99TH GENERAL ASSEMBLY
State of Illinois
2015 and 2016
HB3429
by Rep. Carol A. Sente

SYNOPSIS AS INTRODUCED:
See Index

Amends the Illinois Securities Law of 1953. Creates an exemption from certain filing and registration requirements under the Act for intrastate securities offerings that meet certain conditions, including that (1) the offering meets all of the requirements of the federal exemption for intrastate offerings provided under the Securities Act of 1933; (2) the aggregate purchase price of all securities sold by an issuer within any 12-month period does not exceed: (i) $3,000,000; or (ii) $5,000,000 if the issuer has undergone and made available certain financial statements to specified persons; and (3) the aggregate amount sold to any purchaser in an offering of securities made within any consecutive 12-month period does not exceed certain monetary limitations. Provides that an issuer may make an offering or sale of securities through the use of one or more qualified Internet portals, subject to certain requirements, including that (i) the Internet portal shall at all times be owned by a corporation or other legal entity which is either organized under the laws of, or is otherwise qualified to do business in, this State; (ii) the Internet portal shall establish and maintain commercially reasonable measures to limit access to any information concerning an offering or sale of the subject securities to residents of this State; and (iii) the Internet portal shall establish and maintain a secure method of communication through the Internet portal itself that will permit potential investors to communicate with one another and with representatives of the issuer about the offering. Requires the Secretary of State to collect a $100 fee for securities offered or sold under the exemption created under this amendatory Act; and a $300 fee for the registration and renewal of a qualified Internet portal. Defines terms.

LRB099 04381 JLS 29575 b

FISCAL NOTE ACT
MAY APPLY
AN ACT concerning business.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Securities Law of 1953 is amended by changing Sections 4, 11a, and 18.1 and by adding Sections 2.34, 2.35, 2.36, and 8d as follows:

(815 ILCS 5/2.34 new)

Sec. 2.34. Accredited investor. "Accredited investor" has the meaning given to that term in 17 CFR 230.501(a), as amended and in effect from time to time.

(815 ILCS 5/2.35 new)

Sec. 2.35. Qualified escrowee. "Qualified escrowee" means a person, firm, partnership, association, corporation, or other legal entity who: (a) falls under the definition of "title insurance company" under, and pursuant to the terms and requirements of, the Title Insurance Act; (b) is certified as an independent escrowee under, and pursuant to the terms and requirements of, the Title Insurance Act; or (c) is a bank, regulated trust company or corporate fiduciary, savings bank, savings and loan association, or credit union which is authorized to do business in the State and which maintains at least one physical business location within the State.
Sec. 2.36. Qualified Internet portal. "Qualified Internet portal" means an Internet portal maintained by a corporation or other legal entity that is being used to offer or sell securities and that meets the requirements of Section 8d of this Act.

Sec. 4. Exempt transactions. The provisions of Sections 2a, 5, 6 and 7 of this Act shall not apply to any of the following transactions, except where otherwise specified in this Section 4:

A. Any offer or sale, whether through a dealer or otherwise, of securities by a person who is not an issuer, underwriter, dealer or controlling person in respect of such securities, and who, being the bona fide owner of such securities, disposes thereof for his or her own account; provided, that such offer or sale is not made directly or indirectly for the benefit of the issuer or of an underwriter or controlling person.

B. Any offer, sale, issuance or exchange of securities of the issuer to or with security holders of the issuer except to or with persons who are security holders solely by reason of holding transferable warrants, transferable options, or similar transferable rights of the issuer, if no commission or
other remuneration is paid or given directly or indirectly for
or on account of the procuring or soliciting of such sale or
exchange (other than a fee paid to underwriters based on their
undertaking to purchase any securities not purchased by
security holders in connection with such sale or exchange).

C. Any offer, sale or issuance of securities to any
corporation, bank, savings bank, savings institution, savings
and loan association, trust company, insurance company,
building and loan association, or dealer; to a pension fund,
pension trust, or employees' profit sharing trust, other
financial institution or institutional investor, any
government or political subdivision or instrumentality
thereof, whether the purchaser is acting for itself or in some
fiduciary capacity; to any partnership or other association
engaged as a substantial part of its business or operations in
purchasing or holding securities; to any trust in respect of
which a bank or trust company is trustee or co-trustee; to any
entity in which at least 90% of the equity is owned by persons
described under subsection C, H, or S of this Section 4; to any
employee benefit plan within the meaning of Title I of the
Federal ERISA Act if (i) the investment decision is made by a
plan fiduciary as defined in Section 3(21) of the Federal ERISA
Act and such plan fiduciary is either a bank, savings and loan
association, insurance company, registered investment adviser
or an investment adviser registered under the Federal 1940
Investment Advisers Act, or (ii) the plan has total assets in
excess of $5,000,000, or (iii) in the case of a self-directed
plan, investment decisions are made solely by persons that are
described under subsection C, D, H or S of this Section 4; to
any plan established and maintained by, and for the benefit of
the employees of, any state or political subdivision or agency
or instrumentality thereof if such plan has total assets in
excess of $5,000,000; or to any organization described in
Section 501(c)(3) of the Internal Revenue Code of 1986, any
Massachusetts or similar business trust, or any partnership, if
such organization, trust, or partnership has total assets in
excess of $5,000,000.

D. The Secretary of State is granted authority to create by
rule or regulation a limited offering transactional exemption
that furthers the objectives of compatibility with federal
exemptions and uniformity among the states. The Secretary of
State shall prescribe by rule or regulation the amount of the
fee for filing any report required under this subsection, but
the fee shall not be less than the minimum amount nor more than
the maximum amount established under Section 11a of this Act
and shall not be returnable in any event.

E. Any offer or sale of securities by an executor,
administrator, guardian, receiver or trustee in insolvency or
bankruptcy, or at any judicial sale, or at a public sale by
auction held at an advertised time and place, or the offer or
sale of securities in good faith and not for the purpose of
avoiding the provisions of this Act by a pledgee of securities
pledged for a bona fide debt.

