs after the Spring Meeting and the President-elect elects not to assume the position of President, the Board of Directors shall appoint an Acting President to serve the partial term.
- (c) In the event a vacancy occurs in the position of President-elect the Board of Directors shall appoint a Vice President from the Members to serve until a new President-elect is elected at the next meeting of the Members. If the Board of Directors appoints a sitting Director as Vice President, it shall then appoint an interim Director to fill the vacancy created by the appointment.
- (d) In the event there is an election for both President and President -elect, a person is only eligible to run for one position.
- (e) The Secretary and the Treasurer of the Corporation shall be appointed by the newly constituted Board of Directors immediately following the Annual Meeting, and shall be selected from among the members of the Board of Directors. Any other officer, or agent of the Corporation may be elected, appointed or otherwise chosen in such manner as deemed appropriate, from time to time, by the Board of Directors. Each officer of the Corporation, other than the President and President-elect, shall serve until such officer's successor has been elected, appointed or otherwise chosen and qualified or until his/her earlier death, resignation or removal. The Board of Directors may from time to time prescribe the duties incumbent upon any officer by resolution provided the same is not inconsistent with the Bylaws.

6.3 Removal of Officers. Officers, other than the Executive Director, may be removed under the same procedures as for removal of Directors in Section 5.7 and any Director removed in accordance with Section 5.7 shall also be removed as an officer. The Executive Director may be removed by the Board of Directors in accordance with the terms of the Executive Director's employment contract.

6.3 Salaries. Except for the Executive Director, the principal officers of the Corporation shall serve without a salary.

6.5 Surety Bonds. The Board of Directors may require any officer or agent of the Corporation to execute a bond in such sum and with such surety or sureties as the Board of Directors may direct conditioned upon the faithful discharge of his/her other duties. Such bond shall be at the Corporation's expense.

6.6 President. The President shall be the Chair of the Board of Directors and a primary spokesperson of the Corporation. The President shall preside at meetings of the Board of Directors and meetings of the Members, and he/she shall see that all orders and resolutions of the Board of Directors and of the Members, where applicable, are carried into effect.

6.7 President-elect. The President-elect shall review and prepare proposed revisions to the Strategic Plan and prepare a preliminary budget estimate based on these proposed changes, for consideration by the Members at the Annual Meeting and have such powers and do and perform such acts as from time to time may be designated or required by the Board of Directors or the President, acting under such titles as may be designated by the Board of Directors and shall, in the absence of the President, take any action otherwise authorized to be performed by the President.

6.8 Vice President. In the event that a Vice President is appointed by the Board of Directors pursuant to Section 6.2(c), he/she shall have such powers and duties as bestowed upon the President-elect under the Bylaws.

6.9 Secretary. The Secretary shall:

- (a) Record all the proceedings of the meetings of the Members and Board of Directors in a book or books to be kept for that purpose;
- (b) Cause all notices to be duly given in accordance with the provisions of the Bylaws and as required by law;
- (c) Be custodian of the records and of the seal of the Corporation or designate a proper custodian;
- (d) See that the lists, books, reports, statements, certificates and other documents and records are properly kept and filed as required by law or as requested by the Board of Directors; and
- (e) In general, perform all duties incident to the office of Secretary and such other duties as are given to him/her by these Bylaws or as from time to time, may be assigned to him/her by the Board of Directors or the President.

6.10 Treasurer. The Treasurer shall:

- (a) Have charge of and supervision over and be responsible for the funds, securities, receipts and disbursements of the Corporation;
- (b) Cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such financial institutions as shall be selected by the Board of Directors, or to be otherwise dealt with in such manner as the Board of Directors may direct;
- (c) Cause the funds of the Corporation to be discharged by checks or drafts upon the authorized depositories of the Corporation drawn in the manner and by the officers as may be determined from time to time by the Board of Directors and cause to be taken and preserved proper vouchers for all money disbursed;
- (d) Render to the Board of Directors or the President, whenever requested, a statement of the financial condition of the Corporation and a report of his or her responsibilities and transactions as Treasurer;
- (e) Cause to be kept correct books of account of all the Corporation's business and transactions and exhibit such books to any Director or other person authorized by the Board of Directors or by law to inspect the same upon application at such office during business hours; and
- (f) In general, perform all duties incidental to the office of Treasurer and such other duties as are given to him/her by these Bylaws or as from time to time may be assigned to him/her by the Board of Directors or the President.

6.11 Executive Director. The Executive Director shall be the Chief Executive Officer of the Corporation and a primary spokesperson of the Corporation. He/she shall be employed by, and accountable to, the Board of Directors. The Executive Director shall administer the business, affairs and property of the Corporation and shall be solely responsible for employing, supervising and terminating its employees. The Executive Director may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts, agreements and other instruments duly authorized by the Board of Directors except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to another officer or agent.

§ 117 ARTICLE VII. Sections, Section Committees and Project Groups

7.1 General. The Board of Directors may establish Sections, and assign to each Section charges reflecting the Strategic Plan. Each Section shall be headed by a Section Committee which shall be responsible for carrying out the Section's charges. Each Section Committee, with the approval of the Board of Directors, may establish Project Groups to carryout specific tasks in furtherance of the Section's charges. Project Groups may be established at any time and for only such time as necessary to complete the specific task which may extend beyond the next Annual Meeting Project Groups may be established for a maximum of one year and must be reestablished if additional time is required to complete the assigned task.

7.2 Appointments. The Board of Directors shall appoint the Chair of each Section, who shall also be the Chair of the Section Committee. A Section Chair shall be a Member Representative and shall not be a current member of the Board of Directors. No person may act as Chair for more

than one Section. The Board of Directors shall appoint the members of each Section Committee and the chair and members of each Project Group. Any agent, servant or employee of a Member is eligible for appointment to a Section Committee or as a chair or member of a Project Group, provided that the appointee has the approval of his/her Member Representative. Each appointment is personal and not transferable.

7.3 Project Group Meetings. Prior to planning a physical meeting of a Project Group, the Project Group chair shall contact the appropriate Section Chair to request and obtain permission to convene such a meeting.

7.4 Section Reports. Each Section Chair shall prepare a report for the Spring and Annual Meetings.

7.5 Meeting Minutes. The Section Chair shall ensure that minutes or a summary of each meeting of the Section Committee and the Project Groups established by that Section Committee are properly kept by the Section Committee and a copy forwarded to the Corporate Office to be maintained and distributed, on request, to the Members.

7.6 Budget. The Section Chair, shall be responsible for the administration of the Section budget and for requesting the Treasurer to disburse funds assigned by the Board of Directors for the Section's responsibilities.

7.7 Public Comment and Advocacy. No Section Committee or Project Group is authorized to distribute for public comment on behalf of the Corporation any proposed guidelines, policies or other positions without first obtaining approval from the Board of Directors, upon review of a recommendation of the Section Chair, to solicit public comment. The Board of Directors shall develop and maintain a Statement of Policy regarding public advocacy of the positions of the Corporation by any participant of a Section Committee or Project Group, any Member, any officer or Director and any employee of the Corporation.

§ 118 ARTICLE VIII. Strategic Planning

8.1 The Corporation is committed to the philosophy of ongoing strategic planning and to the active participation of the Members in the strategic planning process. The Board of Directors shall be accountable to the Members for the implementation of the Strategic Plan and shall ensure that:

- (a) All activities of the Corporation are derived from and conform with the Strategic Plan;
- (b) The Strategic Plan is reviewed and, if necessary, revised and voted upon by the Members at least yearly at the Spring or Annual Meeting; and
- (c) The Members are informed on a regular basis, and at a minimum at the Spring and Annual Meetings, as to the status of the implementation of the Strategic Plan and the actions to be taken towards its implementation.

8.2 The Board of Directors may bring amendments to the Strategic Plan before the Members for a vote any time during the year.

§ 119 ARTICLE IX. Elections

9.1 Election Coordinator. The President shall name a Member Representative the Election Coordinator. This person shall conduct, at a minimum, an annual election by mail ballot for President and/or President-elect and Directors. For the annual election, each Member shall vote for a minimum of four and a maximum of six individual Directors.

9.2 Election Process.

- (a) For the annual election, the Election Coordinator shall advise the Members that those Member Representatives wishing to be nominated for positions must have a nomination submitted to the Election Coordinator three (3) business days prior to July 1 of that current year. This date shall be known as Nomination Day. A Member Representative may nominate himself/herself or be nominated by another Member Representative.
- (b) Nominations must be submitted by Nomination Day to the Election Coordinator in writing or by printed means including any electronic means which allows for printing, and must be copied to the Corporation's principal place of business.
- (c) On July 1 or, if July 1 is not a business day, the next business day, the Election Coordinator shall send by expedited mail to each Member: (i) a ballot in the prescribed form, (ii) a ballot envelope, (iii) a certificate envelope, (iv) a pre-addressed, postage paid outer envelope for mailing to the Corporation's principal place of business and (v) instructions.
- (d) The Member Representative shall, in order to have his/her vote counted: (i) mark the ballot, (ii) seal the ballot in the ballot envelope; (iii) seal the ballot envelope in the certificate envelope; (iv) sign the certificate envelope; (v) seal the certificate envelope in the outer envelope; and (vi) mail the outer pre-addressed envelope containing the ballot, the ballot envelope and the certificate envelope to the Corporation's principal place of business for receipt by July 31 or, if July 31 is not a business day, the next business day.
- (e) All outer envelopes received by that date shall be sent by expedited mail to an accounting firm approved by the Board of Directors (the "Election Coordinator's Representative"), which will count the ballots.
- (f) The Election Coordinator's Representative, within two (2) business days after receiving the outer envelopes, shall carry out the following procedure:
 - (i) Ensure that certificate envelopes have been received from at least two-thirds (2/3) of the Members. If not, the election shall be considered invalid.
 - (ii) Ensure that each certificate envelope has been signed by the Member Representative or his/her appointed designee from that jurisdiction.
 - (iii) Open the certificate envelopes and remove the ballot envelopes.
 - (iv) Open the ballot envelopes and count the ballots.

- (v) Immediately report to the Election Coordinator the number of votes received by each candidate.
- (g) For the position of President and/or President-elect, the candidate receiving the highest number of votes (provided it is a majority of the votes cast) shall be declared elected. In the case where more than two candidates are running for the position of either President or President-elect, and a majority of votes is not attained by any one candidate, a run-off election shall be held between the two candidates with the highest number of votes. The run-off process shall be repeated until a majority of votes is attained by one candidate.
- (h) For position of Director, the six candidates receiving the highest number of votes shall be declared elected. In the case of an equal number of votes for the positions) of Director, a run-off election shall be held between the candidates having the equal number of votes and the candidate or candidates receiving the highest number of votes shall be declared elected.
- (i) Subject to subsection (j)), a run-off election shall be carried out in a manner similar to a ballot election. The Election Coordinator may generally modify the procedure and time necessary to complete the election.
- (j) In the event the Election Coordinator, in his/her discretion, does not have sufficient time to hold a run-off election prior to the Annual Meeting, the Election Coordinator shall hold the election during the Annual Meeting. The procedure to be followed for such an election will be in the Election Coordinator's discretion, but each Member shall have the right to vote by ballot.
- (k) The Election Coordinator shall immediately communicate the names of the newly elected President and/or President-elect and/or Directors, first to the candidates involved and then by group facsimile or electronic transmission to the Members.
- (l) The Election Coordinator shall report the outcome of the election at the Annual Meeting. The Election Coordinator's Representative shall retain possession of the papers concerning the election for thirty (30) days after the adjournment of the Annual Meeting, if the election is not contested during that time. If the election is contested, they shall be retained for thirty (30) days after the resolution of such contest.
- (m) If by Nomination Day the Election Coordinator has not received the required number of candidates to fill the positions, the Election Coordinator must immediately contact the President, who shall immediately request each zone (as defined in the Policies and Procedures Manual) to appoint a Member Representative to a Nomination Committee. The Nomination Committee must nominate Member Representatives sufficient to fill the vacant positions and present these Committee nominees to the Members as soon as possible, but no later than at the Annual Meeting.

§ 120 ARTICLE X. Indemnification

10.1 Indemnification. In the event that any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, seeks indemnification from the Corporation against expenses, including attorneys' fees (and in the case of actions other than

those by or in the right of the Corporation, judgments, fines and amounts paid in settlement), actually and reasonably incurred by him or her in connection with such action, suit or proceeding by reason of the fact that such person is or was a Director, officer, employee, trustee, Committee or Project Group participant or agent of the Corporation, or was serving at the request of the Corporation as a Director, officer, employee, trustee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise, then, unless such indemnification is ordered by a court, the Corporation shall determine, or cause to be determined, in the manner provided under District of Columbia law, whether or not indemnification is proper under the circumstances because the person claims such indemnification has met the applicable standards of conduct set forth in District of Columbia law; and to the extent it is so determined that such indemnification is proper, the person claiming such indemnification shall be indemnified to the fullest extent now or hereafter permitted by District of Columbia law.

10.2 Indemnification Not Exclusive of Other Rights. The indemnification provided in Section 10.1 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Articles of Incorporation or Bylaws, or any agreement or otherwise, both as to action in his/her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee, trustee, Committee or Project Group participant or agent of the Corporation, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

10.3 Insurance. To the extent permitted by District of Columbia Law, the Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, trustee, or Committee or Project Group participant or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee, trustee or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust or other enterprise.

§ 121 ARTICLE XI. Checks, Deposits, and Grants

11.1 Checks, Drafts, Notes, Etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, of the Corporation and any such other Member Representative as may from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and countersigned by the President.

11.2 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

11.3 Grants and Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, grant; gift, bequest, or devise for the general purposes, or any special purpose, of the Corporation.

§ 122 ARTICLE XII. Miscellaneous Provisions

12.1 Corporate Seal. The Corporate Seal (of which there may be one or more

exemplars) shall be in such form as the Board of Directors may from time to time determine.

12.2 Internal Revenue Code. All references in these Bylaws to sections of the Internal Revenue Code shall be considered references to the Internal Revenue Code of 1986, as from time to time amended, to the corresponding provisions of any applicable future United States Internal Revenue law, and to all regulations issued under such sections and provisions.

12.3 Construction. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural, and conversely. If any portion of these Bylaws shall be invalid or inoperative, then so far as is reasonable and possible:

- (a) The remainder of these Bylaws shall be considered valid and operative.
- (b) Effect shall be given to the intent manifested by the portion held invalid or inoperative.

12.4 Table of Content; Headings. The table of contents and headings are for organization, convenience and clarity. In interpreting these Bylaws, they shall be subordinated in importance to the other written material.

