

Summary of PROPOSED Intrastate Crowdfunding Exemptions (as of July, 2016)

Any offer or sale of securities that uses the “jurisdictional means” (the mails, phones, internet) must be registered under the federal Securities Act of 1933 (the “Securities Act”) or be made in accordance with an exemption from that registration. Such exemptions apply **ONLY** to registration of the offering; issuers are still subject to liability under the federal antifraud laws. Similarly, if issuers acquire a specified number of equity holders, they will be required to register under the federal Securities Exchange Act of 1934. Further, any intermediary used in connection with a securities offering **MAY** be subject to applicable federal and state broker-dealer and/or other registration requirements.

The federal exemption most frequently relied on for intrastate offerings is Section 3(a)(11) of the Securities Act, but Rule 504 of the of the Securities Act is also used. Resale/transfer of securities sold through intrastate offerings will be restricted based on the underlying federal exemption. If the intrastate offering relies on Section 3(a)(11), the securities will have to “come to rest” (9 month requirement under SEC Rule 147) in the respective state before they can be transferred. If the intrastate offering relies on Rule 504, the securities will be “restricted” securities and subject to the restrictions on transfer provide in the Securities Act.

Potential liabilities for issuers and intermediaries in connection with intrastate offerings include, among others, anti-fraud liability under § 12(a)(2) of the Securities Act and Rule 10b-5 under the Exchange Act, as well as the respective applicable state securities anti-fraud liability statutes (some of which are identified below).

NOTE: Links to the full proposed exemptions for each of the states identified below are available [HERE](#).

DISCLAIMER: Nothing in this chart is, or is intended to be, legal advice. The information herein is provided for informational purposes **ONLY** and **YOU SHOULD CONSULT WITH YOUR ATTORNEY** before using any of this information. Further, **NO REPRESENTATION OR WARRANTY** is made as to the accuracy or use of any of information contained in this chart and there shall be **NO DUTY**, express or implied, on the authors or any other person to update any of the information herein.

STATE	ALASKA	CALIFORNIA	HAWAII	MISSOURI	NEVADA	NEW HAMPSHIRE	WEST VIRGINIA
Title	HB 308; HB 303	Assembly Bill 2178	HB 1482	HB 1736	S.B. 365	HB 327	HB 2615
Statute citation	Alaska Stat. 45.55.900 (b); 45.55.175	California Corp. Code. § 25113.1, as proposed by Assembly Bill 2178	§485A-202, as amended by proposed bill	RSMo § 409.315	N.R.S. § 90-460, et seq., as amended by proposed new rules	RSA § 421-B, as amended by the Proposed Rules	Proposed new sections – W.V.C. §§ 32-5-501 through 504
Exemption from federal registration relied upon (see Note 1 below)	Section 3(a)(11) of the Securities Act	Rule 504 of Regulation D	Section 3(a)(11) of the Securities Act and Rule 147	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act and Rule 147	Section 3(a)(11) of the Securities Act and Rule 147	Section 3(a)(11) and Rule 147 of the Securities Act
Companies permitted to use the exemption	Only available to companies organized and doing business in the state	Only available to companies: <ul style="list-style-type: none"> • organized and doing business in the state; excludes investment companies, SEC reporting companies, and blank check companies	Only available to companies: <ul style="list-style-type: none"> • organized and doing business in the state; excludes investment companies, SEC reporting companies, and blank check companies	Only available to companies <ul style="list-style-type: none"> • organized and doing business in the state; excludes investment companies, SEC reporting companies, and blank check companies	Only available to companies <ul style="list-style-type: none"> • organized and doing business in the state; excludes investment companies and SEC reporting companies	Only available to companies: <ul style="list-style-type: none"> • organized and doing business in the state; 	Only available: to companies: <ul style="list-style-type: none"> • organized and doing business in the state; • who are “for-profit” entities; and • who derived at least 80% of their gross revenues from operations in the state for the most recent two fiscal yrs. prior to the offering;
Aggregate annual sales limit	Limited to: <ul style="list-style-type: none"> • \$1,000,000 	Limited to: <ul style="list-style-type: none"> • \$1,000,000 	Limited to: <ul style="list-style-type: none"> • \$1,000,000 	Limited to: <ul style="list-style-type: none"> • \$1,000,000 	Limited to: <ul style="list-style-type: none"> • \$2,000,000 if issuer provides independently audited GAAP fin. statements; 	Limited to: <ul style="list-style-type: none"> • \$1,000,000; NOTE: Offering cap amounts will be increased every 5	Limited to: <ul style="list-style-type: none"> • \$1,000,000

