

PROPOSED AMENDMENTS TO REGULATIONS 15.1594-7, 15.530-1, 15.585.7-4, and 15.585.7-5; and PROPOSED DELETION OF REGULATIONS 15.1594-5, 15.1594-8, 15.490.1b-1, 15.510.1-4, and 15.585.7-3

PURPOSE: To delete provisions applicable to corporate licensees and certain affiliates of such corporate licensees; to make changes to prohibitions with respect to the distribution or transfer of securities in the context of documents required to be filed and materially untrue, incorrect or misleading information; to delete provisions pertaining to effective dates of certain regulations; to delete provisions applicable to corporate licensees and holding companies that prohibit, without prior commission approval, restrictions on the transfer of, or agreements not to encumber, an equity security; to make changes to the requirements concerning when findings of suitability, licensing, and/or registration are required of stockholders of corporate licensees; to make changes to the requirements concerning findings of suitability, licensing, and/or registration of corporate holding companies and stockholders of corporate holding companies; to set out the investigative fees for such changes; to allow transfers of interest without commission pre-approval under certain circumstances; to waive certain requirements regarding transfers of interest and registration of holding companies with the commission; to delete the regulatory prohibition concerning foreign corporations holding a license issued by the commission in line with statutory changes; to clarify those officers, employees and directors of holding companies who may be required to be found suitable or licensed; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

REGULATION 15
CORPORATE LICENSEES
(Draft Date December 22, 2011)
As Adopted
New
~~{Deleted}~~

~~**[15.1594-5 Certain affiliates of corporate licensees.**~~

~~(a) A corporate licensee shall not engage in any act or transaction by virtue of which any other corporation or other form of business organization becomes, and shall not in any manner suffer any other corporation or other form of business organization to be or to become a controlled affiliate of such corporate licensee without the prior approval of the commission.~~

~~(b) Neither a corporate licensee nor any person directly or indirectly controlling such corporate licensee shall engage in any act or transaction by virtue of which any other corporation or other form of business organization becomes, or is suffered to be or to become, under common control with such corporate licensee without the prior approval of the commission if such other corporation or other form of business organization is engaged in business transactions directly relating to the activities of the corporate licensee, for which activities a gaming license is required.~~

~~(c) Any controlled affiliate or other corporation or other form of organization with respect to which the prior approval of the commission is required by Regs. 15.1594-5(a) or (b) shall be subject to, and comply with, NRS 463.510, 463.540, 463.560 and the regulations thereunder.~~

~~(d) The provisions of Regs. 15.1594-5 shall not apply to any corporation which is wholly owned by a licensee, or by persons who have been licensed or found suitable with respect to ownership of the corporate licensee, or by any combination thereof.]~~

15.1594-7 Prohibitions with respect to the distribution or transfer of securities. It shall be grounds for disciplinary action under the Act and regulations if any person shall, in connection with the purchase or sale of any security issued by a corporate licensee or a holding company, or in connection with any document required to be filed pursuant to these regulations or the Act.

(a) Employ any device, scheme or artifice to defraud; or

(b) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

(c) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

where such device, scheme, artifice, statement, act, practice or course of business relates to gaming or the revenues from gaming or gaming operations; or

(d) Cause any document, correspondence, filing or statement containing materially untrue, incorrect or misleading information to be made or filed with the board or commission, regardless of whether said information has been made or filed with another regulatory agency.

