

MEMORANDUM

FILE: S7-22-15

FROM: Ivan Griswold
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Division of Corporation Finance
U.S. Securities and Exchange Commission

RE: Meeting with Representatives of the North American Securities Administrators Association (NASAA)

DATE: July 20, 2016

On July 18, 2016, Commission staff met with Judith Shaw, Joseph Brady, Michael Pieciak, and Anya Coverman of NASAA. Among the topics discussed were the proposed amendments to Rule 147 under the Securities Act of 1933.

The following Commission staff members participated: Elizabeth Murphy, Sebastian Gomez Abero, Zachary Fallon and Ivan Griswold from the Division of Corporation Finance.

The information provided by the representatives of NASAA is attached.

Attachment



NASAA Intrastate Crowdfunding Update

Monday, July 18, 2016

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What is intrastate crowdfunding?

Before the JOBS Act – IKE (Invest Kansas Exemption)

- Purpose of Exemption: Accommodate community-based offerings, not broad-based internet offerings.
- The Challenge: Allow general solicitation without violating federal law.
- The Method: Build state crowdfunding exemption to coordinate with federal intrastate offering exemption.



Intrastate Crowdfunding Exemptions: Conditions

Pre-JOBS Act Exemptions

- Tied to federal intrastate offering exemption
- Issuers and investors must be in-state
- Offering cap of \$1 million per year
- Investment limits of \$2,000 to \$10,000
- Notice filing, but no specific disclosure document mandated
- No compensation of intermediaries unless registered as broker-dealers
- Bad actor disqualification

Post-JOBS Act Exemptions

- Tied to federal intrastate offering exemption or Rule 504 of Regulation D
- Internet-based offerings allowed (and mandated in some states)
- Offering cap of \$100,000 to \$5 million per year
- Investment limits of \$100 to \$100,000
- Notice filing, including short-form disclosure document
- Compensation of internet platforms (intrastate broker-dealer), and notice filing
- Bad actor disqualification
- Short quarterly reports to investors



Effective Dates of Intrastate Crowdfunding Exemptions, as of July 18, 2016

State	Effective Date
1. Kansas	8/12/2011
2. Georgia	12/8/2011
3. Idaho	1/20/2012
4. Michigan	12/30/2013
5. Alabama	4/8/2014
6. Wisconsin	6/1/2014
7. Washington	6/12/2014
8. Vermont	6/16/2014
9. Indiana	7/1/2014
10. Maryland	10/20/2014
11. District of Columbia	10/24/2014
12. Texas	11/17/2014
13. Maine	1/1/2015
14. Massachusetts	1/15/2015
15. Oregon	1/15/2015
16. Mississippi	5/26/2015
17. South Carolina	6/26/2015
18. Virginia	7/1/2015
19. Montana	7/1/2015
20. Arizona	7/3/2015
21. Colorado	8/5/2015
22. Nebraska	9/1/2015
23. Florida	10/1/2015
24. Kentucky	11/6/2016
25. Tennessee	12/16/2015
26. Iowa	12/30/2015
27. Illinois	1/1/2016

State	Effective Date
28. West Virginia	6/6/2016
29. Minnesota	6/20/2016
30. Delaware	11/7/2016
31. Wyoming	7/1/2017
32. New Jersey	Pending Final Rulemaking
33. New Mexico	Pending Final Rulemaking
34. Alaska	Pending Governor's Signature
35. North Carolina	Pending Governor's Signature

As of July 18, 2016:

- Legislation in 35 jurisdictions (effective in 29)
- Legislation pending in 2 states
- Total number of offerings filed as of June 20, 2016: 179 (105 as of May 2015)
- Total number of offerings approved/cleared as of June 20, 2016*: 166 (91 as of May 2015)

* Filings may not be currently approved/cleared if the notice filing is incomplete, and filings may have been withdrawn by the issuer for reasons including the availability of other limited offering exemptions or a voluntary business decision.



Types of Businesses Using Intrastate Crowdfunding

Breweries, distillery, spirit producer, grocery store, general store, exercise studios, software company, night club, music/real estate venue, farmers (family-run farm, dairy farm, farming coop), retail electronics store, technology companies (medical device, education technology, renewable energy), family-run manufacturing businesses, real estate firms (micro-financing, commercial property, construction), product inventions, hair salon, barbershop, entertainment platforms (movie, album, other media, over-the-air digital TV station), electronic/gaming pub, dog groomer, sushi restaurant, ice cream maker, baseball bat maker, angel funds, defense consultant, food and beverage platforms, restaurants, apparel companies, service providers (home renovation, security alarm systems, food processing), senior care facilities, physician association, media art firms, purse maker, local product distribution company.