

**PART 227—REGULATION CROWDFUNDING, GENERAL RULES AND REGULATIONS**

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*Authority:* 15 U.S.C. 77d, 77d-1, 77s, 78c, 78o, 78q, 78w, 78mm, and Pub. L. No. 112-106, §301-305, 126 Stat. 306 (2012), unless otherwise noted.

## **REGULATION CROWDFUNDING**

### **SUBPART A – General**

#### **§ 227.100. Crowdfunding exemption and requirements.**

(a) *Exemption.* An issuer may offer and sell securities in reliance on Section 4(a)(6) of the Securities Act of 1933 (the “Securities Act”) (15 U.S.C. 77d(a)(6)), provided that:

(1) The aggregate amount of securities sold to all investors by the issuer in reliance on

Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) during the 12-month period preceding the date of such offer or sale, including the securities offered in such transaction, shall not exceed \$1,000,000;

(2) The aggregate amount of securities sold to any investor by any issuer in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) during the 12-month period preceding the date of such transaction, including the securities sold to such investor in such transaction, shall not exceed the greater of:

(i) \$2,000 or 5 percent of annual income or net worth of the investor, whichever is greater, if both the annual income and net worth are less than \$100,000; and

(ii) 10 percent of annual income or net worth of the investor, whichever is greater, not to exceed an amount sold of \$100,000, if either the annual income or net worth of the investor is equal to or more than \$100,000;

*Instruction 1 to paragraph (a)(2).* To determine the investment limit for a natural person, the person's annual income and net worth shall be calculated as those values are calculated for purposes of determining accredited investor status in accordance with 17 CFR 230.501.

*Instruction 2 to paragraph (a)(2).* The person's annual income and net worth may be calculated jointly with the annual income and net worth of the person's spouse.

*Instruction 3 to paragraph (a)(2).* An issuer offering and selling securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) may rely on the efforts an intermediary is required to undertake pursuant to § 227.303(b) to ensure that the aggregate amount of securities purchased by an investor in offerings pursuant to Section 4(a)(6) of the Securities Act will not cause the investor to exceed the limit set forth in Section 4(a)(6) of the Securities Act and § 227.100(a)(2), provided that the issuer does not know that the investor had

exceeded the investor limits or would exceed the investor limits as a result of purchasing securities in the issuer's offering.

(3) The transaction is conducted through an intermediary that complies with the requirements in Section 4A(a) of the Securities Act (15 U.S.C. 77d-1(a)) and the related requirements in Regulation Crowdfunding (§§ 227.100 *et seq.*), and the transaction is conducted exclusively through the intermediary's platform; and

*Instruction 1 to paragraph (a)(3).* An issuer shall not conduct an offering or concurrent offerings in reliance on Section 4(a)(6) of the Securities Act of 1933 (15 U.S.C. 77d(a)(6)) using more than one intermediary.

*Instruction 2 to paragraph (a)(3).* An intermediary through which a crowdfunding transaction is conducted may engage in back office or other administrative functions other than on the intermediary's platform.

(4) The issuer complies with the requirements in Section 4A(b) of the Securities Act (15 U.S.C. 77d-1(b)) and the related requirements in Regulation Crowdfunding (§§ 227.100 *et seq.*).

(b) *Applicability.* The crowdfunding exemption shall not apply to transactions involving the offer or sale of securities by any issuer that:

(1) Is not organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia;

(2) Is subject to the requirement to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. 78m or 78o(d));

(3) Is an investment company, as defined in Section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3), or is excluded from the definition of investment company by Section 3(b) or Section 3(c) of that Act (15 U.S.C. 80a-3(b) or 80a-3(c));

(4) Is not eligible to offer or sell securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) as a result of a disqualification as specified in § 227.503(a);

(5) Has sold securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) and has not filed with the Commission and provided to investors, to the extent required, the ongoing annual reports required by Regulation Crowdfunding (§§ 227.100 *et seq.*) during the two years immediately preceding the filing of the required offering statement; or

(6) Has no specific business plan or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.

(c) *Issuer.* For purposes of this Regulation Crowdfunding (§§ 227.100 *et seq.*), *issuer* includes all entities controlled by or under common control with the issuer. It also includes any predecessor of the issuer.

*Instruction to paragraph (c).* An entity is controlled by or under common control with the issuer if the issuer possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the entity, whether through the ownership of voting securities, by contract or otherwise.

(d) *Platform.* For purposes of this Regulation Crowdfunding (§§ 227.100 *et seq.*), *platform* means an Internet website or other similar electronic medium through which a registered broker or a registered funding portal acts as an intermediary in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)).

## **SUBPART B – Requirements for Issuers**

### **§ 227.201. Disclosure requirements.**

An issuer offering or selling securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) and in accordance with Section 4A of the Securities Act (15 U.S.C. 77d-1) and Regulation Crowdfunding (§§ 227.100 *et seq.*) must file with the Commission on the Electronic Data Gathering, Analysis, and Retrieval system (EDGAR), provide to investors and the relevant intermediary, and make available to potential investors the following information:

(a) The name, legal status (including its form of organization, jurisdiction in which it is organized and date of organization), physical address and website of the issuer;

(b) The names of the directors and officers (and any persons occupying a similar status or performing a similar function) of the issuer, all positions and offices with the issuer held by such persons, the period of time in which such persons served in the position or office and their business experience during the past three years, including:

(1) Each person's principal occupation and employment, including whether any officer is employed by another employer; and

(2) The name and principal business of any corporation or other organization in which such occupation and employment took place.

*Instruction to paragraph (b).* For purposes of this paragraph (b), the term *officer* means a president, vice president, secretary, treasurer or principal financial officer, comptroller or principal accounting officer, and any person routinely performing corresponding functions with respect to any organization, whether incorporated or unincorporated.

(c) The name of each person, as of the most recent practicable date, who is a beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power;

(d) A description of the business of the issuer and the anticipated business plan of the issuer;

(e) The current number of employees of the issuer;

(f) A discussion of the material factors that make an investment in the issuer speculative or risky;

(g) The target offering amount and the deadline to reach the target offering amount, including a statement that if the sum of the investment commitments does not equal or exceed the target offering amount at the offering deadline, no securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned;

(h) Whether the issuer will accept investments in excess of the target offering amount and, if so, the maximum amount that the issuer will accept and whether oversubscriptions will be allocated on a pro-rata, first come-first served, or other basis;

(i) A description of the purpose and intended use of the offering proceeds;

*Instruction to paragraph (i).* An issuer must identify any intended use of proceeds and provide a reasonably detailed description of such intended use, such that investors are provided with an adequate amount of information to understand how the offering proceeds will be used. If an issuer has identified a range of possible uses, the issuer should identify and describe each probable use and the factors impacting the selection of each particular use. If the issuer will accept proceeds in excess of the target offering amount, the issuer must describe the stated purpose and intended use of the excess proceeds with similar specificity.

(j) A description of the process to complete the transaction or cancel an investment commitment, including a statement that:

(1) Investors may cancel an investment commitment until 48 hours prior to the deadline identified in the issuer's offering materials;

(2) The intermediary will notify investors when the target offering amount has been met;

(3) If an issuer reaches the target offering amount prior to the deadline identified in its offering materials, it may close the offering early if it provides notice about the new offering deadline at least five business days prior to such new offering deadline (absent a material change that would require an extension of the offering and reconfirmation of the investment commitment); and

(4) If an investor does not cancel an investment commitment before the 48-hour period prior to the offering deadline, the funds will be released to the issuer upon closing of the offering and the investor will receive securities in exchange for his or her investment;

(k) A statement that if an investor does not reconfirm his or her investment commitment after a material change is made to the offering, the investor's investment commitment will be cancelled and the committed funds will be returned;

(l) The price to the public of the securities or the method for determining the price, provided that, prior to any sale of securities, each investor shall be provided in writing the final price and all required disclosures;

(m) A description of the ownership and capital structure of the issuer, including:

(1) The terms of the securities being offered and each other class of security of the issuer, including the number of securities being offered and/or outstanding, whether or not such securities have voting rights, any limitations on such voting rights, how the terms of the securities being offered may be modified and a summary of the differences between such securities and each other class of security of the issuer, and how the rights of the securities being

offered may be materially limited, diluted or qualified by the rights of any other class of security of the issuer;

(2) A description of how the exercise of the rights held by the principal shareholders of the issuer could affect the purchasers of the securities being offered;

(3) The name and ownership level of each person, as of the most recent practicable date, who is the beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power;

(4) How the securities being offered are being valued, and examples of methods for how such securities may be valued by the issuer in the future, including during subsequent corporate actions;

(5) The risks to purchasers of the securities relating to minority ownership in the issuer and the risks associated with corporate actions including additional issuances of securities, issuer repurchases of securities, a sale of the issuer or of assets of the issuer or transactions with related parties; and

(6) A description of the restrictions on transfer of the securities, as set forth in § 227.501;

(n) The name, Commission file number and Central Registration Depository (CRD) number (as applicable) of the intermediary through which the offering is being conducted;

(o) The amount of compensation paid to the intermediary for conducting the offering, including the amount of referral and any other fees associated with the offering;

(p) A description of the material terms of any indebtedness of the issuer, including the amount, interest rate, maturity date and any other material terms;

(q) A description of exempt offerings conducted within the past three years;

*Instruction to paragraph (q).* In providing a description of any prior exempt offerings, disclose:

- (1) The date of the offering;
- (2) The offering exemption relied upon;
- (3) The type of securities offered; and
- (4) The amount of securities sold and the use of proceeds.

(r) A description of any transaction since the beginning of the issuer's last full fiscal year, or any currently proposed transaction, to which the issuer or any entities controlled by or under common control with the issuer was or is to be a party and the amount involved exceeds five percent of the aggregate amount of capital raised by the issuer in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) during the preceding 12-month period, inclusive of the amount the issuer seeks to raise in the current offering under Section 4(a)(6) of the Securities Act, in which any of the following persons had or is to have a direct or indirect material interest:

- (1) Any director or officer of the issuer;
- (2) Any person who is, as of the most recent practicable date, the beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power;
- (3) If the issuer was incorporated or organized within the past three years, any promoter of the issuer;
- (4) Any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the person, and any persons (other than a tenant or employee) sharing the household of the person;

*Instruction to paragraph (r).* For each transaction identified, disclose the name of the specified person and state his or her relationship to the issuer, the nature of his or her interest in the transaction and, where practicable, the approximate amount of the interest of such specified person. The amount of such interest shall be computed without regard to the amount of the profit or loss involved in the transaction. Where it is not practicable to state the approximate amount of the interest, the approximate amount involved in the transaction shall be disclosed.

(s) A description of the financial condition of the issuer;

*Instruction to paragraph (s).* In providing a description of the issuer's financial condition, provide a discussion, to the extent material, of the issuer's historical results of operations, liquidity and capital resources. For issuers with no prior operating history, the description should include a discussion of financial milestones and operational, liquidity and other challenges. For issuers with an operating history, the discussion should address whether historical earnings and cash flows are representative of what investors should expect in the future. Issuers should take into account the proceeds of the offering and any other known or pending sources of capital. Issuers should also discuss how the proceeds from the offering will impact the issuer's liquidity and the necessity of receiving these funds and any other additional funds to the viability of the business. In addition, issuers should describe the other available sources of capital to the business, such as lines of credit or required contributions by shareholders.

(t) For offerings that, together with all other offerings of the issuer under Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) within the preceding 12-month period, have, in the aggregate, target offering amounts of:

(1) \$100,000 or less, the income tax returns filed by the issuer for the most recently completed year (if any) and financial statements of the issuer, which shall be certified by the principal executive officer of the issuer to be true and complete in all material respects;

(2) More than \$100,000, but not more than \$500,000, financial statements reviewed by a public accountant who is independent of the issuer, using the Statements on Standards for Accounting and Review Services issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants; and

(3) More than \$500,000, financial statements audited by a public accountant who is independent of the issuer, using auditing standards issued by either the American Institute of Certified Public Accountants or the Public Company Accounting Oversight Board;

*Instruction 1 to paragraph (t).* To determine the financial statements that would be required under paragraph (t), an issuer would aggregate amounts offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) within the preceding 12-month period and the offering amount in the offering for which disclosure is being provided. If the issuer will accept proceeds in excess of the target offering amount, the issuer must include in the calculation to determine the financial statements that would be required under paragraph (t) the maximum offering amount that the issuer will accept.

*Instruction 2 to paragraph (t).* The financial statements required by paragraphs (t)(1), (t)(2) and (t)(3) of this section would include a balance sheet, income statement, statement of cash flows and statement of changes in owners' equity and notes to the financial statements prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The required financial statements must cover the shorter of the two most recently completed fiscal years or the period since inception.

*Instruction 3 to paragraph (t).* An issuer shall redact personally identifiable information from any tax returns required to be provided under paragraph (t)(1) of this section. Issuers offering securities in a transaction in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) before filing a tax return with the U.S. Internal Revenue Service for the most recently completed fiscal year may use the tax return filed with the U.S. Internal Revenue Service for the prior year (if any), provided that the issuer uses the tax return for the most recent fiscal year when it is filed, if filed during the offering period.

*Instruction 4 to paragraph (t).* With respect to the financial statements required by paragraph (t)(1) of this section, an issuer's principal executive officer must provide the following certification in the Form C – Offering Statement (§ 239.900 of this chapter):

I, [identify the certifying individual], certify that the financial statements of [identify the issuer] included in this Form are true and complete in all material respects. [Signature and title].

*Instruction 5 to paragraph (t).* A copy of the public accountant's review report must accompany the financial statements required by paragraph (t)(2) of this section.

*Instruction 6 to paragraph (t).* A copy of the audit report must accompany financial statements required by paragraph (t)(3) of this section. An issuer will be in compliance with the requirement to provide audited financial statements if the issuer received an unqualified or a qualified opinion, but it will not be in compliance with the requirement if it received an adverse opinion or a disclaimer of opinion.

*Instruction 7 to paragraph (t).* To qualify as an independent public accountant for purposes of paragraphs (t)(2) and (t)(3) of this section, the accountant must satisfy the independence requirements in Rule 2-01 of Regulation S-X (17 CFR 210.2-01).

*Instruction 8 to paragraph (t).* An issuer may conduct an offering in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) using financial statements for the fiscal year prior to the issuer's most recently completed fiscal year, provided that the issuer was not otherwise already required to update the financial statements pursuant to § 227.202 and updated financial statements are not otherwise available. If more than 120 days have passed since the end of the issuer's most recently completed fiscal year, the issuer must use financial statements for its most recently completed fiscal year.

*Instruction 9 to paragraph (t).* An issuer must include a discussion of any material changes in the financial condition of the issuer during any time period subsequent to the period for which financial statements are provided, including changes in reported revenue or net income.

*Instruction 10 to paragraph (t).* An issuer may voluntarily provide financial statements that meet the requirements for a higher aggregate target offering amount, even if the aggregate amounts sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) within the preceding 12-month period do not require it.