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state registration requirements	<p>years for CPI changes</p> <p><u>OTHERWISE</u></p> <ul style="list-style-type: none"> • \$1,000,000 <p><u>NOTE:</u> Offering cap amounts will be increased every 5 years for CPI changes</p>						
	<p>Notice required but rules not finalized, other than:</p> <ul style="list-style-type: none"> • inclusion of copy of Escrow Agreement; • if/when using an Internet Offering Portal, notice specifying use of such Internet Offering Portal and the website address 	<p>Commissioner may by rule require the issuer to file notice.</p> <p>NASAA SCOR disclosure document on Form U-7</p>	<p>Must file with the commissioner no later than 10 days before any offer:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Copy of Escrow Agreement; and • Copies of Business Plan, PPM (and all other docs. Given to investors) and all adv. materials 	<p>Must file with commission before any general solicitation:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Issuer Information; • Names of all persons involved with the offering; and • Name of escrowee institution 	<p>Must file with commission no later than 10 days before any general solicitation:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Copy of disclosure statement delivered to investors; • Copy of escrow agreement; and • Copy of Form D filed with the SEC 	<p>Must file with commission:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; and • Copy of escrow agreement 	<p>Must file with commission prior to the earlier of a) any general solicitation; or b) the 25th sale of securities:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Issuer Information; • Names of all persons involved with the offering; • Name of escrowee attorney and institution
Internet Offering Portal requirements or restrictions (see Note 2 below)	<p>Offering may be made through an Internet Offering Portal</p>	<p>Offering must be made through one or more qualified intermediaries</p>	<p>Offering may be made through one or more Internet Offering Portals</p>	<p>Silent</p>	<p>Offering is made exclusively through one or more Internet Offering Portals</p>	<p>Offering is made exclusively (<i>implied</i>) through one or more Internet Offering Portals</p>	<p>Silent</p>
	<p>Silent as to required registration of Offering Portal as broker-dealer</p>	<p>Intermediaries must comply with the requirements in Section 4A(a) of the Securities (15 U.S.C. 77d-1(a)) (i.e. registered broker or funding portal)</p>	<p>Silent as to required registration of Offering Portal as broker-dealer</p>	<p>Offering Portal not required to register as a broker-dealer if all applicable conditions met</p>	<p>Silent as to required registration of Offering Portal as broker-dealer</p>	<p>Silent as to required registration of Offering Portal as broker-dealer</p>	<p>Silent as to required registration of Offering Portal as broker-dealer</p>
Escrowee requirements or restrictions	<p>Funds must be deposited with escrowee until minimum offering amount satisfied;</p>	<p>Funds must be deposited with escrowee until minimum offering amount satisfied;</p>	<p>Funds must be deposited with escrowee until minimum offering amount satisfied;</p>	<p>Funds must be deposited with escrowee until minimum offering amount satisfied;</p>	<p>Funds must be deposited with escrowee until minimum offering amount satisfied;</p>	<p>Funds must be deposited with escrowee until minimum offering amount satisfied;</p>	<p>Funds must be deposited with attorney licensed in the state who will deposit the funds with escrowee until minimum offering amount satisfied;</p>
	<p>Silent as to qualifications of escrowee</p>	<p>Silent as to qualifications of escrowee</p>	<p>Escrowee must be a bank or other depository institution located in the state</p>	<p>Escrowee must be authorized to transact business in the state</p>	<p>Escrowee must be a depository institution authorized to transact business in the state</p>	<p>Silent as to qualifications of escrowee</p>	<p>Escrowee must be depository institution authorized to do business in the state</p>
Annual Investment/Sale Limitations (per Issuer to an Investor) per issue annual investor limits	<p>Limited to (unless investor qualifies as an Accredited investor under Rule 501 of Regulation D):</p>	<p>Limited to (unless investor qualifies as an Accredited investor under Rule 501 of Regulation D):</p>	<p>Limited to (unless investor qualifies as an Accredited investor under Rule 501 of Regulation D):</p>	<p>Limited to (unless investor qualifies as an Accredited investor under Rule 501 of Regulation D):</p>	<p>Limited to (unless investor qualifies as an Accredited investor under Rule 501 of Regulation D):</p>	<p>Limited to (unless investor qualifies as an Accredited investor under Rule 501 of Regulation D):</p>	<p>Limited to (unless investor qualifies as an Accredited investor under Rule 501 of Regulation D):</p>
	<ul style="list-style-type: none"> • the greater of \$2,000 or 5% of the investor's 	<ul style="list-style-type: none"> • the greater of \$5,000 or 10% of the investor's 	<ul style="list-style-type: none"> • \$5,000, per investor 	<ul style="list-style-type: none"> • \$1,000 per investor 	<ul style="list-style-type: none"> • \$5,000 per investor 	<ul style="list-style-type: none"> • \$5,000 per investor, per offering <u>IF</u> the investor's 	<ul style="list-style-type: none"> • \$25,000 per investor

