

Union Calendar No. 512

114TH CONGRESS
2^D SESSION

H. R. 4855

[Report No. 114–661]

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

JULY 5, 2016

Additional sponsor: Mr. SCHWEIKERT

JULY 5, 2016

Reported with an amendment, committed to the Committee of the Whole
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on March 23, 2016]

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 Act”.*

5 **SEC. 2. CROWDFUNDING VEHICLES.**

6 *(a) AMENDMENTS TO THE SECURITIES ACT OF*
 7 *1933.—The Securities Act of 1933 (15 U.S.C. 77a et seq.)*
 8 *is amended—*

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

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

16 *(b) AMENDMENTS TO THE INVESTMENT COMPANY ACT*
 17 *OF 1940.—The Investment Company Act of 1940 (15*
 18 *U.S.C. 80a-1 et seq.) is amended—*

19 *(1) in section 2(a), by adding at the end the fol-*
 20 *lowing:*

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

23 *“(A) whose purpose (as set forth in its orga-*
 24 *nizational documents) is limited to acquiring,*
 25 *holding, and disposing securities issued by a sin-*

1 *gle company in one or more transactions and*
2 *made pursuant to section 4(a)(6) of the Securi-*
3 *ties Act of 1933;*

4 *“(B) which issues only one class of securi-*
5 *ties;*

6 *“(C) which receives no compensation in*
7 *connection with such acquisition, holding, or dis-*
8 *position of securities;*

9 *“(D) no associated person of which receives*
10 *any compensation in connection with such ac-*
11 *quisition, holding or disposition of securities un-*
12 *less such person is acting as or on behalf of an*
13 *investment adviser registered under the Invest-*
14 *ment Advisers Act of 1940;*

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

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

23 *“(G) the company whose securities it holds*
24 *is current in its ongoing disclosure obligations*

1 *under Rule 202 of Regulation Crowdfunding (17*
 2 *C.F.R. 227.202); and*

3 *“(H) is advised by an investment adviser*
 4 *registered under the Investment Advisers Act of*
 5 *1940.”; and*

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

8 *“(15) Any crowdfunding vehicle.”.*

9 **SEC. 3. CROWDFUNDING EXEMPTION FROM REGISTRATION.**

10 *Section 12(g)(6) of the Securities Exchange Act of*
 11 *1934 (15 U.S.C. 78l(g)(6) is amended—*

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

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

15 *(2) by striking “section 4(6)” and inserting “sec-*
 16 *tion 4(a)(6)”;* and

17 *(3) by adding at the end the following:*

18 *“(B) TREATMENT OF SECURITIES ISSUED*
 19 *BY CERTAIN ISSUERS.—An exemption under sub-*
 20 *paragraph (A) shall be unconditional for securi-*
 21 *ties offered by an issuer that had a public float*
 22 *of less than \$75,000,000 as of the last business*
 23 *day of the issuer’s most recently completed semi-*
 24 *annual period, computed by multiplying the ag-*
 25 *gregate worldwide number of shares of the*

1 *issuer's common equity securities held by non-af-*
2 *filiates by the price at which such securities were*
3 *last sold (or the average bid and asked prices of*
4 *such securities) in the principal market for such*
5 *securities or, in the event the result of such pub-*
6 *lic float calculation is zero, had annual revenues*
7 *of less than \$50,000,000 as of the issuer's most*
8 *recently completed fiscal year."*

Union Calendar No. 512

114TH CONGRESS
2D Session

H. R. 4855

[Report No. 114-661]

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.

JULY 5, 2016

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed