STATEMENT OF POLICY REGARDING UNEQUAL VOTING RIGHTS  
Adopted October 24, 1991; Amended March 31, 2008; and September 11, 2016

I. INTRODUCTION

This statement of policy applies to applications to register by coordination or by qualification Equity Securities with voting rights less than equal to the voting rights of other authorized or outstanding Equity Securities of the same issuer.

II. DEFINITIONS

This statement of policy uses the following terms defined in the NASAA Statement of Policy Regarding Corporate Securities Definitions:

- Administrator
- Equity Securities
- Disclosure Document

III. JUSTIFICATION FOR UNEQUAL VOTING RIGHTS

Equity Securities with voting rights per share that are less than the voting rights per share of the other authorized or outstanding Equity Securities of the same issuer may be inconsistent with the protection of investors and not in the public interest. An issuer offering Equity Securities to the public with lesser voting rights per share may justify issuing the shares with lesser voting rights per share, as follows:

A. The offered Equity Securities with lesser voting rights per share have preferential treatment as to dividends and/or distributions upon liquidation; or

B. The issuer presents a compelling rationale for the unequal voting rights per share.

IV. DISCLOSURE STANDARDS

An issuer offering Equity Securities with lesser voting rights per share than the other authorized or outstanding Equity Securities of the same issuer must comply with the following disclosure standards:

A. A specific warning and a cross reference to an appropriate risk factor must appear on the cover of the Disclosure Document.

B. The Disclosure Document must disclose the following:

1. Any measures that cap the number of directors that the holders of the shares with preferential voting rights may elect;
2. Whether the holders of the shares with lesser voting rights per share will have the ability to elect one or more directors to the issuer’s board of directors;

3. Whether the voting rights of the shares with preferential voting rights per share are permanent or are subject to a plan under which the preferential voting rights per share will terminate; and

4. The reason for the unequal voting rights and how such a structure benefits investors.