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Required disclosure to investor (see Note 3 below)	<p>income or net worth, per investor, <u>IF</u> the investor's income or net worth is less than \$100,000;</p> <p><u>OR</u></p> <ul style="list-style-type: none"> • 10% of the investor's income or net worth up to \$100,000, per investor, <u>IF</u> the investor's income or net worth is greater than \$100,000 	<p>income or net worth, per investor</p>				<p>income or net worth is less than \$100,000;</p> <p><u>OR</u></p> <ul style="list-style-type: none"> • 10% of the investor's income or net worth up to \$100,000, per investor, per offering <u>IF</u> the investor's income or net worth is greater than \$100,000 	
	<ul style="list-style-type: none"> • Identifying information about, and description of, the Issuer; • Restrictions on transfer; • Intended use of proceeds; <ul style="list-style-type: none"> • Risks to purchasers; • Terms of Securities; <p><u>AND</u></p> <ul style="list-style-type: none"> • Any other information material to the offering 	<ul style="list-style-type: none"> • Identifying information about, and description of, the Issuer; • Restrictions on transfer; • Intended use of proceeds; <ul style="list-style-type: none"> • Risks to purchasers; • Terms of Securities; <p><u>AND</u></p> <ul style="list-style-type: none"> • NASAA Form U-7 and all disclosure required by same, including audited (or reviewed, if certain qualifications are met) financial statements prepared in accordance with GAAP; • Any other information material to the offering; <p><u>NOTE:</u> NASAA Form U-7 requires audited financial statements prepared in accordance with GAAP; the legislation only requires audited financial statements for offerings between \$500,000 and \$1,000,000</p>	<ul style="list-style-type: none"> • Identifying information about, and description of, the Issuer • Restrictions on transfer • Intended use of proceeds <ul style="list-style-type: none"> • Risks to purchasers • Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> • Identity of all persons owning > 10% of any class of securities of Issuer; • Identity of all officers, directors, etc. of Issuer; • Identification of solicitors and intermediaries, along with compensation; • Current litigation or legal proceedings; • Any other information material to the offering 	<ul style="list-style-type: none"> • Identifying information about, and description of, the Issuer; • Restrictions on transfer; • Intended use of proceeds; <ul style="list-style-type: none"> • Risks to purchasers; • Terms of Securities; <p><u>AND</u></p> <ul style="list-style-type: none"> • Any other information material to the offering 	<ul style="list-style-type: none"> • Identifying information about, and description of, the Issuer; • Restrictions on transfer; • Intended use of proceeds; <ul style="list-style-type: none"> • Risks to purchasers; • Terms of Securities; <p><u>AND</u></p> <ul style="list-style-type: none"> • Identity of all persons owning > 20% of any class of securities of Issuer; • Identity of all officers, directors, etc. of Issuer (with compensation amounts); • Identification of solicitors and intermediaries, along with compensation; • Current litigation or legal proceedings; • Names (and URLs) of all Offering Portals; • Any other information material to the offering 	<ul style="list-style-type: none"> • Identifying information about, and description of, the Issuer; • Restrictions on transfer; • Intended use of proceeds; <ul style="list-style-type: none"> • Risks to purchasers; • Terms of Securities; <p><u>AND</u></p> <ul style="list-style-type: none"> • Required disclosure regarding non-registration of securities; • Identity of all persons owning > 20% of any class of securities of Issuer; • Identity of all officers, directors, etc. of Issuer; • Identification of the minimum and maximum amount of securities to be sold and deadline for closing of offering; • Current litigation or legal proceedings • Any other information material to the offering 	<ul style="list-style-type: none"> • Identifying information about, and description of, the Issuer; • Restrictions on transfer; • Intended use of proceeds; <ul style="list-style-type: none"> • Risks to purchasers; • Terms of Securities; <p><u>AND</u></p> <ul style="list-style-type: none"> • Any other information material to the offering
Restrictions on advertising and communications	Silent	General solicitation permitted; provided advertising materials are approved (or not disapproved) by the Department	Silent	General solicitation permitted after filing of notice	General solicitation permitted after filing of notice	General solicitation permitted after filing of notice	General solicitation permitted after filing of notice