(u) Any matters that would have triggered disqualification under § 227.503(a) had they occurred on or after [effective date of final rule]. The failure to furnish such disclosure timely shall not prevent an issuer from continuing to rely on the exemption provided by Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) if the issuer establishes that it did not know and, in the exercise of reasonable care, could not have known of the existence of the undisclosed matter or matters; and

*Instruction to paragraph (u).* An issuer will not be able to establish that it has exercised reasonable care unless it has made factual inquiry into whether any disqualifications exist. The

nature and scope of the factual inquiry will vary based on the facts and circumstances concerning, among other things, the issuer and the other offering participants.

(v) Updates regarding the progress of the issuer in meeting the target offering amount, to be provided in accordance with § 227.203.

**§ 227.202. Ongoing reporting requirements.**

(a) An issuer that has offered and sold securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) and in accordance with Section 4A of the Securities Act (15 U.S.C. 77d-1) and Regulation Crowdfunding (§§ 227.100 *et seq.*) must file with the Commission on EDGAR and post on the issuer's website an annual report of its results of operations as described in § 227.201(s) and financial statements of the issuer for the highest aggregate target offering amount previously provided under § 227.201(t). The report also must include the disclosure required by paragraphs (a), (b), (c), (d), (e), (f), (m), (p), (q), and (r) of § 227.201. The report must be filed in accordance with the requirements of § 227.203 and Form C (§ 239.900 of this chapter) and no later than 120 days after the end of the fiscal year covered by the report.

(b) An issuer must continue to comply with the ongoing reporting requirements until:

(1) The issuer becomes a reporting company required to file reports under Section 13(a) or Section 15(d) of the Exchange Act (15 U.S.C. 78m(a) or 78o(d));

(2) The issuer or another party repurchases all of the securities issued in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)), including any payment in full of debt securities or any complete redemption of redeemable securities; or

(3) The issuer liquidates or dissolves its business in accordance with state law.

**§ 227.203. Filing requirements and form.**

(a) Form C – Offering Statement and Amendments (§ 239.900 of this chapter).

(1) *Offering Statement.* An issuer offering or selling securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) and in accordance with Section 4A of the Securities Act (15 U.S.C. 77d-1) and Regulation Crowdfunding (§§ 227.100 *et seq.*) must file with the Commission on EDGAR, provide to investors and the relevant intermediary, and make available to potential investors a Form C: Offering Statement (Form C) (§ 239.900 of this chapter) prior to the commencement of the offering of securities. The Form C must include the information required by § 227.201 of Regulation Crowdfunding

*Instruction to paragraph (a)(1).* An issuer shall input the following information in the XML-based portion of Form C (§ 239.900 of this chapter): name, legal status and contact information of the issuer; name, Commission file number and CRD number (as applicable) of the intermediary through which the offering will be conducted; amount of compensation paid to the intermediary, including the amount of referral and other fees associated with the offering; type of security offered; number of securities offered; offering price; target offering amount and maximum offering amount (if different from the target offering amount); whether oversubscriptions will be accepted and, if so, how they will be allocated; deadline to reach the target offering amount; current number of employees; and selected financial data for the prior two fiscal years (including total assets, cash and cash equivalents, accounts receivable, short-term debt, long-term debt, revenues/sales, cost of goods sold, taxes paid and net income).

(2) *Amendments to Offering Statement.* An issuer must file with the Commission on EDGAR, provide to investors and the relevant intermediary, and make available to potential investors an amendment to the offering statement filed on Form C (§ 239.900 of this chapter) to disclose any material changes, additions or updates to information that it provides to investors

through the intermediary's platform, only if the offering has not yet been completed or terminated. The amendment must be filed on Form C: Amendment (Form C-A) (§ 239.900 of this chapter), and if the amendment reflects material changes, additions or updates, the issuer shall check the box indicating that investors must reconfirm an investment commitment within five business days or the investor's commitment will be considered withdrawn.

*Instruction to paragraph (a)(2).* An issuer may file an amendment on Form C-A (§ 239.900 of this chapter) to reflect changes, additions or updates that it considers not material, and in such circumstance, an issuer should not check the box indicating that investors must reconfirm the investment commitment within five business days.

(3) *Progress Updates.* An issuer must file with the Commission on EDGAR, provide to investors and the relevant intermediary, and make available to potential investors a Form C: Progress Update (Form C-U) (§ 239.900 of this chapter) to disclose its progress in meeting the target offering amount no later than five business days after the issuer reaches one-half and 100 percent of the target offering amount. If the issuer will accept proceeds in excess of the target offering amount, the issuer must file with the Commission on EDGAR, provide to investors and the relevant intermediary, and make available to potential investors, no later than five business days after the offering deadline, a final Form C-U to disclose the total amount of securities sold in the offering.

*Instruction 1 to paragraph (a)(3).* An issuer shall input the progress update in the XML-based portion of Form C-U (§ 239.900 of this chapter).

*Instruction 2 to paragraph (a)(3).* If multiple Forms C-U (§ 239.900 of this chapter) are triggered within the same five business day period, the issuer may consolidate such progress updates into one Form C-U, so long as the Form C-U discloses the most recent threshold that

was met and the Form C-U is filed with the Commission on EDGAR, provided to investors and the relevant intermediary, and made available to potential investors by the day on which the first progress update is due.

*Instruction 1 to paragraph (a).* An issuer would satisfy the requirement to provide to the relevant intermediary the information required by § 227.203(a) if the issuer provides to the relevant intermediary a copy of the disclosures filed with the Commission on EDGAR.

*Instruction 2 to paragraph (a).* An issuer would satisfy the requirement to provide to investors and to make available to potential investors the information required by § 227.203(a) if the issuer refers investors to the information on the intermediary's platform by means of a posting on the issuer's website or by e-mail.

(b) *Form C: Annual Report* (§ 239.900 of this chapter). (1) An issuer that sold securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) and in accordance with Section 4A of the Securities Act (15 U.S.C. 77d-1) and Regulation Crowdfunding (§§ 227.100 *et seq.*) must file an annual report on Form C: Annual Report (Form C-AR) (§ 239.900 of this chapter) with the Commission no later than 120 days after the end of the fiscal year covered by the report. The annual report shall include the information required by § 227.202(a).

*Instruction to paragraph (b)(1).* An issuer shall input the following information in the XML-based portion of Form C-AR (§ 239.900 of this chapter): name, legal status and contact information of the issuer; current number of employees; and selected financial data for the prior two fiscal years (including total assets, cash and cash equivalents, accounts receivable, short-term debt, long-term debt, revenues/sales, cost of goods sold, taxes paid and net income).

(2) An issuer eligible to terminate its obligation to file annual reports with the Commission pursuant to § 227.202(b) must file, within five business days from the date on

which the issuer becomes eligible to terminate is reporting obligation, Form C: Termination of Reporting (Form C-TR) (§ 239.900 of this chapter) with the Commission to advise investors that the issuer will cease reporting pursuant to Regulation Crowdfunding (§§ 227.100 *et seq.*).

**§ 227.204. Advertising.**

(a) An issuer may not advertise directly or indirectly the terms of an offering made in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)), except for notices that direct investors to the intermediary's platform.

(b) A notice regarding the terms of an issuer's offering in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) that directs investors to the intermediary's platform may include no more than the following:

(1) A statement that the issuer is conducting an offering pursuant to Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)), the name of the intermediary through which the offering is being conducted and a link directing the potential investor to the intermediary's platform;

(2) The terms of the offering; and

(3) Factual information about the legal identity and business location of the issuer, limited to the name of the issuer of the security, the address, phone number and website of the issuer, the e-mail address of a representative of the issuer and a brief description of the business of the issuer.

(c) Notwithstanding the prohibition on advertising the terms of the offering, an issuer may communicate with investors and potential investors about the terms of the offering through communication channels provided by the intermediary on the intermediary's platform, provided that an issuer identifies itself as the issuer in all communications.

*Instruction to § 227.204.* For purposes of this section, *terms of the offering* means the amount of securities offered, the nature of the securities, the price of the securities and the closing date of the offering period.

**§ 227.205. Promoter compensation.**

(a) An issuer shall be permitted to compensate or commit to compensate, directly or indirectly, any person to promote its offerings in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) through communication channels provided by an intermediary on the intermediary's platform, but only if the issuer takes reasonable steps to ensure that such person clearly discloses the receipt, past or prospective, of such compensation with any such communication. A founder or an employee of the issuer that engages in promotional activities on behalf of the issuer through the communication channels provided by the intermediary must disclose, with each posting, that he or she is engaging in those activities on behalf of the issuer.

(b) Other than as set forth in paragraph (a) of this section, an issuer shall not compensate or commit to compensate, directly or indirectly, any person to promote its offerings in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)), unless such promotion is limited to notices permitted by, and in compliance with, § 227.204.

**SUBPART C – Requirements for Intermediaries**

**§ 227.300. Intermediaries.**

(a) *Requirements.* A person acting as an intermediary in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) must:

(1) Be registered with the Commission as a broker under Section 15(b) of the Exchange Act (15 U.S.C. 78o(b)) or as a funding portal in accordance with the requirements of § 227.400; and

(2) Be a member of the Financial Industry Regulatory Authority or any other applicable national securities association registered under Section 15A of the Exchange Act (15 U.S.C. 78o-3).

(b) *Prohibitions.* An intermediary and any director, officer or partner, or any person occupying a similar status or performing a similar function may not have a financial interest in an issuer that is offering or selling securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) through the intermediary's platform, or receive a financial interest in an issuer as compensation for the services provided to or for the benefit of the issuer in connection with the offer or sale of such securities. For purposes of this paragraph, a *financial interest in an issuer* means a direct or indirect ownership of, or economic interest in, any class of the issuer's securities.

(c) *Definitions.* For purposes of Regulation Crowdfunding (§§ 227.100 *et seq.*):

(1) *Associated person of a funding portal or person associated with a funding portal* means any partner, officer, director or manager of a funding portal (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling or controlled by such funding portal, or any employee of a funding portal, except that any person associated with a funding portal whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of Section 15(b) of the Exchange Act (15 U.S.C. 78o(b)) (other than paragraphs (4) and (6) thereof).

(2) *Funding portal* means a broker acting as an intermediary in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)), that does not:

- (i) Offer investment advice or recommendations;
- (ii) Solicit purchases, sales or offers to buy the securities displayed on its platform;
- (iii) Compensate employees, agents, or other persons for such solicitation or based on the sale of securities displayed or referenced on its platform; or
- (iv) Hold, manage, possess, or otherwise handle investor funds or securities.

(3) *Intermediary* means a broker registered under Section 15(b) of the Exchange Act (15 U.S.C. 78o(b)) or a funding portal registered under § 227.400 and includes, where relevant, an associated person of the registered broker or registered funding portal.

(4) *Investor* refers to any investor or any potential investor, as the context requires.

(5) *Self-regulatory organization* or *SRO* has the meaning as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26)), and includes the Financial Industry Regulatory Authority (FINRA) and any other national securities association registered with the Commission.

#### **§ 227.301. Measures to reduce risk of fraud.**

An intermediary in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) must:

(a) Have a reasonable basis for believing that an issuer seeking to offer and sell securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) through the intermediary's platform complies with the requirements in Section 4A(b) of the Act (15 U.S.C. 77d-1(b)) and the related requirements in Regulation Crowdfunding (§§ 227.100 *et seq.*). In satisfying this requirement, an intermediary may rely on the representations of the issuer

concerning compliance with these requirements unless the intermediary has reason to question the reliability of those representations;

(b) Have a reasonable basis for believing that the issuer has established means to keep accurate records of the holders of the securities it would offer and sell through the intermediary's platform. In satisfying this requirement, an intermediary may rely on the representations of the issuer concerning compliance with this requirement unless the intermediary has reason to question the reliability of those representations.

(c) Deny access to its platform to an issuer if the intermediary:

(1) Has a reasonable basis for believing that the issuer or any of its officers, directors (or any person occupying a similar status or performing a similar function) or beneficial owners of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power, is subject to a disqualification under § 227.503. In satisfying this requirement, an intermediary must, at a minimum, conduct a background and securities enforcement regulatory history check on each issuer whose securities are to be offered by the intermediary and on each officer, director or beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power.

(2) Believes that the issuer or the offering presents the potential for fraud or otherwise raises concerns regarding investor protection. In satisfying this requirement, an intermediary must deny access if it believes that it is unable to adequately or effectively assess the risk of fraud of the issuer or its potential offering. In addition, if an intermediary becomes aware of information after it has granted access that causes it to believe that the issuer or the offering presents the potential for fraud or otherwise raises concerns regarding investor protection, the intermediary must promptly remove the offering from its platform, cancel the offering, and

return (or, for funding portals, direct the return of) any funds that have been committed by investors in the offering.

**§ 227.302. Account opening.**

(a) *Accounts and Electronic Delivery.* (1) No intermediary or associated person of an intermediary may accept an investment commitment in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) until the investor has opened an account with the intermediary and the intermediary has obtained from the investor consent to electronic delivery of materials.

(2) An intermediary must provide all information that is required to be provided by the intermediary under Subpart C (§§ 227.300-305), including, but not limited to, educational materials, notices and confirmations, through electronic means. Unless otherwise indicated in the relevant rule of Subpart C, in satisfying this requirement, an intermediary must provide the information through an electronic message that contains the information, through an electronic message that includes a specific link to the information as posted on intermediary's platform, or through an electronic message that provides notice of what the information is and that it is located on the intermediary's platform or on the issuer's website. Electronic messages include, but are not limited to, e-mail messages.

(b) *Educational Materials.* (1) In connection with establishing an account for an investor, an intermediary must deliver educational materials to such investor that explain in plain language and are otherwise designed to communicate effectively and accurately:

(i) The process for the offer, purchase and issuance of securities through the intermediary and the risks associated with purchasing securities offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6));

(ii) The types of securities offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) available for purchase on the intermediary's platform and the risks associated with each type of security, including the risk of having limited voting power as a result of dilution;

(iii) The restrictions on the resale of a security offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6));

(iv) The types of information that an issuer is required to provide under § 227.202, the frequency of the delivery of that information and the possibility that those obligations may terminate in the future;

(v) The limitations on the amounts an investor may invest pursuant to § 227.100(a)(2);

(vi) The limitations on an investor's right to cancel an investment commitment and the circumstances in which an investment commitment may be cancelled by the issuer;

(vii) The need for the investor to consider whether investing in a security offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) is appropriate for that investor; and

(viii) That following completion of an offering conducted through the intermediary, there may or may not be any ongoing relationship between the issuer and intermediary.

(2) An intermediary must make the most current version of its educational material available on its platform at all times and, if at any time, the intermediary makes a material revision to its educational materials, it must make the revised educational materials available to all investors before accepting any additional investment commitments or effecting any further transactions in securities offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)).

(c) *Promoters.* In connection with establishing an account for an investor, an intermediary must inform the investor that any person who promotes an issuer's offering for compensation, whether past or prospective, or who is a founder or an employee of an issuer that engages in promotional activities on behalf of the issuer on the intermediary's platform, must clearly disclose in all communications on the intermediary's platform, respectively, the receipt of the compensation and that he or she is engaging in promotional activities on behalf of the issuer.