12.5 Rights of Inspection. Each Director and Member shall have the right to inspect and copy the Corporation's books, records, and documents and to inspect the physical properties of the Corporation.

12.6 Relation to Articles of Incorporation. These Bylaws are subject to, and governed by, the Articles of Incorporation.

12.7 Membership Dues. The annual dues for each Member in this Corporation shall be Nine Hundred Dollars U.S. (\$900.00) provided, however, that any Members that by reason of established policies or statutes, evidence a bona fide inability to make such a contribution, may be excused from time to time by the Board of Directors from making such payment.

12.8 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

12.9 Rule of Order. The most current edition of Robert's Rules of Order shall be the parliamentary authority for all matters of procedure.

12.10 Voting By Ballot. Votes of the Members may be taken by electronic means or otherwise, at times other than at physical meetings of the Corporation.

12.11 Membership in Subsidiaries. The Board of Directors shall exercise any rights and responsibilities according to its membership in the Corporation's subsidiaries.

12.12 Notice. Notice may be delivered by any means reasonably intended to give actual notice. Notice shall be deemed to be delivered when dispatched to the Member at its current address as known to the principal business office of the Corporation.

§ 123 ARTICLE XIII. Method of Amending Bylaws

13.1 Proposing. Amendments to, or a repeal of, any of these Bylaws may be proposed by the Board of Directors on its own initiative or upon petition by one quarter (25%) of the Members. The Board of Directors may present such proposals to the Members with or without endorsement. Notice of a proposed amendment(s) to the Bylaws, accompanied by a draft of the proposed amendments, shall be delivered to the Members twenty-one (21) days prior to the meeting of the Members at which the proposed amendment(s) is to be considered. Waiver of this notice requirement shall require a two-thirds (2/3) vote of all the Members of the Corporation.

13.2 Amendment. The Members by the affirmative vote of a majority of all the Members,, may amend, repeal, supplement or restate these Bylaws at any duly convened meeting, provided that notice of the proposed amendments was delivered in accordance with 13.1.

13.3 These Bylaws shall become effective April 2, 2000.

POLICIES AND PROCEDURES MANUAL

GENERAL

§ 1000 Definitions

The following terms are referenced in the Articles of Incorporation, the Bylaws, or both.

Annual Meeting

Board of Directors

Corporation

Director

Executive Director

Member(s)

Members Representative(s)

President

President-elect

Presidential Officers

Project Group(s)

Section

Section Committee

Section Chair

Special Meeting

Spring Meeting

Strategic Plan

Treasurer

EXHIBIT B

§ 1001 Zones

The members of the Corporation are divided among the following zones. The Board of Directors shall appoint a Director as the liaison with each zone.

| <u>Zone 1</u> <u>North East</u> | <u>Zone 2</u> <u>South East</u> | <u>Zone 3</u> <u>Mid-Atlantic</u> | <u>Zone 4</u> <u>Central</u> |
|---|---|--|--|
| Melanie Lubin | Chris Naylor | Steve Irwin | Patricia Struck |
| Massachusetts Rhode Island New Hampshire Connecticut Vermont Maine New Jersey New York | Georgia Tennessee North Carolina Alabama Mississippi Florida Puerto Rico South Carolina US Virgin Islands | West Virginia Pennsylvania Delaware Virginia Maryland District of Columbia | Illinois Minnesota Wisconsin Indiana Iowa Michigan Ohio Kentucky |
| <u>Zone 5</u> <u>South/Central</u> | <u>Zone 6</u> <u>Mountain</u> | <u>Zone 7</u> <u>Western</u> | <u>Zone 8</u> <u>Canadian</u> |
| Jack Herstein | Fred Joseph | Matt Kitzi | Doug Brown |
| Texas Oklahoma Kansas Louisiana Mexico Missouri Nebraska Arkansas | North Dakota South Dakota Montana New Mexico Wyoming Utah Colorado | Washington Oregon Alaska Arizona Hawaii California Idaho Nevada | Alberta British Columbia Manitoba New Brunswick Newfoundland Nova Scotia Ontario Prince Edward Island Quebec Saskatchewan Yukon Territory Northwest Territories Nunavut Territory |

§ 1002 Public Advocacy and Representation

The following standards govern the conduct of Members, Member Representatives, Officers, Directors, employees, agents, and Project Group members when making any statements that may fairly be interpreted as reflecting the views of the Corporation as a whole or any of its Sections, Committees or Project Group, or other units.

1. It is inappropriate to appear in person or by letter before any public body or group, mentioning or inferentially suggesting a NASAA position, unless:
 - (a) if proposing to file or submit a comment letter representing a Committee or Project Group, the Committee or Project Group communicates its position to the Corporation's general counsel as early as possible and submits a final draft of the comment letter to the Section Chair and/or the President or President-elect, as appropriate, in sufficient time to allow for review and possible comment prior to the letter being filed or submitted;
 - (b) you inform the President or President-elect of any invitation to participate in a presentation for the specific purpose of providing the Corporation's views on a particular topic as soon after receiving the invitation as possible, and invite his/her counsel regarding the views of the Corporation to be presented;
 - (c) you are specifically authorized to speak for the Corporation, Committee or Project Group and you state clearly the basis on which you are appearing; or
 - (d)
 - (1) you specifically disclaim that you are speaking for the Corporation or any Committee or Project Group of the Corporation;
 - (2) you disclaim any Corporation position unless it has been approved by the Members or the Board of Directors;
 - (3) you disclaim any Committee or Project Group position unless that Committee or Project Group has approved it and, if practicable, received prior notification of the appearance; and
 - (4) you use the following disclaimers, modified as appropriate.

FOR ORAL PRESENTATIONS: "The following comments reflect my personal views and do not represent the official position of NASAA or any of its Committees or Project Groups";

FOR COMMENT LETTERS BY COMMITTEES OR PROJECT GROUPS TO OUTSIDE AGENCIES, ETC.: "The following comments reflect the views of the Committee (or Project Group) and do not necessarily represent the views of NASAA.", and

FOR INTERNAL COMMITTEE OR PROJECT GROUP WORK PRODUCT: "This document represents the position of the Committee (or Project Group) and does not necessarily represent the views of NASAA."

2. It is inappropriate to use Corporation stationery or the NASAA logo except as authorized by the President or President-elect or under the direction of the Executive Director.
3. Statements to the press indicating Corporation policy positions should be based on positions that have been adopted by the Members or Board of Directors, and be represented to be the positions of the bodies that have adopted them.
4. Statements to the press on other than policy positions, *i.e.*, on Member or Corporation activities, plans, concerns, likely developments, etc., are encouraged, but should be approached with the same caution so as not to imply that your opinion of such activities in any way reflects the Corporation's position.
5. Reports of speaking engagements should be provided by the President, President-elect, Directors, Section Chairs (on behalf of their Section) and the Executive Director and Corporate Office staff at each Board of Directors meeting.

§ 1003 Reimbursement of Members for Speaking Engagements

When a Member Representative or a member of his/her staff is invited to address an external group due to that person's individual jurisdictional responsibilities, the travel and related costs incurred shall not be reimbursed by the Corporation. When the person is requested to speak because of his/her involvement in the Corporation, the person shall seek approval from the President or Section Chair as appropriate, to participate in the speaking engagement. If approval is granted, reimbursement shall be sought from the sponsoring organization, unless such reimbursement is impermissible under the laws, rules or policies of the person's jurisdiction or the President determines that such reimbursement is inappropriate.

§ 1004 American Bar Association Participation

The Corporation will pay the membership and section dues to the American Bar Association ("ABA") of any person whose ABA membership the President deems essential to the mission of the Corporation. Payment of travel expenses for ABA activities may also be paid by the Corporation at the discretion of the President. In addition, dues or expenses associated with attendance at other bar association meetings that further the interests of the Corporation may be approved by the President.

§ 1005 Board Meeting Agenda and Minutes

The Corporation shall keep the Members apprised of upcoming Board of Directors' meetings, formal actions, minutes and reports of deliberations in as prompt a manner as practicable. Toward that end:

1. Notice shall be sent to Members of upcoming Board of Directors' meetings shortly after the date and location is selected.
2. The minutes of a Board of Directors' meeting shall be reviewed and approved by the Board at its next meeting.
3. Upon approval of the minutes of a Board of Directors meeting, those minutes shall be distributed to the membership.
4. All actions by the Board of Directors altering or adopting policies and procedures

shall be included in the Policies and Procedures Manual in a timely manner.

§ **1006 State Legislative or Rulemaking Assistance**

1. The Corporation supports Member legislative and rulemaking efforts to strengthen statutory and budgetary support for investor protection programs. The Corporation shall also, when appropriate, provide its resources and support to Members who are subject to attempts to weaken investor protection.
2. The Corporation may respond to requests for assistance or comment on proposed legislation or rulemaking affecting investor protection provided the appropriate procedures as included herein are followed. The President or Executive Director should be notified of any such requests at the earliest possible opportunity.
3. Under no circumstances shall the Corporation provide financial or other assistance to political campaigns or candidates.
4. If the Corporation receives a request which originates from a Member Representative, the following procedures shall apply:
 - (a) Compliance with requests for factual information and general policy position papers does not require specific prior approval from the Board of Directors.
 - (b) Requests for assistance beyond factual information or general policy position papers, such as: providing NASAA testimony, whether written or oral; lobbying; media activity; and coalition building require specific authorization by the Board of Directors.
5. If the Corporation receives a request that originates from an official other than a Member Representative, the following procedures shall apply:
 - (a) Compliance with requests for factual information and general policy position papers does not require specific prior approval from the Board of Directors. The Member Representative must be notified of the request and informed of the information to be provided in advance of its distribution.
 - (b) Regarding requests for assistance beyond factual information or general policy position papers, such as: requests for the provision of NASAA testimony, whether written or oral; lobbying; media activity; and coalition building;
 - (i) The Member Representative must be immediately notified of the request, and be given an opportunity to be heard by the Board of Directors in a timely fashion. Reasonable expenses incurred by a Member Representative while participating in a board meeting for this purpose shall be incurred by the Corporation.
 - (ii) The President, or such other individuals as the President may direct, will prepare a report on the request. The report must include an estimate of the resources required to respond to the request and of the resources available to respond.

- (iii) The request will be referred to the Board of Directors, which shall decide whether to approve the requests. The Board of Directors shall consult with the Member Representative. The provision of such assistance requires an affirmative vote by five members of the Board of Directors.
- (iv) If time requirements necessitate a response before the Board of Directors has an opportunity to meet and act on a request for legislative or rulemaking assistance, the Presidential Officers and Executive Director may approve action on a request pending final approval by the Board of Directors. Such action may include causing testimony to be provided on the Corporation's behalf, but may not include organized media or coalition building activity. Any assistance, which is taken on the authority of the Presidential Officers and Executive Director before approval by the Board of Directors must be submitted to the Board of Directors for ratification as soon as possible, by conference call if necessary. A full report to the Members must follow with respect to the Corporation's actions and the circumstances that gave rise to them.
- (v) When the Board of Directors (or Presidential Officers and Executive Director, in an emergency) has decided whether to approve a request for legislative or rulemaking assistance, that decision must be communicated to the Member Representative at the earliest opportunity. Notification of the decision will be communicated to the Member Representative before any action is taken to implement the decision.

§ 1007 Corporate Office Review Committee

The Corporate Office Review Committee is composed of the Presidential Officers and the Treasurer. The charges for this committee are:

- (a) Review performance of Executive Director, provide feedback, and determine salary adjustments.
- (b) Receive the Executive Director's report regarding performance of corporate staff and salary adjustments.
- (c) Work with the Executive Director to review performance and make recommendations regarding contracts with outside consultants.

§ 1008 Limitations on Terms of Service

NASAA needs to continuously develop leaders from within its membership. To help achieve this goal, no person may serve as Section Chair for more than three consecutive terms. It is also the policy of NASAA that no person shall serve as Ombudsman for more than three consecutive terms. Service as Section Chair or Ombudsman concluded prior to the adoption of this policy should not be counted in determining eligibility for appointment.

[End of this Section]

SECTIONS, SECTION COMMITTEES AND PROJECT GROUPS

§ 1101 Sections and Section Committees

1. The Corporation shall have the following Sections:
 - (a) Broker Dealer Section;
 - (b) Corporate Finance and Administrative Section;
 - (c) Enforcement Section;
 - (d) Investment Adviser Section and
 - (e) Investor Education Section.

A List of Sections, Section Committees, Project Groups and Other Committees is located at Exhibit 3.

2. The Board of Directors shall establish a Section Committee for each Section. The Section Committee shall be established at the newly elected Board of Directors meeting convened at the conclusion of the Annual Meeting. The Section Committee shall continue until the following Annual Meeting or until terminated by the Board of Directors. The Board of Directors shall appoint no fewer than three (3) and no more than five (5) persons to each Section Committee, including the Section Chair. The Section Committee shall make recommendations to the Board of Directors throughout the year for the creation of Project Groups.

3. The Section Chair shall be accountable to the Board of Directors for management and budget of the Section and the fulfillment of the Section's charges of the Section Project Groups. Each Section Chair shall attend or otherwise participate in the meetings of the Board of Directors, to report on Section and Project Group activities, to act as a subject matter resource, and to facilitate communication between the Board of Directors, the Section Committee, its Project Group and their members. The Section Chair shall also serve as a liaison for the Corporation with respective representatives of regulatory, governmental and industry bodies.

4. The Section Committee shall convene a meeting at the Annual Meeting. The meeting shall include both a "Members Only" time period and an open meeting time period. The purpose of the meeting is to receive input on existing Section activities, issues and future agenda items. The Section Committee shall evaluate the input it received at the Annual Meeting from Members as well as the public, evaluate any changes that were made to the Corporation's Strategic Plan at the Annual Meeting that should be reflected in existing or future Project Groups, and begin planning for any refinements to or the addition or deletion of any Project Group to be recommended to the Board of Directors at a future meetings.

§ 1102 Project Groups

1. Project Groups are created and Project Group appointments are made by the Board of Directors. The Board of Directors shall receive recommendations from the Section Committee for the creation of Project Groups and the appointment of Project Group Chairs and members.
2. Project Groups are created on an as needed basis by the Board of Directors, upon

recommendation from the Section Committee. Project Groups are task specific and time specific. The creation of a Project Group includes a definitive task, identifiable milestones, a timeline, and a budget.