F. Any offer or sale by a registered dealer, either as principal or agent, of any securities (except face amount certificate contracts and investment fund shares) at a price reasonably related to the current market price of such securities, provided:

(1) (a) the securities are issued and outstanding;

(b) the issuer is required to file reports pursuant to Section 13 or Section 15(d) of the Federal 1934 Act and has been subject to such requirements during the 90 day period immediately preceding the date of the offer or sale, or is an issuer of a security covered by Section 12(g)(2)(B) or (G) of the Federal 1934 Act;

(c) the dealer has a reasonable basis for believing that the issuer is current in filing the reports required to be filed at regular intervals pursuant to the provisions of Section 13 or Section 15(d), as the case may be, of the Federal 1934 Act, or in the case of insurance companies exempted from Section 12(g) of the Federal 1934 Act by subparagraph 12(g)(2)(G) thereof, the annual statement referred to in Section 12(g)(2)(G)(i) of the Federal 1934 Act; and

(d) the dealer has in its records, and makes reasonably available upon request to any person expressing an interest in a proposed transaction in the securities, the issuer's most recent annual report
filed pursuant to Section 13 or 15(d), as the case may be, of the Federal 1934 Act or the annual statement in the case of an insurance company exempted from Section 12(g) of the Federal 1934 Act by subparagraph 12(g)(2)(G) thereof, together with any other reports required to be filed at regular intervals under the Federal 1934 Act by the issuer after such annual report or annual statement; provided that the making available of such reports pursuant to this subparagraph, unless otherwise represented, shall not constitute a representation by the dealer that the information is true and correct, but shall constitute a representation by the dealer that the information is reasonably current; or

(2) (a) prior to any offer or sale, an application for the authorization thereof and a report as set forth under sub-paragraph (d) of this paragraph (2) has been filed by any registered dealer with and approved by the Secretary of State pursuant to such rules and regulations as the Secretary of State may prescribe;

(b) the Secretary of State shall have the power by order to refuse to approve any application or report filed pursuant to this paragraph (2) if

   (i) the application or report does not comply with the provisions of this paragraph (2), or

   (ii) the offer or sale of such securities would
work or tend to work a fraud or deceit, or

(iii) the issuer or the applicant has violated any of the provisions of this Act;

(c) each application and report filed pursuant to this paragraph (2) shall be accompanied by a filing fee and an examination fee in the amount established pursuant to Section 11a of this Act, which shall not be returnable in any event;

(d) there shall be submitted to the Secretary of State no later than 120 days following the end of the issuer's fiscal year, each year during the period of the authorization, one copy of a report which shall contain a balance sheet and income statement prepared as of the issuer's most recent fiscal year end certified by an independent certified public accountant, together with such current information concerning the securities and the issuer thereof as the Secretary of State may prescribe by rule or regulation or order;

(e) prior to any offer or sale of securities under the provisions of this paragraph (2), each registered dealer participating in the offer or sale of such securities shall provide upon request of prospective purchasers of such securities a copy of the most recent report required under the provisions of sub-paragraph (d) of this paragraph (2);
(f) approval of an application filed pursuant to this paragraph (2) of subsection F shall expire 5 years after the date of the granting of the approval, unless said approval is sooner terminated by (1) suspension or revocation by the Secretary of State in the same manner as is provided for in subsections E, F and G of Section 11 of this Act, or (2) the applicant filing with the Secretary of State an affidavit to the effect that (i) the subject securities have become exempt under Section 3 of this Act or (ii) the applicant no longer is capable of acting as the applicant and stating the reasons therefor or (iii) the applicant no longer desires to act as the applicant. In the event of the filing of an affidavit under either preceding sub-division (ii) or (iii) the Secretary of State may authorize a substitution of applicant upon the new applicant executing the application as originally filed. However, the aforementioned substituted execution shall have no effect upon the previously determined date of expiration of approval of the application. Notwithstanding the provisions of this subparagraph (f), approvals granted under this paragraph (2) of subsection F prior to the effective date of this Act shall be governed by the provisions of this Act in effect on such date of approval; and

(g) no person shall be considered to have violated
Section 5 of this Act by reason of any offer or sale effected in reliance upon an approval granted under this paragraph (2) after a termination thereof under the foregoing subparagraph (f) if official notice of such termination has not been circulated generally to dealers by the Secretary of State and if such person sustains the burden of proof that he or she did not know, and in the exercise of reasonable care, could not have known, of the termination; or

(3) the securities, or securities of the same class, are the subject of an existing registration under Section 5 of this Act.

The exemption provided in this subsection F shall apply only if the offer or sale is made in good faith and not for the purpose of avoiding any of the provisions of this Act, and only if the offer or sale is not made for the direct or indirect benefit of the issuer of the securities, or the controlling person in respect of such issuer.

G. (1) Any offer, sale or issuance of a security, whether to residents or to non-residents of this State, where:

(a) all sales of such security to residents of this State (including the most recent such sale) within the immediately preceding 12-month period have been made to not more than 35 persons or have involved an aggregate sales price of not more than $1,000,000;

(b) such security is not offered or sold by means
of any general advertising or general solicitation in
this State; and

(c) no commission, discount, or other remuneration
exceeding 20% of the sale price of such security, if
sold to a resident of this State, is paid or given
directly or indirectly for or on account of such sales.

(2) In computing the number of resident purchasers or
the aggregate sales price under paragraph (1) (a) above,
there shall be excluded any purchaser or dollar amount of
sales price, as the case may be, with respect to any
security which at the time of its sale was exempt under
Section 3 or was registered under Section 5, 6 or 7 or was
sold in a transaction exempt under other subsections of
this Section 4.

(3) A prospectus or preliminary prospectus with
respect to a security for which a registration statement is
pending or effective under the Federal 1933 Act shall not
be deemed to constitute general advertising or general
solicitation in this State as such terms are used in
paragraph (1) (b) above, provided that such prospectus or
preliminary prospectus has not been sent or otherwise
delivered to more than 150 residents of this State.

