

Summary of PROPOSED Intrastate Crowdfunding Exemptions

Any offer or sale of securities that uses the “jurisdictional means” (the mails, phones, internet) must be registered under the federal Securities Act of 1933 (the “Securities Act”) or be made in accordance with an exemption from that registration. Such exemptions apply ONLY to registration of the offering; issuers are still subject to liability under the federal antifraud laws. Similarly, if issuers acquire a specified number of equity holders, they will be required to register under the federal Securities Exchange Act of 1934. Further, any intermediary used in connection with a securities offering MAY be subject to applicable federal and state broker-dealer and/or other registration requirements.

The federal exemption most frequently relied on for intrastate offerings is Section 3(a)(11) of the Securities Act, but Rule 504 of the of the Securities Act is also used. Resale/transfer of securities sold through intrastate offerings will be restricted based on the underlying federal exemption. If the intrastate offering relies on Section 3(a)(11), the securities will have to “come to rest” (9 month requirement under SEC Rule 147) in the respective state before they can be transferred. If the intrastate offering relies on Rule 504, the securities will be “restricted” securities and subject to the restrictions on transfer provide in the Securities Act.

Potential liabilities for issuers and intermediaries in connection with intrastate offerings include, among others, anti-fraud liability under § 12(a)(2) of the Securities Act and Rule 10b-5 under the Exchange Act, as well as the respective applicable state securities anti-fraud liability statutes (some of which are identified below).

DISCLAIMER: Nothing in this chart is, or is intended to be, legal advice. The information herein is provided for informational purposes ONLY and YOU SHOULD CONSULT WITH YOUR ATTORNEY before using any of this information. Further, NO REPRESENTATION OR WARRANTY is made as to the accuracy or use of any of information contained in this chart and there shall be NO DUTY, express or implied, on the authors or any other person to update any of the information herein.

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Title	HB 308; HB 303	SB 665	Assembly Bill 2096	HB 5577	HB 1299 (<i>currently dead</i>); and SB 1596 (<i>currently dead</i>)	Currently Un-sponsored (www.illinoiscrowdfundingnow.com)	HB 1736	HB 680 (Invest NC Exemption)	SB 712	SB 1045	H. 4799	Proposed Rules (39 TexReg 3652)	HB 142	SB 351; HB 880
Statute citation	Alaska Stat. 45.55.900 (b); 45.55.175	Ark. Code. Ann. §§ 23-42-101, et seq., as amended by SB 665	California Corp. Code. §§ 25112, et seq., as amended by Assembly Bill 2096	(<i>see Note 5 below</i>)	Fla. Stat. §§ 517.011 et seq., as amended by HB 1299/SB 1596	§§ 815 ILCS 5/1, et seq., as amended by proposed bill	Proposed new section - RSMo § 409.315	Proposed new section - N.C. Gen. Stat. § 78A-19	New act supplementing P.L.1967, c.93 (C.49:3-47 et seq.)	§§ 70 p.s. § 1-101, et. seq., as amended by SB 1045	Proposed new section - S.C. Code Ann. § 35-1-205	Title 7, Part 7, as amended by proposed rules	Utah Code § 61-1-14, as amended by HB 142	VA Code § 13.1-514, as amended by SB 351; HB 142
Exemption from federal registration relied upon (<i>see Note 1 below</i>)	Section 3(a)(11) of the Securities Act	Title III of the JOBS Act	Rule 504 of Regulation D	(<i>see Note 5 below</i>)	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Title III of the JOBS Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act
Companies permitted to use the exemption	Only available to companies organized and doing business in the state	Only available to companies organized and doing business in the state <u>OR</u> where purchasers of fifty percent or more of the aggregate offering is purchased by residents of	Silent as to whether issuing company needs to be organized in the state; excludes investment companies, SEC reporting companies, or blank check companies	(<i>see Note 5 below</i>)	Only available to companies organized and doing business in the state; excludes investment companies, SEC reporting companies, or blank check companies	Only available to companies organized and doing business in the state; excludes investment companies, SEC reporting companies, or blank check companies	Only available to companies organized and doing business in the state; excludes investment companies, SEC reporting companies, or blank check companies	Only available to companies organized and doing business in the state; excludes investment companies, SEC reporting companies, or blank check companies	Only available to companies organized and doing business in the state	Only available to companies organized and doing business in the state <u>OR</u> where purchasers of fifty percent or more of the aggregate offering is purchased by residents of	Only available to companies organized and doing business in the state; excludes investment companies, SEC reporting companies, or blank check companies	Only available to companies: <ul style="list-style-type: none"> • organized and doing business in the state; • who derived at least 80% of their gross revenues from operations in the state for the 	Only available to companies organized and doing business in the state and who have at least 80% of their assets in the state	Only available to companies organized and doing business in the state; excludes investment companies, SEC reporting companies, or blank check companies