§ **1103 Committee and Project Group Appointments and the Filling of Vacancies**

1. Those interested in being considered for a Section Committee or Project Group appointment(s) should complete an Application for Appointment ("Application") and return it to the Corporate Office to be maintained in a file for consideration by the Board of Directors and the Section Committee, as appropriate.
2. Each Member Representative may return as many completed Applications as they desire. New or revised CARFs may be submitted to the Corporate Office throughout the year. In making requests, Member Representatives should be prepared to commit themselves or their staff to substantial efforts on behalf of the assignment. Section or Project Group work may involve considerable travel and time away from the responsibilities of the jurisdiction's office.
3. Staff in Member jurisdictions serve at the pleasure of the Member Representative of that jurisdiction and may be removed at any time if such support is withdrawn, and do not receive remuneration from the Corporation for their services.
4. Applications, evidencing an interest in a particular Section shall be forwarded to the Section chair upon request.
5. Vacancies on Section Committees and Project Groups will be filled by the Board of Directors. The Members shall be given notice, reasonable under the circumstances, of any vacancy that develops, or of the creation of a new Project Group, in an effort to permit those who may be interested in an appointment to express such interest prior to a decision being made on any appointment. Persons wishing to express an interest in a vacancy should file an Application with the corporate office as soon as possible, if one is not already on file.

§ **1104 Advisory Committees**

Board of Directors, Section Committees and Project Groups may designate advisory committees composed of industry representatives, consumer groups, attorneys and representatives of other governmental or regulatory entities, to assist and advise either the Section Committees or the Project Groups. The following guidelines apply to operation of advisory committees.

1. Selection of advisory committee members shall be made with a goal of achieving a representative and sufficiently diversified group of those persons potentially affected by the policies or guidelines under consideration by the Corporation, Section Committee or Project Group.
2. NASAA shall not be obligated to defray any costs or expenses incurred by advisory committee members.
3. When the Board of Directors, Section Committee or Project Group determines that an advisory committee is needed, the advisory committee should be appointed as soon as possible in order to maximize its contribution to deliberations.

§ 1105 Adoption of Statements of Policy

1. Definitions. In this policy the following terms shall have the following meanings:
 - (a) **RESOLUTION:** Resolution is a formal statement expressing the will or opinion of the Board of Directors or Members of the Corporation on a specific matter of topical interest.
 - (b) **STATEMENT OF POLICY:** Statement of Policy is a statement of general and prospective applicability to implement, interpret or prescribe model laws, regulations, forms or policies pertaining to investor protection and securities regulation, including statements regarding the registration of securities, registration and business practices of securities industry and investment advisory licenses and enforcement of anti-fraud laws, for implementation among the Members. Statement of Policy also includes an amendment or revision to, or the repeal of, an existing Statement of Policy. Statement of Policy does not include (i) Resolutions, (ii) internal operating procedures or fiscal policies of the Corporation or (iii) the Corporation's Articles of Incorporation or Bylaws.
2. General Rules.
 - (a) Statements of Policy to effect the ongoing administration of securities laws may be issued by the Corporation only after publication and opportunity for public comment. Statements of Policy must be adopted by a majority vote of the Members under the procedure set forth in this policy.
 - (b) Resolutions are expressions of the will of the Members or Board of Directors, other than a Statement of Policy, which because of their subject matter do not require the prior public exposure and consideration that the public comment process is designed to elicit. Resolutions may be adopted without advance notice to the public or opportunity for public comment.
 - (c) In addition to STATEMENTS OF POLICY and RESOLUTIONS, the President, Executive Director, Section Committees, Project Groups and Members of the Corporation may make other statements in the nature of comment letters, reports, testimony and public releases, which express the beliefs and opinions of the authors on behalf of the Corporation under the authority and terms expressed in those documents.
 - (d) The Board of Directors of the Corporation may waive in whole or in part the provisions of sections 3(a) through 3(e).
3. Procedure for Adoption of STATEMENTS OF POLICY.
 - (a) STATEMENTS OF POLICY are recommended to the Board of Directors and the Members by Section Committees. No Section Committee or Project Group is authorized to release for public comment

on behalf of the Corporation any proposed Statement of Policy without first obtaining approval from the Board of Directors, upon review of a recommendation of the Section Committee, to solicit public comment.

- (b) Prior to release of a proposed Statement of Policy for public comment, the proposal and a brief summary describing the need and background prompting the proposal shall be delivered to the Members for a thirty (30) day internal comment period. Prior to delivering a Statement of Policy internally, a Project Group shall circulate the proposal to its Section Committee for review and comment. Authorization of the Board of Directors is not required to deliver a proposal internally for comment by the Members. Any comments received by the Members in a timely manner shall be considered by the Project Group and the Statement of Policy amended, if appropriate, prior to requesting Board of Directors action for the release of the Statement of Policy to the public. If significant substantive changes are made to the proposed Statement of Policy, the Section Committee or Project Group should consider re-delivery of the revised Statement of Policy to the Members prior to circulation for public comment.

- (c) Upon the authorization of the Board of Directors to release a proposed Statement of Policy for public comment, the proposal shall be circulated to the public through the NASAA website and, by any other method of distribution as the Corporation may see fit. The public comment period on the proposed Statement of Policy shall remain open for thirty (30) days from the date of publication on, the NASAA website, or such other time period as set by the Board of Directors.

A Notice of Request for Comments on a proposed Statement of Policy shall accompany the public circulation of the Statement of Policy and shall contain:

- (i) the names and addresses of all Section Committee or Project Group members and the Section Chair and the address of the Corporate Office, all of whom should be sent comments directly;
 - (ii) the date on which the public comment period began and the date on which it will end; and
 - (iii) a brief summary of the purpose of the Statement of Policy or, if an existing Statement of Policy, a summary of the proposed revisions. Comments on Statements of Policy should be addressed to the chair of the Project Group, which has proposed the Statement of Policy. A comment period may be extended at the discretion of the proposing Section Committee or Project Group.
- (d) The proposing Section Committee or Project Group may, in the chair's discretion or at the direction of the Board of Directors, hold a public hearing to receive testimony, comments and other oral or visual

presentations on a proposed Statement of Policy at a time and place to be determined by the chair.

- (e) At the end of the public comment period and after any public hearing, the proposing Section Committee or Project Group shall consider any comments received and determine whether to recommend the proposed Statement of Policy for adoption by the Members.
- (f) If the Section Committee or Project Group plans to recommend the Statement of Policy for adoption, the following procedures should be followed:
 - (i) A recommendation of the Section Committee or Project Group to adopt a Statement of Policy shall be in writing and directed to the attention of the Section Chair. The written recommendation shall include a summary of: (1) the proposal; (2) all comments received, distinguishing any substantive revisions made to the proposal as a result of public comment and the reasons for such revisions; and (3) comments the Section Committee or Project Group elected not to act upon and state the reason no action was taken. The Section Committee or Project Group shall circulate the recommendation to all interested parties and it shall be published in all appropriate media.
 - (ii) The recommendation and the final version of the proposed Statement of Policy shall be delivered to the Members at least twenty-one (21) days in advance of the date on which it is to be considered for adoption. Clerical revisions to the Statement of Policy may be made prior to its publication in final form.
- (g) The Board of Directors shall determine the appropriate means of voting, be it at a physical meeting, by mail-in ballot, by an electronic submission or otherwise, for every newly proposed or revised Statement of Policy. Prior to, or simultaneous with, a proposed Statement of Policy being voted on by the Members, a copy of the final version of such Statement of Policy and a summary of the comments received thereon and action taken in response thereto shall be forwarded to the Members.
 - (i) If the Board of Directors approves a proposed Statement of Policy for a vote by means of a physical meeting, the Statement of Policy must be adopted by the affirmative vote of a majority of the Members present at the meeting.
 - (ii) If the Board of Directors approves a proposed Statement of Policy for a vote by means other than at a physical meeting, the Members shall be sent a dated voting ballot with options denoting "yes", "no", "abstain" and "postpone voting until next physical meeting." Each Member shall mark a single option. The ballot shall be returned to the Corporate Office for receipt on or before the date noted on the ballot when ballots will be counted ("Voting Day"). If eight (8) Members select the box denoting "postpone voting until next physical meeting", then the

ballot vote shall be nullified and the matter postponed until the next physical meeting. Ballots shall be distributed to the Members at least thirty (30) days before Voting Day, unless otherwise provided by the Board of Directors. Any ballot not received within the designated time period or that has more than one voting option marked shall be void. A vote on a proposed Statement of Policy taken by means other than at a physical meeting of the Members must be adopted by the affirmative vote of a majority of the Members entitled to vote.

- (h) The results of a vote by mail, electronic submission or means other than at a physical meeting for adoption of a Statement of Policy will be reported to the Members within five (5) days after Voting Day. The chair of the originating Section Committee or Project Group for the Statement of Policy shall be informed of the results at the time the ballots are counted.
- (i) The effective date of a Statement of Policy adopted by the Corporation shall be the date upon which the vote for adoption occurs, unless the Statement of Policy indicates otherwise.

§ 1106 Project Group Meetings

Prior to planning a physical meeting, the Project Group chair shall contact the appropriate Section Chair to request and obtain written permission to convene such a meeting. The request shall include the location of the proposed meeting, the approximate cost, a summary of the tasks to be accomplished, and a justification for a physical meeting rather than a conference call. Whenever possible, meeting requests should be submitted at least 45 days before the proposed meeting date. No Project Group shall meet at either the Spring or Annual Meeting unless specific permission to do so is granted by the Board of Directors.

[End of this Section]

ENFORCEMENT MATTERS

§ 1201 Enforcement Zone Meetings

1. Meetings. The Board of Directors, on the recommendation of the Enforcement Section Committee, shall appoint a zone coordinator from each zone. Any agent, servant or employee of a member is eligible for appointment as a zone coordinator provided that the appointee has the approval of the Member Representative. Each appointment as zone coordinator is personal and nontransferable. The Zone Coordinator may coordinate an enforcement meeting of the jurisdictions in the zone once a year, in anticipation of the Annual Meeting, provided funds are budgeted for that purpose by the Enforcement Section Committee.
2. Expenses of Participants.
 - (a) The Corporation will defray expenses of one attendee for each jurisdiction to their designated enforcement zone meeting. Ordinary reimbursable expenses that will be paid by the Corporation for each participant in accordance with the reimbursement policies of the Corporation include: (i) transportation, (ii) one-night lodging when required and (iii) one-day per diem.
 - (b) Other extraordinary expenses for which reimbursement is requested must be approved in advance by the Chair of the Enforcement Section.
 - (c) Expense reimbursement requests are to be forwarded to the Corporate Office for reimbursement and a copy of the expense report of each participant attending a zone enforcement meeting shall also be forwarded to their zone coordinator. The zone coordinators shall include in their report of each zone meeting a report of the expenses of the meeting.
3. Enforcement. Each enforcement zone meeting should include on its agenda a roundtable discussion of enforcement cases and problems. The results should be reported the SID. In addition, each zone coordinator shall distribute enforcement information forms, if not already distributed, and encourage attendees to complete and return the forms to the zone coordinator as soon as possible. The purpose of the enforcement information forms is to prepare material for the Enforcement Digest to be distributed to all jurisdictions and for discussion at the Annual Meeting.

§ 1202 Special Enforcement Projects

1. Who May Submit?. Any Member Representative may submit a special enforcement project for consideration for financial, logistical, and staffing assistance. The enforcement special project program is designed to direct the Corporation and jurisdiction resources into cases of special significance to securities law enforcement and cases of multi-jurisdictional importance. Assistance may include bringing in witnesses from other jurisdictions, sending investigators to other jurisdictions, supporting multi-jurisdictional strategy meetings, or paying for copying costs, expert witnesses, court reporters, and forensic analysis. The Corporation will not pay for travel within a jurisdiction, permanent staffing or equipment, or expenses that primarily benefit only one jurisdiction.

2. To Initiate a Request. To initiate a request, a Member Representative (or an enforcement official in the securities agency) should contact the Enforcement Section Chair to discuss the problem presented and attempt to determine what other jurisdictions may be affected by the problem and what jurisdictions may be able to lend special expertise to the project under discussion. The requesting securities agency shall submit to the Enforcement Section Chair a Special Assistance Project Request Form. (see Exhibit 5)
3. Determination of Request. The Enforcement Section Chair shall consult with the Enforcement Section Committee regarding requests for proposed projects. A determination of whether to act upon the request and recommend funding shall be made by the Enforcement Section Committee in accordance with the Corporation's policies and within the constraints of the budget authority applicable to special projects. If a special project request is approved, the Enforcement Section Committee, in consultation with the requesting jurisdiction, shall establish a budget for the project. The Enforcement Section Committee may not establish a budget for a special project without the approval of the Board of Directors.

In the event of exigent circumstances, the president may approve expenditures of up to \$20,000 for a special project. In such a case, the President shall promptly report the request and approval to the Board of Directors, which at its next meeting shall vote to ratify or rescind that decision. Failure of the Board to ratify the decision shall mean only that no expenditures may be made from NASAA funds for the special project after the date of the Board meeting. Rescinding the President's approval or failure to ratify will not mean that any amounts previously expended must be returned.
4. Reports. The Enforcement Section Chair shall submit to the Board of Directors at each Regular Board Meeting a report concerning special projects. The report shall list the special projects that have been approved for the current year, the amount budgeted for each project, and the amount expended to date on each project.
5. Payment and Reimbursement of Expenses. Claims for payment or reimbursement of expenses associated with a special project shall comply with the Travel and Reimbursement Policies set forth in §1301 except that claims related to special projects shall be approved by the Enforcement Section Chair.

A Special Assistance Project Request Form for submission of special project requests is located at Exhibit 4.

§ 1203 *Amicus Curiae* Appearances

1. Legal Services Committee. The Legal Services Committee shall be appointed by the Board of Directors.
2. Who May Submit. Any Member may request *amicus curiae* participation by the Corporation. Such requests should be limited to participation before appellate tribunals except in situations involving questions of law which have been taken under advisement by the trial court with briefs requested by that tribunal. Issues should be limited to interpretations of the Uniform Securities Act or otherwise to issues which have general application or impact on the membership as a whole.
3. To Initiate Request. A Member desirous of *amicus curiae* participation by the Corporation must submit a completed "NASAA *AMICUS CURIAE* request form" (see Appendix E) to the Legal Services Committee. The Form should be submitted at the earliest possible time after the desire for an amicus brief has been determined. For example, if an amicus brief is requested on a case that is being appealed, Members are encouraged to submit the request for an amicus brief as close as possible to the time when filing the notice or the intention to appeal with the appellate court.