(4) The Secretary of State shall by rule or regulation
require the filing of a report or reports of sales made in
reliance upon the exemption provided by this subsection G
and prescribe the form of such report and the time within
which such report shall be filed. Such report shall set forth the name and address of the issuer and of the controlling person, if the sale was for the direct or indirect benefit of such person, and any other information deemed necessary by the Secretary of State to enforce compliance with this subsection G. The Secretary of State shall prescribe by rule or regulation the amount of the fee for filing any such report, established pursuant to Section 11a of this Act, which shall not be returnable in any event. The Secretary of State may impose, in such cases as he or she may deem appropriate, a penalty for failure to file any such report in a timely manner, but no such penalty shall exceed an amount equal to five times the filing fee. The contents of any such report or portion thereof may be deemed confidential by the Secretary of State by rule or order and if so deemed shall not be disclosed to the public except by order of court or in court proceedings. The failure to file any such report shall not affect the availability of such exemption, but such failure to file any such report shall constitute a violation of subsection D of Section 12 of this Act, subject to the penalties enumerated in Section 14 of this Act. The civil remedies provided for in subsection A of Section 13 of this Act and the civil remedies of rescission and appointment of a receiver, conservator, ancillary receiver or ancillary conservator provided for in
subsection F of Section 13 of this Act shall not be available against any person by reason of the failure to file any such report or on account of the contents of any such report.

H. Any offer, sale or issuance of a security to an accredited investor, whether made through a qualified Internet portal or otherwise, if no commission or other remuneration is paid or given directly or indirectly for soliciting any person in this State, except to broker-dealers and agents licensed in this State. (1) any natural person who has, or is reasonably believed by the person relying upon this subsection H to have, a net worth or joint net worth with that person’s spouse, at the time of the offer, sale or issuance, in excess of $1,000,000 excluding the value of a principal residence, or (2) any natural person who had, or is reasonably believed by the person relying upon this subsection H to have had, an income or joint income with that person’s spouse, in excess of $200,000 in each of the two most recent years and who reasonably expects, or is reasonably expected to have, an income in excess of $200,000 in the current year, or (3) any person that is not a natural person and in which at least 90% of the equity interest is owned by persons who meet either of the tests set forth in clauses (1) or (2) of this subsection H; provided that such security is not offered or sold by means of any general advertising or general solicitation in this State.

I. Any offer, sale or issuance of securities to or for the
benefit of security holders of any person incident to a vote by
such security holders pursuant to such person's organizational
document or any applicable statute of the jurisdiction of such
person's organization, on a merger, consolidation,
reclassification of securities, or sale or transfer of assets
in consideration of or exchange for securities of the same or
another person.

J. Any offer, sale or issuance of securities in exchange
for one or more outstanding securities, claims or property
interests, or partly in such exchange and partly for cash,
where such offer, sale or issuance is incident to a
reorganization, recapitalization, readjustment, composition or
settlement of a claim, as approved by a court of competent
jurisdiction of the United States, or any state.

K. Any offer, sale or issuance of securities for patronage,
or as patronage refunds, or in connection with marketing
agreements by cooperative associations organized exclusively
for agricultural, producer, marketing, purchasing, or consumer
purposes; and the sale of subscriptions for or shares of stock
of cooperative associations organized exclusively for
agricultural, producer, marketing, purchasing, or consumer
purposes, if no commission or other remuneration is paid or
given directly or indirectly for or on account of such
subscription, sale or resale, and if any person does not own
beneficially more than 5% of the aggregate amount of issued and
outstanding capital stock of such cooperative association.
L. Offers for sale or solicitations of offers to buy (but not the acceptance thereof), of securities which are the subject of a pending registration statement filed under the Federal 1933 Act and which are the subject of a pending application for registration under this Act.

M. Any offer or sale of preorganization subscriptions for any securities prior to the incorporation, organization or formation of any issuer under the laws of the United States, or any state, or the issuance by such issuer, after its incorporation, organization or formation, of securities pursuant to such preorganization subscriptions, provided the number of subscribers does not exceed 25 and either (1) no commission or other remuneration is paid or given directly or indirectly for or on account of such sale or sales or issuance, or (2) if any commission or other remuneration is paid or given directly or indirectly for or on account of such sale or sales or issuance, the securities are not offered or sold by any means of general advertising or general solicitation in this State.

N. The execution of orders for purchase of securities by a registered salesperson and dealer, provided such persons act as agent for the purchaser, have made no solicitation of the order to purchase the securities, have no direct interest in the sale or distribution of the securities ordered, receive no commission, profit, or other compensation other than the commissions involved in the purchase and sale of the securities
and deliver to the purchaser written confirmation of the order
which clearly identifies the commissions paid to the registered
dealer.

O. Any offer, sale or issuance of securities, other than
fractional undivided interests in an oil, gas or other mineral
lease, right or royalty, for the direct or indirect benefit of
the issuer thereof, or of a controlling person, whether through
a dealer (acting either as principal or agent) or otherwise, if
the securities sold, immediately following the sale or sales,
together with securities already owned by the purchaser, would
constitute 50% or more of the equity interest of any one
issuer, provided that the number of purchasers is not more than
5 and provided further that no commission, discount or other
remuneration exceeding 15% of the aggregate sale price of the
securities is paid or given directly or indirectly for or on
account of the sale or sales.

P. Any offer, sale or issuance of securities (except face
amount certificate contracts and investment fund shares)
issued by and representing an interest in an issuer which is a
business corporation incorporated under the laws of this State,
the purposes of which are to provide capital and supervision
solely for the redevelopment of blighted urban areas located in
a municipality in this State and whose assets are located
entirely within that municipality, provided: (1) no
commission, discount or other remuneration is paid or given
directly or indirectly for or on account of the sale or sales
of such securities; (2) the aggregate amount of any securities
of the issuer owned of record or beneficially by any one person
will not exceed the lesser of $5,000 or 4% of the equity
capitalization of the issuer; (3) the officers and directors of
the corporation have been bona fide residents of the
municipality not less than 3 years immediately preceding the
effectiveness of the offering sheet for the securities under
this subsection P; and (4) the issuer files with the Secretary
of State an offering sheet descriptive of the securities
setting forth:

(a) the name and address of the issuer;
(b) the title and total amount of securities to be
offered;
(c) the price at which the securities are to be
offered; and
(d) such additional information as the Secretary of
State may prescribe by rule and regulation.

The Secretary of State shall within a reasonable time
examine the offering sheet so filed and, unless the Secretary
of State shall make a determination that the offering sheet so
filed does not conform to the requirements of this subsection
P, shall declare the offering sheet to be effective, which
offering sheet shall continue effective for a period of 12
months from the date it becomes effective. The fee for
examining the offering sheet shall be as established pursuant
to Section 11a of this Act, and shall not be returnable in any
event. The Secretary of State shall by rule or regulation require the filing of a report or reports of sales made to residents of this State in reliance upon the exemption provided by this subsection P and prescribe the form of such report and the time within which such report shall be filed. The Secretary of State shall prescribe by rule or regulation the amount of the fee for filing any such report, but such fee shall not be less than the minimum amount nor more than the maximum amount established pursuant to Section 11a of this Act, and shall not be returnable in any event. The Secretary of State may impose, in such cases as he or she may deem appropriate, a penalty for failure to file any such report in a timely manner, but no such penalty shall exceed an amount equal to five times the filing fee. The contents of any such report shall be deemed confidential and shall not be disclosed to the public except by order of court or in court proceedings. The failure to file any such report shall not affect the availability of such exemption, but such failure to file any such report shall constitute a violation of subsection D of Section 12 of this Act, subject to the penalties enumerated in Section 14 of this Act. The civil remedies provided for in subsection A of Section 13 of this Act and the civil remedies of rescission and appointment of a receiver, conservator, ancillary receiver or ancillary conservator provided for in subsection F of Section 13 of this Act shall not be available against any person by reason of the failure to file any such report or on account of
the contents of any such report.

Q. Any isolated transaction, whether effected by a dealer or not.

R. Any offer, sale or issuance of a security to any person who purchases at least $150,000 of the securities being offered, where the purchaser's total purchase price does not, or it is reasonably believed by the person relying upon this subsection R that said purchase price does not, exceed 20 percent of the purchaser's net worth at the time of sale, or if a natural person a joint net worth with that person's spouse, for one or any combination of the following: (i) cash, (ii) securities for which market quotations are readily available, (iii) an unconditional obligation to pay cash or securities for which quotations are readily available, which obligation is to be discharged within five years of the sale of the securities to the purchaser, or (iv) the cancellation of any indebtedness owed by the issuer to the purchaser; provided that such security is not offered or sold by means of any general advertising or general solicitation in this State.

S. Any offer, sale or issuance of a security to any person who is, or who is reasonably believed by the person relying upon this subsection S to be, a director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer. For purposes of this subsection S, "executive officer" shall mean the president, any
vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the issuer. Executive officers of subsidiaries may be deemed executive officers of the issuer if they perform such policy making functions for the issuer.

A document being filed pursuant to this Section 4 shall be deemed filed, and any fee paid pursuant to this Section 4 shall be deemed paid, upon the date of actual receipt thereof by the Secretary of State.

T. An offer or sale of a security by an issuer that is organized and, as of the time of the offer and the time of sale, in good standing under the laws of the State of Illinois, made solely to persons or entities that are, as of the time of the offer and time of sale, residents of the State of Illinois, provided:


(2) The aggregate purchase price of all securities sold by an issuer in reliance on the exemption under this subsection, within any 12-month period, does not exceed:

(i) $3,000,000; or (ii) $5,000,000 if the issuer has
undergone and made available (directly, or through a qualified Internet portal), to each prospective purchaser and the Secretary of State, copies of its most recent financial statements which have been audited by an independent auditor and certified by a senior officer of the issuer as fairly, completely, and accurately presenting the financial condition of the issuer, in all material respects, as of the dates indicated therein. Amounts received in connection with any offer or sale to any accredited investor or any of the following shall not count toward the calculation of the foregoing monetary limitations:

(a) any entity (including, without limitation, any trust) in which all of the equity interests are owned by (or with respect to any trust, the primary beneficiaries are) persons who are accredited investors or who meet one or more of the criteria in subparagraphs (b) through (d) of this paragraph (2);

(b) with respect to participating in an offering of a particular issuer, a natural person serving as an officer, director, partner, or trustee of, or otherwise occupying similar status or performing similar functions with respect to, such issuer;

(c) with respect to participating in an offering of a particular issuer, a natural person or entity who owns 10% or more of the then aggregate outstanding
voting capital securities of such issuer; or

(d) such other person or entity as the Secretary of
State may hereafter exempt by rule.

The Secretary of State may hereafter cumulatively
increase the dollar limitations provided in this
paragraph.

(3) The aggregate amount sold by an issuer to any
purchaser (other than an accredited investor or a person or
entity which meets one or more of the criteria in
subparagraphs (a) through (d) of paragraph (2) of this
subsection T) in an offering of securities made in reliance
on the exemption provided in this subsection T, within any
consecutive 12-month period, does not exceed $5,000.

With respect to satisfaction of the foregoing, an
issuer may rely on the written self-representation of a
purchaser as to whether such purchaser has, or has not,
exceeded such applicable maximum purchase limitation
during the applicable 12-month period, provided the issuer
has no knowledge, or other reason to believe, that such
limitation has been exceeded by the purchaser.

(4) The issuer:

(a) establishes a maximum amount and a minimum
amount (being no less than 50% of the maximum amount)
of securities to be sold and a deadline for selling (or
otherwise getting commitments for the purchase of) the
established minimum amount of securities;
(b) conspicuously discloses the information required pursuant to subparagraph (a) in any agreement evidencing a purchaser's subscription to purchase securities of the issuer and that the purchaser may cancel such commitment at any time upon notice to the issuer and without penalty, if the minimum target offering amount is not raised on or before the proposed deadline; and

(c) enters into an escrow agreement with a qualified escrowee providing that, at a minimum:

(i) all funds to be received in connection with the proposed offering shall be delivered to, and held by, the qualified escrowee pursuant to the terms of the escrow agreement; and

(ii) the issuer shall not have access to the escrow funds, or any portion thereof, until the aggregate funds received by the qualified escrowee in connection with the proposed offering equals or exceeds the minimum amount of securities to be sold as established by the issuer.