~~[15.1594-8 Effective dates. Regs. 15.510.1-4 and 15.585.7-3 shall be effective only with respect to restrictions imposed and agreements not to encumber entered into on or after August 1, 1975.]~~

~~[15.490.1b-1 Policy against gaming licenses for non-Nevada corporations. It is the policy of the commission that, ordinarily, it will not grant a state gaming license to a corporation which is not incorporated in the State of Nevada.]~~

~~[15.510.1-4 Certain transactions prohibited—corporate licensee.~~

~~(a) Except as permitted by subsection (b), no restriction on the transfer of, or an agreement not to encumber, an equity security issued by a corporate licensee, whether imposed by the issuer or by the holder or by any other person, shall be effective for any purpose whatsoever unless such restriction or agreement is approved in advance by the commission, in writing by the board chairman or his designee, or unless such restrictions are otherwise required by the Act or by the regulations.~~

~~(b) The following restrictions on the transfer of a security are permitted without the necessity of prior approval pursuant to subsection (a):~~

~~(1) Any restriction on resale which is required for compliance with the Federal Securities Act, or the Federal Securities Exchange Act, or a general securities law of any state;~~

~~(2) Any restriction which results from a “stop-transfer order” given to a transfer agent by the holder of a security on the grounds that a certificate has been lost or stolen; and~~

~~(3) Any restriction which arises from a binding contract to sell or hypothecate a security in a current transaction which will be consummated, if at all, in nine months or less.]~~

15.530–1 ~~[Individual]~~ Licensing of stockholders of corporate licensees.

1. Except as provided in subsection 2, each ~~[individual]~~ person must be licensed before they may:

(a) Own ~~[an]~~ more than 5 percent of the equity securities issued by a corporate licensee, or

(b) Hold ~~[any]~~ more than 5 percent of the securities issued by a corporate licensee which gives the holders voting rights in the corporation.

2. No Change.

3. All stockholders owning or holding 5 percent or less of the equity and voting securities of a corporate licensee, other than a publicly traded corporation, must register in that capacity with the board and affirmatively state in writing that they submit to the board’s jurisdiction. Such registration must be made on forms prescribed by the board chairman. A stockholder who is required to be registered by this section shall apply for registration within 30 days after the stockholder obtains an ownership interest of 5 percent or less in a corporate licensee.

4. If the commission finds a stockholder unsuitable, denies an application of the stockholder, or revokes an approval of the stockholder, the stockholder and the corporate licensee shall comply with NRS 463.510 (2) and (3).

5. Registration with the board shall:

(a) Include a completed application for registration form as prescribed by the board chairman;

(b) Include fully executed waivers and authorizations as determined necessary by the board chairman to investigate the registrant;

(c) Include an affirmative statement that the registrant submits to the jurisdiction of the board;

(d) Include an affirmative statement that the registrant has no intent to exercise control over the licensee other than to vote the registrant’s shares in the ordinary course;

(e) Include the fingerprints of the registrant for purposes of investigating the registrant’s criminal history. Such fingerprints shall be provided in a form and manner acceptable to the board;

(f) Be accompanied by a fee to cover registration investigation costs as follows:

(1) For registrations related to 2 or fewer restricted licenses, an investigative fee in the amount of \$550.00 and

(2) For all other registrations, an investigative fee in the amount of \$2,500.00.

→This fee does not include the application fee or investigation costs should the chairman require the registrant to apply for licensure; and

(g) Include such other information as the chairman may require.

6. The board chairman may require a stockholder who is required to be registered by this section to apply for licensure at any time in the chairman's discretion by sending notice through the United States Postal Service to the registrant at the address on the registrant's registration on file with the board and to the corporate licensee at the address on file with the commission. If a stockholder required to be registered by this section has not registered and the board chairman desires to call the stockholder forward for licensing, the notice shall be sent to the corporate licensee at the address on file with the commission. A stockholder shall apply for licensure as required by the board chairman within 40 days of the stockholder's receipt of notice. The notice shall be deemed to have been received by the stockholder 5 days after such notice is deposited with the United States Postal Service with the postage thereon prepaid.

7. If a stockholder is required to be registered pursuant to this section and the stockholder fails to register, the chairman shall require the stockholder to apply for licensure pursuant to this section. If a stockholder does not apply for licensure as required by this section, the board and commission shall place the matter on their next available agendas for consideration of whether the stockholder should be licensed.

