40-13-26 Exemption from K.S.A. 40-265 of certain transactions involving the sale of subscription rights.

(a) Each sale of a subscription right to acquire a subject security of the same insurer shall be exempt from the provision of K.S.A. 40-265 if:

(1) The subscription right is acquired, directly or indirectly, from the insurer without the payment of consideration;

(2) the subscription right by its terms expires within 45 days after the issuance thereof;

(3) the subscription right by its terms is issued on a pro rata basis to all holders of the beneficiary security of the insurer; and

(4) a registration statement under the securities act of 1933 is in effect for each subject security, or the applicable terms of each exemption from registration have been met.

(b) When used within this section, the following terms shall have the meaning indicated:

(1) "Subscription right" means any warrant or certificate evidencing a right to subscribe to or otherwise acquire an equity security;

(2) "beneficiary security" means a security registered pursuant to section 12 of the securities exchange act, to the holders of which a subscription right is granted; and

(3) "subject security" means a security which is the subject of a subscription right.

(c) The sale of subscription rights, otherwise exempted by this section, shall not be exempted purchases within the six month period preceding or following the sale.