(5) The issuer has made available, to each prospective purchaser and the Secretary of State, copies of its most recent financial statements personally certified by one or more senior officers of the issuer as fairly, completely, and accurately presenting the financial condition of the issuer, in all material respects, as of the dates indicated
(6) No commission or other remuneration is paid or
given directly or indirectly to any person or entity
(including, without limitation, any qualified Internet
portal) for soliciting any person in this State, except to
broker-dealers and agents licensed in this State.

(7) Not less than 5 days before the earlier of the
first sale of securities made in reliance on the exemption
provided in this subsection T, or the use of any general
solicitation with respect thereto (other than a general
announcement made by (or on behalf of) an issuer in
accordance with paragraph (13) of this subsection T), the
issuer:

(a) files a notice with the Secretary of State, in
a written or electronic form as prescribed by the
Secretary of State (which form the Secretary of State
shall make available on the Secretary of State's
Internet website), which specifies that the issuer
intends to make an offering of securities in reliance
on the exemption provided in this subsection T and
which includes the names and addresses of: (i) the
issuer; (ii) all persons or qualified Internet portals
that will sell or offer to sell the security on behalf
of the issuer; and (iii) the qualified escrowee engaged
to escrow the funds from the subject offering; further,
for so long as the offering remains open, the issuer
shall file a new notice with the Secretary of State
(without additional charge, provided such notice is
identified as an amendment to a previously filed
notice) if any previously provided non-fraudulent
information has materially changed or has since become
erroneous, false, or materially misleading;

(b) delivers a fully executed copy of the escrow
agreement required pursuant to subparagraph (c) of
paragraph (4); further, for so long as the offering
remains open, the issuer shall promptly deliver to the
Secretary of State a fully executed copy of all
amendments to the escrow agreement; the information
provided pursuant to this subparagraph (b) shall not be
a public record and shall not be available for public
inspection; and

(c) pays the notification filing fee established
under Section 11a of this Act.

The Secretary of State shall, within a reasonable time,
examine the materials filed pursuant to this paragraph (7)
and, unless the Secretary of State notifies the issuer (or
the qualified Internet portal, to the extent used), on or
before the initial commencement date of the offering, of
his or her determination that any one or more of the filed
materials fails to conform to the requirements of this
subsection T, the proposed offering shall be deemed
permitted.
The Secretary of State shall prescribe by rule the amount of the fee for filing the notice required in subparagraph (a), established pursuant to Section 11a of this Act, which shall not be returnable in any event. The Secretary of State may impose, in such cases as he or she may deem appropriate, a penalty for failure to file any such notice in a timely manner, but no such penalty shall exceed an amount equal to 5 times the filing fee. The contents of any such notice or portion thereof may be deemed confidential by the Secretary of State by rule or order and if so deemed shall not be disclosed to the public except by order of court or in court proceedings. The failure to file any such notice does not affect the availability of such exemption, but such failure to file any such report constitutes a violation of subsection D of Section 12 of this Act, subject to the penalties in Section 14 of this Act.

(8) The issuer provides a copy of the escrow agreement and all other documents or information then provided to the Secretary of State under subparagraph (a) or (b) of paragraph (7) to each prospective purchaser at the time the offer of securities is made. Further, for so long as the offering remains open, the issuer is required to promptly provide to each prospective and completed purchaser a copy of all replacements, modifications, attachments, updates, or other information provided to the Secretary of State.
pursuant to subparagraph (a) or (b) of paragraph (7). An
issuer may satisfy the reporting requirement of this
paragraph (8) by making the information available, in a
printable format, on its own website or through a qualified
Internet portal provided such information is promptly made
available by the issuer and the issuer promptly alerts each
prospective purchaser or completed purchaser of the
availability of the information.

(9) All payments for purchase of securities offered pursuant to the exemption provided under this subsection T
are made directly to, and held by, the qualified escrowee
identified in the escrow agreement required pursuant to
 subparagraph (c) of paragraph (4).

(10) The issuer includes each of the following in one
or more of the offering materials delivered to a
prospective purchaser, or to which a prospective purchaser
has been granted electronic access, in connection with the
offering:

(a) a description of the issuer, its type of
entity, the address, and telephone number of its
principal office;

(b) a reasonably detailed description of the
intended use of the offering proceeds, including any
amounts to be paid, as compensation or otherwise, to
any owner, executive officer, director, managing
member, or other person occupying a similar status or
performing similar functions on behalf of the issuer;

(c) the identity of all persons owning more than
10% of the voting capital securities of the issuer;

(d) the identity of the executive officers, directors, managing members, and other persons
occupying a similar status or performing similar
functions in the name of and on behalf of the issuer,
including their titles and a reasonably detailed
description of their prior experience;

(e) the identity of any person or entity who has been or will be retained by the issuer to assist the
issuer in conducting the offering and sale of the
securities (including all qualified Internet portals
but excluding persons acting solely as accountants or
attorneys and employees whose primary job
responsibilities involve the operating business of the
issuer rather than assisting the issuer in raising
capital) and a description of the consideration being
paid to each such person or entity for such assistance;

(f) any additional information material to the
offering, including a description of significant
factors that make the offering speculative or risky for
the purchaser;

(g) the information required pursuant to
subparagraphs (a) and (b) of paragraph (4) of this
subsection T;
(h) such other information as the Secretary of
State may hereafter require by rule.

