

Question 203.03

Question: The definition of “ineligible issuer” in Rule 405 includes an issuer, or any entity that at the time was a subsidiary of the issuer, that within the past three years “was convicted of any felony or misdemeanor described in paragraphs (i) through (iv) of [S]ection 15(b)(4)(B) of the Securities Exchange Act of 1934.” Would a conviction by a foreign court as to the activities described in paragraphs (i) through (iv) of Section 15(b)(4)(B) of the Exchange Act trigger ineligibility under the definition? How is a conviction by a foreign court treated under this provision?

Answer: No. The staff’s position is consistent with its approach to similar disqualification provisions contained in Regulation A and Regulation D. See Securities Act Rules C&DI 260.20. [March 6, 2026] A conviction by a foreign court as to the activities described in paragraphs (i) through (iv) of Section 15(b)(4)(B) of the Exchange Act would trigger ineligibility under the definition. [Jan. 26, 2009]