

## S 1031

Crowdfunding Enhancement Act

**Congress:** 115 (2017–2019, Ended)

**Chamber:** Senate

**Policy Area:** Finance and Financial Sector

**Introduced:** May 3, 2017

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

**Latest Action:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (May 3, 2017)

**Official Text:** <https://www.congress.gov/bill/115th-congress/senate-bill/1031>

### 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	May 3, 2017

### Subjects & Policy Tags

#### Policy Area:

Finance and Financial Sector

### Related Bills

Bill	Relationship	Last Action
115 S 488	Related bill	<b>Jul 18, 2018:</b> Message on House action received in Senate and at desk: House amendments to Senate bill.
115 HR 6380	Related bill	<b>Jul 16, 2018:</b> Referred to the House Committee on Financial Services.
115 S 3213	Related bill	<b>Jul 16, 2018:</b> Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

## **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 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;
- issues only one class of securities;
- receives no compensation for such acquisition, holding, or disposition of securities; and
- meets other specified requirements, including those 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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- **May 3, 2017:** Introduced in Senate
- **May 3, 2017:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

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