(11) The issuer (directly or through a qualified
Internet portal) requires each purchaser to certify, in
writing or electronically, that the purchaser:

(a) is a resident of the State of Illinois;

(b) understands that he or she is investing in a
high-risk, highly speculative, business venture, that
he or she may lose all of his or her investment, and
that he or she can afford such a loss of his or her
investment;

(c) understands that the securities being offered
are highly illiquid, that there is no ready market for
the sale of such securities, that it may be difficult
or impossible for purchaser to sell or otherwise
dispose of such securities, and (where applicable)
that purchaser may be required to hold the securities
for an indefinite period of time; and

(d) understands that purchaser may be subject to
the payment of certain taxes with respect to the
securities being purchased whether or not purchaser
has sold, or otherwise disposed of, such securities or
whether purchaser has received any distributions or
other amounts from the issuer.

(12) The issuer (directly or through a qualified
Internet portal) obtains from each purchaser of a security
offered under this subsection T evidence that the purchaser
is a resident of this State and, if applicable, is an
accredited investor. Without limiting the generality of
the foregoing, and not to the exclusion of other reasonable
methods which may be used by the issuer in connection with
the foregoing, an issuer may rely:

(a) on a copy of a valid driver's license or
State-issued identification (or third-party
verification based on a purchaser's valid driver's
license or State-issued identification information) or
verification (independently or by a third-party) of
the state of origination of the purchaser's Internet
Protocol (IP) address for purposes of establishing an
individual purchaser's residence, provided the issuer
has no knowledge, or other reason to believe, that the
individual purchaser is not a resident of the State;
and

(b) on representations signed, in writing or
electronically, by a purchaser for purposes of
establishing such purchaser's status as an accredited
investor, provided the issuer has no knowledge, or
other reason to believe, that such representations
are, or may be, false in whole or in part.

(13) The issuer (and, to the extent a qualified
Internet portal is used, such qualified Internet portal)
takes commercially reasonable measures to limit access to
any information concerning the offer or sale of the subject securities to residents of this State. Notwithstanding the foregoing, an issuer is permitted to disseminate (and is not deemed in violation of this paragraph (13) for disseminating) through a qualified Internet portal or otherwise a general announcement regarding the issuer's intent to make an offer in reliance on the exemption under this subsection T, so long as such general announcement contains a statement making it clear that the offering is directed only to residents of this State and the information provided in such general announcement is limited only to one or more of the following:

(a) a statement that the issuer is conducting an offering in reliance on the exemption under this subsection T;

(b) the name and web address of a qualified Internet portal conducting the offering;

(c) the minimum and maximum amount of the offering; or

(d) factual information about the legal identity and business location of the issuer, limited to: the name of the issuer; the address, phone number, and website (if any) of the issuer; a one-sentence description of the business of the issuer; or the contact information of a representative of the issuer.

(14) The issuer (and, to the extent a qualified
Internet portal is used, the entity maintaining such qualified Internet portal) reasonably believes that all purchasers are purchasing for investment and not for sale in connection with a distribution of the security.

(15) Until no securities issued under this exemption are outstanding, the issuer shall provide quarterly to each purchaser, free of charge, internally or accountant prepared quarterly financial statements of the issuer, certified by a senior officer of the issuer as fairly, completely, and accurately presenting the financial condition of the issuer, in all material respects, as of the dates indicated therein. An issuer may satisfy the reporting requirement of this paragraph (15) by making the information available on its own website or through a qualified Internet portal if the information is made available within 45 days after the end of each fiscal quarter, the information remains available until the succeeding quarterly report is issued, and the issuer promptly alerts each purchaser of the availability of the information.

(16) The issuer (and to the extent a qualified Internet portal is used, such qualified Internet portal) maintains records of all offers and sales of securities made pursuant to the exemption granted by this subsection T and provides ready access to such records to the Secretary of State, upon notice from the Secretary of State.
(17) The issuer is not, either before or as a result of
the offering:

(a) an investment company, as defined in Section 3
80a-3), as amended and in effect (unless the issuer
qualifies for exclusion from such definition pursuant
to one or more of the exceptions provided in Section
3(c) of the Investment Company Act of 1940, any other
provision of the Investment Company Act of 1940, or any
administrative rule or regulation promulgated with
respect to the Investment Company Act of 1940 or in
connection therewith); or

(b) subject to the reporting requirements of
Section 13 or 15(d) of the Securities Exchange Act of

(18) Neither the issuer, nor any person affiliated with
the issuer (either before or as a result of the offering),
nor the offering itself, nor the qualified Internet portal
(to the extent used) is subject to disqualification
established by the Secretary of State by rule or contained
in the Securities Act of 1933 (15 U.S.C. 77c(a)(11)) and
Rule 147 adopted under the Securities Act of 1933 (17 CFR
230.147), unless both of the following are met:

(a) on a showing of good cause and without
prejudice to any other action by the Secretary of
State, the Secretary of State determines that it is not
necessary under the circumstances that an exemption is denied; and

(b) the issuer establishes that it made a factual inquiry into whether any disqualification existed under this paragraph (18), but did not know, and in the exercise of reasonable care could not have known, that a disqualification existed under this paragraph (18); the nature and scope of the requisite inquiry will vary based on the circumstances of the issuer and the other offering participants.

(Source: P.A. 90-70, eff. 7-8-97; 91-809, eff. 1-1-01.)

(815 ILCS 5/8d new)

Sec. 8d. Offerings made through qualified Internet portals. An issuer shall make an offering or sale of securities pursuant to subsection T of Section 4 of this Act through the use of one or more qualified Internet portals, subject to the following:

(a) The Internet portal shall at all times be owned by a corporation or other legal entity which is either organized under the laws of, or is otherwise registered to do business in, this State, and the entity shall be in good standing in this State as of the date of the proposed offering of securities.

