

Model Rule for Federal Crowdfunding Offerings

*Adopted September 11, 2016**

Note: The text of the model rule set forth below is intended to provide model language that states may adopt to require notice filings in connection with crowdfunding offerings made under federal Regulation Crowdfunding. While states are preempted from requiring the registration of such offerings, a state that either is home to the principal place of business of the issuer or in which residents have purchased 50% or greater of the aggregate offering amount may require the filing of all documents filed with the SEC, together with a consent to service of process and the fee that would otherwise be required in the absence of preemption, solely for notice purposes. State authority to adopt such a rule may derive from statutory provisions under state law that authorize notice filings in connection with offerings of covered securities or offerings under Section 18(b)(4).

Rule _____. Notice Filing Requirement for Federal Crowdfunding Offerings

The following provisions apply to offerings made under federal Regulation Crowdfunding (17 CFR §227) and Sections 4(a)(6) and 18(b)(4)(C) of the Securities Act of 1933:

(1) Initial filing.

- (a) An issuer that offers and sells securities in this state in an offering exempt under federal Regulation Crowdfunding, and that either (1) has its principal place of business in this state or (2) sells 50% or greater of the aggregate amount of the offering to residents of this state, shall file the following with the [Securities Administrator]:
 - i. A completed Uniform Notice of Federal Crowdfunding Offering form or copies of all documents filed with the Securities and Exchange Commission;
 - ii. A consent to service of process on Form U-2 if not filing on the Uniform Notice of Federal Crowdfunding Offering form; and
 - iii. The filing fee prescribed by [code section].
- (b) If the issuer has its principal place of business in this state, the filing required under paragraph (a) shall be filed with the [Securities Administrator] when the issuer makes its initial Form C filing concerning the offering with the Securities and Exchange Commission. If the issuer does not have its principal place of business in this state but residents of this state have purchased 50% or greater of the aggregate amount of the offering, the filing required under paragraph (a) shall be filed when the issuer becomes aware that such purchases have met this threshold and in no event later than thirty (30) days from the date of completion of the offering.
- (c) The initial notice filing is effective for twelve (12) months from the date of the filing with the [Securities Administrator].

(2) **Renewal.** For each additional twelve-month period in which the same offering is continued, an issuer conducting an offering under federal Regulation Crowdfunding may renew [the unsold portion of] its notice filing by filing the following on or before the expiration of the notice filing:

(a) A completed Uniform Notice of Federal Crowdfunding Offering form marked “renewal” and/or a cover letter or other document requesting renewal; and

(b) The renewal fee prescribed by [code section] [to renew the unsold portion of securities for which a filing fee has previously been paid].

[(c) If the amount of securities subject to the notice filing is being increased, the fee prescribed by [code section] to cover the increase in the amount of securities to be offered.]

[(3) **Amendment.** An issuer may increase the amount of securities offered in this state by submitting a completed Uniform Notice of Federal Crowdfunding Offering form marked “amendment” or other document describing the transaction and a fee calculated pursuant to [code section] to cover the increase in the amount of securities being offered prior to selling additional securities in this state.]

Note: The bracketed language may be used by those states that require a notice filing fee that is scaled based on the amount offered in that state.