(d) *Compensation Disclosure.* When establishing an account for an investor, an intermediary must clearly disclose the manner in which the intermediary is compensated in connection with offerings and sales of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)).

**§ 227.303. Requirements with respect to transactions.**

(a) *Issuer Information.* An intermediary in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) must make available to the Commission and to investors any information required to be provided by the issuer of the securities under §§ 227.201 and 203(a).

(1) This information must be made publicly available on the intermediary's platform, in a manner that reasonably permits a person accessing the platform to save, download, or otherwise store the information;

(2) This information must be made publicly available on the intermediary's platform for a minimum of 21 days before any securities are sold in the offering, during which time the intermediary may accept investment commitments;

(3) This information, including any additional information provided by the issuer, must remain publicly available on the intermediary's platform until the offer and sale of securities in

reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) is completed or cancelled;  
and

(4) An intermediary may not require any person to establish an account with the intermediary to access this information.

(b) *Investor Qualification.* Each time before accepting any investment commitment (including any additional investment commitment from the same person), an intermediary must:

(1) Have a reasonable basis for believing that the investor satisfies the investment limitations established by Section 4(a)(6)(B) of the Act (15 U.S.C. 77d(a)(6)(B)) and Regulation Crowdfunding (§§ 227.100 *et seq.*). An intermediary may rely on an investor's representations concerning compliance with the investment limitation requirements concerning the investor's annual income, net worth, and the amount of the investor's other investments made pursuant to Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) unless the intermediary has reason to question the reliability of the representation.

(2) Obtain from the investor:

(i) A representation that the investor has reviewed the intermediary's educational materials delivered pursuant to § 227.302(b), understands that the entire amount of his or her investment may be lost, and is in a financial condition to bear the loss of the investment; and

(ii) A questionnaire completed by the investor demonstrating the investor's understanding that:

(A) There are restrictions on the investor's ability to cancel an investment commitment and obtain a return of his or her investment;

(B) It may be difficult for the investor to resell securities acquired in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)); and

(C) Investing in securities offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) involves risk, and the investor should not invest any funds in an offering made in reliance on Section 4(a)(6) of the Securities Act unless he or she can afford to lose the entire amount of his or her investment.

(c) *Communication Channels.* An intermediary must provide on its platform communication channels by which persons can communicate with one another and with representatives of the issuer about offerings made available on the intermediary's platform, provided:

(1) If the intermediary is a funding portal, it does not participate in these communications other than to establish guidelines for communication and remove abusive or potentially fraudulent communications;

(2) The intermediary permits public access to view the discussions made in the communication channels;

(3) The intermediary restricts posting of comments in the communication channels to those persons who have opened an account with the intermediary on its platform; and

(4) The intermediary requires that any person posting a comment in the communication channels clearly and prominently disclose with each posting whether he or she is a founder or an employee of an issuer engaging in promotional activities on behalf of the issuer, or is otherwise compensated, whether in the past or prospectively, to promote the issuer's offering.

(d) *Notice of Investment Commitment.* An intermediary must promptly, upon receipt of an investment commitment from an investor, give or send to the investor a notification disclosing:

(1) The dollar amount of the investment commitment;

- (2) The price of the securities, if known;
- (3) The name of the issuer; and
- (4) The date and time by which the investor may cancel the investment commitment.

(e) *Maintenance and Transmission of Funds.* (1) An intermediary that is a registered broker must comply with the requirements of 17 CFR 240.15c2-4.

(2) An intermediary that is a funding portal must direct investors to transmit the money or other consideration directly to a qualified third party that has agreed in writing to hold the funds for the benefit of, and to promptly transmit or return the funds to, the persons entitled thereto in accordance with paragraph (e)(3) of this section. For purposes of this Subpart C (§§ 227.300-305), a qualified third party means a bank that has agreed in writing either to hold the funds in escrow for the persons who have the beneficial interests therein and to transmit or return such funds directly to the persons entitled thereto when so directed by the funding portal as described in paragraph (e)(3) of this section, or to maintain a bank account (or accounts) for the exclusive benefit of investors and the issuer.

(3) A funding portal that is an intermediary in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) shall promptly direct the qualified third party to:

(i) Transmit funds from the qualified third party to the issuer when the aggregate amount of investment commitments from all investors is equal to or greater than the target amount of the offering and the cancellation period as set forth in § 227.304 has elapsed, *provided that* in no event may the funding portal direct this transmission of funds earlier than 21 days after the date on which the intermediary makes publicly available on its platform the information required to be provided by the issuer under §§ 227.201 and 203(a);

(ii) Return funds to an investor when an investment commitment has been cancelled in accordance with § 227.304 (including for failure to obtain effective reconfirmation as required under § 227.304(c)); and

(iii) Return funds to investors when an issuer does not complete the offering.

(f) *Confirmation of Transaction.* (1) An intermediary must, at or before the completion of a transaction in a security in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)), give or send to each investor a notification disclosing:

(i) The date of the transaction;

(ii) The type of security that the investor is purchasing;

(iii) The identity, price, and number of securities purchased by the investor, as well as the number of securities sold by the issuer in the transaction and the price(s) at which the securities were sold;

(iv) If a debt security, the interest rate and the yield to maturity calculated from the price paid and the maturity date;

(v) If a callable security, the first date that the security can be called by the issuer; and

(vi) The source and amount of any remuneration received or to be received by the intermediary in connection with the transaction, including the amount and form of any remuneration that is received, or will be received, by the intermediary from persons other than the issuer.

(2) An intermediary satisfying the requirements of paragraph (1) of this section is exempt from the requirements of 17 CFR 240.10b-10 with respect to a transaction in a security offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)).

**§ 227.304. Completion of offerings, cancellations and reconfirmations.**

(a) *Generally.* An investor may cancel an investment commitment for any reason until 48 hours prior to the deadline identified in the issuer's offering materials. During the 48 hours prior to such deadline, an investment commitment may not be cancelled except as provided in paragraph (c) below.

(b) *Early Completion of Offering.* If an issuer reaches the target offering amount prior to the deadline identified in its offering materials pursuant to § 227.201(g), the issuer may close the offering on a date earlier than the deadline identified in its offering materials pursuant to § 227.201(g), *provided that:*

- (1) The offering remains open for a minimum of 21 days pursuant to § 227.303(a);
- (2) The intermediary provides notice to any potential investors, and gives or sends notice to investors that have made investment commitments in the offering, of:
  - (i) The new, anticipated deadline of the offering;
  - (ii) The right of investors to cancel investment commitments for any reason until 48 hours prior to the new offering deadline; and
  - (iii) Whether the issuer will continue to accept investment commitments during the 48-hour period prior to the new offering deadline.
- (3) The new offering deadline is scheduled for and occurs at least five business days after the notice required in subpart (2) is provided; and
- (4) At the time of the new offering deadline, the issuer continues to meet or exceed the target offering amount.

(c) *Cancellations and Reconfirmations Based on Material Changes.* (1) If there is a material change to the terms of an offering or to the information provided by the issuer, the

intermediary must give or send to any investor who has made an investment commitment notice of the material change and that the investor's investment commitment will be cancelled unless the investor reconfirms his or her investment commitment within five business days of receipt of the notice. If the investor fails to reconfirm his or her investment within those five business days, the intermediary within five business days thereafter must:

(i) Give or send the investor a notification disclosing that the commitment was cancelled, the reason for the cancellation and the refund amount that the investor is expected to receive; and

(ii) Direct the refund of investor funds.

(2) If material changes to the offering or to the information provided by the issuer regarding the offering occur within five business days of the maximum number of days that an offering is to remain open, the offering must be extended to allow for a period of five business days for the investor to reconfirm his or her investment.

(d) *Return of Funds If Offering Is Not Completed.* If an issuer does not complete an offering, an intermediary must within five business days:

(1) Give or send each investor a notification of the cancellation, disclosing the reason for the cancellation, and the refund amount that the investor is expected to receive;

(2) Direct the refund of investor funds; and

(3) Prevent investors from making investment commitments with respect to that offering on its platform.

#### **§ 227.305. Payments to third parties.**

(a) *Prohibition on Payments for Personally Identifiable Information.* An intermediary may not compensate any person for providing the intermediary with the personally identifiable

information of any investor or potential investor in securities offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)).

(b) *Certain permitted payments.* Subject to paragraph (a) of this section, an intermediary may compensate a person for directing issuers or potential investors to the intermediary's platform, *provided that* unless the compensation is made to a registered broker or dealer, the compensation is not based, directly or indirectly, on the purchase or sale of a security offered in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) on or through the intermediary's platform.

(c) For purposes of this rule, personally identifiable information means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual.

#### **SUBPART D – Funding Portal Regulation**

##### **§227.400. Registration of funding portals.**

(a) *Registration.* A funding portal must register with the Commission, by filing a complete Form Funding Portal (§ 249.1500 of this chapter) in accordance with the instructions on the form, and become a member of the Financial Industry Regulatory Authority or any other applicable national securities association registered under Section 15A of the Exchange Act (15 U.S.C. 78o-3). The registration will be effective the later of:

- (1) 30 calendar days after the date that the registration is received by the Commission; or
- (2) The date the funding portal is approved for membership by the Financial Industry Regulatory Authority or any other applicable national securities association registered under Section 15A of the Exchange Act (15 U.S.C. 78o-3).

(b) *Amendments to Registration.* A funding portal must file an amendment to Form Funding Portal (§ 249.1500 of this chapter) within 30 days of any of the information previously submitted on Form Funding Portal becoming inaccurate for any reason.

(c) *Successor Registration.* (1) If a funding portal succeeds to and continues the business of a registered funding portal, the registration of the predecessor will remain effective as the registration of the successor if the successor, within 30 days after such succession, files a registration on Form Funding Portal (§ 249.1500 of this chapter) and the predecessor files a withdrawal on Form Funding Portal; *provided, however*, that the registration of the predecessor funding portal will be deemed withdrawn 45 days after registration on Form Funding Portal is filed by the successor.

(2) Notwithstanding paragraph (c)(1) of this section, if a funding portal succeeds to and continues the business of a registered funding portal and the succession is based solely on a change of the predecessor's date or state of incorporation, form of organization, or composition of a partnership, the successor may, within 30 days after the succession, amend the registration of the predecessor on Form Funding Portal (§ 249.1500 of this chapter) to reflect these changes.

(d) *Withdrawal.* A funding portal must promptly file a withdrawal of registration on Form Funding Portal (§ 249.1500 of this chapter) in accordance with the instructions on the form upon ceasing to operate as a funding portal. Withdrawal will be effective on the later of 30 days after receipt by the Commission, after the funding portal is no longer operational, or within such longer period of time as to which the funding portal consents or which the Commission by order may determine as necessary or appropriate in the public interest or for the protection of investors.

(e) *Applications and Reports.* The applications and reports provided for in this section shall be considered filed when a complete Form Funding Portal (§ 249.1500 of this chapter) is

submitted with the Commission or its designee. Duplicate originals of the applications and reports provided for in this section must be filed with surveillance personnel designated by any registered national securities association of which the funding portal is a member.

(f) *Fidelity Bond.* As a condition to becoming registered as a funding portal, the funding portal must have in place and thereafter maintain, for the duration of the period when it maintains such registration, fidelity bond coverage that:

(1) Has a minimum coverage of \$100,000;

(2) Covers any associated person of the funding portal unless otherwise excepted in the rules set forth by the Financial Industry Regulatory Authority or any applicable national securities association that is registered under Section 15A of the Exchange Act (15 U.S.C. 78o-3) of which it is a member; and

(3) Meets any other applicable requirements as set forth by the Financial Industry Regulatory Authority or any applicable national securities association that is registered under Section 15A of the Exchange Act (15 U.S.C. 78o-3) of which it is a member.

(g) *Nonresident Funding Portals.* Registration pursuant to this section by a nonresident funding portal shall be conditioned upon there being an information sharing arrangement in place between the Commission and the competent regulator in the jurisdiction under the laws of which the nonresident funding portal is organized or where it has its principal place of business, that is applicable to the nonresident funding portal.

(1) *Definition.* For purposes of this section, the term *nonresident funding portal* shall mean a funding portal incorporated in or organized under the laws of a jurisdiction outside of the United States or its territories, or having its principal place of business in any place not in the United States or its territories.

(2) *Power of Attorney.* (i) Each nonresident funding portal registered or applying for registration pursuant to this section shall obtain a written consent and power of attorney appointing an agent in the United States, other than the Commission or a Commission member, official or employee, upon whom may be served any process, pleadings or other papers in any action. This consent and power of attorney must be signed by the nonresident funding portal and the named agent(s) for service of process.

(ii) Each nonresident funding portal registered or applying for registration pursuant to this section shall, at the time of filing its application on Form Funding Portal (§ 249.1500 of this chapter), furnish to the Commission the name and address of its United States agent for service of process on Schedule C to the Form.

(iii) Any change of a nonresident funding portal's agent for service of process and any change of name or address of a nonresident funding portal's existing agent for service of process shall be communicated promptly to the Commission through amendment of the Schedule C to Form Funding Portal (§ 249.1500 of this chapter).

(iv) Each nonresident funding portal must promptly appoint a successor agent for service of process if the nonresident funding portal discharges its identified agent for service of process or if its agent for service of process is unwilling or unable to accept service on behalf of the nonresident funding portal.

(v) Each nonresident funding portal must maintain, as part of its books and records, the written consent and power of attorney identified in paragraph (g)(2)(i) of this section for at least three years after the agreement is terminated.

(3) *Access to Books and Records.*

(i) *Certification and Opinion of Counsel.* Any nonresident funding portal applying for registration pursuant to this section shall certify on Schedule C to Form Funding Portal (§ 249.1500 of this chapter) and provide an opinion of counsel that the nonresident funding portal can, as a matter of law, provide the Commission and any national securities association of which it is a member with prompt access to the books and records of such nonresident funding portal and can, as a matter of law, submit to onsite inspection and examination by the Commission and any national securities association of which it is a member.

(ii) *Amendments.* The nonresident funding portal shall re-certify, on Schedule C to Form Funding Portal (§ 249.1500 of this chapter), within 90 days after any changes in the legal or regulatory framework that would impact the nonresident funding portal's ability to provide, or the manner in which it provides, the Commission, or any national securities association of which it is a member, with prompt access to its books and records or that would impact the Commission's or such national securities association's ability to inspect and examine the nonresident funding portal. The re-certification shall be accompanied by a revised opinion of counsel describing how, as a matter of law, the nonresident funding portal can continue to meet its obligations to provide the Commission and such national securities association with prompt access to its books and records and to be subject to Commission and national securities association inspection and examination under the new regulatory regime.

**§ 227.401. Exemption.**

(a) A funding portal that is registered with the Commission pursuant to § 227.400 is exempt from the broker registration requirements of Section 15(a)(1) of the Exchange Act (15 U.S.C. 78o(a)(1)) in connection with its activities as a funding portal.

(b) Notwithstanding paragraph (a) of this section, for purposes of 31 CFR chapter X, a funding portal is “required to be registered” as a broker or dealer with the Commission under the Exchange Act.

**§ 227.402. Conditional safe harbor.**

(a) *General.* Under Section 3(a)(80) of the Exchange Act (15 U.S.C. 78c(a)(80)), a funding portal acting as an intermediary in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) may not: offer investment advice or recommendations; solicit purchases, sales, or offers to buy the securities offered or displayed on its platform or portal; compensate employees, agents, or other persons for such solicitation or based on the sale of securities displayed or referenced on its platform or portal; hold, manage, possess, or otherwise handle investor funds or securities; or engage in such other activities as the Commission, by rule, determines appropriate. This section is intended to provide clarity with respect to the ability of a funding portal to engage in certain activities, consistent with the prohibitions under Section 3(a)(80) of the Exchange Act. No presumption shall arise that a funding portal has violated the prohibitions under Section 3(a)(80) of the Exchange Act or Regulation Crowdfunding (§§ 227.100 *et seq.*) by reason of the funding portal or its associated persons engaging in activities in connection with the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act that do not meet the conditions specified in paragraph (b) of this section. The antifraud provisions and all other applicable provisions of the federal securities laws continue to apply to the activities described in paragraph (b) of this section.

(b) *Permitted Activities.* A funding portal may, consistent with the prohibitions under Section 3(a)(80) of the Exchange Act (15 U.S.C. 78c(a)(80)) and Regulation Crowdfunding (§§ 227.100 *et seq.*):

(1) Apply objective criteria to limit the securities offered in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) through the funding portal's platform where:

(i) The criteria are reasonably designed to result in a broad selection of issuers offering securities through the funding portal's platform, are applied consistently to all potential issuers and offerings and are clearly displayed on the funding portal's platform; and

(ii) The criteria may include, among other things, the type of securities being offered (for example, common stock, preferred stock or debt securities), the geographic location of the issuer and the industry or business segment of the issuer, *provided* that a funding portal may not deny access to an issuer based on the advisability of investing in the issuer or its offering, except to the extent described in paragraph (b)(10) of this section;

(2) Apply objective criteria to highlight offerings on the funding portal's platform where:

(i) The criteria are reasonably designed to highlight a broad selection of issuers offering securities through the funding portal's platform, are applied consistently to all issuers and offerings and are clearly displayed on the funding portal's platform;

(ii) The criteria may include, among other things, the type of securities being offered (for example, common stock, preferred stock or debt securities); the geographic location of the issuer; the industry or business segment of the issuer; the number or amount of investment commitments made, progress in meeting the issuer's target offering amount or, if applicable, the maximum offering amount; and the minimum or maximum investment amount; *provided* that a

funding portal may not highlight an issuer or offering based on the advisability of investing in the issuer or its offering; and

(iii) The funding portal does not receive special or additional compensations for highlighting one or more issuers or offerings on its platform;

(3) Provide search functions or other tools that investors can use to search, sort, or categorize the offerings available through the funding portal's platform according to objective criteria where;

(i) The objective criteria may include, among other things, the type of securities being offered (for example, common stock, preferred stock or debt securities); the geographic location of the issuer; the industry or business segment of the issuer; the number or amount of investment commitments made, progress in meeting the issuer's target offering amount or, if applicable, the maximum offering amount; and the minimum or maximum investment amount; and

(ii) The objective criteria may not include, among other things, the advisability of investing in the issuer or its offering, or an assessment of any characteristic of the issuer, its business plan, its key management or risks associated with an investment.

(4) Provide communication channels by which investors can communicate with one another and with representatives of the issuer through the funding portal's platform about offerings through the platform, so long as the funding portal (and its associated persons):

(i) Does not participate in these communications, other than to establish guidelines for communication and remove abusive or potentially fraudulent communications;

(ii) Permits public access to view the discussions made in the communication channels;

(iii) Restricts posting of comments in the communication channels to those persons who have opened an account on its platform; and

(iv) Requires that any person posting a comment in the communication channels clearly disclose with each posting whether he or she is a founder or an employee of an issuer engaging in promotional activities on behalf of the issuer, or is otherwise compensated, whether in the past or prospectively, to promote an issuer's offering;

(5) Advise an issuer about the structure or content of the issuer's offering, including assisting the issuer in preparing offering documentation;

(6) Compensate a third party for referring a person to the funding portal, so long as the third party does not provide the funding portal with personally identifiable information of any potential investor, and the compensation, other than that paid to a registered broker or dealer, is not based, directly or indirectly, on the purchase or sale of a security in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) offered on or through the funding portal's platform;

(7) Pay or offer to pay any compensation to a registered broker or dealer for services in connection with the offer or sale of securities by the funding portal in reliance on Section 4(a)(6) of the Act(15 U.S.C. 77d(a)(6)), provided that:

(i) Such services are provided pursuant to a written agreement between the funding portal and the registered broker or dealer;

(ii) Such compensation is permitted under Regulation Crowdfunding (§§ 227.100 *et seq.*) and is not otherwise prohibited under § 227.305; and

(iii) Such compensation complies with and is not prohibited by the rules of any registered national securities association of which the funding portal is required to be a member;

(8) Receive any compensation from a registered broker or dealer for services provided by the funding portal in connection with the offer or sale of securities by the funding portal in reliance on Section 4(a)(6) of the Act (15 U.S.C. 77d(a)(6)), provided that:

(i) Such services are provided pursuant to a written agreement between the funding portal and the registered broker or dealer;

(ii) Such compensation is permitted under Regulation Crowdfunding (§§ 227.100 *et seq.*); and

(iii) Such compensation complies with and is not prohibited by the rules of any registered national securities association of which the funding portal is required to be a member;

(9) Advertise the existence of the funding portal and identify one or more issuers or offerings available on the portal on the basis of objective criteria, as long as:

(i) The criteria are reasonably designed to identify a broad selection of issuers offering securities through the funding portal's platform, and are applied consistently to all potential issuers and offerings;

(ii) The criteria may include, among other things, the type of securities being offered (for example, common stock, preferred stock or debt securities); the geographic location of the issuer; the industry or business segment of the issuer; the expressed interest by investors, as measured by number or amount of investment commitments made, progress in meeting the issuer's target offering amount or, if applicable, the maximum offering amount; and the minimum or maximum investment amount; and

(iii) The funding portal does not receive special or additional compensation for identifying the issuer or offering in this manner;

(10) Deny access to its platform to, or cancel an offering of, an issuer that the funding portal believes may present the potential for fraud or otherwise raises investor protection concerns;

(11) Accept, on behalf of an issuer, an investment commitment for securities offered in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) by that issuer on the funding portal's platform;

(12) Direct investors where to transmit funds or remit payment in connection with the purchase of securities offered and sold in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)); and

(13) Direct a qualified third party, as required by § 227.303(e), to release proceeds to an issuer upon completion of a crowdfunding offering or to return proceeds to investors in the event an investment commitment or an offering is cancelled.

**§ 227.403. Compliance.**

(a) *Policies and Procedures.* A funding portal must implement written policies and procedures reasonably designed to achieve compliance with the federal securities laws and the rules and regulations thereunder relating to its business as a funding portal.

(b) *Anti-Money Laundering.* A funding portal must comply with the requirements of 31 CFR chapter X applicable to registered brokers.

(c) *Privacy.* A funding portal must comply with the requirements of 17 CFR 248 as they apply to brokers.

(d) *Inspections and Examinations.* A funding portal shall permit the examination and inspection of all of its business and business operations that relate to its activities as a funding

portal, such as its premises, systems, platforms, and records by representatives of the Commission and of the national securities association of which it is a member.

**§ 227.404. Records to be made and kept by funding portals.**

(a) *Generally.* A funding portal shall make and preserve the following records for five years, the first two years in an easily accessible place:

(1) All records related to an investor who purchases or attempts to purchase securities through the funding portal;

(2) All records related to issuers who offer and sell or attempt to offer and sell securities through the funding portal and the control persons of such issuers;

(3) Records of all communications that occur on or through its platform;

(4) All records related to persons that use communication channels provided by a funding portal to promote an issuer's securities or communicate with potential investors;

(5) All records required to demonstrate compliance with the requirements of Subparts C (§§ 227.300-305) and D (§§ 227.400-404);

(6) All notices provided by such funding portal to issuers and investors generally through the funding portal's platform or otherwise, including, but not limited to, notices addressing hours of funding portal operations (if any), funding portal malfunctions, changes to funding portal procedures, maintenance of hardware and software, instructions pertaining to access to the funding portal and denials of, or limitations on, access to the funding portal;

(7) All written agreements (or copies thereof) entered into by such funding portal relating to its business as such;

(8) All daily, monthly and quarterly summaries of transactions effected through the funding portal, including:

(i) Issuers for which the target offering amount has been reached and funds distributed;  
and

(ii) Transaction volume, expressed in:

(A) Number of transactions;

(B) Number of securities involved in a transaction;

(C) Total amounts raised by, and distributed to, issuers; and

(D) Total dollar amounts raised across all issuers, expressed in U.S. dollars; and

(9) A log reflecting the progress of each issuer who offers or sells securities through the funding portal toward meeting the target offering amount.

(b) *Organizational Documents.* A funding portal shall make and preserve during the operation of the funding portal and of any successor funding portal, all organizational documents relating to the funding portal, including but not limited to, partnership agreements, articles of incorporation or charter, minute books and stock certificate books (or other similar type documents).

(c) *Format.* The records required to be maintained and preserved pursuant to paragraph (a) of this section must be produced, reproduced, and maintained in the original, non-alterable format in which they were created or as permitted under 17 CFR §240.17a-4(f).

(d) *Third Parties.* The records required to be made and preserved pursuant to this section may be prepared or maintained by a third party on behalf of a funding portal. An agreement with a third party shall not relieve a funding portal from the responsibility to prepare and maintain records as specified in this rule. A funding portal must file with the registered national securities association of which it is a member, a written undertaking in a form acceptable to the registered national securities association, signed by a duly authorized person of the third party, stating in

effect that such records are the property of the funding portal and will be surrendered promptly on request of the funding portal. The undertaking shall include the following provision:

With respect to any books and records maintained or preserved on behalf of [name of funding portal], the undersigned hereby acknowledges that the books and records are the property of [name of funding portal], and hereby undertakes to permit examination of such books and records at any time, or from time to time, during business hours by representatives of the Securities and Exchange Commission and the national securities association of which the funding portal is a member, and to promptly furnish to the Commission, and the national securities association of which the funding portal is a member, a true, correct, complete and current hard copy of any, all, or any part of, such books and records.

(e) *Review of Records.* All records of a funding portal are subject at any time, or from time to time, to reasonable periodic, special, or other examination by the representatives of the Commission and the national securities association of which a funding portal is a member.

(f) *Financial Recordkeeping and Reporting of Currency and Foreign Transactions.* Every funding portal, as it is subject to the requirements of the Currency and Foreign Transactions Reporting Act of 1970 (15 U.S.C. 5311 *et seq.*), shall comply with the reporting, recordkeeping and record retention requirements of 31 CFR chapter X. Where 31 CFR chapter X and §§ 227.404(a) and 404(b) require the same records or reports to be preserved for different periods of time, such records or reports shall be preserved for the longer period of time.

## **SUBPART E – Miscellaneous Provisions**

### **§ 227.501. Restrictions on resales.**

(a) Securities issued in a transaction exempt from registration pursuant to Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) may not be transferred by the purchaser of such securities during the one-year period beginning on the date of purchase, unless such securities are transferred:

- (1) To the issuer of the securities;
- (2) To an accredited investor;
- (3) As part of an offering registered with the Commission; or
- (4) To a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

(b) For purposes of this § 227.501, the term *accredited investor* shall have the same meaning given to such term in 17 CFR 230.501. To transfer securities to an accredited investor during the one-year period beginning on the date the securities were issued in a transaction exempt from registration pursuant to Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)), the seller shall reasonably believe that the person receiving such securities is an accredited investor.

(c) For purposes of this section, the term *member of the family of the purchaser or the equivalent* includes a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the purchaser, and shall include adoptive relationships.

*Instruction to paragraph (c).* For purposes of this paragraph (c), the term *spousal equivalent* means a cohabitant occupying a relationship generally equivalent to that of a spouse.

**§ 227.502. Insignificant deviations from a term, condition or requirement of Regulation Crowdfunding.**

(a) A failure to comply with a term, condition, or requirement of Regulation Crowdfunding (§§ 227.100 *et seq.*) will not result in the loss of the exemption from the requirements of Section 5 of the Securities Act (15 U.S.C. 77e) for any offer or sale to a particular individual or entity, if the issuer relying on the exemption shows:

- (1) The failure to comply was insignificant with respect to the offering as a whole;
- (2) The issuer made a good faith and reasonable attempt to comply with all applicable terms, conditions and requirements of Regulation Crowdfunding (§§ 227.100 *et seq.*); and
- (3) The issuer did not know of such failure where the failure to comply with a term, condition or requirement of Regulation Crowdfunding (§§ 227.100 *et seq.*) was the result of the failure of the intermediary to comply with the requirements of Section 4A(a) of the Securities Act (15 U.S.C. 77d-1(a)) and the related rules, or such failure by the intermediary occurred solely in offerings other than the issuer's offering.

(b) Notwithstanding the issuer's reliance on paragraph (a) of this section, the Commission may bring an enforcement action seeking any appropriate relief for the issuer's failure to comply with all applicable terms, conditions and requirements of Regulation Crowdfunding (§§ 227.100 *et seq.*).

**§ 227.503. Disqualification**

(a) No exemption under this Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) shall be available for a sale of securities if the issuer; any predecessor of the issuer; any affiliated issuer; any director, officer, general partner or managing member of the issuer; any beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power; any promoter connected with the issuer in any capacity at the time of

such sale; any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with such sale of securities; or any general partner, director, officer or managing member of any such solicitor:

(1) Has been convicted, within 10 years before the filing of the information required by Section 4A(b) of the Securities Act (15 U.S.C. 77d-1(b)) (or five years, in the case of issuers, their predecessors and affiliated issuers), of any felony or misdemeanor:

- (i) In connection with the purchase or sale of any security;
- (ii) Involving the making of any false filing with the Commission; or
- (iii) Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;

(2) Is subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years before the filing of the information required by Section 4A(b) of the Securities Act (15 U.S.C. 77d-1(b)) that, at the time of such filing, restrains or enjoins such person from engaging or continuing to engage in any conduct or practice:

- (i) In connection with the purchase or sale of any security;
- (ii) Involving the making of any false filing with the Commission; or
- (iii) Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities;

(3) Is subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission; or the National Credit Union Administration that:

(i) At the time of the filing of the information required by Section 4A(b) of the Securities Act (15 U.S.C. 77d-1(b)), bars the person from:

(A) Association with an entity regulated by such commission, authority, agency or officer;

(B) Engaging in the business of securities, insurance or banking; or

(C) Engaging in savings association or credit union activities; or

(ii) Constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct and for which the order was entered within the 10-year period ending on the date of the filing of the information required by Section 4A(b) of the Securities Act (15 U.S.C. 77d-1(b));

*Instruction to paragraph (a)(3).* *Final order* shall mean a written directive or declaratory statement issued by a federal or state agency, described in § 227.503(a)(3), under applicable statutory authority that provides for notice and an opportunity for hearing, which constitutes a final disposition or action by that federal or state agency.

(4) Is subject to an order of the Commission entered pursuant to Section 15(b) or 15B(c) of the Exchange Act (15 U.S.C. 78o(b) or 78o-4(c)) or Section 203(e) or (f) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(e) or (f)) that, at the time of the filing of the information required by Section 4A(b) of the Securities Act (15 U.S.C. 77d-1(b)):

(i) Suspends or revokes such person's registration as a broker, dealer, municipal securities dealer or investment adviser;

(ii) Places limitations on the activities, functions or operations of such person; or

(iii) Bars such person from being associated with any entity or from participating in the offering of any penny stock;

(5) Is subject to any order of the Commission entered within five years before the filing of the information required by Section 4A(b) of the Securities Act (15 U.S.C. 77d-1(b)) that, at the time of such filing, orders the person to cease and desist from committing or causing a violation or future violation of:

(i) Any scienter-based anti-fraud provision of the federal securities laws, including without limitation Section 17(a)(1) of the Securities Act (15 U.S.C. 77q(a)(1)), Section 10(b) of the Exchange Act (15 U.S.C. 78j(b)) and 17 CFR 240.10b-5, Section 15(c)(1) of the Exchange Act (15 U.S.C. 78o(c)(1)) and Section 206(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-6(1)) or any other rule or regulation thereunder; or

(ii) Section 5 of the Securities Act (15 U.S.C. 77e);

(6) Is suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade;

(7) Has filed (as a registrant or issuer), or was or was named as an underwriter in, any registration statement or Regulation A (17 CFR 230.251 *et seq.*) offering statement filed with the Commission that, within five years before the filing of the information required by Section 4A(b) of the Securities Act (15 U.S.C. 77d-1(b)), was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, at the time of such filing, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued; or

(8) Is subject to a United States Postal Service false representation order entered within five years before the filing of the information required by Section 4A(b) of the Securities Act (15

U.S.C. 77d-1(b)), or is, at the time of such filing, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

(b) Paragraph (a) of this section shall not apply:

(1) With respect to any conviction, order, judgment, decree, suspension, expulsion or bar that occurred or was issued before [effective date of final rule];

(2) Upon a showing of good cause and without prejudice to any other action by the Commission, if the Commission determines that it is not necessary under the circumstances that an exemption be denied;

(3) If, before the filing of the information required by Section 4A(b) of the Securities Act (15 U.S.C. 77d-1(b)), the court or regulatory authority that entered the relevant order, judgment or decree advises in writing (whether contained in the relevant judgment, order or decree or separately to the Commission or its staff) that disqualification under paragraph (b) of this section should not arise as a consequence of such order, judgment or decree;

(4) If the issuer establishes that it did not know and, in the exercise of reasonable care, could not have known that a disqualification existed under paragraph (b) of this section.

*Instruction to paragraph (b)(4).* An issuer will not be able to establish that it has exercised reasonable care unless it has made factual inquiry into whether any disqualifications exist. The nature and scope of the factual inquiry will vary based on the facts and circumstances concerning, among other things, the issuer and the other offering participants.

(c) For purposes of paragraph (a) of this section, events relating to any affiliated issuer that occurred before the affiliation arose will be not considered disqualifying if the affiliated entity is not:

(1) In control of the issuer; or

(2) Under common control with the issuer by a third party that was in control of the affiliated entity at the time of such events.

(d) A person that is subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act (15 U.S.C. 78c(a)(39)) may not act as, or be an associated person of, an intermediary in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) unless so permitted pursuant to Commission rule or order.

*Instruction to paragraph (d).* 17 CFR 240.17f-2 generally requires the fingerprinting of every person who is a partner, director, officer or employee of a broker, subject to certain exceptions.

\* \* \* \* \*

## **PART 232 – REGULATION S-T – GENERAL RULES AND REGULATIONS FOR ELECTRONIC FILINGS**

4. The authority citation for part 232 continues to read, in part, as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s(a), 77z-3, 77sss(a), 78c(b), 781, 78m, 78n, 78o(d), 78w(a), 78ll, 80a-6(c), 80a-8, 80a-29, 80a-30, 80a-37, and 7201 et seq.; and 18 U.S.C. 1350.

\* \* \* \* \*

5. Amend §232.101(a)(1):

a. In paragraph (xii) removing “and” at the end of the paragraph;

b. In paragraph (xiii) removing the period at the end of the paragraph and adding in its place a semicolon;

c. In paragraph (xvi) removing the period at the end of the paragraph and adding in its place “; and”; and

d. Adding paragraph (xvii).

The addition reads as follows:

**§ 232.101 Mandated electronic submissions and exceptions.**

(a) \* \* \*

(1) \* \* \*

(xvii) Form C (§239.900 of this chapter).

\* \* \* \* \*

**PART 239 – FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933**

6. The authority citation for part 239 continues to read, in part, as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77z-2, 77z-3, 77sss, 78c, 78l, 78m, 78n, 78o(d), 78o-7 note, 78u-5, 78w(a), 78ll, 78mm, 80a-2(a), 80a-3, 80a-8, 80a-9, 80a-10, 80a-13, 80a-24, 80a-26, 80a-29, 80a-30, and 80a-37, unless otherwise noted.

\* \* \* \* \*

7. Add § 239.900 to read as follows:

**§ 239.900 Form C.**

This form shall be used for filings under Regulation Crowdfunding (§§ 227.100 *et seq.*).

**Note: The text of Form C will not appear in the Code of Federal Regulations.**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM C**

**UNDER THE SECURITIES ACT OF 1933**

- Form C: Offering Statement**  
 **Form C-U: Progress Update:** \_\_\_\_\_  
 **Form C-A: Amendment**  
     **Check box if Amendment is material and investors will have five business days to reconfirm**  
 **Form C-AR: Annual Report**  
 **Form C-TR: Termination of Reporting**

Name of issuer: \_\_\_\_\_  
Legal status of issuer (form, jurisdiction and date of organization): \_\_\_\_\_  
Physical address of issuer: \_\_\_\_\_  
Website of issuer: \_\_\_\_\_  
Name, Commission file number and CRD number (as applicable) of intermediary through which the offering will be conducted: \_\_\_\_\_

Amount of compensation paid to the intermediary, including referral and other fees: \_\_\_\_\_  
Type of security offered: \_\_\_\_\_  
Number of securities to be offered: \_\_\_\_\_  
Price (or method for determining price): \_\_\_\_\_  
Target offering amount: \_\_\_\_\_  
Maximum offering amount (if different from target offering amount): \_\_\_\_\_  
Oversubscriptions accepted:  Yes  No If yes, disclose how oversubscriptions will be allocated:  Pro-rata basis  First-come, first-served basis  Other – provide a description \_\_\_\_\_

Deadline to reach the target offering amount: \_\_\_\_\_  
Current number of employees: \_\_\_\_\_

Total Assets:	Most recent fiscal year: _____	Prior fiscal year: _____
Cash & Cash Equivalents:	Most recent fiscal year: _____	Prior fiscal year: _____
Accounts Receivable:	Most recent fiscal year: _____	Prior fiscal year: _____
Short-term Debt:	Most recent fiscal year: _____	Prior fiscal year: _____
Long-term Debt:	Most recent fiscal year: _____	Prior fiscal year: _____
Revenues/Sales:	Most recent fiscal year: _____	Prior fiscal year: _____
Cost of Goods Sold:	Most recent fiscal year: _____	Prior fiscal year: _____
Taxes Paid:	Most recent fiscal year: _____	Prior fiscal year: _____
Net Income:	Most recent fiscal year: _____	Prior fiscal year: _____

**GENERAL INSTRUCTIONS**

## **I. Eligibility Requirements for Use of Form C**

This Form shall be filed by any issuer offering or selling securities in reliance on the exemption in Securities Act Section 4(a)(6) and in accordance with Section 4A and Regulation Crowdfunding (§ 227.100-503). This Form also shall be used for an annual report required pursuant to Rule 202 of Regulation Crowdfunding (§ 227.202) and for the termination of reporting required pursuant to Rule 203(b)(2) of Regulation Crowdfunding (§ 227.203(b)(2)). Careful attention should be directed to the terms, conditions and requirements of the exemption.

## **II. Preparation and Filing of Form C**

Information on the cover page will be generated based on the information provided in XML format. Other than the cover page, this Form is not to be used as a blank form to be filled in, but only as a guide in the preparation of Form C. General information regarding the preparation, format and how to file this Form is contained in Regulation S-T, (§ 232 *et seq.*).

## **III. Information to be Included in the Form**

### **Item 1. Offering Statement Disclosure Requirements**

An issuer filing this Form for an offering in reliance on Section 4(a)(6) of the Securities Act and pursuant to Regulation Crowdfunding (§ 227.100-503) must file the Form prior to the commencement of the offering and include the information required by Rule 201 of Regulation Crowdfunding (§ 227.201).

Other than the information required to be provided in XML format, an issuer may provide the required information in the format included on the intermediary's platform, including by submitting copies of screen shots of the relevant information, as appropriate and necessary.

### **Item 2. Legends**

(a) An issuer filing this Form for an offering in reliance on Section 4(a)(6) of the Securities Act and pursuant to Regulation Crowdfunding (§ 227.100-503) must include the following legends:

A crowdfunding investment involves a risk. You should not invest any funds in this offering unless you can afford to lose your entire investment.

In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved.

These securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.

The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature.

These securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.

(b) An issuer filing this Form for an offering in reliance on Section 4(a)(6) of the Securities Act and pursuant to Regulation Crowdfunding (§ 227.100-503) must disclose in the offering statement that it will file a report on EDGAR annually and post the report on its website, no later than 120 days after the end of each fiscal year covered by the report. The issuer must also disclose how an issuer may terminate its reporting obligations in the future in accordance with Rule 202(b) of Regulation Crowdfunding (§ 227.202(b)).

**Item 3. Annual Report Disclosure Requirements**

An issuer filing this Form for an annual report, as required by Regulation Crowdfunding (§ 227.100-503), must file the Form no later than 120 days after the issuer’s fiscal year end covered by the report and include the information required by Rule 201(a), (b), (c), (d), (e), (f), (m), (p), (q), (r), (s), and (t) of Regulation Crowdfunding (§§ 227.201(a), (b), (c), (d), (e), (f), (m), (p), (q), (r), (s), and (t)). For purposes of paragraph (t), the issuer shall provide financial statements for the highest aggregate target offering amount previously provided in an offering statement.

**SIGNATURE**

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100-503), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.

\_\_\_\_\_  
(Issuer)

By

\_\_\_\_\_  
(Signature and Title)

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100-503), this Form C has been signed by the following persons in the capacities and on the dates indicated.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

*Instructions.*

1. The form shall be signed by the issuer, its principal executive officer or officers, its principal financial officer, its controller or principal accounting officer and at least a majority of the board of directors or persons performing similar functions.
2. The name of each person signing the form shall be typed or printed beneath the signature.

**PART 240 - GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934**

8. The authority citation for part 240 continues to read, in part, as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z-2, 77z-3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78c-3, 78c-5, 78d, 78e, 78f, 78g, 78i, 78j, 78j-1, 78k, 78k-1, 78l, 78m, 78n, 78n-1, 78o, 78o-4, 78o-10, 78p, 78q, 78q-1, 78s, 78u-5, 78w, 78x, 78ll, 78mm, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4, 80b-11, 7201 et. seq., and 8302; 7 U.S.C. 2(c)(2)(E); 12 U.S.C. 5221(e)(3); 18 U.S.C. 1350; and Pub. L. 111-203, 939A, 124 Stat. 1376, (2010), unless otherwise noted.

9. Add § 240.12g-6 to read as follows:

**§ 240.12g-6 Exemption for securities issued pursuant to Section 4(a)(6) of the Securities Act of 1933.**

For purposes of determining whether an issuer is required to register a security with the Commission pursuant to Section 12(g)(1) of the Act (15 U.S.C. 78l(g)(1)), the definition of *held of record* shall not include securities issued pursuant to the offering exemption under Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)).

\* \* \* \* \*

**PART 249 – FORMS, SECURITIES EXCHANGE ACT OF 1934**

10. The authority citation for part 249 continues to read, in part, as follows:

Authority: 15 U.S.C. 78a et seq. and 7201 et seq.; 12 U.S.C. 5461 et seq.; and 18 U.S.C. 1350, unless otherwise noted.

\* \* \* \* \*

11. Add § 249.1500 to read as follows:

**§ 249.1500 Form Funding Portal**

This form shall be used for filings by funding portals under Regulation Crowdfunding (§§ 227.100 *et seq.*).

**Note: The text of Form Funding Portal will not appear in the Code of Federal Regulations.**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM FUNDING PORTAL  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**WARNING:** Failure to complete this form truthfully, to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records or otherwise to comply with the provisions of law applying to the conduct of business as a funding portal, would violate the Federal securities laws and may result in disciplinary, administrative, injunctive or criminal action.

Check the appropriate box:

This is:

- an initial application to register as a *funding portal* with the *SEC*.
- an amendment to any part of the *funding portal's* most recent Form Funding Portal, including a successor registration.
- a withdrawal of the *funding portal's* registration with the *SEC*.

Schedule A must be completed as part of all initial applications. Amendments to Schedule A must be provided on Schedule B.

**Item 1 – Identifying Information**

Exact name, principal business address, mailing address, if different, and telephone number of the funding portal:

A. Full name of the funding portal: \_\_\_\_\_

B. Name(s) under which business is conducted, if different from Item 1A:  
\_\_\_\_\_

C. IRS Empl. Ident. No.: \_\_\_\_\_

D. If full legal name has changed since the *funding portal's* most recent Form Funding Portal, enter the previous name and specify whether the name change is of the  *funding portal* name (1A), or  *business name* (1B).

Previous name: \_\_\_\_\_

E. Funding portal's main street address (Do not use a P.O. Box):  
\_\_\_\_\_  
\_\_\_\_\_

F. Mailing address(es) (if different) and office locations (if more than one) :  
\_\_\_\_\_  
\_\_\_\_\_

G. Contact Information  
Telephone Number: \_\_\_\_\_  
Facsimile number: \_\_\_\_\_  
Website(s) URL: \_\_\_\_\_  
E-mail: \_\_\_\_\_

H. Contact employee  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Direct Telephone Number: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Direct E-mail: \_\_\_\_\_

I. Registrations

Was the *applicant* previously registered on Form Funding Portal as a *funding portal* or with the Commission in any other capacity?

Yes      SEC File No. \_\_\_\_\_  
 No

J. Foreign registrations

1. Is the *applicant* registered with a foreign financial regulatory authority?

Answer “no” even if affiliated with a business that is registered with a foreign financial regulatory authority.

Yes       No

If “yes,” complete Section J.2. below.

2. List the name, in English, of each *foreign financial regulatory authority* and country with which the *applicant* is registered. A separate entry must be completed for each *foreign financial regulatory authority* with which the *applicant* is registered.

