

2715.5900 TRANSACTIONS INVOLVING CONVERSION OF EQUITY SECURITIES.

Subpart 1. **Exemption.** Any acquisition or disposition of an equity security involved in the conversion of an equity security that, by its terms, or pursuant to the terms of the insurer's charter or other governing instruments, is convertible immediately or after a stated period of time into another equity security of the same insurer shall be exempt from the operation of clause (2) of the act; provided, however, that this part shall not apply to the extent that there shall have been either:

A. a purchase of any equity security of the class convertible (including any acquisition of or change in a conversion privilege) and a sale of any equity security of the class issuable upon conversion; or

B. a sale of any equity security of the class convertible and any purchase of any equity security issuable upon conversion (otherwise than in a transaction involved in such conversion or in a transaction exempted by any other provision of the rules under clause (2) of the act) within a period of less than six months which includes the date of conversion.

Subp. 2. **Acquisition or disposition.** For the purpose of this part, an equity security shall not be deemed to be acquired or disposed of upon conversion of an equity security if the terms of the equity security converted require the payment or entail the receipt, in connection with such conversion, of cash or other property (other than equity securities involved in the conversion) equal in value at the time of conversion to more than 15 percent of the value of the equity security issued upon conversion.

Subp. 3. **Convertible.** For the purpose of this part, an equity security shall be deemed convertible if it is convertible at the option of the holder or of some other person or by operation of the terms of the security or the governing instruments.

Statutory Authority: *MS s 60A.22*

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