(b) The Internet portal shall establish and maintain commercially reasonable measures to limit access to any ...
information concerning an offer or sale of the subject
securities (other than information permitted of the type
permitted in connection with a general announcement by the
issuer pursuant to paragraph (13) of subsection T of
Section 4) to only residents of this State. Without
limiting the generality of the foregoing, and not to the
exclusion of other reasonable methods which may be utilized
by the Internet portal in connection with the foregoing, an
Internet portal may rely:

(i) for purposes of access to offering materials in
connection with a proposed offering, a representation
signed, in writing or electronically, by an individual
prospective purchaser, or verification (independently
or by a third-party) of the state of origination of the
purchaser's Internet Protocol (IP) address, for
purposes of establishing such purchaser's residence,
provided the entity maintaining the Internet portal
has no knowledge, or other reason to believe, that the
individual purchaser is not a resident of the State;
and

(ii) in connection with an actual purchase and sale
of a security pursuant to a proposed offering, on a
copy of a valid driver's license or State-issued
identification (or third-party verification based on a
purchaser's valid driver's license or State-issued
identification information) or verification
(independently or by a third-party) of the state of
origination of the purchaser's Internet Protocol (IP)
address for purposes of establishing an individual
purchaser's residence, provided the issuer has no
knowledge, or other reason to believe, that the
individual purchaser is not a resident of the State.

(c) The Internet portal shall establish and maintain
(during the time the offering appears on the Internet
portal) a secure method of communication through the
Internet portal itself that will permit potential
investors to communicate with one another and with
representatives of the issuer about the offering. Further,
the foregoing communications must be made visible and
accessible (at all times during the time the offering
appears on the Internet portal) to all those with access to
the offering materials of the issuer.

(d) The Internet portal shall establish and maintain a
secure method of communication through the Internet portal
itself that will permit the issuer and purchasers to
communicate with one another.

(e) The Internet portal:

(1) shall be a registered broker-dealer under the

(2) shall be a funding portal registered under the
Securities Act of 1933 (15 U.S.C. 77d-1) and the
Securities and Exchange Commission has adopted rules
under authority of Section 3(h) of the Securities
Exchange Act of 1934 (15 U.S.C. 78c) and Section 304 of
the Jumpstart Our Business Startups Act (P.L. 112-106)
governing funding portals;

(3) shall be a dealer or an investment advisor
registered under this Act as of the date of any offer
or sale of securities made through the Internet portal;
or

(4) shall, to the extent it meets the
qualifications for exemption from registration
pursuant to subsection (g) of this Section:

(A) file, not later than 30 days before the
date of the first offer or sale of securities made
within this State, an application for
qualification (or renewal of qualification, as
applicable) as a qualified Internet portal with
the Secretary of State, in writing or in electronic
form as prescribed by the Secretary of State, which
the Secretary of State shall make available as an
electronic document on the Secretary of State's
Internet website, containing such information and
required deliveries as specified therein; and

(B) pay the application filing fee established
under Section 11a of this Act; the Secretary of
State shall, within a reasonable time, examine the
filed application and other materials filed and,
unless the Secretary of State notifies the
Internet portal of the rejection of such
application (or renewal application, as
applicable) on or before the initial commencement
date of the offering, the Internet portal shall be
deemed to be a qualified Internet portal for
purposes of this Act.

(f) If any change occurs in the information submitted
by, or on behalf of, an Internet portal to the Secretary of
State, the Internet portal shall notify the Secretary of
State within 10 days after such change occurs and shall
provide the Secretary of State with such additional
information (if any) requested by the Secretary of State in
connection therewith.

(g) Notwithstanding anything contained in this Act to
the contrary, neither an Internet portal nor its owning or
operating entity is required to register as a dealer or an
investment advisor under this Act if each of the following
applies with respect to the Internet portal and its owning
or operating entity:

(1) It does not solicit purchases, sales, or offers
to buy the securities offered or displayed on the
Internet portal.

(2) It does not collect or hold funds in connection
with any purchase, sale, or offer to buy any securities
offered or displayed on the Internet portal.
(3) It does not compensate employees, agents, or other persons for the solicitation or based on the sale of securities displayed or referenced on the Internet portal.

(4) It is not compensated based on the amount of securities sold.

(5) The fee it charges an issuer for an offering of securities on the Internet portal is a fixed amount for each offering, a variable amount based on the length of time that the securities are offered on the Internet portal, a variable amount based on the total proposed offering amount, or any combination of such fixed and variable amounts.

(6) It does not offer investment advice or recommendations; however, an Internet portal is not deemed to be offering investment advice or recommendations simply by virtue of:

(A) selecting transactions in which the Internet portal shall serve as an intermediary;

(B) establishing reasonable selection criteria for an issuer to meet in order to establish an offer or sale of securities through the Internet portal;

(C) establishing reasonable selection criteria for a potential purchaser to meet in order to participate in an offer or sale of securities made
through the Internet portal; or

(D) terminating an issuer transaction at any time before the first sale of the securities of such issuer if the Internet portal determines such action is appropriate, after reasonable due diligence, to protect potential purchasers, and the Internet portal is able to direct the qualified escrowee to return all funds then provided by potential purchasers, if any.

(7) It does not engage in such other activities as the Secretary of State, by rule, determines are prohibited.

(h) Upon completion of an offering made pursuant to subsection T of Section 4, each qualified Internet portal involved with the transactions (and the issuer, to the extent applicable) shall store any and all electronic materials related to the completed offering (including copies of all offering documents, all offering materials, and all purchaser information) on a secure, non-public, server or in such other manner as the Secretary of State may hereafter deem acceptable by rule.

(815 ILCS 5/11a) (from Ch. 121 1/2, par. 137.11a)

Sec. 11a. Fees.

