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STATE OF HAWAII
BUSINESS REGISTRATION DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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WWW.BUSINESSREGISTRATIONS.COM

September 11, 2000

BUSINESS REGISTRATION DIVISION ORDER NO. 00-5 (2000)

RE: Use of Internet for Dissemination of Information on Products and Services

Pursuant to Hawaii Revised Statutes (“**HRS**”) Section 485-2, the Business Registration Division (“**Division**”) of the State of Hawaii (“**State**”) Department of Commerce and Consumer Affairs announces the following interpretation of the Hawaii Uniform Securities Act, HRS chapter 485:

Broker/Dealers, investment advisers, broker/dealer salespersons (“**BD salespersons**”) and investment adviser agents/representatives (“**IA reps**”) who use the Internet, the World Wide Web, and similar proprietary or common carrier electronic systems (collectively “**Internet**”) to distribute information on available products and services through certain communications made on the Internet directed generally to anyone having access to the Internet, and transmitted through electronic communications including but not limited to postings on Bulletin Boards, displays on “Home Pages” or similar methods (collectively “**Internet Communications**”) shall not be deemed to be “transacting business” in this State provided that the following conditions are met:

- A. The Internet Communication contains a legend prominently displayed in which it is clearly stated that: (1) the broker/dealer, investment adviser, BD salesperson or IA rep in question may only transact business in this State if first registered, excluded or exempted from State broker/dealer, investment adviser, BD salesperson or IA rep registration requirements, as may be; and (2) the follow-up, individualized responses to persons in this State by such broker/dealer, investment adviser, BD salesperson or IA rep that involve either the effecting or attempting to effect transactions in securities, or the rendering of personalized investment advice for compensation, as may be, shall not be made absent compliance with State broker/dealer, investment adviser, BD salesperson or IA rep registration requirements, or an applicable exemption or exclusion;
- B. The Internet Communication contains a mechanism, including and without limitation, technical “firewalls” or other implemented policies and procedures, designed reasonably to ensure that prior to any subsequent, direct communication with prospec-

tive customers or clients in this State, said broker/dealer, investment adviser, BD salesperson or IA rep is first registered in this State or qualifies for an exemption or exclusion from such requirement. Nothing in this paragraph shall be construed to relieve a State registered broker/dealer, investment adviser, BD salesperson or IA rep from any applicable securities registration requirement in this State;

- C. The Internet Communication does not involve either effecting or attempting to effect transactions in securities, or the rendering of personalized investment advice for compensation, as may be, in this State over the Internet, but is limited only to the dissemination of general information on products and services; and
- D. In the case of a BD salesperson or IA rep: (1) the affiliation with the broker/dealer or investment adviser of the BD salesperson or IA rep is prominently disclosed within the Internet Communication; (2) the broker/dealer or investment adviser with whom the BD salesperson or IA rep is associated retains responsibility for reviewing and approving the content of any Internet Communication by the BD salesperson or IA rep; (3) the broker/dealer or investment adviser with whom the BD salesperson or IA rep is associated first authorizes the distribution of information on the particular products and services through the Internet Communication; and (4) in disseminating information through the Internet Communication, the BD salesperson or IA rep acts within the scope of the authority granted by the broker/dealer or investment adviser.

The position expressed in this Order applies only to State broker/dealer, investment adviser, BD salesperson or IA rep registration requirements only, and does not excuse compliance with other applicable securities registration, antifraud or related provisions. Nothing in this Order shall be construed to affect the activities of any broker/dealer, investment adviser, BD salesperson or IA rep engaged in business in this State that is not subject to the jurisdiction of the Commissioner of Securities as a result of the National Securities Markets Improvements Act of 1996, as amended.

This Order shall be effective as of the date indicated above and shall remain in effect until subsequently amended or rescinded by the Division. Any questions regarding this Order may be directed to the Division by calling (808) 586-2744.

RYAN S. USHIJIMA
Commissioner of Securities