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		the state								the state		<p>most recent fiscal yr. prior to the offering;</p> <ul style="list-style-type: none"> • who have at least 80% of their assets in the state as of the most recent semi-annual period prior to the offering; and • who will use at least 80% of the offering proceeds in the state; and • whose principal office is in the state; <p>excludes investment companies, SEC reporting companies, or blank check companies</p>		
Aggregate annual sales limit	\$1,000,000	(see Note 4 below)	\$1,000,000	(see Note 5 below)	\$1,000,000	Limited to: - \$5,000,000 if issuer provides independently audited fin. statements; <u>OR</u> -- \$3,000,000 if issuer provides independently reviewed fin. statements; <u>OTHERWISE</u> -- \$1,000,000	\$1,000,000	Limited to: - \$2,000,000 if issuer provides independently audited fin. statements; <u>OR</u> - \$1,000,000 <u>NOTE</u> -- Offering cap amounts will be increased every 5 years for CPI changes	\$1,000,000	(see Note 6 below)	Unlimited	\$1,000,000	\$1,000,000	\$2,000,000 (subject to per offering limits)

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State registration requirements	<p><u>NOTE</u></p> <p>-- Amounts received by Accredited Investors or any "Experienced Investors" will not count toward calculation of the offering;</p> <p>-- Offering cap amounts will be increased every 5 years for CPI changes</p>													
	<p>Notice required but rules not finalized, other than: (a) inclusion of copy of Escrow Agreement; and (b) if/when using an Internet Offering Portal, notice specifying use of such Internet Offering Portal and the website address</p>	<p>Notice filing required concurrently with required SEC filings and must include copies of all SEC provided information, and required fee(s).</p>	<p>Commissioner may by rule require the issuer to file notice.</p> <p>NASAA SCOR disclosure document on Form U-7</p>	<p>(see Note 5 below)</p>	<p>Must file with commission before any general solicitation:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Issuer Information (including documentation evidencing issuers formation within the State); and • Names of all persons involved with the offering; • Name of escrowee institution 	<p>Notice required but rules not finalized</p>	<p>Must file with commission before any general solicitation:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Issuer Information; and • Names of all persons involved with the offering; • Name of escrowee institution 	<p>Must file with commission before any general solicitation:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Issuer Information; and • Names of all persons involved with the offering (including any Internet Offering Portal); • Name of escrowee institution 	<p>Silent</p>	<p>Notice filing required concurrently with required SEC filings and must include copies of all SEC provided information, and required fee(s).</p>	<p>Must file with commission before any general solicitation:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Issuer Information; and • Names of all persons involved with the offering; • Name of escrowee institution; and • Copy of term sheet provided to investor 	<p>Must file with commission at least 21 days before any offering:</p> <ul style="list-style-type: none"> • Form 133.17; • Copy of disclosure statement delivered to investors; • Copy of offering summary delivered to investors 	<p>Notice required but rules not finalized</p>	<p>Must file with commission before any general solicitation:</p> <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Issuer Information (including documentation evidencing issuers formation within the State); and • Names of all persons involved with the offering; • Names of all principal owners; • Names of all managers (and their experience); • Identification of all intermediaries (incl. all Internet Offering Portals); • Terms of offer-

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Internet Offering Portal requirements or restrictions (see Note 2 below)	Offering may be made through an Internet Offering Portal Silent as to required registration of Offering Portal as broker-dealer	(see Note 4 below)	Silent	(see Note 5 below)	Offering may be made through one or more Internet Offering Portals Offering Portal not required to register as a broker-dealer if all applicable conditions met	Offering may be made through one or more Internet Offering Portals Offering Portal not required to register as a broker-dealer if all applicable conditions met	Silent	Offering may be made through an Internet Offering Portal Silent as to required registration of Offering Portal as broker-dealer	Offering is made exclusively through one or more Internet Offering Portals Silent as to required registration of Offering Portal as broker-dealer	Offering may be made through one or more Internet Offering Portals Offering Portal not required to register as a broker-dealer if it qualifies as a "funding portal" under § 3(a)(80) of the Securities Act	Silent	Offering is made exclusively through one or more Internet Offering Portals Offering Portal not required to register as a broker-dealer if all applicable conditions met	Silent	Offering may be made through one or more Internet Offering Portals organized in the state Offering Portal not required to register as a broker-dealer if all applicable conditions met
Escrowee requirements or restrictions	Funds must be deposited with escrowee until minimum offering amount satisfied (silent as to qualifications of escrowee)	(see Note 4 below)	Funds must be deposited with escrowee until minimum offering amount satisfied (silent as to qualifications of escrowee)	(see Note 5 below)	Funds must be deposited with escrowee authorized to do business in the state until minimum offering amount satisfied	Funds must be deposited with escrowee qualified to do business in the state until minimum offering amount satisfied; Escrowee must meet certain licensing and registration requirements	Funds must be deposited with escrowee authorized to do business in the state until minimum offering amount satisfied	Funds must be deposited with escrowee until minimum offering amount satisfied (silent as to qualifications of escrowee)	Funds must be deposited with escrowee until minimum offering amount satisfied (silent as to qualifications of escrowee)	(see Note 6 below)	Funds must be deposited with escrowee authorized to do business in the state until minimum offering amount satisfied	Funds must be deposited with escrowee authorized to do business in the state until minimum offering amount satisfied	Silent	Funds must be deposited with escrowee located in the state until minimum offering amount satisfied
Annual Investment/Sale Limitations (per Issuer to an Investor) per issue annual investor limits	Limited to: - the greater of \$2,000 or 5% of the investor's income or net worth, <u>IF</u> the investor's income or net	(see Note 4 below)	Limited to \$5,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of	(see Note 5 below)	Limited to: - the greater of \$2,000 or 5% of the investor's income or net worth, <u>IF</u> the investor's income or net	Limited to: - \$5,000 <u>IF</u> the investor's income or net worth is less than \$100,000; <u>OR</u>	Limited to \$1,000 per investor, unless investor qualifies as an Accredited investor under Rule	Limited to \$2,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of	Limited to \$5,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of	(see Note 6 below)	Unlimited	Limited to \$5,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of	Silent	Limited to: - the greater of \$2,000 or 5% of the investor's income or net worth, <u>IF</u> the investor's income or net

