

114TH CONGRESS  
2D SESSION

# S. 3453

To amend provisions in the securities laws relating to regulation crowdfunding to raise the dollar amount limit and to clarify certain requirements and exclusions for funding portals established by such Act.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28, 2016

Mr. DAINES introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To amend provisions in the securities laws relating to regulation crowdfunding to raise the dollar amount limit and to clarify certain requirements and exclusions for funding portals established by such Act.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Crowdfunding En-  
5       hancement Act”.

1 **SEC. 2. CROWDFUNDING VEHICLES.**

2 (a) AMENDMENTS TO THE SECURITIES ACT OF  
3 1933.—The Securities Act of 1933 (15 U.S.C. 77a et  
4 seq.) is amended—

5 (1) in section 4A(f)(3), by inserting “by any of  
6 paragraphs (1) through (14) of” before “section  
7 3(c)”; and

8 (2) in section 4(a)(6)(B), by inserting after  
9 “any investor” the following: “, other than a  
10 crowdfunding vehicle (as defined in section 2(a) of  
11 the Investment Company Act of 1940),”.

12 (b) AMENDMENTS TO THE INVESTMENT COMPANY  
13 ACT OF 1940.—The Investment Company Act of 1940 (15  
14 U.S.C. 80a–1 et seq.) is amended—

15 (1) in section 2(a), by adding at the end the  
16 following:

17 “(55) The term ‘crowdfunding vehicle’ means a  
18 company—

19 “(A) whose purpose (as set forth in its or-  
20 ganizational documents) is limited to acquiring,  
21 holding, and disposing securities issued by a  
22 single company in one or more transactions and  
23 made pursuant to section 4(a)(6) of the Securi-  
24 ties Act of 1933;

25 “(B) which issues only one class of securi-  
26 ties;

1           “(C) which receives no compensation in  
2 connection with such acquisition, holding, or  
3 disposition of securities;

4           “(D) no associated person of which re-  
5 ceives any compensation in connection with  
6 such acquisition, holding or disposition of secu-  
7 rities unless such person is acting as or on be-  
8 half of an investment adviser registered under  
9 the Investment Advisers Act of 1940 or reg-  
10 istered as an investment adviser in the State in  
11 which the investment adviser maintains its prin-  
12 cipal office and place of business;

13           “(E) the securities of which have been  
14 issued in a transaction made pursuant to sec-  
15 tion 4(a)(6) of the Securities Act of 1933,  
16 where both the crowdfunding vehicle and the  
17 company whose securities it holds are co-  
18 issuers;

19           “(F) which is current in its ongoing disclo-  
20 sure obligations under Rule 202 of Regulation  
21 Crowdfunding (17 C.F.R. 227.202);

22           “(G) the company whose securities it holds  
23 is current in its ongoing disclosure obligations  
24 under Rule 202 of Regulation Crowdfunding  
25 (17 C.F.R. 227.202); and

1           “(H) is advised by an investment adviser  
 2 registered under the Investment Advisers Act of  
 3 1940 or registered as an investment adviser in  
 4 the State in which the investment adviser main-  
 5 tains its principal office and place of business.”;  
 6 and

7           (2) in section 3(c), by adding at the end the fol-  
 8 lowing:

9           “(15) Any crowdfunding vehicle.”.

10 **SEC. 3. CROWDFUNDING EXEMPTION FROM REGISTRA-**  
 11 **TION.**

12           Section 12(g)(6) of the Securities Exchange Act of  
 13 1934 (15 U.S.C. 78l(g)(6)) is amended—

14           (1) by striking “The Commission” and insert-  
 15 ing the following:

16           “(A) IN GENERAL.—The Commission”;

17           (2) by striking “section 4(6)” and inserting  
 18 “section 4(a)(6)”; and

19           (3) by adding at the end the following:

20           “(B) TREATMENT OF SECURITIES ISSUED  
 21 BY CERTAIN ISSUERS.—An exemption under  
 22 subparagraph (A) shall be unconditional for se-  
 23 curities offered by an issuer that had a public  
 24 float of less than \$75,000,000 as of the last  
 25 business day of the issuer’s most recently com-

1           pleted semiannual period, computed by multi-  
2           plying the aggregate worldwide number of  
3           shares of the issuer's common equity securities  
4           held by non-affiliates by the price at which such  
5           securities were last sold (or the average bid and  
6           asked prices of such securities) in the principal  
7           market for such securities or, in the event the  
8           result of such public float calculation is zero,  
9           had annual revenues of less than \$50,000,000  
10          as of the issuer's most recently completed fiscal  
11          year.”.

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