

S 1791

Democratizing Access to Capital Act of 2011

Congress: 112 (2011–2013, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Nov 2, 2011

Current Status: Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 112-444.

Latest Action: Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 112-444.  
(Dec 1, 2011)

Official Text: <https://www.congress.gov/bill/112th-congress/senate-bill/1791>

Sponsor

Name: Sen. Brown, Scott P. [R-MA]

Party: Republican • State: MA • Chamber: Senate

Cosponsors (2 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Ayotte, Kelly [R-NH]	R · NH		Nov 10, 2011
Sen. Chambliss, Saxby [R-GA]	R · GA		Nov 10, 2011

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Hearings By (full committee)	Dec 1, 2011

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
112 HR 2930	Related bill	Dec 1, 2011: Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 112-444.

Democratizing Access to Capital Act of 2011 - Amends the Securities Act of 1933 to exempt from its prohibitions against use of interstate commerce and the mails for sale (or delivery after sale) of unregistered securities, including unregistered security-based swaps, any transactions involving the issuance of securities through a crowdfunding intermediary, whether or not the transaction involves a public offering, for which: (1) the aggregate annual amount raised through the issue of the securities during any 12-month period by an incorporated entity formed under state law is \$1 million or less, and (2) individual investments in the securities are limited to a maximum aggregate annual amount of \$1,000.

(Crowdfunding is a method of capital formation where groups of people pool money, typically composed of very small individual contributions, and often via internet platforms, to invest in a company or otherwise support an effort by others to accomplish a specific goal.)

Sets forth criteria for the crowdfunding exemption.

Amends the Securities Act of 1934 to exclude: (1) persons holding crowdfunded securities under this Act from application of the 500-to-750 shareholder "held of record" criterion for a class of equity security subject to mandatory registration, and (2) crowdfunding intermediaries from regulation under such Act as "brokers" or "dealers."

Amends the Securities Act of 1933 to preempt state law with respect to regulation of crowdfunded securities. Subjects crowdfunding intermediaries, however, to state authority to investigate and bring enforcement actions with respect to fraud, deceit, or unlawful conduct in connection with securities or securities transactions.

Limits authority to impose fees on crowdfunded securities to: (1) the securities commission of the issuer's state of organization, or (2) any state in which purchasers of 50% or greater of the aggregate amount of the issue are residents.

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## **Actions Timeline**

- **Dec 1, 2011:** Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 112-444.
- **Nov 2, 2011:** Introduced in Senate
- **Nov 2, 2011:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.