(1) The Secretary of State shall by rule or regulation impose and shall collect reasonable fees necessary for the
administration of this Act including, but not limited to, fees for the following purposes:

(a) filing an application pursuant to paragraph (2) of subsection F of Section 4 of this Act;

(b) examining an application and report pursuant to paragraph (2) of subsection F of Section 4 of this Act;

(c) filing a report pursuant to subsection G of Section 4 of this Act, determined in accordance with paragraph (4) of subsection G of Section 4 of this Act;

(d) examining an offering sheet pursuant to subsection P of Section 4 of this Act;

(e) filing a report pursuant to subsection P of Section 4, determined in accordance with subsection P of Section 4 of this Act;

(f) examining an application to register securities under subsection B of Section 5 of this Act;

(g) examining an amended or supplemental prospectus filed pursuant to the undertaking required by sub-paragraph (i) of paragraph (2) of subsection B of Section 5 of this Act;

(h) registering or renewing registration of securities under Section 5, determined in accordance with subsection C of Section 5 of this Act;

(i) registering securities in excess of the amount initially registered, determined in accordance with paragraph (2) of subsection C of Section 5 of this Act;
(j) failure to file timely an application for renewal under subsection E of Section 5 of this Act;

(k) failure to file timely any document or information required under Section 5 of this Act;

(l) examining an application to register face amount certificate contracts under subsection B of Section 6 of this Act;

(m) examining an amended or supplemental prospectus filed pursuant to the undertaking required by sub-paragraph (f) of paragraph (2) of subsection B of Section 6 of this Act;

(n) registering or renewing registration of face amount certificate contracts under Section 6 of this Act;

(o) amending a registration of face amount certificate contracts pursuant to subsection E of Section 6 of this Act to add any additional series, type or class of contract;

(p) failure to file timely an application for renewal under subsection F of Section 6 of this Act;

(q) adding to or withdrawing from deposits with respect to face amount certificate contracts pursuant to subsection H of Section 6, a transaction charge payable at the times and in the manner specified in subsection H of Section 6 (which transaction charge shall be in addition to the annual fee called for by subsection H of Section 6 of this Act);

(r) failure to file timely any document or information
required under Section 6 of this Act;

(s) examining an application to register investment
fund shares under subsection B of Section 7 of this Act;

(t) examining an amended or supplemental prospectus
filed pursuant to the undertaking required by
sub-paragraph (f) of paragraph (2) of subsection B of
Section 7 of this Act;

(u) registering or renewing registration of investment
fund shares under Section 7 of this Act;

(v) amending a registration of investment fund shares
pursuant to subsection D of Section 7 of this Act to
register an additional class or classes of investment fund
shares;

(w) failure to file timely an application for renewal
under paragraph (l) of subsection G of Section 7 of this
Act;

(x) examining an application for renewal of
registration of investment fund shares under paragraph (2)
of subsection G of Section 7 of this Act;

(y) failure to file timely any document or information
required under Section 7 of this Act;

(z) filing an application for registration or
re-registration of a dealer or limited Canadian dealer
under Section 8 of this Act for each office in this State;

(aa) in connection with an application for the
registration or re-registration of a salesperson under
Section 8 of this Act, for the following purposes:

(i) filing an application;

(ii) a Securities Audit and Enforcement Fund fee;

and

(iii) a notification filing of federal covered investment advisers;

(bb) in connection with an application for the registration or re-registration of an investment adviser under Section 8 of this Act;

(cc) failure to file timely any document or information required under Section 8 of this Act;

(dd) filing a consent to service of process under Section 10 of this Act;

(ee) issuing a certificate pursuant to subsection B of Section 15 of this Act;

(ff) issuing a certified copy pursuant to subsection C of Section 15 of this Act;

(gg) issuing a non-binding statement pursuant to Section 15a of this Act;

(hh) filings by Notification under Section 2a;

(ii) notification filing of federal Regulation D, Section 506 offering under the Federal 1933 Act;

(jj) notification filing of securities and closed-end investment company securities;

(kk) notification filing of face amount certificate contracts;
(11) notification filing of open-end investment company securities;

(mm) filing a report pursuant to subsection D of Section 4 of this Act;

(nn) in connection with the filing of an application for registration or re-registration of an investment adviser representative under subsection D of Section 8 of this Act;

(oo) filing a notice pursuant to paragraph (6) of subsection T of Section 4 of this Act; and

(pp) applying for qualification, or renewing qualification, as a qualified Internet portal pursuant to paragraph (iv) of subsection (b) of Section 8d of this Act.

(2) The Secretary of State may, by rule or regulation, raise or lower any fee imposed by, and which he or she is authorized by law to collect under, this Act.

(Source: P.A. 90-70, eff. 7-8-97; 91-357, eff. 7-29-99; revised 12-11-14.)

(815 ILCS 5/18.1)

Sec. 18.1. Additional fees. In addition to any other fee that the Secretary of State may impose and collect pursuant to the authority contained in Sections 4, 8, and 11a of this Act, beginning on July 1, 2003 the Secretary of State shall also collect the following additional fees:
Securities offered or sold under the Uniform Limited Offering Exemption Pursuant to Section 4.D of the Act ........................................ $100

Securities offered or sold under the Uniform Limited Offering Exemption pursuant to subsection T of Section 4 of this Act.......................... $100

Registration and renewal of a dealer ...................... $300

Registration and renewal of a qualified Internet portal ............................................... $300

Registration and renewal of an investment adviser ....... $200

Federal covered investment adviser notification filing and annual notification filing ........ $200

Registration and renewal of a salesperson ............... $75

Registration and renewal of an investment adviser representative and a federal covered investment adviser representative .............. $75

Investment fund shares notification filing and annual notification filing: $800 plus $80 for each series, class, or portfolio.

All fees collected by the Secretary of State pursuant to this amendatory Act of the 93rd General Assembly shall be deposited into the General Revenue Fund in the State treasury.

(Source: P.A. 93-32, eff. 7-1-03.)
<table>
<thead>
<tr>
<th></th>
<th>Statutes amended in order of appearance</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>815 ILCS 5/2.34 new</td>
</tr>
<tr>
<td>4</td>
<td>815 ILCS 5/2.35 new</td>
</tr>
<tr>
<td>5</td>
<td>815 ILCS 5/2.36 new</td>
</tr>
<tr>
<td>6</td>
<td>815 ILCS 5/4 from Ch. 121 1/2, par. 137.4</td>
</tr>
<tr>
<td>7</td>
<td>815 ILCS 5/8d new</td>
</tr>
<tr>
<td>8</td>
<td>815 ILCS 5/11a from Ch. 121 1/2, par. 137.11a</td>
</tr>
<tr>
<td>9</td>
<td>815 ILCS 5/18.1</td>
</tr>
</tbody>
</table>