4. Determination of Request. Upon receipt of a completed NASAA Amicus Curiae Request Form, the Legal Services Committee shall make a recommendation to the President whether to approve the filing of an amicus brief by the Corporation based upon the information provided in the Form. If filing of the brief is approved, the Legal Services Committee shall establish a reasonable timeline for due dates and notify the Members that a brief will be filed.
5. Legal Services and Oversight. The Legal Services Committee shall coordinate with the requesting jurisdiction and the Corporation's General Counsel regarding the attorney who will prepare the amicus brief. The General Counsel's office shall prepare the brief unless the circumstances do not so permit. A roster of possible attorneys interested in providing such services shall be maintained by the Committee. If outside counsel is necessary, in making the selection, due consideration shall be given to each attorney's availability, quoted rate, expertise and other relevant factors.

The Legal Services Committee shall also select one member of the Committee to oversee the preparation and filing of the amicus brief. If outside counsel is retained, the Committee member assigned to a particular amicus brief shall contact the selected attorney and provide the attorney with a copy of the timeline established by the Committee, and request a letter of engagement that (1) sets forth the agreed upon rate to be paid by the Corporation for the legal service and (2) acknowledges receipt of and agreement to abide by the terms of the timeline and the Corporation's General Terms and Conditions of Legal Services Engagement.

If oral argument is requested or required on the amicus brief, the Legal Services Committee, upon consultation with the President, shall designate who will represent the Corporation in making the oral argument and authorize the payment of reasonable expenses incident to that appearance.

Subsequent to the filing of the amicus brief, the Committee member assigned to oversee that brief and the requesting jurisdiction shall assess the preparation and filing of the brief and the quality of the services provided by the attorney. The Legal Services Committee shall examine the costs associated with each amicus brief.

A NASAA *Amicus Curiae* Request Form is located at Exhibit 4.

§ 1204 Expert Testimony

1. To Initiate a Request. A Member may request assistance from the Corporation to secure expert testimony on a particular question of law for a trial. Such requests may include assistance in locating such an expert and for funding the expenses associated with the expert's testimony. As soon as possible after identifying the need for such an expert, a Member must submit a completed "NASAA EXPERT TESTIMONY REQUEST FORM" to the Enforcement Section Committee who is charged with evaluating such requests.
2. Determination of Request. Upon receipt of a NASAA EXPERT TESTIMONY REQUEST FORM, the Enforcement Section Committee Chair shall forward to the requesting jurisdiction the roster of in-house and outside experts. This roster will

allow the requesting jurisdiction to review the available expert witnesses and the jurisdiction may request the resumes of any persons on the roster to enable the jurisdiction to better evaluate which person may best fulfill the jurisdiction's need for an expert. The jurisdiction need not select an expert from the submitted roster. Once the requesting jurisdiction has identified the specific expert that may best meet the jurisdiction's needs, the requesting jurisdiction must then contact that person directly to determine his/her availability and to negotiate any fee which that person may charge for his/her services, if any. If funding for the fee and expenses associated with the use of an expert is requested, the requesting jurisdiction must refer these requests, in writing, to the Enforcement Section Committee which will determine whether to grant the funding requests and the amount of funding to be provided by the Corporation. The Corporation will reimburse expert witnesses on an approved flat-fee basis or on an hourly basis with an approved maximum, and will reimburse reasonable expenses as outlined in the NASAA General Terms and Conditions for Legal Services. Funding for in-house experts will be limited to standard Corporation reimbursement expenses.

After the expert testimony has been provided, the Enforcement Section Chair and the requesting jurisdiction shall evaluate the services of the expert, including the costs associated with the use of the expert.

A NASAA Expert Testimony Request Form is located at Exhibit 4; a NASAA Availability to Provide Expert Testimony Form is located at Appendix E.

§ 1205 Information Sharing

The Corporation encourages and, when appropriate, assists the exchange of information among Members and between members of other regulatory and law enforcement agencies including: the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Trade Commission, the National Association of Securities Dealers, Inc., the National Futures Association, the Securities Investor Protection Corporation, any securities exchange registered under the Securities Exchange Act of 1934, any commodities exchange registered under the Commodity Exchange Act and any regulatory, self-regulatory organization or securities or commodities exchange located outside the United States.

[End of this Section]

TRAVEL AND REIMBURSEMENT POLICIES

§ 1301 Responsibility of Section and Project Group Chairs

1. Section and Project Group chairs are responsible for the most efficient use of their resources. In that respect, adequate planning and preparation for meetings is paramount. Early notice of meetings and prior distribution of written agenda are expected. Notice should be provided to Section Chairs, corporate office, liaisons to the Section and Project Group, including the SEC, advisory groups, and others as necessary.
2. The following items should be considered carefully:
 - (a) elimination of unnecessary meetings;
 - (b) increased use of telephone conferences;
 - (c) adequate preparation, including early notice, written agendas and exchanging draft notes or documents in advance;
 - (d) special airline fares, dependent upon timely notice and selection of meeting days; and
 - (e) meeting site selection.
3. It is the responsibility of Section and Project Group chairs to explain the travel and reimbursement policies of the Corporation to their members.
4. The Corporation may also reimburse non-members of Project Groups for attendance at meetings of Project Groups on the advance authorization of both the appropriate Section Chair and Project Group chair.

A Travel Expense Reimbursement Request Form is located at Exhibit 4.

§ 1302 Authority to Approve Reimbursement

1. Travel and expense reimbursement claims that meet the Corporation's travel and reimbursement policies as set forth in the sections included in this chapter 1300, sections 1301-1313 ("Reimbursement Policies"), and include no extraordinary items requiring authorization or prior approval, may be submitted directly to the Director of Finance and Administration for reimbursement from the appropriate budgetary allocation (e.g. committee budget, section budget, training and education budget, conference budget). However, claims for payment or reimbursement of expenses associated with special projects must also be approved by the chair of the Enforcement Section Committee in accordance with § 1202.
2. This reimbursement claim procedure may be followed by Project Group members, Section Chairs, board members, the President, corporate office staff, and participants and speakers at Corporation training seminars and membership meetings, except that the reimbursement claims of the Director of Finance and Administration shall be submitted to the Executive Director for approval, the Executive Director shall forward his/her claims to the President.
3. If a reimbursement claim is submitted directly to the Director of Finance and

Administration and it is determined that the claim does not meet the Corporation's Reimbursement Policies or it includes items that require prior approval, the claim form shall be returned to the claimant and the claimant may then submit the claim to the appropriate approving authority (see below) for approval for reimbursement or may revise the claim form to meet the Corporation's Reimbursement Policies and resubmit it to the Director of Finance and Administration for reimbursement.

4. If a reimbursement claim does not meet the Corporation's Reimbursement Policies or if it includes items that require prior approval, because of extraordinary circumstances, the reimbursement claim shall be submitted directly to the following Corporation officials ("approving authorities") who have the authority to approve the reimbursement claims from the following claimants:
 - (a) Project Group or Special Committee members forward requests to respective Section Chairs;
 - (b) Project Group chairs and Section Vice Chairs, if appointed, forward requests to respective Section Chairs; and
 - (c) Special Committee Chairs, Section Chairs, Board of Directors, President-elect, and the Executive Director forward requests to the President;
 - (d) Corporate office staff forward requests to the Executive Director;
 - (e) President forwards request to Treasurer; and
 - (f) Participants and speakers at NASAA training seminars or membership meetings forward requests to the program chair for the seminar or meeting for which reimbursement is requested.

§ 1303 [REPEALED]

§ 1304 Group Meals

Project Group chairs are authorized to defray one group meal outside of the per diem, at each Project Group meeting taking place other than at the Spring or Annual Meeting, at a reasonable cost not exceeding \$50 per person, provided that the chair and the majority of the members of the Project Group are present for the meal.

§ 1305 Per Diem

All expenses for food and drinks, all gratuities related to food and drinks, and all other expenses incurred for the personal well-being of an individual (such as valet service, health facilities, sports and entertainment) while on duly authorized travel will be reimbursed by the Corporation, provided:

1. they are *actual* expenses; and
2. *they are itemized* in the reimbursement request; and
3. all reimbursement totals up to a maximum average of [\$40] per day (including arrival and departure), reduced to \$30 per day (including arrival and departure) during the Spring and Annual Meetings, and reduced to \$25 per day for all NASAA sponsored training events. Where travel or special circumstances required of a Corporation member result in expenses reasonably exceeding the ordinary per diem limits, the approving authority may waive such limits.

§ 1306 Meals at Spring and Annual Meetings

All Corporation-sponsored meals at the Spring, Annual and 19(c) Meetings, Board of Directors meetings and other general activities specifically approved by the President, fall outside the per diem expense limit.

§ 1307 Air Travel

1. Reimbursable coach class air travel, including fares requiring advance purchase, is the lowest available air fare at the time claimant is notified of a meeting, unless otherwise approved by the applicable approving authority for the most direct route available between the point of origin and destination. Any incremental cost for any form of travel which is not the most direct route, or which is caused by intermediate stopovers, is not reimbursable.
2. Claimants are strongly encouraged to take advantage of the cost savings available from the advance purchase of airline tickets.
3. The advance purchase of airline tickets may involve a penalty for changes or cancellation subsequent to the purchase of the ticket. The Corporation will reimburse the claimant the penalty where such is incurred and reasonably documented as a result of medical, personal, or business reasons. Additionally, the Corporation will reimburse the claimant \$10 to defer the interest charge incurred by the claimant for the purchase of the ticket 30 days prior to departure.
4. Payment of air travel costs should not be made unless the customer's original copy of the airline ticket or proof of payment is submitted to the Corporation. Efforts should be made to use the corporate travel account to pay air travel for contracted speakers, etc., in order to maintain supporting documents. If the original airline ticket copy is unavailable because it has become lost or destroyed, or was provided to other authorities in the claimant's jurisdiction, an explanation of the situation should be submitted and reviewed by the approving authority for appropriateness before payment to the claimant is made.

§ **1308 Ground Transportation**

1. Claimants will be reimbursed for the actual cost of ground transportation, including the use of taxis and shuttle buses, and reasonable gratuities associated therewith. The use of airport shuttle buses is encouraged where their use will result in reduced expenses. This policy may vary for specific Corporation sponsored events.
2. Personal vehicle use will be reimbursed at the rate of 34.5¢ per mile. Airport parking fees will also be reimbursed. However, personal vehicle use to the airport, combined with parking fees, should not exceed the cost of taxis to and from the airport.
3. Personal vehicle use for travel to meetings will be reimbursed at 34.5¢ per mile, up to the lowest available airfare.
4. Reimbursement for rental cars will be paid only when the approving authority has given prior permission for the rental car, or upon reasonable explanation which reflects that the airfare plus rental car costs to an alternative location results in lower total costs. Otherwise, reimbursement for a portion of the rental car cost will be limited to the cost of allowable ground transportation to and from the airport plus a reasonable allocation for transportation to meals and meetings.

§ **1309 Receipts Required**

A receipt must be provided for any ground transportation or miscellaneous "other" expense in excess of \$15, except as included in the reimbursement claim for per diem pursuant to § 1305.

§ **1310 Miscellaneous "Other" Expenses**

Miscellaneous expenses including business-related telephone calls, reasonable and appropriate personal telephone calls, gratuities to hotel personnel and copy and fax charges may be reimbursed. Such expenses should be reported in the "other" column of the expense reimbursement form and an appropriate explanation for the charges provided.

§ **1311 Time Limit for Filing Expenses Reports**

All expense reports should be mailed within 30 days of the end of a meeting or other travel or expenditure of a similar nature. An exception shall exist for persons submitting expenses after 30 days if delayed submission was for the purpose of accumulating expenses not to exceed \$100.00. All reports must be mailed to the corporate office by December 31, or the expenditures will not be reimbursed, unless a late report is approved by the President, provided that any expenditures that are made between December 1 and December 31 will be reimbursed if mailed within 30 days of the travel or expenditure.

§ **1312 Conference Fees**

1. Payment in advance or on site. All fees for conferences sponsored by the Corporation (including, but not limited to, Spring and Annual Meeting fees) should be paid in advance or on site, unless prior arrangements are made with the corporate

office.

2. Fees paid on site. The seminar conference chairs are authorized to be responsible for collection of any conference fees that are paid on site.
3. Refunds. Refunds of conference fees shall be made only in the event of family emergencies or medical emergencies.

See, § 1404 concerning waiver of Spring and Annual Meeting fees.

§ 1313 International Travel

The cost of international travel outside of member jurisdictions at Corporation expense may be reimbursed only with the prior advice and consent of the appropriate Section Chair and of the President. Any representation of the Corporation at a meeting of an international membership organization may be made only at the designation of the President.

[End of this Section]

MEMBERSHIP MEETINGS

§ 1401 Site Selection

1. The Corporate Office is responsible for presenting several potential locations for the Annual Meeting to the Board of Directors. Any Member desiring to host the Annual Meeting should contact the Corporate Office and ask that their location be included in the presentation. The Corporate Office may use an outside meeting planner to assist in suggesting potential locations and in preparing a preliminary site analysis for each potential location.
2. The selection process should include analysis of the cost involved, accessibility of the location, nature of the facilities, ability of the host jurisdiction to assist with the conference, ability to attract industry and outside parties to the meeting and available activities. A group of potential sites will be presented to the Board of Directors, and the Board of Directors will select three sites to be presented to the Members.
3. Three sites selected by the Board of Directors will be presented to the Members prior to the meeting at which the site is selected so that any jurisdiction wishing to make their own presentation to the Members may do so at the meeting.
4. The final selection of a location for the Annual Meeting is made by a vote of the Members.
5. In the event that the Board of Directors determines that it is either manifestly unreasonable or contrary to the best interests of the Association to convene the Annual Meeting at the location previously selected by the Membership, then the location that received the next highest number of votes during the selection process shall become the final selection of the Membership. Another vote of the Membership shall not be required.

§ 1402 Sponsorship Policy

The following applies to all Corporation events:

1. Industry-sponsored events in connection with a meeting of the Corporation, on premises or off premises, including hospitality suites, are discouraged by the Corporation and only events sponsored by the Corporation or its Members shall be announced in any Corporation program.
2. When the Board of Directors, a committee, a Project Group (individually or collectively), or any Corporate Office employee is invited by a self regulatory organization or industry association to a dinner, party or similar events, upon request, the Corporation will pay the expenses of such representative. The Corporation will not pay for a guest or spouse of a representative at such an event.
3. The Corporation takes no position on the acceptance by individual Members of invitations in connection with a meal or function involving a state-regulated entity/person. If, however, reimbursement is sought by any Member or employee for expenses associated therewith, the Corporation will only reimburse such expenses within the constraints of the per diem.
4. These guidelines are not applicable where a NASAA representative or employee is invited to participate in an organized program.

