



## Thank you for taking the time to submit your request.

**Your Corporation Finance Request Form for Interpretive Advice and Other Assistance was received on November 7, 2022.**

You can expect to receive a call from the attorney or accountant assigned to your matter within one business day.

*Please save this page for your records.*

### Request received from:

Your name:

**John Wooten**

Your email address:

**john@blocktransfer.io**

Your phone number:

**3414656469**

Best time of day (Eastern US time) to reach you by phone:

The staff will attempt to call you during the time of day you select.

**Morning**

Disclosure Support Office:

### Office of International Corporate Finance

General Subject Matter of Your Request:

**Rule 144 exemptions (manner of sale for affiliates) not involving a public offering**

Your Request:

**Rule 144 defines restricted securities as those sold by an issuer or affiliate. However, I've been led to believe that it's standard industry practice to sell affiliate shares with a broker opinion letter, seller rep letter, and company auth letter. Once these shares are sold and reported on Form 144, does the buyer face share restrictions? If so, why wouldn't they just buy unrestrictable shares from non-affiliates? Are there precedents on private sales of control securities? Namely, item 12 of the "SEC Division of Corporate Finance Manual of Publicly Available Telephone Interpretations: C. RULE 144" may relate to this scenario whereby an affiliate transacts privately with a non-affiliate, leading to the same potential restriction conditions bound to an innocent purchaser.**

Additional Information:

**Not urgent. Would the following scenario constitute a violation of the manner of sale requirement for insiders under Rule 144: - An affiliate tells the transfer agent that they want to dispose of unrestricted shares held in their account or one they control - The transfer agent puts a general bulletin-board-style notice on their platform letting investors who visit the given issuer's stock page that an undisclosed insider is looking to sell shares (specifically with the diction "An insider at this firm is selling their stock. Buy directly from them for free to avoid moving the market.") - An investor responds in good faith asking for more information, given the disclosure that "By replying to this solicitation, you represent that you discovered this offer organically. Shares acquired will be locked for one year at your own risk." - The responding investor is not another affiliate - Such response is timestamped and sent to the transfer agent who receives and stores it for recordkeeping - In the case of multiple responses, they are taken in order until the number of shares being sold is reached (e.g. investor 1 wants to buy 100 shares, investor 2 wants to buy 100 shares. If the affiliate is selling 150 shares pursuant Rule 144, investor 1 buys 100 shares from the affiliate at a going market price privately negotiated, and investor 2 buys the remainder 50 shares at or substantially around such market price—each of which trade executes at or around the same time) - The transfer agent connects the buyers with the affiliate by way of email introduction, whereafter such parties formalize a private stock sale agreement disclosing that the affiliate is selling in good faith under Rule 144 and such buyers qualify in all regards to purchase such private stock (e.g. accredited for issuer with Form D 506c on file) - Such notice is returned to the transfer agent alongside properly-endorsed transfer instructions - The transfer agent transfers the affiliate's stock to the purchasers, who receive restricted stock**

[https://www.sec.gov/forms/corp\\_fin\\_interpretive](https://www.sec.gov/forms/corp_fin_interpretive)