Check only one box:    Add    Delete    Amend

English Name of *Foreign Financial Regulatory Authority*

\_\_\_\_\_

Registration Number (if any) \_\_\_\_\_

Name of Country \_\_\_\_\_

**Item 2 – Form of Organization**

A. Indicate legal status of *applicant*.  Corporation  Sole Proprietorship  
 Partnership  Limited Liability Company  
 Other (specify) \_\_\_\_\_

B. If other than a sole proprietor, indicate date and place *applicant* obtained its legal status (*i.e.*, state or country where incorporated, where partnership agreement was filed, or where *applicant* entity was formed):

State/Country of formation \_\_\_\_\_

Date of Formation \_\_\_\_\_

**Item 3 – Successions**

A. Is the *applicant* at the time of this filing succeeding to the business of a currently registered funding portal?

Yes       No

Do not report previous successions already reported on Form Funding Portal.

If “yes,” complete Section 3.B. below.

- B. Complete the following information if succeeding to the business of a currently-registered *funding portal*. If the *applicant* acquired more than one *funding portal* in the succession being reported on this Form Funding Portal, a separate entry must be completed for each acquired firm.

Check only one box:  Add  Delete  Amend

Name of Acquired *Funding Portal*

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Acquired *Funding Portal's* SEC File No.: \_\_\_\_\_

- A. Briefly describe details of the *succession* including any assets or liabilities not assumed by the *successor*.
- 

#### **Item 4 – Control Persons**

In this Item, identify every *person* that, directly or indirectly, *controls* the *applicant*, *controls* management or policies of the *applicant*, or that the *applicant* directly or indirectly *controls*.

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If this is an initial application, the applicant also must complete Schedule A. Schedule A asks for information about direct owners and executive officers. If this is an amendment updating information reported on the Schedule A filed with the applicant's initial application, the applicant must complete Schedule B.

#### **Item 5 – Disclosure Information**

In this Item, provide information about the *applicant's* disciplinary history and the disciplinary history of all associated persons of the *applicant*. This information is used to determine whether to approve an application for registration, to decide whether to revoke registration, to place limitations on the *applicant's* activities as a funding portal, and to identify potential problem areas on which to focus during examinations. One event may result in the requirement to answer "yes" to more than one of the questions below.

If the answer is "yes" to any question in this Item, the *applicant* must complete the appropriate Disclosure Reporting Page ("DRP") – Criminal, Regulatory, Civil Judicial, Bankruptcy, Bond, Judgment – for which the corresponding DRP will pop-up automatically.

##### **A. Criminal Action Disclosure**

If the answer is "yes" to any question in Part A or B below, complete a Criminal Action DRP.

Check all that apply:

1. In the past ten years, has the *applicant* or any *associated person*:

(a) been convicted of any *felony*, or pled guilty or nolo contendere (“no contest”) to any *charge* of a *felony*, in a domestic, foreign, or military court?

Yes       No

The response to the following question may be limited to charges that are currently pending:

(b) been *charged* with any *felony*?

Yes       No

2. In the past ten years, has the *applicant* or any *associated person*:

(a) been convicted of any misdemeanor, or pled guilty or nolo contendere (“no contest”), in a domestic, foreign, or military court to any charge of a misdemeanor in a case involving: investment-related business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?

Yes       No

The response to the following question may be limited to charges that are currently pending:

(b) been charged with a misdemeanor listed in Item 5-A(2)(a)?

Yes       No

## **B. Regulatory Action Disclosure**

If the answer is “yes” to any question in Item 5-B below, complete a Regulatory Action DRP.

Check all that apply:

1. Has the *SEC* or the Commodities Futures Trading Commission (“CFTC”) ever:

(a) *found* the *applicant* or any *associated person* to have made a false statement or omission?

Yes            No

(b) *found* the *applicant* or any *associated person* to have been *involved* in a violation of any *SEC* or *CFTC* regulation or statute?

Yes            No

(c) *found* the *applicant* or any *associated person* to have been a cause of the denial, suspension, revocation, or restriction of the authorization of an *investment related* business to operate?

Yes            No

(d) entered an *order* against the *applicant* or any *associated person* in connection with *investment-related* activity?

Yes            No

(e) imposed a civil money penalty on the *applicant* or any *associated person*, or *ordered* the *applicant* or any *associated person* to cease and desist from any activity?

Yes            No

2. Has any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority*:

(a) ever *found* the *applicant* or any *associated person* to have made a false statement or omission, or been dishonest, unfair, or unethical?

Yes            No

(b) ever *found* the *applicant* or any *associated person* to have been *involved* in a violation of *investment-related* regulations or statutes?

Yes            No

(c) ever *found* the *applicant* or any *associated person* to have been the cause of a denial, suspension, revocation, or restriction of the authorization of an *investment-related* business to operate?

Yes            No

(d) in the past ten years entered an *order* against the *applicant* or any *associated person* in connection with an *investment-related* activity?

Yes            No

(e) ever denied, suspended, or revoked the registration or license of the *applicant* or that of any associated person, or otherwise prevented the *applicant* or any associated person of the *applicant*, by order, from associating with an investment-related business or restricted the activities of the *applicant* or any *associated person*?

Yes            No

3. Has any self-regulatory organization or commodities exchange ever:

(a) found the *applicant* or any *associated person* to have made a false statement or omission?

Yes            No

(b) found the *applicant* or any *associated person* to have been *involved* in a violation of its rules (other than a violation designated as a “minor rule violation” under a plan approved by the *SEC*)?

Yes            No

(c) found the *applicant* or any *associated person* to have been the cause of a denial, suspension, revocation or restriction of the authorization of an *investment-related* business to operate?

Yes            No

(d) disciplined the *applicant* or any *associated person* by expelling or suspending the *applicant* or the *associated person* from membership, barring or suspending the *applicant* or *the associated person* from association with other members, or by otherwise restricting the activities of the *applicant* or the *associated person*?

Yes            No

4. Has the *applicant* or any *associated person* ever had an authorization to act as an attorney, accountant, or federal contractor revoked or suspended?

Yes            No

5. Is the *applicant* or any *associated person* currently the subject of any regulatory *proceeding* that could result in a “yes” answer to any part of Item 5-B(1), 5-B(2), or 5-B(3)?

Yes No

**C. Civil Judicial Disclosure**

If the answer is “yes” to a question below, complete a Civil Judicial Action DRP

Check all that apply:

1. Has any domestic or foreign court:

(a) in the past ten years *enjoined* the *applicant* or any *associated person* in connection with any *investment-related* activity?

Yes No

(b) ever *found* that the *applicant* or any *associated person* was *involved* in a violation of *investment-related* statutes or regulations?

Yes No

(c) ever dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against the *applicant* or any *associated person* by a state or *foreign financial regulatory authority*?

Yes No

2. Is the *applicant* or any *associated person* now the subject of any civil *proceeding* that could result in a “yes” answer to any part of Item 5-C(1)?

Yes No

3. In the past ten years, has the *applicant* or a *control affiliate* of the *applicant* ever been a securities firm or a *control affiliate* of a securities firm that:

(a) has been the subject of a bankruptcy petition?

Yes No

(b) has had a trustee appointed or a direct payment procedure initiated under the Securities Investor Protection Act?

Yes            No

4. Has a bonding company ever denied, paid out on, or revoked a bond for the *applicant*?

Yes            No

5. Does the *applicant* have any unsatisfied judgments or liens against it?

Yes            No

**Item 6 – Non-Securities Related Business**

Does *applicant* engage in any non-securities related business?

Yes            No

If “yes,” briefly describe the non-securities business.

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**Item 7 - Escrow Arrangements; Compensation Arrangements; and Fidelity Bond**

A. Escrow. Complete the following information for each person that will hold investor funds in escrow pursuant to the requirements of Rule 303(e) of Regulation Crowdfunding (17 CFR 24\_.309).

Check only one box:             Add     Delete     Amend

Name of person: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

B. Compensation. Please describe any compensation arrangements *funding portal* has with issuers.

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C. Fidelity Bond. Does *funding portal* maintain fidelity bond coverage that has a minimum coverage of \$100,000, covers any associated person of the funding portal unless otherwise excepted in the rules set forth by FINRA or any other registered national securities association of which it is a member, and meets any other applicable requirements as set forth by FINRA or any applicable national securities association that is registered under Section 15A?

Yes            No

If “yes,” provide the following information.

Bonding Company Name: \_\_\_\_\_  
Bonding Company Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Policy # \_\_\_\_\_ Expiration Date: \_\_\_\_\_

**Item 8 – Withdrawal**

If this is a withdrawal of registration:

- A. The date the *funding portal* ceased business or withdrew its registration request:

Date (MM/DD/YYYY): \_\_\_\_\_

- B. Location of Books and Records after Registration Withdrawal

Complete the following information for each location at which the *applicant* will keep books and records after withdrawing its registration.

Check only one box:  Add  Delete  Amend

Name and address of entity where books and records are kept:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(area code) (telephone number) (area code) (fax number)

This is (check one):  one of *applicant*'s branch offices or affiliates.  
 a third party unaffiliated recordkeeper.  
 other.

If this address is a private residence, check this box:

Briefly describe the books and records kept at this location.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- C. Is the *funding portal* now the subject of or named in any investment-related

1. Investigation

Yes  No

2. Investor initiated complaint

Yes                      No

3. Private civil litigation

Yes                      No

## EXECUTION

The funding portal consents that service of any civil action brought by or notice of any proceeding before the Securities and Exchange Commission or any self-regulatory organization in connection with the funding portal's investment-related business may be given by registered or certified mail to the funding portal's contact person at the main address, or mailing address, if different, given in Items 1.E, 1.F., and 1.H. If the applicant is a nonresident funding portal, it must complete Schedule C to designate a U.S. agent for service of process.

The undersigned represents and warrants that he/she has executed this form on behalf of, and is duly authorized to bind, the funding portal. The undersigned and the funding portal represent that the information and statements contained herein and other information filed herewith, all of which are made a part hereof, are current, true and complete. The undersigned and the funding portal further represent that, if this is an amendment, to the extent that any information previously submitted is not amended, such information is currently accurate and complete.

Date: \_\_\_\_\_

Full Legal Name of Funding Portal: \_\_\_\_\_

By \_\_\_\_\_  
(signature)

Title: \_\_\_\_\_

**FORM FUNDING PORTAL  
SCHEDULE A**

***Direct Owners and Executive Officers***

1. Complete Schedule A only if submitting an initial application. Schedule A asks for information about the *applicant's* direct owners and executive officers. Use Schedule B to amend this information.
2. Direct Owners and Executive Officers. List below the names of:
  - (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer, director and any other individuals with similar status or functions;
  - (b) if *applicant* is organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of the *applicant's* voting securities, unless *applicant* is a public reporting company (a company subject to Section 13 or 15(d) of the Exchange Act);

Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of 5% or more of a class of the *applicant's* voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.
  - (c) if the *applicant* is organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of the *applicant's* capital;
  - (d) in the case of a trust, (i) a *person* that directly owns 5% or more of a class of the *applicant's* voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of the *applicant's* capital, (ii) the trust and (iii) each trustee; and
  - (e) if the *applicant* is organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of the *applicant's* capital, and (ii) if managed by elected managers, all elected managers.
3. In the DE/FE/NP column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "NP" if the owner or executive officer is a natural person.

4. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

5. Ownership codes are:

NA - less than 5%      B - 10% but less than 25%      D - 50% but less than 75%  
 A - 5% but less than 10%      C - 25% but less than 50%      E - 75% or more

6.

(a) In the *Control Affiliate* column, enter “Yes” if the *person* has *control* as defined in the Glossary of Terms to Form Funding Portal, and enter “No” if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

(b) In the PR column, enter “PR” if the owner is a public reporting company under Section 13 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Natural Persons: Last Name, First Name, Middle Name)	DE/FE/NP	Title or Status	Date Title or Status Acquired		Ownership Code	Control Affiliate		CRD No. (If None: S.S. No. and Date of Birth, IRS Tax No., or Employer ID No.)
			MM	YYYY		Yes/No	PR	

**FORM FUNDING PORTAL  
SCHEDULE B**

***Amendments to Schedule A***

1. Use Schedule B only to amend information requested on Schedule A. Refer to Schedule A for specific instructions for completing this Schedule B. Complete each column. File with a completed Execution Page.
2. In the Type of Amendment column, indicate “A” (addition), “D” (deletion), or “C” (change in information about the same *person*).
3. Ownership codes are:

NA - less than 5%      B - 10% but less than 25%      D - 50% but less than 75%  
 A - 5% but less than 10%      C - 25% but less than 50%      E - 75% or more  
 G - Other (general partner, trustee, or elected member)

4. List below all changes to Schedule A (Direct Owners and Executive Officers):

FULL LEGAL NAME (Natural Persons: Last Name, First Name, Middle Name)	D E/ FE /N P	Type of Amendment	Title or Status	Date Title or Status Acquired		Ownership Code	Control Affiliate		CRD No.  (If None: S.S. No. and Date of Birth, IRS Tax No., or Employer ID No.)
				MM	YYY Y		Yes/No	PR	

**Schedule C of FORM FUNDING PORTAL  
Nonresident Funding Portals**

Applicant Name:

Date: \_\_\_\_\_

SEC File No:

**Official Use**

***Service of Process and Certification Regarding Access to Records***

Each nonresident funding portal applicant shall use Form to identify its United States agent for service of process and to certify that it can

- (1) provide the Commission and the national securities association of which it is a member with prompt access to its books and records, and (2) submit to onsite inspection and examination by the Commission.

1. Service of Process:

- A. Name of United States person *applicant* designates and appoints as agent for service of process  
B. Address of United States person *applicant* designates and appoints as agent for service of process

The above identified agent for service of process may be served any process, pleadings, subpoenas, or other papers in

(a) any investigation or administrative proceeding conducted by the Commission that relates to the *applicant* or about which the *applicant* may have information; and

(b) any civil or criminal suit or action or proceeding brought against the *applicant* or to which the *applicant* has been joined as defendant or respondent, in any appropriate court in any place subject to the jurisdiction of any state or of the United States or of any of its territories or possessions or of the District of Columbia, to enforce the Exchange Act. The *applicant* has stipulated and agreed that any such suit, action or administrative proceeding may be commenced by the service of process upon, and that service of an administrative subpoena shall be effected by service upon, the above-named Agent for Service of Process, and that service as aforesaid shall be taken and held in all courts and administrative tribunals to be valid and binding as if personal service thereof had been made.

2.

Certification regarding access to records:

*Applicant* can as a matter of law;

- (1) provide the Commission and any national securities association of which it is a member with prompt access to its books and records, and  
(2) submit to onsite inspection and examination by the Commission.

*Applicant must attach to this Form Funding Portal a copy of the opinion of counsel it is required to obtain in accordance with Rule 400(g) of Regulation Crowdfunding.*

Signature:

Name and Title:

Date:

## CRIMINAL ACTION DISCLOSURE REPORTING PAGE (FP)

### *General Instructions*

This Disclosure Reporting Page (DRP FP) is an  INITIAL **OR**  AMENDED response used to report details for affirmative responses to Item 5-A of Form Funding Portal.