§ 1403 Travel for Membership Meetings

The Corporation will reimburse Member Representatives for their participation at a meeting of the membership. If a Member Representative is not attending a Spring or Annual

Meeting, this reimbursement provision will apply to the staff person from that Member Representative's jurisdiction who holds the Member Representative's proxy, unless that staff person is traveling to the meeting at committee expense.

Reimbursement for attendance by personnel from member jurisdictions, senior to the Member Representative, may be approved by the President. To foster more widespread attendance at the Annual Meeting by staff persons of all Members, the Corporation will reimburse up to two (2) staff persons for participation at the Annual Meeting.

§ 1404 Waiver of Conference Registration Fees

1. Spring and Annual Meeting registration fees are waived for members of the media.
2. Spring and Annual Meeting registration fees are waived for Section Committee, approved Project Group and Committee members and Member Representative, whose travel costs for participation at the meeting would normally be reimbursed by the Corporation.
3. Annual Meeting registration fees are also waived for guest speakers, dignitaries, up to three (3) staff persons of member jurisdictions, staff of the host jurisdiction, and individuals whose expenses are to be reimbursed by the Corporation.

Travel expenses to membership meetings is also reimbursed for Member Representatives §1403. Conference fees must be paid in advance or on site. Refunds of conference fees are only permitted for family or medical emergencies. § 1312.

§ 1405 Authority to Enter Contracts for Conferences

Contracts for Corporation conferences, training seminars and meetings may be executed by the Executive Director or his/her designee. For contracts in excess of \$20,000, written approval must be obtained from the President or Treasurer.

§ 1406 Responsibility for the Annual Meeting

The responsibility for putting on the Annual Meeting rests with the corporate office, and the assistance of the local host administrator.

§ 1407 Conference Budgets

A detailed budget should be prepared for the Spring and Annual Meetings. A system to track meeting expenditures as they are incurred should be implemented which corresponds to the categories in the detailed budget. A comparison of budgeted and actual expenditures can then be made in order to assist in the post meetings review. Advances made to vendors should be classified and separately identified until the goods or services are consumed, at which point these amounts should be expensed or recovered per the agreement with the vendor.

§ 1408 Contract Authority

For contracts other than those specified in section 1405, the Executive Director or his designee, on behalf of the Corporation, is authorized to execute contracts up to and including \$10,000 without the approval of the Board of Directors.

§ 1409 Outside Attendees at Meetings

Unless otherwise approved by the NASAA President and/or Executive Director, all NASAA gatherings, assemblies, summits, proceedings, meetings, receptions, and any other such

engagements as may be held from time to time by NASAA, or on its behalf, shall be closed to the general public, EXCEPT that the NASAA Spring and Annual Conferences (“the Conferences”) shall be open, by invitation only, to certain members of the general public. Such invitations shall confer a limited permission to attend only those events at the Conferences that are specifically enumerated as public events. Such permission shall be further limited in that it may be restricted and/or revoked at any time at the discretion of the NASAA President and/or Executive Director.

BUDGET AND FISCAL POLICIES

§ 1501 Annual Budget Preparation

1. Adoption of Budget. The Board of Directors is responsible for adoption and administration of the budget of the Corporation. After the Annual Meeting each year, the Board of Directors shall adopt a budget for the following year according to the procedures set forth in this policy and in Bylaw 5.11.
2. Preliminary Budget. At least 30 days prior to commencement of the Annual Meeting, a proposed budget estimate for the Corporation shall be prepared by the President-elect (see Bylaw 5.11) and mailed to each member, and written comments on the proposal shall be solicited.
3. Consideration of Budget at Annual Meeting. The President-elect shall make an oral report at the Annual Meeting on the proposed budget estimate and any comments received on it. The Members may discuss any item in the proposed budget estimate at the meeting and may, by resolution or otherwise, provide direction to the Board of Directors regarding the budget for the next year or any subsequent year.
4. Consideration of Budget after Annual Meeting. Section Chairs shall attend the Board of Directors meeting held at the conclusion of the Annual Meeting and discuss budgetary matters with the board of directors. Prior to adoption of the budget, Project Group chairs for the subsequent year may also have an opportunity to comment on their proposed budget and its relation to the overall budget proposal.
5. Adoption of Final Budget. The Board of Directors shall adopt a budget for the next fiscal year by December 15 of the then current year. All Members shall be provided a copy of the budget as soon as possible after its adoption by the Board of Directors.

§ 1502 Retention of Financial Records

Financial and accounting records, other than those required to be kept for a longer period of time, shall be retained only for the seven most recently completed fiscal years.

§ 1503 Capitalizing Assets

1. Only those assets which cost in excess of \$500 each shall be capitalized.
2. Cost proposals must be obtained from more than one vendor before acquisition of assets that are to be capitalized.
3. Both the utility and cost of assets that are to be capitalized must be evaluated prior to their selection.

§ 1504 Authorized Investments

1. Any funds not required for satisfaction of the obligations of the Corporation may be invested in any accounts or securities that are insured or guaranteed by the U.S. Government, provided the obligations shall not have a maturity of more than six (6) years.

2. Up to one-third (1/3) of the funds available for investment (but not more than one-third) may be invested in debt obligations issued by U.S. Government-Sponsored Enterprises, provided that:
 - A. The debt obligations have a maturity of not more than six (6) years;
 - B. None of the debt obligations are those commonly known as "mortgage pass-through securities" or "collateralized mortgage obligations;" and no investment is made in a common fund; and
 - C. Each investment in such debt obligations is approved in advance by the following officers of the Corporation:
 - (1) President
 - (2) Treasurer; and
 - (3) Controller.

§ **1505 Financial Statement Review and Internal Control**

1. Finance and Audit Committee. The Finance and Audit Committee shall be composed of any agent, servant or employee of a member, provided the person has the approval of the Member Representative.
2. Financial Statement Review. The Director of Finance and Administration shall mail monthly the computerized, detailed financial statements to the Finance and Audit committee chair. The chair shall mail copies of such portions of the financial statements to the other committee members or such designated state or provincial employee assisting the committee in fulfilling its charges.
3. Internal Control. The committee shall review the internal control procedures of the Corporation to determine if additional procedures or a change in procedures would strengthen the existing policies for safeguarding Corporation assets. If deemed necessary for the education of new finance and audit committee members or for verification of compliance with existing procedures, the committee may perform a limited scope review of the financial records of the Corporation at the corporate office, and report their findings to the Board of Directors.

§ **1506 Annual Audit**

1. The Director of Finance and Administration should determine whether to recommend to the Board of Directors the retention of the current independent certified public accountants or the selection of a new firm. Subsequent to the board's selection, the Director of Finance and Administration should arrange for the selected firm to send an engagement letter.
2. By January 31, the (a) Treasurer, (b) Spring Meeting chair, (c) Annual Meeting chair and (d) any seminar chairs should forward to the corporate office all original source documents pertaining to the calendar year just completed.
3. By mid-February, the Director of Finance and Administration should have discussed the examination procedures with the independent certified public accountants.
4. The independent certified public accounting firm should provide the financial statements in draft form to the Treasurer and/or the Director of Finance and Administration. Comments thereon are to be returned to the independent certified

public accountants. One copy of the final financial statements shall be distributed to each of the following:

- (a) Officers and Directors.
- (b) Remaining Members.
- (c) Finance and Audit committee members.

The corporate office shall distribute the required copies on receipt from the accounting firm, or in any event, no later than the Spring Meeting.

§ **1507 Banking**

1. The Corporation's checking account shall be maintained at an insured depository institution. The designated signatures of the checking account are those of the President, Treasurer, Executive Director and Director of Finance and Administration. Any disbursement in excess of \$30,000 requires the signature of (a) the Treasurer or President and (b) the Executive Director or Director of Finance and Administration.
2. Canceled checks and the monthly bank statement are to be mailed to the corporate office, copied and mailed to a member of the finance and audit committee. The recipient should reconcile the checking account and then send the original bank statement, canceled checks and reconciliation to the corporate office for permanent retention. A copy of the monthly computerized general ledger, check register, deposit detail and journal entries are to be mailed to the Finance and Audit Committee chair by the Director of Finance and Administration.

§ **1508 Tax Returns and Corporate Filings**

All corporate tax returns (e.g. payroll, income, personal property, unemployment), corporate annual reports and other required filings with federal, district, and local authorities shall be prepared and filed, or the preparation and filing overseen, by the Director of Finance and Administration. The Director of Finance and Administration is responsible for forwarding all documents to the appropriate Corporation official for the required signature.

§ **1509 Fidelity Bond**

The Corporation shall maintain fidelity bonding coverage for the compensated employees, to indemnify the Corporation against losses of money or property the Corporation sustains resulting from fraudulent or dishonest acts. The Executive Director is responsible for reviewing the insurance coverage at least annually for items such as adequacy of coverage and persons to be covered.

§ **1510 NASD Remittances**

1. The agreement between the National Association of Securities Dealers, Inc. ("NASD"), and the Corporation for administration of examinations of securities industry and investment advisory professionals and study guide fees, provides in part that NASD will administer the examinations. NASD will collect the examination fee from each candidate and each month will provide the Corporation with an accounting of the number of persons who filed application forms for the examination during the preceding month together with a payment of one-third of the total examination fees collected from candidates during the month.
2. The Treasurer may recommend that an internal or external review be made annually of the NASD procedures for recognition of fees receivable by the Corporation from the NASD as royalties for examinations conducted under agreements between the Corporation and the NASD. In lieu of conducting a separate examination, the Corporation may accept the opinion of the NASD's independent public accountants if the associated NASD financial statements or supplemental information clearly reflects the NASD's examination fees and remittances to the Corporation.

§ 1511 Documentation for Disbursements

1. Support for Disbursements. All disbursements shall be supported by external evidence (e.g., invoice) to justify the expenditure. The invoices should be properly canceled by indicating "paid, check #, [date]" on the invoice face or attached to a file copy of the disbursement, along with the signature of the individual approving payment of the invoice.
2. Purchases using Corporation credit cards. Supporting documentation must be submitted to the approving authority for all charges to the corporate credit card. Supporting documentation would include the charge slip and the original hotel receipt or original airline ticket. For meals charged to the credit card, the charge slip and a list of the individuals included in the meal would be proper supporting documentation.

The treasurer is charged to assure proper maintenance of records of disbursements. By-Law 6.10 (c); § 115.

§ 1512 Cash Receipts

Prenumbered cash receipts should be issued for each remittance and recorded in a cash receipts journal. Bank deposits should be made on an as needed basis. Recording cash receipts and making bank deposits should be performed by different individuals. Cash receipts should be reconciled to deposits in the bank. All conference and seminar registration forms should be referenced to the cash receipts, and any refunds should be reconciled to deposits in the bank.

§ 1513 Accrual Basis Accounting

The books and records of the Corporation shall be maintained on accrual basis accounting which records revenue and expenses in the period in which they relate rather than in the period in which they are received and disbursed.

§ 1514 Schedules of Assets

All assets should be tagged to assist in the identification and control of assets. Two sets of tags should be used, one corresponding to those assets which are capitalized and another to those assets which have been expensed. The tag numbers should be shown on the depreciation schedule and the schedule of non-capitalized assets.

EXHIBIT 1: STRATEGIC PLAN

EXHIBIT 2: NASAA'S ANNUAL GOVERNANCE CALENDAR

**EXHIBIT 3: BOARD MEMBER LIAISONS AND SECTIONS, SECTION
COMMITTEES, PROJECT GROUPS AND OTHER COMMITTEES**

EXHIBIT 4: NASAA FORMS

PROCEDURAL FORMS

1. Application for Appointment ("Application") to a Project Group
2. Travel Expense Reimbursement Form and copy of Reimbursement Policies

ENFORCEMENT & AMICUS CURIAE FORMS

1. Special Assistance Project Request Form
2. Request Form for NASAA to appear as Amicus Curiae
3. Expert Testimony Request Form
4. Availability to Provide Expert Testimony
5. NASAA's General Terms and Conditions of Legal Services Engagement

EXHIBIT 5: MEMBERSHIP MEETING HISTORY

EXHIBIT 6: ANNUAL BUDGET

This Exhibit contains: The Corporation's operating budget.

EXHIBIT 7: CRD CONTRACT

This exhibit contains the agreement between NASD, Inc. and the North American Securities Administrators Corporation, Inc., regarding the development of the Central Registration Depository ("CRD").

EXHIBIT 1: STRATEGIC PLAN

The NASAA Strategic Plan is located on the Members-only section of the NASAA website at the following link: <http://www.nasaa.org/members-only/nasaa-strategic-plan/>

EXHIBIT 2: NASAA'S ANNUAL GOVERNANCE CALENDAR

Step 1: July: Elections

- A. Election of the President-elect and Board is held during the month of July.

Step 2: August/September: Annual Meeting

- A. The Board holds a regular meeting.
- B. The Board reports to Members on the status of implementation of the current Strategic Plan.
- C. Each Section holds a forum open to all meeting attendees which describes the activities of the Section and discusses current topics germane to the Section.
- D. Members participate in the annual updating of the Strategic Plan, and approves the new three-year Strategic Plan.
- E. Members review the preliminary, budget estimate for the next fiscal year, which reflects the proposed changes to the Strategic Plan.
- F. The new President and new Section Chairs meet as a group to make preliminary judgements on how the newly approved Strategic Plan is to be implemented by the Sections.

Step 3: August/September: Meeting of the New Board

- A. The "new Board" meets immediately upon conclusion of the Annual Meeting.
- B. The Board formally appoints the new Section Chairs and Section Committees.
- C. All Section Chairs attend the Board meeting to discuss generally what each Section sees as the priorities it must undertake based upon the newly approved Strategic Plan.
- D. The Board charges implementation of specific components of the Strategic Plan to each Section.

Step 4: September/October: Sections Organize

- A. Each Section identifies the initial Project Groups (with defined tasks and defined time frames for completing work) it feels to complete the Section's work, and identifies the members what it proposes for each of the proposed Project Groups. (Note: other Project Groups may be proposed to the Board throughout the year, as the need is identified.)
- B. Working with the President and Treasurer, each Section develops a proposed budget based upon what it anticipates needing to support the work of the Committee, including each of the initially proposed Project Groups and other Project Groups that may be formed throughout the year.
- C. The President and Treasurer, finalize the proposed annual budget for the Corporation.