8. If a stockholder of a corporate licensee is a holding company and is required to register with the board under this section, the stockholder is not required to register with the commission pursuant to NRS 463.585 unless the chairman requires the stockholder to apply for licensure.

9. Notwithstanding NRS 463.510 and the regulations governing issuance and transfers of interest, an issuance or transfer of interest to a stockholder required to register with the board under this section does not require pre-approval from the commission, as specified by this subsection, for the issuance or transfer of interest.

(a) For transfers of interest from a stockholder who owns more than a five percent interest prior to the proposed transfer to a stockholder required to register with the board under this section and for issuance or transfer of interest by a corporate licensee to a stockholder required to register with the board under this section:

(1) Prior to such issuance or transfer, the issuer or transferor shall report the terms of the proposed transfer to the board on forms designated by the board chairman. Such report shall include copies of all documents relevant to the proposed transfer.

(2) Upon receipt of such report, the proposed issuance or transfer shall be placed on the next available board and commission agendas for the purposes of notifying the public of such proposed issuances and transfers and to give each board and commission member the opportunity to object to the proposed issuance or transfer taking place without pre-approval from the commission.

(3) If any board member objects to the proposed issuance or transfer during the board meeting for which the issuance or transfer was placed on the agenda or

any commission member objects to the proposed issuance or transfer during the commission meeting for which the issuance or transfer was placed on the agenda for any cause deemed reasonable by the board or commission member, the proposed issuance or transfer shall not take place unless the commission approves such proposed issuance or transfer prior to the proposed issuance or transfer occurring and upon application to and recommendation by the board pursuant to NRS 463.5733 and the regulations governing issuances and transfers of interest.

(4) Until the objection opportunities set forth in this subsection have passed without any objections, all parties to the proposed issuance or transfer shall follow Regulation 8.050.

(5) If no objection is made by a board or commission member as set out in this subsection after a proposed issuance or transfer is placed on the board and commission agendas, the proposed issuance or transfer of interest to a stockholder required to register with the board under this section may occur within six months of the commission meeting for which the proposed issuance or transfer was placed on the agenda. If the proposed issuance or transfer does not occur within six months of the commission meeting for which the proposed issuance or transfer was placed on the agenda, the issuance or transfer shall not occur without again following the provisions of this subsection after the expiration of the six months. The issuance or transfer must be made as agendaed. All board and commission members must have the chance to object, as set out above, to any changes to the proposed issuance or transfer before the issuance or transfer may take place.

(b) For transfers of interest from a stockholder who owns five percent or less interest prior to the proposed transfer to a stockholder required to register with the board under this section:

(1) Prior to such transfer, the transferor shall report the terms of the proposed transfer to the board on forms designated by the board chairman. Such report shall include copies of all documents relevant to the proposed transfer and valid electronic mail addresses for both the transferor and transferee.

(2) Upon receipt of such report, the board chairman may object, for any reason the chairman deems reasonable, to such transfer occurring without pre-approval from the commission.

(I) If the chairman does not object to the transfer within 60 days of the chairman's receipt of such report, the transfer may occur without pre-approval from the commission.

(II) The chairman may extend the objection period if the chairman, in his sole discretion, finds such extension is necessary. Notice of such extension shall be sent to the electronic mail addresses provided in the report concerning the proposed transfer prior to the expiration of the original 60 day objection period.

(III) The chairman may shorten the objection period by indicating he has no objection to the transfer in writing prior to the expiration of the 60 day objection period.

(IV) The transfer must be made as described in the report. If any changes are made to the proposed transfer or the proposed transfer does not occur within six

months of the expiration of the objection period, the board chairman must have a new opportunity to object, as set out above, prior to the proposed transfer occurring.

(3) If the board chairman objects within 60 days, or longer period as extended by the chairman, of the chairman's receipt of such report, the proposed transfer shall not take place unless the commission approves such proposed transfer prior to the proposed transfer occurring and upon application to and recommendation by the board pursuant to NRS 463.510 and the regulations governing transfers of interest. Notice of such objection shall be sent to the electronic mail addresses provided in the report concerning the proposed transfer.