Check item(s) being responded to:  5-A(1)(a)  5-A(1)(b)  5-A(2)(a)  5-A(2)(b)

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

Multiple counts of the same *charge* arising out of the same event(s) should be reported on the same DRP. Use this DRP to report all *charges* arising out of the same event. Unrelated criminal actions, including separate cases arising out of the same event, must be reported on separate DRPs. One event may result in more than one affirmative answer to the items listed above.

### *Part 1*

Check all that apply:

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are) the:

- Applicant*
- Applicant* and one or more *associated persons*
- One or more of *applicant's associated persons*

If this DRP is being filed for the *applicant*, and it is an amendment that seeks to remove a DRP concerning the *applicant* from the record, the reason the DRP should be removed is:

- The *applicant* is registered or applying for registration, and the event or *proceeding* was resolved in the *applicant's* favor.
- The DRP was filed in error.

If this DRP is being filed for an *associated person*:

- This *associated person* is:  a firm  a natural person  
The *associated person* is:  registered with the *SEC*  not registered with the *SEC*

Full name of the *associated person* (including, for natural persons, last, first and middle names):

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If the *associated person* has a *CRD* number, provide that number. \_\_\_\_\_

If this is an amendment that seeks to remove a DRP concerning the *associated person*, the reason the DRP should be removed is:

- The *associated person(s)* is (are) no longer associated with the *applicant*.
  - The event or *proceeding* was resolved in the *associated person's* favor.
  - The event or *proceeding* occurred more than ten years ago.
  - The DRP was filed in error. Explain the circumstances:
- 
- 

**Part 2**

1. If *charge(s)* were brought against a firm or organization over which the *applicant* or an *associated person* exercised *control*:

Enter the firm or organization's name \_\_\_\_\_

Was the firm or organization engaged in an *investment-related* business?  Yes  No

What was the relationship of the *applicant* with the firm or organization? (In the case of an *associated person*, include any position or title with the firm or organization.)

\_\_\_\_\_

2. Formal *charge(s)* were brought in: (include the name of Federal, Military, State or Foreign Court, Location of Court - City or County and State or Country, and Docket/Case number).

Name of court: \_\_\_\_\_

Location: \_\_\_\_\_

Docket/Case number: \_\_\_\_\_

3. Event Disclosure Detail (Use this for both organizational and individual *charges*.)

A. Date First *Charged* (MM/DD/YYYY): \_\_\_\_\_  Exact

Explanation

If not exact, provide explanation:

\_\_\_\_\_

- B. Event Disclosure Detail (include *charge(s)/charge* Description(s), and for each *charge* provide: (1) number of counts, (2) *felony* or *misdemeanor*, (3) plea for each *charge*, and (4) product type if *charge* is *investment-related*).

\_\_\_\_\_

C. Did any of the *charge(s)* within the event *involve a felony*?  Yes  No

D. Current status of the event?  Pending  On Appeal  Final

E. Event status date (Complete unless status is pending) (MM/DD/YYYY):

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Exact  Explanation

If not exact, provide explanation:

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4. Disposition Disclosure Detail: Include for each *charge* (a) Disposition Type (e.g., convicted, acquitted, dismissed, pretrial, etc.), (b) Date, (c) Sentence/Penalty, (d) Duration (if sentence-suspension, probation, etc.), (e) Start Date of Penalty, (f) Penalty/Fine Amount, and (g) Date Paid.

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5. Provide a brief summary of circumstances leading to the *charge(s)* as well as the disposition. Include the relevant dates when the conduct that was the subject of the *charge(s)* occurred. (The response must fit within the space provided.)

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## REGULATORY ACTION DISCLOSURE REPORTING PAGE (FP)

### GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP FP) is an  INITIAL **OR**  AMENDED response used to report details for affirmative responses to Item 5-B of Form Funding Portal.

Check item(s) being responded to:  5-B(1)(a)  5-B(1)(b)  5-B(1)(c)  5-B(1)(d)  
 5-B(1)(e)  5-B(2)(a)  5-B(2)(b)  5-B(2)(c)  5-B(2)(d)  5-B(2)(e)  
 5-B(3)(a)  5-B(3)(b)  5-B(3)(c)  5-B(3)(d)  5-B(4)  5-B(5)

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Items 5-B(1), 5-B(2), 5-B(3), 5-B(4) or 5-B(5). Use only one DRP to report details related to the same event. If an event gives rise to actions by more than one regulator, provide details for each action on a separate DRP.

#### **Part 1**

The *person(s)* or entity(ies) for whom this DRP is being filed is (are) the:

- Applicant* (the *funding portal*)
- Applicant* and one or more of the *applicant's associated person(s)*
- One or more of *applicant's associated person(s)*

If this DRP is being filed for the *applicant* and it is an amendment that seeks to remove a DRP concerning the *applicant* from the record, the reason the DRP should be removed is:

- The *applicant* is registered or applying for registration, and the event or *proceeding* was resolved in the *applicant's* favor.
- The DRP was filed in error.

If this DRP is being filed for an *associated person*:

This *associated person* is:  a firm  a natural person

The *associated person* is:  registered with the *SEC*  not registered with the *SEC*

Full name of the *associated person* (including, for natural persons, last, first and middle names):

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If the *associated person* has a *CRD* number, provide that number. \_\_\_\_\_

If this is an amendment that seeks to remove a DRP concerning the *associated person*, the reason the DRP should be removed is:

- The *associated person(s)* is (are) no longer associated with the *applicant*.
- The event or *proceeding* was resolved in the *associated person's* favor.
- The DRP was filed in error. Explain the circumstances:

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**Part 2**

1. Regulatory Action was initiated by:

- SEC       Other Federal Authority       State       SRO        
Foreign Authority

(Full name of regulator, *foreign financial regulatory authority*, federal authority, state or *SRO*)

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2. Principal Sanction (check appropriate item):

- Civil and Administrative Penalty(ies)/Fine(s)       Disgorgement        
Restitution
- |   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| <input type="checkbox"/> Bar              | <input type="checkbox"/> Expulsion   | <input type="checkbox"/> Revocation  |
| <input type="checkbox"/> Cease and Desist | <input type="checkbox"/> Injunction  | <input type="checkbox"/> Suspension  |
| <input type="checkbox"/> Censure          | <input type="checkbox"/> Prohibition | <input type="checkbox"/> Undertaking |
| <input type="checkbox"/> Denial           | <input type="checkbox"/> Reprimand   | <input type="checkbox"/> Other       |

Other Sanctions:

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3. Date Initiated (MM/DD/YYYY): \_\_\_\_\_  Exact        
Explanation

If not exact, provide explanation:

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4. Docket/Case Number: \_\_\_\_\_

5. Associated person's Employing Firm when activity occurred that led to the regulatory action (if applicable):

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6. Principal Product Type (check appropriate item):

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Annuity(ies) - Fixed    | <input type="checkbox"/> Derivative(s)                               | <input type="checkbox"/> Investment Contract(s)   |
| <input type="checkbox"/> Annuity(ies) - Variable | <input type="checkbox"/> Direct Investment(s) - DPP & LP Interest(s) |   |
| <input type="checkbox"/> Money Market Fund(s)    | <input type="checkbox"/> No Product                                  |   |
| <input type="checkbox"/> CD(s)                   | <input type="checkbox"/> Equity - OTC                                | <input type="checkbox"/> Mutual Fund(s)           |
| <input type="checkbox"/> Commodity Option(s)     | <input type="checkbox"/> Equity Listed (Common & Preferred Stock)    |   |
| <input type="checkbox"/> Debt - Asset Backed     | <input type="checkbox"/> Futures - Commodity                         | <input type="checkbox"/> Options                  |
| <input type="checkbox"/> Debt - Corporate        | <input type="checkbox"/> Futures - Financial                         | <input type="checkbox"/> Penny Stock(s)           |
| <input type="checkbox"/> Debt - Government       | <input type="checkbox"/> Index Option(s)                             | <input type="checkbox"/> Unit Investment Trust(s) |
| <input type="checkbox"/> Debt - Municipal        | <input type="checkbox"/> Insurance                                   | <input type="checkbox"/> Other                    |

Other Product Types:

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7. Describe the allegations related to this regulatory action. (The response must fit within the space provided.)

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8. Current status?       Pending     On Appeal    Final

9. If on appeal, to whom the regulatory action was appealed (*SEC, SRO*, Federal or State Court) and date appeal filed:

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If Final or On Appeal, complete all items below. For Pending Actions, complete Item 13 only.

10. How was matter resolved (check appropriate item):

- |  |  |                                    |
|--|--|------------------------------------|
| <input type="checkbox"/> Acceptance, Waiver & Consent (AWC)      | <input type="checkbox"/> Dismissed               | <input type="checkbox"/> Vacated   |
| <input type="checkbox"/> Consent                                 | <input type="checkbox"/> Order                   | <input type="checkbox"/> Withdrawn |
| <input type="checkbox"/> Decision                                | <input type="checkbox"/> Settled                 | <input type="checkbox"/> Other     |
| <input type="checkbox"/> Decision & Order of Offer of Settlement | <input type="checkbox"/> Stipulation and Consent |                                    |

11. Resolution Date (MM/DD/YYYY): \_\_\_\_\_  Exact   
Explanation

If not exact, provide explanation:

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12. Resolution Detail:

A. Were any of the following Sanctions *Ordered* (check all appropriate items)?

Monetary/Fine                       Revocation/Expulsion/Denial                        
Disgorgement/Restitution  
Amount: \$ \_\_\_\_\_                       Censure                       Cease and  
Desist/Injunction  
 Bar                       Suspension

B. Other Sanctions *Ordered*:

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---

C. Sanction detail: If suspended, *enjoined* or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation, provide total amount, portion levied against the *applicant* or an *associated person*, date paid and if any portion of penalty was waived:

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13. Provide a brief summary of details related to the action status and (or) disposition, and include relevant terms, conditions and dates.

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## CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (FP)

### GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP FP) is an  INITIAL **OR**  AMENDED response used to report details for affirmative responses to Item 5-C. of Form Funding Portal.

Check item(s) being responded to:  5-C(1)(a)  5-C(1)(b)  5-C(1)(c)  5-C(2)  
 5-C(3)(a)  5-C(3)(b)

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Item 5-C. Use only one DRP to report details related to the same event. Unrelated civil judicial actions must be reported on separate DRPs.

#### **Part 1**

The *person(s)* or entity(ies) for whom this DRP is being filed is (are) the:

- Applicant* (the *funding portal*)
- Applicant* and one or more of the *applicant's associated person(s)*
- One or more of the *applicant's associated person(s)*

If this DRP is being filed for the *applicant* and it is an amendment that seeks to remove a DRP concerning the *applicant* from the record, the reason the DRP should be removed is:

- The *applicant* is registered or applying for registration, and the event or *proceeding* was resolved in the *applicant's* favor.
- The DRP was filed in error.

If this DRP is being filed for an *associated person*:

This *associated person* is:  a firm  a natural person

The *associated person* is:  registered with the *SEC*  not registered with the *SEC*

Full name of the *associated person* (including, for natural persons, last, first and middle names):

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If the *associated person* has a *CRD* number, provide that number. \_\_\_\_\_

If this is an amendment that seeks to remove a DRP concerning the *associated person*, the reason the DRP should be removed is:

- The *associated person(s)* is (are) no longer associated with the *applicant*.
  - The event or *proceeding* was resolved in the *associated person's* favor.
  - The DRP was filed in error. Explain the circumstances:
- 
- 

**Part 2**

1. Court Action initiated by: (Name of regulator, *foreign financial regulatory authority*, *SRO*, commodities exchange, agency, firm, private plaintiff, etc.)

2. Principal Relief Sought (check appropriate item):

- Cease and Desist (Private/Civil Complaint)
- Restraining Order
- Injunction
- Other \_\_\_\_\_
- Disgorgement
- Civil Penalty(ies)/Fine(s)
- Restitution
- Money Damages

Other Relief Sought: \_\_\_\_\_

3. Filing Date of Court Action (MM/DD/YYYY): \_\_\_\_\_  Exact  
 Explanation

If not exact, provide explanation:

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4. Principal Product Type (check appropriate item):

- Annuity(ies) - Fixed
- Annuity(ies) - Variable
- Money Market Fund(s)
- Mutual Fund(s)
- Equity Listed (Common & Preferred Stock)
- Debt - Asset Backed
- Debt - Corporate
- Debt - Government
- Debt - Municipal
- Derivative(s)
- Direct Investment(s) - DPP & LP Interest(s)
- CD(s)
- Commodity Option(s)
- Futures - Commodity
- Futures - Financial
- Index Option(s)
- Insurance
- Investment Contract(s)
- Equity - OTC
- No Product
- Options
- Penny Stock(s)
- Unit Investment Trust(s)
- Other

Other Product Types:

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5. Formal Action was brought in (include the name of the Federal, State or Foreign Court, Location of Court - City or County and State or Country, and Docket/Case Number):

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6. *Associated person's* Employing Firm when activity occurred that led to the civil judicial action (if applicable):

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7. Describe the allegations related to this civil action (the response must fit within the space provided):

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8. Current status?             Pending     On Appeal    Final

9. If on appeal, court to which the action was appealed (provide name of the court) and Date Appeal Filed (MM/DD/YYYY):

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10. If pending, date notice/process was served (MM/DD/YYYY): \_\_\_\_\_

Exact     Explanation

If not exact, provide explanation:

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If Final or On Appeal, complete all items below. For Pending Actions, complete Item 14 only.

11. How was matter resolved (check appropriate item):

Consent             Judgment Rendered             Settled             Dismissed     Opinion

Withdrawn             Other \_\_\_\_\_

12. Resolution Date (MM/DD/YYYY): \_\_\_\_\_  Exact             Explanation

If not exact, provide explanation:

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13. Resolution Detail:

A. Were any of the following Sanctions *Ordered* or Relief Granted (check appropriate items)?

Monetary/Fine                       Revocation/Expulsion/Denial                       Disgorgement/Restitution  
Amount: \$ \_\_\_\_\_                       Censure                       Cease and  
Desist/Injunction     Bar                       Suspension

B. Other Sanctions *Ordered*:

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C. Sanction detail: If suspended, *enjoined* or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation, provide total amount, portion levied against the *applicant* or an *associated person*, date paid and if any portion of penalty was waived:

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14. Provide a brief summary of circumstances related to the action(s), allegation(s), disposition(s) and/or finding(s) disclosed above.

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## BANKRUPTCY/SIPC DISCLOSURE REPORTING PAGE (FP)

### GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP FP) is an  INITIAL **OR**  AMENDED response used to report details for affirmative responses to Item 5-C(3) of Form Funding Portal.

Check item(s) being responded to:  5-C(3)

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Item 5-C(3). Use only one DRP to report details related to the same event. Unrelated civil judicial actions must be reported on separate DRPs.

#### **Part 1**

Check all that apply:

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are) the:

- Applicant*
- Applicant* and one or more *control affiliates*
- One or more of *control affiliates*

If this DRP is being filed for a *control affiliate*, give the full name of the *control affiliate* below (for individuals, Last name, First name, Middle name).

If the *control affiliate* is registered with the CRD, provide the CRD number. If not, indicate “non-registered” by checking the appropriate checkbox.