Step 5: Late November/Early December: Organizational Board Meeting

- A. The Board approves each Section's proposed Project Groups, along with the membership of each of these Project Groups.
- B. The Board approves each Section's budget for the year. The Board will leave it up to each Section to determine how funds are to be allocated to each of the Section's Project Groups.

- C. The Board approves the final annual budget for the Corporation.

Step 6: January/February L Annual Updating of Strategic Plan

- A. The President-elect begins the process of updating the Strategic Plan. The process ensures that input is received from NASA's Section Committees and Project Groups, the Members, and other sources as appropriate.

Step 7: April/May: Spring Meeting

- A. The Board holds a regular meeting.
- B. The Board reports to the Members on the status of implementation of the current Strategic Plan.
- C. The Spring Meeting may be used to obtain feedback from the Members on the current Strategic Plan for purposes of updating the plan at the Annual Meeting.

Step 8: June: Solicitation for Section Committee/Project Group Service

- A. Members submit Committee Assignment Request Forms.

Step 9: Summer: Summer Board Meeting

- A. The Board holds its summer meeting.

**EXHIBIT 3: BOARD MEMBER LIAISONS AND SECTIONS, SECTION
COMMITTEES, PROJECT GROUPS AND OTHER COMMITTEES**

For details, see the Members-only section of the NASAA website at the following link:

<http://www.nasaa.org/members-only/current-section-and-project-group-members-and-tasks/>

EXHIBIT 4: NASAA FORMS

PROCEDURAL FORMS

1. Application for Appointment ("Application") to a Project Group ("CARF")
2. Travel Expense Reimbursement Form and a copy of Reimbursement Policies

ENFORCEMENT & AMICUS CURIAE FORMS

1. Special Assistance Project Request Form
2. Request Form for NASAA to appear as Amicus Curiae
3. Expert Testimony Request Form
4. Availability to Provide Expert Testimony
5. NASAA's General Terms and Conditions of Legal Services Engagement

NASAA 200_/200_ Application for Section Committee and Project Group Membership

| | |
|---|---|
| 1. Name of Applicant: (please include prefix) | 5. Three Year NASAA Project Group/Activity History |
| 2. Jurisdiction: | 200_ Section: |
| | Project Group: |
| 3. Yrs. with Above Agency: | 200_ Section: |
| | Project Group: |
| 4. Job Title: | 200_ Section: |
| | Project Group: |

Current Job Description:

6. Which Section/Project Group would you like to be considered for appointment?

| | |
|----------------------------|----------------------|
| 1st choice: Section | Project Group |
| 2nd choice Section | Project Group |
| 3rd choice: Section | Project Group |

7. Education, Degrees, Licenses, Professional Designations

8. Describe any other skills or experience that would qualify you.

AGREEMENT BY APPLICANT: If appointed to a project group, I recognize that I am expected to make a timely contribution in achieving the project charges, including possibly meeting on weekends. Furthermore, I recognize that if I attend the NASAA Spring and/or Annual meeting, I am expected to be in attendance at Association-sponsored activities when not meeting with the project group or performing state/provincial business.

9. Applicant's Signature: _____ **Date:** _____

10. Administrator's Approval: _____ **Date:** _____

[An email directly from the Administrator to NASAA granting approval for the employee to serve also will suffice.]

NASAA TRAVEL EXPENSE REIMBURSEMENT REQUEST FORM

If a written request is received from an appropriate public official and such request sets forth a valid reason for the inspection of this report, such inspection will be permitted.

Read the Travel and Reimbursement Policies of the Association prior to preparation.

1. Reimbursement Requested by: _____

2. Reimbursement to be mailed to: _____

STREET

 CITY STATE/PROVINCE POSTAL CODE

4. Date claimant received notice to attend meeting: _____

5. Date claimant ordered airline ticket: _____

6. Date airline ticket actually issued: _____

7. _____

| A COMMITTEE AND MEETING LOCATION | B DATE(S) | C AIR FARE | D LODGING | E GROUND TRANS. | F PER DIEM | G OTHER | H TOTAL |
|-------------------------------------|--------------|---------------|--------------|--------------------|---------------|------------|------------|
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| TOTALS | | | | | | | |

8. Signature of Claimant: _____ Date: _____
AFTER PREPARATION, FORWARD THE CLAIM TO THE APPROVING INDIVIDUAL.

9. Individual approving: _____ Date: _____
FORWARD CLAIM TO:
 NASAA
 750 First Street, N.E. – Suite 1140
 WASHINGTON, DC 20002
 ATTN: JOHN LYNCH, DEPUTY EXECUTIVE DIRECTOR / CONTROLLER

EXPENSE REPORTS MUST BE SUBMITTED WITHIN 30 DAYS OF THE END OF THE MEETING OR OTHER TRAVEL. REPORTS SUBMITTED LATE REQUIRE SPECIAL APPROVAL BY THE PRESIDENT.

SEE TRAVEL AND REIMBURSEMENT POLICIES OF THE ASSOCIATION PRIOR TO PREPARATION. SUBMIT REPORT WITHIN 30 DAYS OF TRAVEL.

| DATE | DESCRIPTION | GROUND TRANS. | PER DIEM | OTHER |
|--------|-------------|------------------|----------|-------|
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GENERAL POLICIES

1. Expense reports must be submitted within 30 days of the end of a meeting or other approved travel. Reports submitted later than 30 days must be sent directly to the President for his/her special approval.
2. If a reimbursement claim is submitted directly to the NASAA corporate office and it is determined that the claim does not meet the Corporation's policies or it includes items that require prior approval, THE CLAIM FORM WILL BE RETURNED TO THE CLAIMANT and the claimant may then correct the form and submit it to the appropriate approving authority. All inaccurate forms, incomplete forms, claims missing necessary original receipts, or claims otherwise not meeting the Corporation's reimbursement policies will be returned for correction or explanation prior to payment.
3. If the required receipts are not attached to your reimbursement report, the expense will not be reimbursed.
4. Any variations to the above requirements must be fully explained in writing or the expense will not be reimbursed (i.e. claiming less than is shown on a receipt, receipts were obtained and lost original receipts must be turned in to your jurisdiction, etc.).
5. If you attend a meal with a group and you pay for the entire group, you must identify all members of the party and show your portion of the total bill as "Per Diem" and the remainder as "Other". If you fail to do so, the entire cost will be charged to your per diem.
6. If you attend a meal with a group and someone else pays for the entire group, you must account for the expense when calculating your total per diem (as if you had paid for your own meal), and reduce your total allowable per diem accordingly.
7. If claims are sent directly to the corporate office for payment, you should check with your respective approving authority to determine if they would like you to send them a copy of your claim.

CODIFIED TRAVEL REIMBURSEMENT POLICIES AND INSTRUCTIONS FOR PREPARATION OF NASAA TRAVEL REIMBURSEMENT REQUEST FORM

Line

1. Indicate claimant's name. Each claimant should pay his/her own travel costs and then seek reimbursement from NASAA. The check will be made payable to the claimant. **We cannot produce more than one check per claim.**

- 2&3 Indicate the claimant's address to which the check is to be mailed. It is recommended that the reimbursement check be sent to your residence. We have experienced some problems in the past where the receiving agency has deposited the check.

- 4,5,6 This is intended to assure that the best possible airline rate has been obtained. Although policies are ever changing, it is usually best to order your airline ticket well in advance.

- 7A Indicate the name of your section committee, project group, the training activity, the conference, or other activity to which your expenses are applicable. Also, you must show the city in which the activity took place.

- 7B Show each day's total expenses on a separate line.

- 7C Reimbursable air travel is the cost of coach class air service. Claimants are encouraged to take advantage of any cost savings available through the airlines.

YOU MUST ATTACH THE ORIGINAL AIRLINE TICKET RECEIPT TO YOUR CLAIM OR THE COST WILL NOT BE REIMBURSED. THE TICKET RECEIPT IS USUALLY THE LAST COPY OF YOUR TICKET PACKET AND MUST SHOW THE ACTUAL COST OF THE AIRFARE. TRAVEL AGENT INVOICES OR PHOTOCOPIES ARE NOT ACCEPTABLE.

- 7D Claimant may seek reimbursement for single room accommodations, unless the committee, project group, or activity chairperson directs that reimbursement will be at a rate less than single occupancy.

YOU MUST ATTACH THE ORIGINAL HOTEL RECEIPT TO YOUR CLAIM IN ORDER TO BE REIMBURSED FOR THIS EXPENSE. PHOTOCOPIES ARE NOT ACCEPTABLE.

- 7E Ground transportation includes the use of a personal vehicle, mass transit systems, taxis, parking fees, rental cars **and any gratuities thereon.** List each item of ground transportation expense separately on page 2 of your claim, then indicate on page I the total for each day. Personal vehicle mileage is reimbursable at the rate of 31 cents per mile. If you choose to drive rather than fly, you must provide a written statement, preferably from your travel agent, showing what the cost of airfare would have been.

The total cost of ground travel vs. air travel shall not exceed the reimbursable cost of coach class airfare. This includes ALL expenses associated such as incremental lodging, per diem, parking, and any other costs incurred due to ground travel vs. air travel. All requests for personal vehicle mileage **MUST SHOW THE ACTUAL NUMBER OF MILES DRIVEN** in the description on Page 2. Automobile rentals must be approved in advance. If automobiles are rented, the original rental receipt must be attached to your claim along with proof of approval for the rental. Any claims (with the exception of personal vehicle mileage) in this category which exceed \$15 **MUST** be supported by an **ORIGINAL** receipt. Again, photocopies are not acceptable.

- 7F Per Diem includes meals, beverages, snacks, valet service, health facilities, movies, magazines and newspapers, sundries, and any other reasonable expense of a personal or well-being nature, **as well as gratuities (if any) thereon**. Each item must be listed separately on page 2 and the total for each day should be shown on page 1. **IN ORDER TO SATISFY IRS REQUIREMENTS, YOU MUST SHOW THE NAME OF THE ESTABLISHMENT FOR EACH MEAL EXPENSE.**

Reimbursable Per Diem is limited to actual expenses up to a maximum average of \$40 per day (including departure and return days) reduced to a maximum average of \$30 per day during the Spring and Fall Conferences, and further reduced to \$25 per day for all NASAA sponsored training events and/or events which require the use of a voucher. Currently, receipts are not required for any Per Diem items, but you must provide details of each expense.

- 7G "Other" expenses include conference registration fees, business related telephone calls, reasonable personal telephone calls, rental of audio visual equipment, postage, duplicating, FAX, supplies, and similar expenses for conducting or attending a meeting as well as tips to maids, concierge, other hotel staff, sky caps, etc. List each item separately on page 2, then show total for each day on page I of the expense report. **ANY ITEM IN EXCESS OF \$15 MUST BE SUPPORTED BY AN ORIGINAL RECEIPT.** "Other" expenses also include a project group chairperson's reasonable cost of one group meal, not exceeding \$50/person, at any project group meeting not taking place in conjunction with a Spring or Fall Conference, provided that the chairperson and the majority of the committee members participate and are identified on the form.

- 7H Indicate the total cost off all expenses for each day. The total in the last box on line 7H should equal the total of lines 7C through 7G.

- 9 The claimant should sign and date the expense reimbursement form and attach all of the required original receipts. Travel and expense reimbursement claims that meet the Corporation's travel and reimbursement policies, and include **NO EXTRAORDINARY ITEMS REQUIRING AUTHORIZATION OR PRIOR APPROVAL**, may be submitted directly to John Lynch at the NASAA corporate office. If you are claiming items that **DO** require prior approval (such as automobile rentals)-or if the claim does not meet the Corporation's reimbursement policies because of extraordinary circumstances, the reimbursement claim shall be submitted directly to the following Corporation officials ("approving authorities") as follows:

CLAIMANT

APPROVING AUTHORITY

Section Committee Members and
Project Group Members

Section Committee Chair

Section Committee Chair

The President

Corporate Office Staff
(other than the Executive Director)

Executive Director

Executive Director

The President

President-Elect, Treasurer
Secretary, Directors

The President

President

The Treasurer

Member Representative who participates
in the general membership meeting.

The President

The Approving Authority should, after reviewing and signing the claim, forward it to the NASAA Corporate Office for payment.

NASAA TRAVEL EXPENSE REIMBURSEMENT REQUEST FORM

If a written request is received from an appropriate public official and such request sets forth a valid reason for the inspection of this report, such inspection will be permitted.

Read the Travel and Reimbursement Policies of the Association prior to preparation.

2. Reimbursement Requested by: _____ (NAME OF CLAIMANT) _____

2. Reimbursement to be mailed to: _____ (ADDRESS OF CLAIMANT) _____
STREET

_____ CITY _____ STATE/PROVINCE _____ POSTAL CODE _____

6. Date claimant received notice to attend meeting: _____ 2/15/97 _____

7. Date claimant ordered airline ticket: _____ 3/01/97 _____

6. Date airline ticket actually issued: _____ 3/13/97 _____

7.

| A COMMITTEE AND MEETING LOCATION | B DATE(S) | C AIR FARE | D LODGING | E GROUND TRANS. | F PER DIEM | G OTHER | H TOTAL |
|-------------------------------------|--------------|---------------|--------------|--------------------|---------------|------------|------------|
| NAME OF YOUR COMMITTEE | 04/01/97 | 358.00 | 122.49 | 27.00 | 16.49 | 2.00 | 526.48 |
| WASHINGTON, DC | 04/02/97 | | 122.49 | | 36.50 | | 158.99 |
| | 04/03/97 | | 122.49 | | 28.34 | 5.50 | 156.33 |
| | 04/04/97 | | 122.49 | | 35.90 | | 158.39 |
| | 04/05/97 | | | 28.00 | 7.50 | 5.00 | 40.50 |
| | | | | | | | |
| | | | | | | | |
| TOTALS | | 358.00 | 489.96 | 55.50 | 124.73 | 12.50 | 1040.69 |

8. Signature of Claimant: _____ (signature) _____ Date: _____ 04/10/97 _____
AFTER PREPARATION, FORWARD THE CLAIM TO THE APPROVING INDIVIDUAL.

9. Individual approving: _____ (signature) _____ Date: _____ 04/15/97 _____
FORWARD CLAIM TO:
NASAA
750 First Street, N.E. – Suite 1140
WASHINGTON, DC 20002
ATTN: JOHN LYNCH, DIRECTOR OF FINANCE

EXPENSE REPORTS MUST BE SUBMITTED WITHIN 30 DAYS OF THE END OF THE MEETING OR OTHER TRAVEL. REPORTS SUBMITTED LATE REQUIRE SPECIAL APPROVAL BY THE PRESIDENT.