(4) Until the objection opportunity set forth in this subsection has passed without any objection, all parties to the proposed transfer shall follow Regulation 8.050.

(5) The public shall be notified of proposed transfers subject to objection by the board chairman through an informational item placed on the next regular board and commission agendas subsequent to the expiration of the chairman's objection period. Such notice shall include the details of the transfer and whether or not the chairman objected to the proposed transfer.

(c) Notwithstanding any other provisions of this subsection, if the board chairman requires the stockholder to apply for licensure pursuant to sub-section 6 of this section, the stockholder shall also apply for approval of any transfers of interest to the stockholder which were previously exempted from pre-approval by this sub-section.

10. In enacting this regulation section, the commission finds that waiver of NRS 463.585, NRS 463.540, and NRS 463.510 pursuant to NRS 463.489 is appropriate to the extent required by this section. In making these waivers, the commission finds such waivers are consistent with the state policy set forth in NRS 463.0129 and NRS 463.489 because such waivers are for purposes including but not limited to fostering the growth of the gaming industry which is vitally important to the economy of the State and the general welfare of its inhabitants and broadening the opportunity for investment in gaming. The commission further finds such waivers do not diminish the board's and commission's roles in strictly regulating gaming and effectively controlling the conduct of gaming by business organizations because the board and commission still require, at a minimum, registration with the board of all persons involved with gaming and may call such persons subject to registration with the board forward for licensure, registration with the commission, or findings of suitability.

11. Upon the board chairman requiring a stockholder who is required to be registered by this section to apply for licensure, the stockholder does not have any right to the granting of the application. Any license hereunder is a revocable privilege, and no holder acquires any vested right therein or thereunder. Judicial review is not available for decisions of the board and commission made or entered under the provisions of this section.

~~[15.585.7-3 Certain transactions prohibited—holding company.~~

~~(a) Except as permitted by subsection (b), no restriction on the transfer of, or an agreement not to encumber, an equity security issued by a holding company, whether imposed by the issuer or by the holder or by any other person, shall be effective for any purpose whatsoever unless such restriction or agreement is approved in advance by the commission, in writing by the board chairman or his designee, or unless such restrictions are otherwise required by the Act or by the regulations.~~

~~(b) The following restrictions on the transfer of a security are permitted without the necessity of prior approval pursuant to subsection (a):~~

~~(1) Any restriction on resale which is required for compliance with the Federal Securities Act, or the Federal Securities Exchange Act, or a general securities law of any state;~~

~~(2) Any restriction which results from a “stop transfer order” given to a transfer agent by the holder of a security on the grounds that a certificate has been lost or stolen; and~~

~~(3) Any restriction which arises from a binding contract to sell or hypothecate a security in a current transaction which will be consummated, if at all, in nine months or less.]~~

15.585.7-4 ~~[Individual s]~~Stockholders of holding companies.

1. Each ~~[individual]~~ stockholder of a holding company must be ~~[individually]~~ found suitable to be a stockholder or, in the discretion of the commission, be licensed if the stockholder owns more than 5 percent of any licensee owned by the holding company.

2. All stockholders of a holding company which own 5 percent or less of any licensee owned by the holding company must register in that capacity with the board and affirmatively state in writing that they submit to the board’s jurisdiction. Such registration must be made on forms prescribed by the board chairman. A stockholder who is required to be registered by this section shall apply for registration within 30 days after the stockholder obtains an ownership interest in the holding company.

3. If the commission finds a stockholder unsuitable, denies an application of the stockholder, or revokes an approval of the stockholder, the stockholder and the corporate holding company shall comply with NRS 463.585 (3) and (4).