#### **FP DRP - CONTROL AFFILIATE**

\_\_\_\_\_  
Control *Affiliate* CRD Number  
person

This *control affiliate* is:  a firm  a natural

**Registered:**  Yes  No

Full name of the *control affiliate* (including, for natural persons, last, first and middle names):

This is an amendment that seeks to remove a DRP record because the *control affiliate(s)* is (are) no longer associated with the funding portal.

B. If the *control affiliate* is registered through the CRD, has the *control affiliate* submitted a DRP (with Form U-4) or BD DRP to the CRD System for the event? If the answer is “Yes,” no other information on this DRP must be provided.

Yes       No

**NOTE:** The completion of this Form does not relieve the *control affiliate* of its obligation to update its CRD records.

**Part 2**

1. Action Type: (check appropriate item)

Bankruptcy     Declaration       Receivership

Compromise    Liquidated       Other \_\_\_\_\_

2. Action Date (MM/DD/YYYY): \_\_\_\_\_  Exact        
Explanation

If not exact, provide explanation: \_\_\_\_\_

3. If the financial action relates to an organization over which the *applicant* or *control affiliate* exercise(d) *control*, enter organization name and the *applicant's* or *control affiliate's* position, title or relationship:

\_\_\_\_\_

Was the Organization investment-related?     Yes       No

4. Court action brought in (Name of Federal, State or Foreign Court), Location of Court (City or County and State or Country), Docket/Case Number and Bankruptcy Chapter Number (if Federal Bankruptcy Filing):

\_\_\_\_\_

5. Is action currently pending?     Yes       No

6. If not pending, provide Disposition Type: (check appropriate item)

Direct Payment Procedure    Dismissed     Satisfied/Released  
 Discharged                       Dissolved     SIPA Trustee Appointed

Other \_\_\_\_\_

7. Disposition Date (MM/DD/YYYY):  Exact  Explanation

If not exact, provide explanation: \_\_\_\_\_

8. Provide a brief summary of events leading to the action, and if not discharged, explain. (The information must fit within the space provided.): \_\_\_\_\_

9. If a SIPA trustee was appointed or a direct payment procedure was begun, enter the amount paid by you; or the name of trustee: \_\_\_\_\_

Currently Open?  Yes  No

Date Direct Payment Initiated/Filed or Trustee Appointed (MM/DD/YYYY): \_\_\_\_\_

Exact  Explanation

If not exact, provide explanation: \_\_\_\_\_

10. Provide details to any status disposition. Include details as to creditors, terms, conditions, amounts due and settlement schedule (if applicable): \_\_\_\_\_

## BOND DISCLOSURE REPORTING PAGE (FP)

<b>GENERAL INSTRUCTIONS</b>
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This Disclosure Reporting Page (DRP FP) is an  INITIAL **OR**  AMENDED response used to report details for affirmative responses to Item 5-C(4) of Form Funding Portal.

Check item(s) being responded to:  5-C(4)

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Item 5-C(4). Use only one DRP to report details related to the same event. If an event gives rise to actions by more than one regulator, provide details for each action on a separate DRP.

1. Firm Name: (Policy Holder)

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2. Bonding Company Name:

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3. Disposition Type: (check appropriate item)

Denied  Payout  Revoked

4. Disposition Date (MM/DD/YYYY):  Exact  Explanation

If not exact, provide explanation:

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5. If disposition resulted in Payout, list Payout Amount and Date Paid:

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6. Summarize the details of circumstances leading to the necessity of the bonding company action:

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**JUDGMENT / LIEN DISCLOSURE REPORTING PAGE (FP)**

**GENERAL INSTRUCTIONS**

This Disclosure Reporting Page (DRP FP) is an  INITIAL **OR**  AMENDED response used to report details for affirmative responses to Item 5-C(5) of Form Funding Portal.

Check item(s) being responded to:  5-C(5)

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page. One event may result in more than one affirmative answer to Item 5-C(5). Use only one DRP to report details related to the same event. If an event gives rise to actions by more than one regulator, provide details for each action on a separate DRP.

- 1. Judgment/Lien Amount: \_\_\_\_\_
- 2. Judgment/Lien Holder: \_\_\_\_\_

3. Judgment/Lien Type: (check appropriate item)

Civil       Default     Tax

4. Date Filed (MM/DD/YYYY): \_\_\_\_\_  Exact   
Explanation

If not exact, provide explanation: \_\_\_\_\_

5. Is Judgment/Lien outstanding?  Yes  No

If No, provide explanation: \_\_\_\_\_

If No, how was matter resolved? (check appropriate item)

Discharged       Released     Removed     Satisfied

6. Court (Name of Federal, State or Foreign Court), Location of Court (City or County and State or Country) and Docket/Case Number:  
\_\_\_\_\_

7. Provide a brief summary of events leading to the action and any payment schedule details, including current status (if applicable): \_\_\_\_\_

## **FORM FUNDING PORTAL INSTRUCTIONS**

### **A. GENERAL INSTRUCTIONS**

#### **1. EXPLANATION OF FORM**

- This is the form that a funding portal must use to register with the Securities and Exchange Commission (“SEC” or “Commission”), to amend its registration and to withdraw from registration.
- The Commission may make publicly accessible all current Forms Funding Portal, including amendments and registration withdrawal requests, which may be searchable by the public, with the exception of certain personally identifiable information or other information with significant potential for misuse (including the contact employee’s direct phone number and e-mail address and any IRS Employer Identification Number, social security number, date of birth, or any other similar information).

#### **2. WHEN TO FILE FORM FUNDING PORTAL**

- A funding portal’s registration must become effective before offering or selling any securities in reliance on Section 4(a)(6) through a platform. Under Rule 400, a funding portal’s registration will be effective the later of: (1) 30 calendar days after the date a complete Form Funding Portal is received by the Commission or (2) the date the funding portal is approved for membership by a national securities association registered under Section 15A of the Securities Exchange Act of 1934 (“Exchange Act”).
- A registered funding portal must promptly file an amendment to Form Funding Portal when any information previously submitted on Form Funding Portal becomes inaccurate or incomplete for any reason.
- A successor funding portal may succeed to the registration of a registered funding portal by filing a registration on Form Funding Portal within 30 days after the succession.
- If a funding portal succeeds to and continues the business of a registered funding portal and the succession is based solely on a change of the predecessor’s date or state of incorporation, form of organization, or composition of a partnership or similar reason, the successor may, within 30 days of the succession, amend the registration on Form Funding Portal to reflect these changes.
- A funding portal must also file a withdrawal on Form Funding Portal promptly upon ceasing to operate as a funding portal. Withdrawal will be effective on the later of 30 days after receipt by the Commission, after the funding portal is no longer operational, or within such longer period of time as to which the funding portal consents or which the

Commission by order may determine as necessary or appropriate in the public interest or for the protection of investors.

- A Form Funding Portal filing will not be considered complete unless it complies with all applicable requirements.

**3. ELECTRONIC FILING** – The *applicant* must file Form Funding Portal electronically using the web-enabled system, and must utilize this system to file and amend Form Funding Portal electronically to assure the timely acceptance and processing of those filings.

**4. CONTACT EMPLOYEE** – The individual listed as the contact employee must be authorized to receive all compliance information, communications, and mailings, and be responsible for disseminating it within the *applicant's* organization.

## **5. FEDERAL INFORMATION LAW AND REQUIREMENTS**

- The principal purpose of this form is to provide a mechanism by which a funding portal can register with the Commission, amend its registration and withdraw from registration. The Commission maintains a file of the information on this form and will make certain information collected through the form publicly available. The SEC will not accept forms that do not include the required information.
- Section 4A(a) of the Securities Act of 1933 [15 U.S.C. §77d-1(a)] and Sections 3(h) and 23(a) the Exchange Act [15 U.S.C. §§78c(h) and 78w(a)] authorize the SEC to collect the information required by Form Funding Portal. The SEC collects the information for regulatory purposes. Filing Form Funding Portal is mandatory for persons that are registering as funding portals with the SEC.
- Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate on this Form and any suggestions for reducing this burden. This collection of information has been reviewed by the Office of Management and Budget in accordance with the clearance requirements of 44 U.S.C. §3507. The information contained in this form is part of a system of records subject to the Privacy Act of 1974, as amended. The Securities and Exchange Commission has published in the Federal Register the Privacy Act Systems of Records Notice for these records.

## **B. FILING INSTRUCTIONS**

### **1. FORMAT**

- Items 1-7 must be answered and all fields requiring a response must be completed before the filing will be accepted. Item 8 must be answered if the funding portal wishes to withdraw from registration.

- *Applicant* must complete the execution screen certifying that Form Funding Portal and amendments thereto have been executed properly and that the information contained therein is accurate and complete.
- To amend information, the *applicant* must update the appropriate Form Funding Portal screens.
- A paper copy, with original manual signatures, of the initial Form Funding Portal filing and amendments to Disclosure Reporting Pages must be retained by the *applicant* and be made available for inspection upon a regulatory request.

2. **DISCLOSURE REPORTING PAGES (DRP)** – Information concerning the *applicant* or control affiliate that relates to the occurrence of an event reportable under Item 5 must be provided on the *applicant's* appropriate DRP (FP). If a *control affiliate* is an individual or organization registered through the CRD, such *control affiliate* need only complete the *control affiliate* name and CRD number of the *applicant's* appropriate DRP. Details for the event must be submitted on the *control affiliate's* appropriate DRP or DRP(U-4). If a *control affiliate* is an individual or organization not registered through the CRD, provide complete answers to all of the questions and complete all fields requiring a response on the *applicant's* appropriate DRP (FP) screen.
3. **DIRECT OWNERS** - Amend the Direct Owners and Executive Officers screen when changes in ownership occur.
4. **NONRESIDENT APPLICANTS** – Any applicant that is a nonresident funding portal must complete Schedule C and attach the opinion of counsel referred to therein.

## C. EXPLANATION OF TERMS

### 1. GENERAL

**APPLICANT** - The funding portal applying on or amending this form.

**ASSOCIATED PERSON** - Any partner, officer, director or manager of the funding portal (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling or controlled by the funding portal, or any employee of the funding portal, except that any person associated with a funding portal whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of section 15(b) of the Exchange Act (other than paragraphs (4) and (6) thereof).

**CONTROL** - The power, directly or indirectly, to direct the management or policies of the funding portal, whether through contract, or otherwise. A person is presumed to control a funding portal if that person: (1) is a director, general partner or officer exercising executive responsibility (or has a similar status or functions); (2) directly or indirectly has the right to vote

25 percent or more of a class of a voting security or has the power to sell or direct the sale of 25 percent or more of a class of voting securities of the funding portal; or (3) in the case of a partnership, has contributed, or has a right to receive, 25 percent or more of the capital of the funding portal. (This definition is used solely for the purposes of Form Funding Portal).

**CONTROL AFFILIATE** – A person named in Item 4 [as a control person] or any other individual or organization that directly or indirectly controls, is under common control with, or is controlled by, the *applicant*, including any current employee of the *applicant* except one performing only clerical, administrative, support or similar functions, or who, regardless of title, performs no executive duties or has no senior policy making authority.

**FOREIGN FINANCIAL REGULATORY AUTHORITY** – Includes (1) a foreign securities authority; (2) other governmental body or foreign equivalent of a *self-regulatory organization* empowered by a foreign government to administer or enforce its laws relating to the regulation of *investment* or *investment-related* activities; and (3) a foreign membership organization, a function of which is to regulate the participation of its members in the activities listed above.

**FUNDING PORTAL** - A broker acting as an intermediary in a transaction involving the offer or sale of securities offered and sold in reliance on Section 4(a)(6), that does not, directly or indirectly: (1) offer investment advice or recommendations; (2) solicit purchases, sales or offers to buy the securities displayed on its platform; (3) compensate employees, agents, or other persons for such solicitation or based on the sale of securities displayed or referenced on its platform; or (4) hold, manage, possess, or otherwise handle investor funds or securities.

**JURISDICTION** – Any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, any other territory of the United States, or any subdivision or regulatory body thereof.

**NONRESIDENT FUNDING PORTAL** – A funding portal incorporated in or organized under the laws of a jurisdiction outside of the United States or its territories, or having its principal place of business in any place not in the United States or its territories.

**PERSON** - An individual, partnership, corporation, trust, or other organization.

**SELF-REGULATORY ORGANIZATION (SRO)** – The Financial Industry Regulatory Authority (“FINRA”) or any other national securities association registered with the Commission or any national securities exchange or registered clearing agency, as such terms are defined in Section 3 of the Exchange Act.

**SUCCESSOR** – A funding portal that assumes or acquires substantially all of the assets and liabilities, and that continues the business of, a registered predecessor funding portal that ceases its funding portal activities. See Rule 400(c) of Regulation Crowdfunding (17 CFR 24\_.400(c)).

## 2. FOR THE PURPOSE OF ITEM 5

**CHARGED** - Being accused of a crime in a formal complaint, information, or indictment (or equivalent formal charge).

**ENJOINED** – Includes being subject to a mandatory injunction, prohibitory injunction, preliminary injunction, or temporary restraining order.

**FELONY** – For jurisdictions that do not differentiate between a felony and a misdemeanor, a felony is an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least \$1,000. The term also includes a general court martial.

**FOUND** – Includes adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include agreements, deficiency letters, examination reports, memoranda of understanding, letters of caution, admonishments, and similar informal resolutions of matters.

**INVESTMENT OR INVESTMENT-RELATED** – Pertaining to securities, commodities, banking, savings association activities, credit union activities, insurance, or real estate (including, but not limited to, acting as or being associated with a funding portal broker-dealer, municipal securities dealer, government securities broker or dealer, issuer, investment company, investment adviser, futures sponsor, bank, security-based swap dealer, major security-based swap participant, savings association, credit union, insurance company, or insurance agency).

**INVOLVED** – Doing an act or aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act.

**MINOR RULE VIOLATION** – A violation of a self-regulatory organization rule that has been designated as “minor” pursuant to a plan approved by the SEC or Commodity Futures Trading Commission. A rule violation may be designated as “minor” under a plan if the sanction imposed consists of a fine of \$2,500 or less and if the sanctioned person does not contest the fine. (Check with the appropriate self-regulatory organization to determine if a particular rule violation has been designated as “minor” for these purposes).

**MISDEMEANOR** – For jurisdictions that do not differentiate between a felony and a misdemeanor, a misdemeanor is an offense punishable by a sentence of less than one year imprisonment and/or a fine of less than \$1,000. The term also includes a special court martial.

**ORDER** – A written directive issued pursuant to statutory authority and procedures, including orders of denial, suspension, or revocation; does not include special stipulations, undertakings or agreements relating to payments, limitations on activity or other restrictions unless they are included in an order.

**PROCEEDING** – Includes a formal administrative or civil action initiated by a governmental agency, self-regulatory organization or a foreign financial regulatory authority; a felony criminal

indictment or information (or equivalent formal charge); or a misdemeanor criminal information (or equivalent formal charge). Does not include other civil litigation, investigations, or arrests or similar charges effected in the absence of a formal criminal indictment or information (or equivalent formal charge).