SEE TRAVEL AND REIMBURSEMENT POLICIES OF THE ASSOCIATION PRIOR TO PREPARATION. SUBMIT REPORT WITHIN 30 DAYS OF TRAVEL.

| DATE | DESCRIPTION | GROUND TRANS. | PER DIEM | OTHER |
|----------|----------------------------------|---------------|----------|-------|
| 04/01/97 | Taxi to airport (supply receipt) | 15.50 | | |
| 04/01/97 | Taxi from airport to hotel | 12.00 | | |
| 04/01/97 | Dinner (American Café) | | 16.49 | |
| 04/01/97 | Bell Captain tip | | | 2.00 |
| 04/02/97 | Breakfast (room service) | | 8.50 | |
| 04/02/97 | Health Club | | 5.00 | |
| 04/02/97 | Lunch (provided by conference) | | -0- | |
| 04/02/97 | Dinner (House of Hunan) | | 23.00 | |
| 04/03/97 | Breakfast (Union Station) | | 9.50 | |
| 04/03/97 | Lunch (provided by conference) | | -0- | |
| 04/03/97 | Dinner (Sfuzzi) | | 18.84 | |
| 04/03/97 | Telephone call home | | | 5.50 |
| 04/04/97 | Breakfast (Au Bon Pain) | | 4.50 | |
| 04/04/97 | Health Club (at hotel) | | 5.00 | |
| 04/04/97 | Dinner (Two Quail) | | 26.40 | |
| 04/05/97 | Breakfast (at hotel) | | 7.50 | |
| 04/05/97 | Maid tip | | | 5.00 |
| 04/05/97 | Taxi to National Airport | 12.50 | | |
| 04/05/97 | Taxi home (supply receipt) | 15.50 | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTALS | | 55.50 | 124.73 | 12.50 |



NASAA

REQUEST FOR SPECIAL PROJECT DESIGNATION AND ASSISTANCE

Instructions

- Use this form to request that an enforcement matter be designated as a NASAA Special Project and to request financial support or other assistance from NASAA.
 - Provide a level of detail that is appropriate in light of the complexity of the case, the stage of the case, and the type and amount of special project assistance you are seeking. If any information requested is inapplicable or unavailable, make a note to that effect in response to the question. If you complete the form as a Word document, the space allotted for each question will **expand** to accommodate whatever information you provide.
 - Information can be supplied item by item, or if you prefer, in a narrative form, provided that all relevant issues are addressed.
 - For additional guidance in completing this form, consult Section 1202 of the NASAA Policies & Procedures Manual, which describes the requirements governing requests for special project assistance. If you have any questions or concerns about the form, contact the Chair of the Special Projects Development & Coordination Project Group or the NASAA Enforcement Liaison.
 - Submit the completed form to the Chair of the NASAA Enforcement Section Committee, with a copy to the Chair of the Special Projects Development & Coordination Project Group and a copy to the NASAA Enforcement Liaison. The contact person you identify below will be notified once action is taken on the request.
-

Questions

1. Applicant (include name, address, email, phone, and fax of the NASAA Member Representative submitting the request):
2. Contact person, if different from applicant (include name, address, email, phone, and fax):
3. Type of application:
 - A. New _____

B. Revised _____

C. Supplemental _____ (If supplemental, provide the following information with respect to each Special Project request previously submitted in this matter: the jurisdiction that submitted the request, the date submitted, the assistance requested, the amount of funding approved, and the amount spent.)

4. Name of special project (e.g. name of lead defendant or subject of investigation):

5. Background and current status:

A. Approximate date investigation began:

B. Types of securities involved:

C. Suspected violations:

D. Companies and individuals involved:

E. Jurisdictions from which illegal operations have been conducted:

F. Jurisdictions where victims are located (if numerous, just estimate the number of jurisdictions where victims are located):

G. Estimated total number of victims:

H. Estimated dollar volume of losses:

I. Enforcement actions already taken, if any:

J. Special concerns (e.g. the need for quick court action to preserve assets, the importance of the legal issues presented, etc.):

6. Basis for special project assistance under Section 1202, Paragraph 1, of the NASAA Policy & Procedures Manual (address both issues if applicable):

A. Special significance of the matter to securities law enforcement in general:

B. Importance of the case to multiple jurisdictions:

7. Plan of action (include information of the following type, as appropriate):

A. If a multi-state task force is planned, identify the lead state and the role of any other participating states:

B. Identify any other regulatory or law enforcement agencies at the state, federal, or provincial level that will be involved:

C. Briefly describe the principal steps currently planned and the *approximate timing* of each (e.g. organizing the task force, legal analysis, document subpoenas, investigative depositions, victim interviews, search for assets, etc.):

D. Identify any anticipated enforcement actions, including the *approximate timing* of each action and the jurisdictions where they will be filed (e.g. civil injunctive, administrative, or criminal):

8. Type of assistance being requested from NASAA:

A. Amount of financial assistance requested:

B. Portion allocated for each type of expense (e.g. travel, copying costs, consultants, expert witnesses, court reporters, forensic analysis):

C. Approximate time period over which funds will be spent:

D. Other assistance requested (e.g. expert witnesses, legal research, coordination of meetings and conference calls, etc.):

9. Anticipated duration of the special project:

10. Willingness to submit quarterly progress reports to the Chair of the Enforcement Section:

11. Other comments:

12. Date submitted:

For NASAA Corporate Office Use

1. Action taken in response to request:

2. By:

3. Date:

4. Amount of financial assistance approved:

5. Accounting number assigned to this special project:

6. Other notes:

NASAA *AMICUS CURIAE* REQUEST FORM

(Complete fully; supplement as necessary on additional pages; use of memo format also is acceptable)

| | |
|--|--|
| 1. Administrator making the request and jurisdiction (include address, phone, fax and e-mail) | |
| 2. Staff contact (include address, phone, fax numbers and e-mail) | |
| 3. Full title of case, trial court docket number, and appellate court docket number(s) | |
| 4. Court in which brief is to be filed (give level of court if not apparent – e.g., “intermediate appeals”) | |
| 5. Case history (include citations for earlier court decisions and administrative orders; <u>attach</u> copies) | |
| 6. Party on whose behalf brief is to be filed (indicate if appellant or appellee) | |
| 7. Counsel of record for each party represented (include full contact information) | |
| 8. If it becomes necessary, can you obtain for NASAA the full record in the case? | |
| 9. Date when NASAA brief is due | |
| 10. Do court rules require NASAA to have local counsel? If so, who do you recommend? | |
| 11. Do court rules require special admission procedures for NASAA counsel? (<u>Attach</u> all relevant court rules, including <i>amicus</i> provisions) | |
| 12. Is the requesting jurisdiction filing its own brief? (Indicate if as party to the case or <i>amicus</i>) | |
| 13. Will staff from the requesting jurisdiction be available to help research local law? (Indicate who) | |
| 14. Provide a brief synopsis of the facts | |
| 15. What are the issues of interest to NASAA? | |
| 16. Explain how this involves the Uniform Securities Act or has general application or impact on the membership as a whole | |
| 17. Describe any other special circumstances (including procedural) | |

SAMPLE

NASAA *AMICUS CURIAE* REQUEST FORM

SAMPLE

(Complete fully; supplement as necessary on additional pages; use of memo format also is acceptable)

| | |
|---|--|
| 1. Administrator making the request and jurisdiction (include address, phone, fax and e-mail) | Jane Administrator East Dakota Department of Securities 12 North Main St., Suite 230 Centerville, East Dakota 99988 Phone (555) 234-7777 Fax (555) 234-7742 ja@securities.state.edak.us |
| 2. Staff contact (include address, phone, fax numbers and e-mail) | Jonathan Lawyer East Dakota Department of Securities 12 North Main St., Suite 230 Centerville, East Dakota 99988 Phone (555) 234-7777 Fax (555) 234-7742 jl@securities.state.edak.us |
| 3. Full title of case, trial court docket number, and appellate court docket number(s) | East Dakota Department of Securities v. Snidely Scamster Supreme Court of East Dakota, Case No. 04-0002 District Court of Smith County, Case No. CJ-3-911 |
| 4. Court in which brief is to be filed (give level of court if not apparent – e.g., “intermediate appeals”) | East Dakota Supreme Court Clerk’s Office 125 Central Ave., Suite 4 Centerville, East Dakota 99989 Phone (555) 235-0045 http://www.edsc.gov |
| 5. Case history (include citations for earlier court decisions and administrative orders; <u>attach</u> copies) | <p>On January 5 and 6, 2003, a trial was held on the Department’s Petition for Permanent Injunction and Other Equitable Relief against Byron Scamster (District Court of Smith County, Case No. CJ-3-911). The case was originally brought by the East Dakota Department of Securities to redress the fraudulent sale of viatical investment contracts and to require Scamster to legally remedy these acts. On March 15, 2002, the Court found in favor of the Department and issued Findings of Fact and Conclusion of Law. Among the sanctions imposed was restitution to the investors.</p> <p>However, about this time, Scamster began to solicit additional premium funds from investors. The Department initiated negotiations with Scamster and he agreed to the appointment of a conservator on April 27, 2002. He agreed that the conservator could “take necessary steps to protect the investors’ interests including, but not limited to, the liquidation or sale of the Policies to institutional buyers.</p> <p>After the conservator sought letters of interest from companies wishing to purchase the polices, the Defendant appealed to the Supreme Court.</p> |

| | |
|--|---|
| 6. Party on whose behalf brief is to be filed (indicate if appellant or appellee) | Appellee, Oklahoma Department of Securities |
| 7. Counsel of record for each party represented (include full contact information) | <p>Jonathan Lawyer (ED Bar # 66602) East Dakota Department of Securities 12 North Main St., Suite 230 Centerville, East Dakota 99988 Phone (555) 234-7777 Fax (555) 234-7742 jl@securities.state.edak.us <i>Counsel for Department</i></p> <p>The Honorable Daniel L. Owens Judge of the District Court of Smith County Courthouse, 321 Park Avenue Wild City, ED 99980 <i>Trial Court Judge</i></p> <p>Leon Shyster, Jr. (ED Bar #53445) Sylvia Slick (ED Bar #16117) Shyster & Slick, P.C. Suite 2, 8 Edwards Ave. Wild City, ED 99980 <i>Counsel for the Defendant</i></p> |
| 8. If it becomes necessary, can you obtain for NASAA the full record in the case? | Yes |
| 9. Date when NASAA brief is due | October 14, 2003 |
| 10. Do court rules require NASAA to have local counsel? If so, who do you recommend? | <p>Yes, unless the NASAA attorney is licensed in a state that does not require East Dakota attorneys be associated with local counsel to appear in that state's courts.</p> <p>See attached E.Dak.. Stat. Ann. Tit.15 §9 for foreign attorney provision and subsection (g) for the reciprocity provision.</p> |
| 11. Do court rules require special admission procedures for NASAA counsel? (Attach all relevant court rules, including <i>amicus</i> provisions) | Yes. See attached E.Dak.. Stat. Ann. Tit.15 §11 and Okla. Sup. Ct. Rule 1.5(a) for admission procedures. See attached Okla. Sup. Ct. Rules 1.10, 1.11, and 1.12 for <i>amicus</i> and briefing procedures. |
| 12. Is the requesting jurisdiction filing its own brief? (Indicate if as party to the case or <i>amicus</i>) | Yes, as a party to the case. |
| 13. Will staff from the requesting jurisdiction be available to help research local law? (Indicate who) | <p>Larry Lawclerk Polly Paralegal East Dakota Department of Securities 12 North Main St., Suite 230 Centerville, East Dakota 99988 Phone (555) 234-7777 Fax (555) 234-7742 ll@securities.state.ed.us & pp@securities.state.ed.us</p> |

| | |
|---|--|
| <p>14. Provide a brief synopsis of the facts</p> | <p>This appeal was filed by Defendant Scamster, owner and beneficiary of certain life insurance policies, that were approved for sale by the trial court by order dated January 16, 2003. The Sale Order is critical to keep the policies from lapsing and provides for the payment of more than \$18 million dollars to defrauded Scamster investors who will otherwise face the likely loss of their entire investments. Scamster seeks to reverse the Sale Order.</p> <p>Despite the fact that Scamster investors are not proper parties to the case and own no interest in the policies, notice of the application to sell the policies and an opportunity to be heard was mailed to all Scamster investors by certified mail. It is the Department's position that all requirements applicable to the Sale Order were met and the trial court acted properly in approving the sale.</p> |
| <p>15. What are the issues you want NASAA to address?</p> | <p>The role of investors in a regulatory action.</p> <p>Due process rights to which investors are entitled in a regulatory action.</p> <p>The nature of the contractual relationship investors have with Scamster and the lack of ownership of the assets for which the sale was ordered.</p> |
| <p>16. Explain how this involves the Uniform Securities Act or has general application or impact on the membership as a whole</p> | <p>Enforcement efforts will be seriously impeded if regulatory agencies must give due process rights to investors in a regulatory action, as if the investors are parties to the action. This is particularly true when the investors do not have an ownership interest in the assets of the Defendants sought by the regulatory body in the action.</p> |
| <p>17. Describe any other special circumstances (including procedural)</p> | <p>The East Dakota Supreme Court has already ruled in an earlier appeal that the investors were not given adequate due process. It is unclear to what extent the Court believes the due process should have been given. In anticipation of subsequent appeals, the Conservator mailed notice of the sale and a notice of the hearing to all investors at a cost of approximately \$22,000.</p> |

NASAA EXPERT TESTIMONY REQUEST FORM

If approved, NASAA will fund expert witness testimony by outside consultants. However, please be aware that NASAA maintains a list of state personnel that have expressed an interest in providing expert testimony in a state's case. the NASAA In-House Expert Roster. Each of these persons has submitted a resume that is available for review. NASAA will pay for the travel and related expenses of NASAA personnel used as expert witnesses.