4. Registration with the board shall:

(a) Include a completed application for registration form as prescribed by the board chairman;

(b) Include fully executed waivers and authorizations as determined necessary by the board chairman to investigate the registrant;

(c) Include an affirmative statement that the registrant submits to the jurisdiction of the board;

(d) Include an affirmative statement that the registrant has no intent to exercise control over the licensee other than to vote the registrant’s shares in the ordinary course;

(e) Include the fingerprints of the registrant for purposes of investigating the registrant's criminal history. Such fingerprints shall be provided in a form and manner acceptable to the board;

(f) Be accompanied by a fee to cover registration investigation costs as follows:

(1) For registrations related to 2 or fewer restricted licenses, an investigative fee in the amount of \$550.00 and

(2) For all other registrations, an investigative fee in the amount of \$2,500.00. → This fee does not include the application fee or investigation costs should the chairman require the registrant to apply for licensure; and

(g) Include such other information as the chairman may require.

5. The board chairman may require a stockholder who is required to be registered by this section to apply for a finding of suitability at any time in the chairman's discretion by sending notice through the United States Postal Service to the registrant at the address on the registrant's registration on file with the board and to the holding company at the address on file with the commission. If a stockholder required to be registered by this section has not registered and the board chairman desires to call the stockholder forward for a finding of suitability, the notice shall be sent to the holding company at the address on file with the commission. A stockholder shall apply for a finding of suitability as required by the board chairman within 40 days of the individual's receipt of notice. The notice shall be deemed to have been received by the individual 5 days after such notice is deposited with the United States Postal Service with the postage thereon prepaid.

6. If a stockholder is required to be registered pursuant to this section and the stockholder fails to register, the chairman shall require the stockholder to apply for a finding of suitability pursuant to this section. If a stockholder does not apply for a finding of suitability as required by this section, the board and commission shall place the matter on their next available agendas for consideration of whether the stockholder should be found suitable.

7. If a stockholder of a holding company is also a holding company and is required to register with the board under this section, the stockholder is not required to register with the commission pursuant to NRS 463.585 unless the chairman requires the stockholder to apply for a finding of suitability

8. Notwithstanding NRS 463.510 and the regulations governing issuance and transfers of interest, an issuance or transfer of interest to a stockholder required to register with the board under this section does not require pre-approval from the commission, as specified by this subsection, for the issuance or transfer of interest.

(a) For transfers of interest from a stockholder who owns more than a five percent interest prior to the proposed transfer to a stockholder required to register with the board under this section and for issuance or transfer of interest by a holding company to a stockholder required to register with the board under this section:

(1) Prior to such issuance or transfer, the issuer or transferor shall report the terms of the proposed transfer to the board on forms designated by the board

chairman. Such report shall include copies of all documents relevant to the proposed transfer.

(2) Upon receipt of such report, the proposed issuance or transfer shall be placed on the next available board and commission agendas for the purposes of notifying the public of such proposed issuances and transfers and to give each board and commission member the opportunity to object to the proposed issuance or transfer taking place without pre-approval from the commission.

(3) If any board member objects to the proposed issuance or transfer during the board meeting for which the issuance or transfer was placed on the agenda or any commission member objects to the proposed issuance or transfer during the commission meeting for which the issuance or transfer was placed on the agenda for any cause deemed reasonable by the board or commission member, the proposed issuance or transfer shall not take place unless the commission approves such proposed issuance or transfer prior to the proposed issuance or transfer occurring and upon application to and recommendation by the board pursuant to NRS 463.5733 and the regulations governing issuances and transfers of interest.

(4) Until the objection opportunities set forth in this subsection have passed without any objections, all parties to the proposed issuance or transfer shall follow Regulation 8.050.

(5) If no objection is made by a board or commission member as set out in this subsection after a proposed issuance or transfer is placed on the board and commission agendas, the proposed issuance or transfer of interest to a stockholder required to register with the board under this section may occur within six months of the commission meeting for which the proposed issuance or transfer was placed on the agenda. If the proposed issuance or transfer does not occur within six months of the commission meeting for which the proposed issuance or transfer was placed on the agenda, the issuance or transfer shall not occur without again following the provisions of this subsection after the expiration of the six months. The issuance or transfer must be made as agendaed. All board and commission members must have the chance to object, as set out above, to any changes to the proposed issuance or transfer before the issuance or transfer may take place.

