Suspend the rules and pass the bill, H.R. 4855, with an amendment
(The amendment strikes all after the enacting clause and inserts a new text)

114TH CONGRESS
2D Session

H. R. 4855

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.

IN THE HOUSE OF REPRESENTATIVES

MARCH 23, 2016

Mr. McHENRY introduced the following bill; which was referred to the Committee on Financial Services

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 “Fix Crowdfunding
5 Act”.

SEC. 2. CROWDFUNDING VEHICLES.

(a) Amendments to the Securities Act of 1933.—The Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended—

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

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

(b) Amendments to the Investment Company Act of 1940.—The Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) is amended—

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

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

“(A) whose purpose (as set forth in its organizational documents) is limited to acquiring, holding, and disposing securities issued by a single company in one or more transactions and made pursuant to section 4(a)(6) of the Securities Act of 1933;

“(B) which issues only one class of securities;
“(C) which receives no compensation in connection with such acquisition, holding, or disposition of securities;

“(D) no associated person of which receives any compensation in connection with such acquisition, holding or disposition of securities unless such person is acting as or on behalf of an investment adviser registered under the Investment Advisers Act of 1940 or registered as an investment adviser in the State in which the investment adviser maintains its principal office and place of business;

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

“(F) which is current in its ongoing disclosure obligations under Rule 202 of Regulation Crowdfunding (17 C.F.R. 227.202);

“(G) the company whose securities it holds is current in its ongoing disclosure obligations under Rule 202 of Regulation Crowdfunding (17 C.F.R. 227.202); and
“(H) is advised by an investment adviser registered under the Investment Advisers Act of 1940 or registered as an investment adviser in the State in which the investment adviser maintains its principal office and place of business.”;

and

(2) in section 3(e), by adding at the end the following:

“(15) Any crowdfunding vehicle.”.

SEC. 3. CROWDFUNDING EXEMPTION FROM REGISTRATION.

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

(1) by striking “The Commission” and inserting the following:

“(A) IN GENERAL.—The Commission”;

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

(3) by adding at the end the following:

“(B) TREATMENT OF SECURITIES ISSUED BY CERTAIN ISSUERS.—An exemption under subparagraph (A) shall be unconditional for securities offered by an issuer that had a public float of less than $75,000,000 as of the last business day of the issuer’s most recently com-
pleted semiannual period, computed by multiplying the aggregate worldwide number of shares of the issuer’s common equity securities held by non-affiliates by the price at which such securities were last sold (or the average bid and asked prices of such securities) in the principal market for such securities or, in the event the result of such public float calculation is zero, had annual revenues of less than $50,000,000 as of the issuer’s most recently completed fiscal year.”.