1. Name of jurisdiction making request. _____
2. Name and docket number of case. _____
3. Name of the court where the testimony is to be provided. _____
4. Approximate date(s) when testimony is needed. _____
5. **Please provide the information in a memorandum attached to this form.**
 - a. Issue on which expert will testify.
 - b. Importance of case/issue to other states.
 - c. Brief synopsis of the pertinent facts.
6. Have you attempted to secure an expert witness from within your jurisdiction or from another jurisdiction? Yes/No
7. If not, is it because you are not aware of individuals who may qualify as an expert on the matter? Yes/No
8. Would you like to review that NASAA In-House Expert Roster? Yes/No

If yes, we will send you the Roster. If you would like to review the resumes of any persons on the list, please request copies from NASAA's General Counsel. If a decision is made it used a NASAA In-House Expert, please communicate your choice to NASAA's General Counsel once you and the person you have selected have spoken and the person has agreed to testify.
9. Do you have a specific person who you would like to use as an expert?
(Person's name) _____

Date of Request

Printed name of Requester

Signature of Requester

AVAILABILITY TO PROVIDE EXPERT TESTIMONY

1. Name _____
2. Jurisdiction _____
3. I have previously qualified as an expert in other case(s).
Yes/No
4. **The following information should be provided in a memorandum attached to this form.**
 - a. If you have previously been qualified as an expert, please provide the name of the case, the jurisdiction where the case was heard, the matter on which you testified as an expert and a brief description of your testimony.
 - b. Please state any other bases for your qualifications as an expert.
5. I have received prior approval from my jurisdiction to offer these services, subject to my availability. Please include my name on the NASAA In-House Experts Roster offering services to NASAA members. Yes/No
6. Please attach a resume.

Date

Print Name

Signature of Supervisor

Signature of Provider of Services

North American Securities Administrators Association, Inc.

**GENERAL TERMS AND CONDITIONS
OF LEGAL SERVICES ENGAGEMENT**

All legal services provided to NASAA or its members, if funded by NASAA, must be preapproved by NASAA's Legal Services Committee (the "Committee") or the President of NASAA. Persons who provide such legal services to NASAA ("Outside Counsel") agree to abide by the following general terms and conditions.

If retained, a letter of engagement shall be provided to NASAA setting forth the agreed upon rate at which Outside Counsel shall provide service to NASAA and shall note that counsel has received and read NASAA's "General Terms and Conditions of Legal Services Engagement" and agrees to abide by them.

All time for which NASAA is billed shall be set forth in no more than quarter hour increments, or less if that is the standard practice of Outside Counsel, with a brief description of the work product associated with the time so billed. In addition, NASAA shall be billed only for actual expenses which shall be detailed in a separate line item format with an accompanying description of the expense. Bills should be submitted on no less frequently than a monthly basis and payment will generally be made by NASAA within 10 days of submission. Any fees and expenses included in bills submitted to NASAA must comply with these guidelines for payment to be made.

From time to time, NASAA may request estimates of the fees and expenses anticipated to be associated with a particular engagement. Except for fixed-priced engagements, it is understood that such estimates reflect a good faith judgment of the fees and expenses and are subject to unforeseen contingencies and changed circumstances.

Outside Counsel who are required to travel when providing legal services to NASAA or its members shall make every effort- Co incur reasonable expenses for airline travel, hotel accommodations and food. (SS& attached NASAA Travel and Reimbursement Policies.) NASAA will only reimburse the cost of coach airline travel and reasonably-priced quality hotel accommodations associated with such travel. Recognizing that an adjustment may be applicable in certain locations, a \$40.00 per diem for actual expenses is deemed reasonable. Any individual expense, excluding airfare, anticipated to exceed \$1000.00 must be preapproved.

Outside Counsel recognizes that information gained as a result of any representation, in this instance either representation of NASAA or its members, is confidential and shall be treated as such. In addition, Outside Counsel retained by NASAA understand that any materials produced as a result of such representation shall be the property of NASAA and, if applicable, its members.

In the regrettable event that Outside Counsel is held liable for malpractice in conjunction with providing legal services, Outside Counsel will hold NASAA, its employees and any NASAA member for whom legal services were being provided, harmless and indemnify them for all damages incurred without requiring further action or demand by NASAA or its employees or members.

AMICUS CURIAE ENGAGEMENTS:

An amicus curiae brief represents the opinions and positions of NASAA. Therefore, a process has been established whereby Outside Counsel and NASAA representatives may work together in a cooperative and timely fashion to present the best possible brief on NASAA's behalf. In pursuit of this goal. Outside Counsel engaged to draft and file amicus curiae briefs for NASAA agree to be guided by the following procedures:

- Meet reasonable deadlines as established by the Committee for various drafts of the brief to be submitted by the Outside Counsel for input by NASAA representatives.
- Submit an outline of the issues to be addressed in the brief for review by the Committee, and if the brief is to be submitted in support of litigation in which a NASAA member is a party, the outline shall also be submitted for review to that jurisdiction. Depending upon the time period from the authorization of the brief to the required filing date. Outside Counsel should be prepared to submit the outline for review within a relatively short timeframe.
- Submit interval drafts, if requested, but at a minimum, a final draft, a week before filing, unless time constraints preclude adherence to this schedule and a shorter time frame is agreed upon.
- Recognize that the brief is submitted on behalf of NASAA and therefore, the final content must be acceptable to NASAA.

Effective: June 1, 1994

MEMBERSHIP MEETINGS

§ 1901 **History**

The annual meeting was first held in 1918 in Chicago, Illinois, and has been held each year since that date. The following table lists the location and president for each past year.

Previous Annual Meeting Locations and Presidents

| | Date | Location | President |
|------------------|-------------|----------------------|-----------------------------------|
| 1 st | 1918 | Chicago, Illinois | H.L. Carnham CALIFORNIA |
| 2 nd | 1919 | Washington, D.C. | William Oats MICHIGAN |
| 3 rd | 1920 | St. Paul, Minnesota | P. A. Berry OHIO |
| 4 th | 1921 | Washington, D.C. | Frank Organ KANSAS |
| 5 th | 1922 | Salt Lake City, Utah | Hezekiah N. Duff MICHIGAN |
| 6 th | 1923 | Madison, Wisconsin | Garfield S. Canright WISCONSIN |
| 7 th | 1924 | Richmond, Virginia | Maurice L. Mendenhall INDIANA |
| 8 th | 1925 | Lansing, Michigan | William R. Shands VIRGINIA |
| 9 th | 1926 | New York City | Heber C. Hicks UTAH |
| 10 th | 1927 | Atlanta, Georgia | A. J. Maxwell NORTH CAROLINA |
| 11 th | 1928 | Salt Lake City, Utah | S. Louis Ostren IOWA |
| 12 th | 1929 | St. Paul, Minnesota | Jesse V. Craig NEBRASKA |
| 13 th | 1930 | Washington, D.C. | R.C. Clark VERMONT |

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|------------------|------|-------------------------|-------------------------------------|
| 14 th | 1931 | Oklahoma City, Oklahoma | I. M. Bailey NORTH CAROLINA |
| 15 th | 1932 | Cincinnati, Ohio | Ed R. Hicks ARKANSAS |
| 16 th | 1933 | Milwaukee, Wisconsin | Donald L. Pomeroy MINNESOTA |
| 17 th | 1934 | New Orleans, Louisiana | William M. Franklin OKLAHOMA |
| 18 th | 1935 | Miami, Florida | Harold K. Bradford WEST VIRGINIA |
| 19 th | 1936 | Denver, Colorado | S. Paul Skahen MINNESOTA |
| 20 th | 1937 | French Lick, Indiana | D. Leon Harp TEXAS |
| 21 st | 1938 | Kansas City, Missouri | John F. Brady FLORIDA |
| 22 nd | 1939 | Skytop, Pennsylvania | D. Kirk Gunby FLORIDA |
| 23 rd | 1940 | Dallas, Texas | D. Kirk Gunby FLORIDA |
| 24 th | 1941 | Biloxi, Mississippi | Russell Maloney MISSOURI |
| 25 th | 1942 | St. Paul, Minnesota | Paul L. Selby OHIO |
| 26 th | 1943 | Cincinnati, Ohio | Joseph W. Schneider KENTUCKY |
| 27 th | 1944 | St. Louis, Missouri | Andrew J. Markey NEW JERSEY |
| 28 th | 1945 | Chicago, Illinois | Clarence H. Adams CONNECTICUT |
| 29 th | 1946 | New York City | J. Edwin Larson FLORIDA |
| 30 th | 1947 | Jacksonville, Florida | D. D. Murphy SOUTH CAROLINA |

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|------------------|------|---|--------------------------------------|
| 31 st | 1948 | Portland, Oregon | Harold Johnson NEBRASKA |
| 32 nd | 1949 | Richmond, Virginia | Maurice Hudson OREGON |
| 33 rd | 1950 | Detroit, Michigan | Edward J. Samp WISCONSIN |
| 34 th | 1951 | Oklahoma City, Oklahoma | William C. King VIRGINIA |
| 35 th | 1952 | New Castle, New Hampshire | John F. Hueni MICHIGAN |
| 36 th | 1953 | Miami Beach, Florida | Paul V. Deames ILLINOIS |
| 37 th | 1954 | New York City | Theodore N. Ofstedahl MINNESOTA |
| 38 th | 1955 | Vancouver and Victoria, British Columbia | Simon M. Sheldon NEW HAMPSHIRE |
| 39 th | 1956 | Rockland, Maine | Herschel K. Ross OKLAHOMA |
| 40 th | 1957 | Sante Fe, New Mexico | Melvin O. Hall CONNECTICUT |
| 41 st | 1958 | Mexico City | J. Stewart Smith BRITISH COLUMBIA |
| 42 nd | 1959 | Atlantic City, New Jersey | N. J. Kiraly OHIO |
| 43 rd | 1960 | Québec City, Québec | Hal G. Hoyt MAINE |
| 44 th | 1961 | Seattle, Washington | Frank J. Healy OREGON |
| 45 th | 1962 | Pittsburgh, Pennsylvania | Frank N. Happ PENNSYLVANIA |
| 46 th | 1963 | New Orleans, Louisiana | Maurice Désy QUÉBEC |
| 47 th | 1964 | San Francisco, California | Bernard G. Lonctot WASHINGTON |

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|------------------|------|---------------------------|------------------------------------|
| 48 th | 1965 | Chicago, Illinois | Robert L. Walters IOWA |
| 49 th | 1966 | Denver, Colorado | William C. Young VIRGINIA |
| 50 th | 1967 | Banff, Alberta | William M. King TEXAS |
| 51 st | 1968 | Bal Harbour, Florida | Meyer H. Mencher NEW YORK |
| 52 nd | 1969 | Hot Springs, Arkansas | Stanley R. Hays COLORADO |
| 53 rd | 1970 | San Diego, California | Bradley Heald SOUTH CAROLINA |
| 54 th | 1971 | Honolulu, Hawaii | Thomas J. Hawcotte ILLINOIS |
| 55 th | 1972 | Québec City, Québec | Larry J. Bryant IOWA |
| 56 th | 1973 | San Antonio, Texas | Claude D. Keller ARIZONA |
| 57 th | 1974 | Portland, Oregon | Thyra Thomson WYOMING |
| 58 th | 1975 | Mackinac Island, Michigan | Roy W. Mouer TEXAS |
| 59 th | 1976 | Chicago, Illinois | Lewis W. Brothers, Jr. VIRGINIA |
| 60 th | 1977 | Anaheim, California | Hugh H. Makens MICHIGAN |
| 61 st | 1978 | Tarpon Springs, Florida | Harry S. Bray ONTARIO |
| 62 nd | 1979 | Little Rock, Arkansas | Jeffrey B. Bartell WISCONSIN |
| 63 rd | 1980 | Toronto, Ontario | Harvey L. Bell ARKANSAS |
| 64 th | 1981 | Atlanta, Georgia | Thomas L. Krebs ALABAMA |

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|------------------|------|-----------------------------|--|
| 65 th | 1982 | Seattle, Washington | David Hart Wunder ILLINOIS |
| 66 th | 1983 | San Juan, Puerto Rico | Richard D. Latham TEXAS |
| 67 th | 1984 | Reno, Nevada | Michael Unger MASSACHUSETTS |
| 68 th | 1985 | Calgary, Alberta | H. Wayne Howell GEORGIA |
| 69 th | 1986 | Honolulu, Hawaii | Royce O. Griffin COLORADO |
| 70 th | 1987 | Snowmass, Colorado | F. Daniel Bell, III NORTH CAROLINA |
| 71 st | 1988 | Santa Fe, New Mexico | James C. Meyer TENNESSEE |
| 72 nd | 1989 | Québec City, Québec | John C. Baldwin UTAH |
| 73 rd | 1990 | Billings, Montana | Susan E. Bryant OKLAHOMA |
| 74 th | 1991 | San Diego, California | Doug Mays KANSAS & John R. Perkins MISSOURI |
| 75 th | 1992 | New Orleans, Louisiana | Lewis W. Brothers, Jr. VIRGINIA |
| 76 th | 1993 | Orlando, Florida | Barry Guthary MASSACHUSETTS |
| 77 th | 1994 | Boston, Massachusetts | Craig A. Goettsch IOWA |
| 78 th | 1995 | Vancouver, British Columbia | Philip A. Feigin COLORADO |
| 79 th | 1996 | Snowbird, Utah | Mark J. Griffin UTAH |
| 80 th | 1997 | San Antonio, Texas | Denise Voigt Crawford TEXAS |
| 81 st | 1998 | Nashville, Tennessee | Peter C. Hildreth |

| | | | |
|------------------|------|----------------------------|-----------------------------------|
| | | | NEW HAMPSHIRE |
| 82 nd | 1999 | San Juan, Puerto Rico | Bradley W. Skolnik INDIANA |
| 83 rd | 2000 | Montreal, Canada | Deborah R. Bortner WASHINGTON |
| 84 th | 2001 | San Francisco, California | Joseph Borg ALABAMA |
| 85 th | 2002 | Philadelphia, Pennsylvania | Christine A. Bruenn MAINE |
| 86 th | 2003 | Chicago, Illinois | Ralph A. Lambiase CONNECTICUT |
| 87 th | 2004 | Scottsdale, Arizona | Franklin L. Widmann NEW JERSEY |
| 88 th | 2005 | Minneapolis, Minnesota | Patricia D. Struck WISCONSIN |
| 89 th | 2006 | San Diego, California | Joseph Borg ALABAMA |
| 90 th | 2007 | Seattle, Washington | Karen Tyler NORTH DAKOTA |
| 91 st | 2008 | Las Vegas, Nevada | Fred Joseph COLORADO |
| 92 nd | 2009 | Denver, Colorado | Denise Voigt Crawford TEXAS |
| 93 rd | 2010 | Baltimore, Maryland | David S. Massey NORTH CAROLINA |
| 94 th | 2011 | Wichita, Kansas | Jack E. Herstein NEBRASKA |
| 95 th | 2012 | Coronado, California | A. Heath Abshire ARKANSAS |