(b) For transfers of interest from a stockholder who owns five percent or less interest prior to the proposed transfer to a stockholder required to register with the board under this section:

(1) Prior to such transfer, the transferor shall report the terms of the proposed transfer to the board on forms designated by the board chairman. Such report shall include copies of all documents relevant to the proposed transfer and valid electronic mail addresses for both the transferor and transferee.

(2) Upon receipt of such report, the board chairman may object, for any reason the chairman deems reasonable, to such transfer occurring without pre-approval from the commission.

(1) If the chairman does not object to the transfer within 60 days of the chairman's receipt of such report, the transfer may occur without pre-approval from the commission.

(II) The chairman may extend the objection period if the chairman, in his sole discretion, finds such extension is necessary. Notice of such extension shall be sent to the electronic mail addresses provided in the report concerning the proposed transfer prior to the expiration of the original 60 day objection period.

(III) The chairman may shorten the objection period by indicating he has no objection to the transfer in writing prior to the expiration of the 60 day objection period.

(IV) The transfer must be made as described in the report. If any changes are made to the proposed transfer or the proposed transfer does not occur within six months of the expiration of the objection period, the board chairman must have a new opportunity to object, as set out above, prior to the proposed transfer occurring.

(3) If the board chairman objects within 60 days, or longer period as extended by the chairman, of the chairman's receipt of such report, the proposed transfer shall not take place unless the commission approves such proposed transfer prior to the proposed transfer occurring and upon application to and recommendation by the board pursuant to NRS 463.510 and the regulations governing transfers of interest. Notice of such objection shall be sent to the electronic mail addresses provided in the report concerning the proposed transfer.

(4) Until the objection opportunity set forth in this subsection has passed without any objection, all parties to the proposed transfer shall follow Regulation 8.050.

(5) The public shall be notified of proposed transfers subject to objection by the board chairman through an informational item placed on the next regular board and commission agendas subsequent to the expiration of the chairman's objection period. Such notice shall include the details of the transfer and whether or not the chairman objected to the proposed transfer.

(c) Notwithstanding any other provisions of this subsection, if the board chairman requires the stockholder to apply for licensure pursuant to sub-section 5 of this section, the stockholder shall also apply for approval of any transfers of interest to the stockholder which were previously exempted from pre-approval by this sub-section.

9. In enacting this regulation section, the commission finds that waiver of NRS 463.585, NRS 463.540, and NRS 463.510 pursuant to NRS 463.489 is appropriate to the extent required by this section. In making these waivers, the commission finds such waivers are consistent with the state policy set forth in NRS 463.0129 and NRS 463.489 because such waivers are for purposes including but not limited to fostering the growth of the gaming industry which is vitally important to the economy of the State and the general welfare of its inhabitants and broadening the opportunity for investment in gaming. The commission further finds such waivers do not diminish the board's and commission's roles in strictly regulating gaming and effectively controlling the conduct of gaming by business organizations because the board and commission still require, at a minimum, registration with the board of all persons involved with gaming and may call such persons subject to registration with the

board forward for licensure, registration with the commission, or findings of suitability.

10. Upon the board chairman requiring a stockholder who is required to be registered by this section to apply for licensure, the stockholder does not have any right to the granting of the application. Any license hereunder is a revocable privilege, and no holder acquires any vested right therein or thereunder. Judicial review is not available for decisions of the board and commission made or entered under the provisions of this section.

15.585.7–5 Officers and directors of holding companies. Any person who has a relationship to a holding company of a type described in Regulations 16.410~~[(b), (c), (d) or (e)]~~ and 16.415 with respect to publicly traded corporations may be required to be found suitable or to be licensed.