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Ongoing reporting requirements	Silent	Silent	Quarterly (internally prepared) reports to investors covering business operations, financial condition, and compensation to directors and officers; may satisfy by posting on its own website or through a qualified Internet Offering Portal w/in 45 days after the end of each fiscal quarter of Issuer	Silent	Quarterly (internally prepared) reports to investors covering business operations, financial condition, and compensation to directors and officers;	Quarterly (internally prepared) reports to investors covering business operations, financial condition, and compensation to directors and officers; may satisfy by posting on its own website or through a qualified Internet Offering Portal w/in 45 days after the end of each fiscal quarter of Issuer	Quarterly reports to investors covering business operations, financial condition, and use of escrowed funds
Disqualification from exemption	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	General Disqualification pursuant to § 485A-202(b)	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor Disqualification pursuant to new § 3(2)	Bad Actor disqualification pursuant to new § 421-B:37(IV) (to be subsequently determined by the secretary of state)	Silent
Applicable state securities law anti-fraud liability	Potential liabilities include § 45.55.925 and § 45.55.930 of the Alaska Securities Act	Potential liabilities include § 27200, § 27201 and § 27202 of the California Securities Act	Potential liabilities include § 485A-508 and § 485A-509 of the Hawaii Securities Act	Potential liabilities include § 409.5-508 and § 409.1006 of the Missouri Securities Act	Potential liabilities include § 90.650 and § 90.660 of the Nevada Securities Act	Potential liabilities include § 421-B24 and § 421-B25 of the New Hampshire Securities Act	Potential liabilities include § 32-4-409 and § 32-4-410 of the West Virginia Securities Act

1. The Section 3(a)(11) exemption from federal registration is generally known as the "intrastate offering exemption." SEC Rule 147 provides a safe harbor from federal regulation for issuers relying on the Section 3(a)(11) intrastate offering exemption. To qualify for this exemption, the company must: (1) be organized in the state where it is offering the securities; (2) carry out a significant amount of its business in that state; and (3) make offers and sales only to residents of that state. For instance, a corporation organized under the laws of Delaware and does business in Georgia would not qualify for the exemption. Additionally, issuers engaging in general solicitation under the exemptions must take care that they do not make offers of securities outside the state.
2. The SEC has recently provided guidance on compliance with use of the internet for intrastate offerings. See SEC Securities Act Compliance and Disclosure Interpretations ("CD&Is") questions 141.03, 141.04, 141.05, <http://www.sec.gov/divisions/corpfin/guidance/securitiesactrules-interps.htm>. Of note, any online solicitation, whether done by the issuer or third-party investment platform, must be restricted to intrastate offerees.
3. Some identified "disclosures" may represent best practice suggestions rather than statutorily required disclosures.