

## State Corporation Commission 2020 Fiscal Impact Statement

**1. Bill Number:** SB542

<b>House of Origin</b>	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
<b>Second House</b>	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Edwards

**3. Committee:** Commerce and Labor

**4. Title:** Securities Act; crowdfunding exemption.

**5. Summary:** Repeals the sunset provision on the existing measure that authorizes the State Corporation Commission (the Commission) to adopt an exemption for limited offerings of securities by small and startup companies, known as equity crowdfunding, from the registration provisions of the Securities Act. These crowdfunding provisions, which were enacted in 2015, are currently scheduled to expire on July 1, 2020. The measure also broadens the existing exemption to apply to offerings conducted in accordance with Rule 147A adopted by the U.S. Securities Exchange Commission (SEC). Because Rule 147A does not require the issuer of the securities to be incorporated or organized in the same state where the offering occurs, the measure creates a carve-out for offerings under Rule 147A from the existing requirement that the issuer be formed, organized, or existing under the laws of the Commonwealth. Additionally, the measure provides that the crowdfunding exemption is available for both equity securities and debt offerings, including subordinated debt. Current Commission regulations prohibit the use of the exemption for debt offerings.

**6. Budget Amendment Necessary:** No

**8. Fiscal Implications:** None on the State Corporation Commission

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission

**10. Technical Amendment Necessary:**

**11. Other Comments:** No

RT 1/14/2020