

S 3453

Crowdfunding Enhancement Act

Congress: 114 (2015–2017, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Sep 28, 2016

Current Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Sponsor introductory

Latest Action: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Sponsor introductory remarks on measure: CR S6238; text of measure as introduced: CR S6238) (Sep 28, 2016)

Official Text: <https://www.congress.gov/bill/114th-congress/senate-bill/3453>

Sponsor

Name: Sen. Daines, Steve [R-MT]

Party: Republican • **State:** MT • **Chamber:** Senate

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Sep 28, 2016

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
114 HR 5983	Related bill	Dec 20, 2016: Placed on the Union Calendar, Calendar No. 693.
114 HR 6427	Related bill	Dec 6, 2016: Received in the Senate.
114 HR 4855	Related bill	Jul 6, 2016: Received in the Senate.

Crowdfunding Enhancement Act

This bill amends the Securities Act of 1933 to allow a crowdfunding issuer to sell shares through a crowdfunding vehicle.

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

A "crowdfunding vehicle" is a company that:

- has purposes limited to acquiring, holding, and disposing securities issued by a single company in one or more transactions and made pursuant to crowdfunding exemption transaction requirements;
- issues only one class of securities;
- receives no compensation for such acquisition, holding, or disposition of securities;
- is a co-issuer with the company whose securities it holds; and
- meets specified requirements related to disclosure obligations and the use of investment advisers.

The bill amends the Securities Exchange Act of 1934 to revise the conditions upon which the Securities and Exchange Commission (SEC) shall exempt securities issued in crowdfunding transactions from SEC registration requirements.

Under current law, holders of crowdfunded shares do not count toward the shareholder threshold beyond which an issuer is required to register its securities with the SEC, provided that the issuer: (1) is current in its annual reporting obligations, (2) retains the services of a registered transfer agent, and (3) has less than \$25 million in assets. The bill maintains this exemption but removes and replaces the conditions upon which it applies. Specifically, holders of crowdfunded shares shall not count toward the shareholder threshold if the issuer has: (1) a public float of less than \$75 million, and (2) annual revenues of less than \$50 million.

Actions Timeline

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