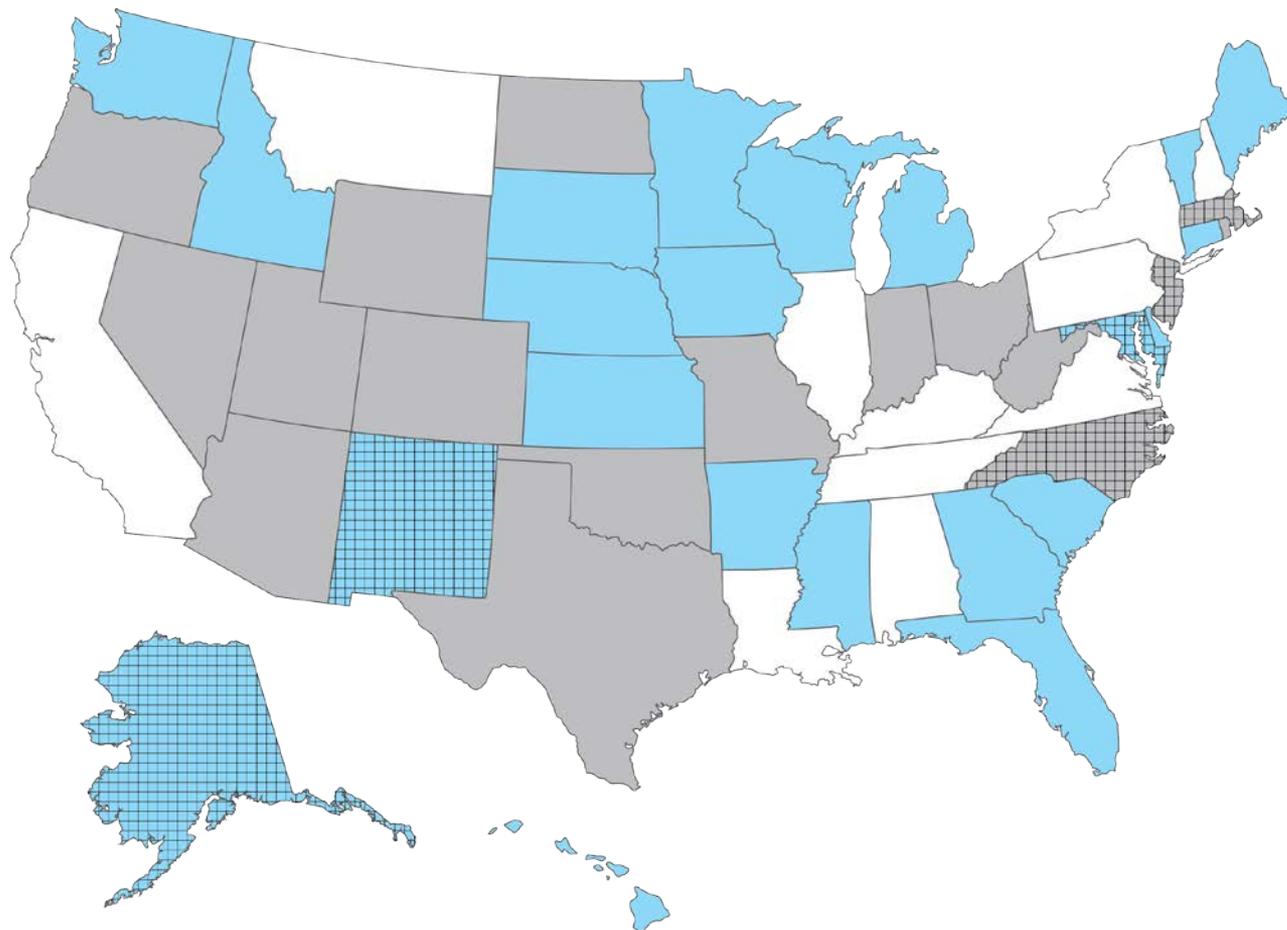


SecondMarket Blue Sky Report Secondary Trading Exemptions

MANUAL EXEMPTION

All states that offer a manual exemption accept both S&P and Mergent's Manuals other than Missouri, which only accepts Fitch Rating's Register.



39 STATES states provide a manual exemption.

22 STATES have adopted the Uniform Securities Act of 2002 standard form of exemption.

17 STATES offer a manual exemption which varies from the standard.

6 STATES prohibit reliance on the exemption by affiliates.

11 STATES do not offer a manual exemption.

States that have adopted the Uniform Securities Act of 2002 standard manual exemption

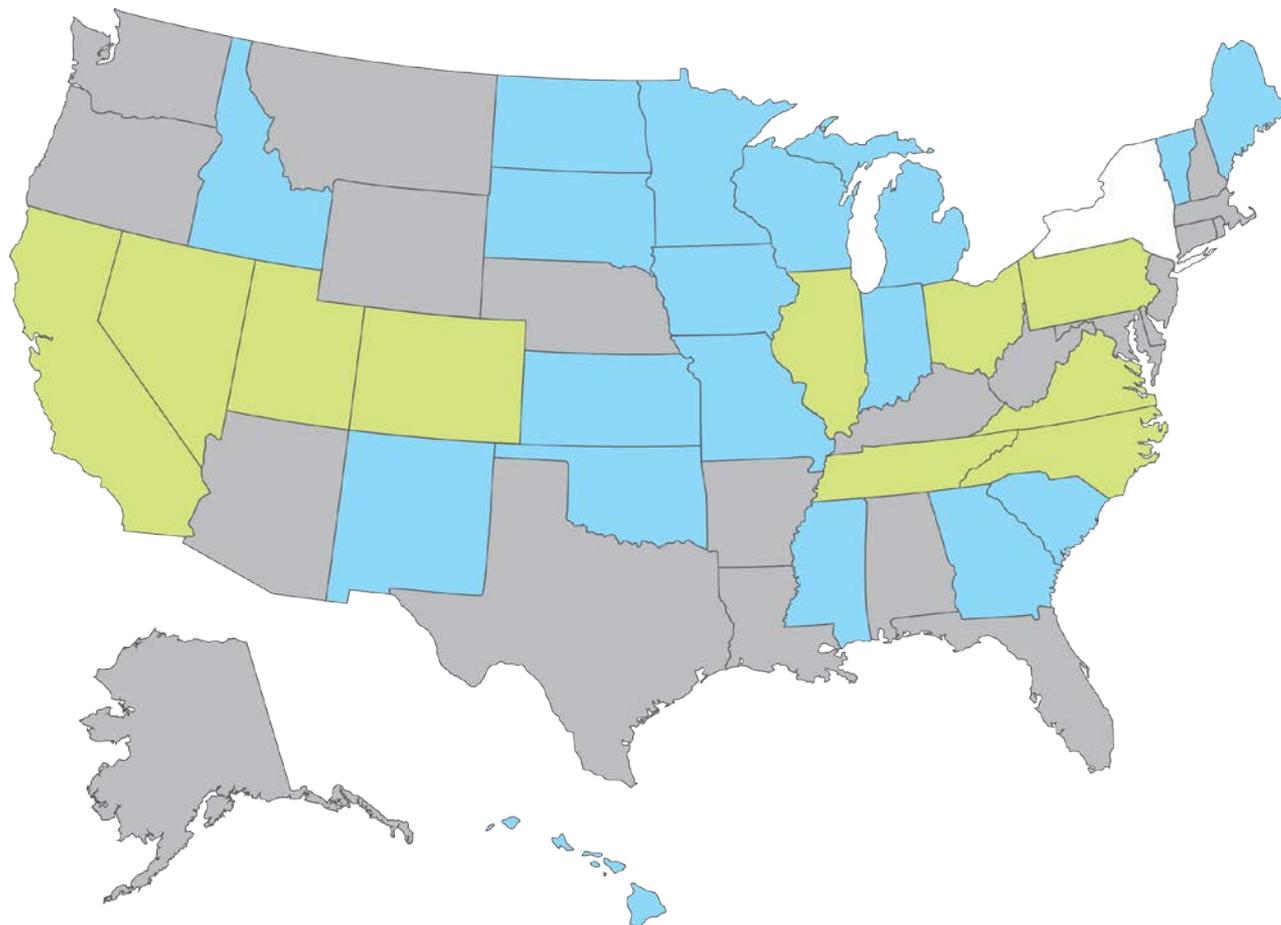
States that have adopted a manual exemption, but with notable variations from the standard

States that prohibit reliance by affiliates

States that do not offer a manual exemption

OFFERS OR SALES TO INSTITUTIONAL INVESTORS

All states, except NY, provide an exemption for sales to institutional investors.



18 STATES have adopted the Uniform Securities Act of 2002 standard form of exemption.

21 STATES have adopted the Uniform Securities Act of 1956 form of exemption.

10 STATES provide a non-standard version of the exemption.

States that have adopted the Uniform Securities Act of 2002 standard exemption

States that have adopted the Uniform Securities Act of 1956 form of exemption

States that offer a non-standard version of the exemption

States that do not offer this exemption

PROPOSED MODEL EXEMPTION

The following transaction is exempt from the provisions of [State Registration Provision]:

Any offer or sale that is effected by or through a licensed broker-dealer and that satisfies all of the following conditions:

- a) Sales are made only to accredited investors (as that term is defined in Rule 501 of Regulation D of the Securities Act of 1933 (15 U.S.C. 77b(15)(ii));
- b) Sales are not made by means of a general solicitation or general advertising;
- c) The issuer, including any predecessors, is a going concern engaged in a valid business activity, and is not (i) in an organizational or developmental stage, (ii) a blank check company as defined by Rule 419 of Regulation C, (iii) a shell company, or (iv) in bankruptcy or receivership;
- d) All potential buyers and sellers are provided information about the issuer, including:
 - i. A description of the issuer's business or operations;
 - ii. The names of the issuer's officers and directors;
 - iii. An audited balance sheet of the issuer dated within 18 months of the date of the transaction; and
 - iv. Audited profit and loss statements for each of the issuer's two fiscal years immediately preceding the date of such balance sheet (such statements to be prepared in accordance with U.S. or Foreign GAAP).

THE TIME HAS COME FOR THE SEC TO CODIFY RULE 4(1 ½) AS A FEDERAL PRIVATE SECONDARY TRANSACTION EXEMPTION

- The majority of private company equity is held by employees in the form of options.
- Rule 144 is only available if common or preferred has been held for 12 months and is not available to affiliates.
- Rule 4(1 ½) is only available method for secondary sales that do not satisfy Rule 144 but is subject to different interpretations.
- Market needs a clear and sensible federal level safe harbor for these transactions.
- Current limitation on general solicitation under Rule 4(1 ½) makes little sense where general solicitation is allowed under Rule 144, Rule 506(c) and proposed crowd funding rules.