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	worth is less than \$100,000; <u>OR</u> - 10% of the investor's income or net worth up to \$100,000, <u>IF</u> the investor's income or net worth is greater than \$100,000		Regulation D <u>NOTE</u> - Commissioner granted authority to increase the individual limit		worth is less than \$100,000; <u>OR</u> - 10% of the investor's income or net worth up to \$100,000, <u>IF</u> the investor's income or net worth is greater than \$100,000	- 10% of the investor's income or net worth up to \$100,000, <u>IF</u> the investor's income or net worth is greater than \$100,000 <u>NOTE</u> - Investment cap amounts will be increased every 5 years for CPI changes	501 of Regulation D	Regulation D <u>NOTE</u> - Investment cap amounts will be increased every 5 years for CPI changes	Regulation D			Regulation D		worth is less than \$100,000; <u>OR</u> - 10% of the investor's income or net worth up to \$100,000, <u>IF</u> the investor's income or net worth is greater than \$100,000; unless investor qualifies as an Accredited investor under Rule 501 of Regulation D
Required disclosure to investor (see Note 3 below)	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering 	(see Note 4 below)	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> NASAA Form U-7 and all disclosure required by same, including audited (or reviewed, if certain qualifications are met) financial statements prepared in accordance with GAAP Any other information 	(see Note 5 below)	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Identification of the minimum and maximum amount of securities to be sold and deadline for closing of offering; Right of cancellation if minimum offering amount not met before deadline Any other in- 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Required disclosure regarding non-registration of securities; Identity of all persons owning > 10% of any class of securities of Issuer Identity of all officers, 	(see Note 6 below)	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Copy of Term Sheet and Private Placement Memo Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Financial information of Issuer Current litigation or legal proceedings Required disclosure statement Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering

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			<p>material to the offering</p> <ul style="list-style-type: none"> • NASAA Form U-7 and all disclosure required by same <p><u>NOTE</u></p> <ul style="list-style-type: none"> - NASAA Form U-7 requires audited financial statements prepared in accordance with GAAP; the legislation only requires audited financial statements for offerings between \$500,000 and \$1,000,000 			formation material to the offering			<p>directors, etc. of Issuer;</p> <ul style="list-style-type: none"> • Identification of the minimum and maximum amount of securities to be sold and deadline for closing of offering; • Identification of solicitors and intermediaries, along with compensation • Current litigation or legal proceedings • Any other information material to the offering 					
Restrictions on advertising and communications	Silent	(see Note 4 below)	General solicitation permitted	(see Note 5 below)	General solicitation permitted after filing of notice	General solicitation permitted but Issuer (and any Internet Offering Portal used) must take commercially reasonable measures to limit access to offer information to residents of the state	General solicitation permitted after filing of notice	General solicitation permitted after filing of notice	Silent	(see Note 6 below)	General solicitation permitted after filing with state	General solicitation permitted after filing with state; provided all communication between Issuer and investors must be done through	General solicitation permitted	General solicitation permitted
Ongoing reporting requirements	Silent	(see Note 4 below)	Silent	(see Note 5 below)	Silent	Quarterly (internally prepared) reports to investors covering business operations, financial condition, and compensation to directors and officers; may satisfy by posting on its own website or through a qualified Internet Offering Portal w/in 45 days after the	Silent	Quarterly (internally prepared) reports to investors covering business operations, financial condition, and compensation to directors and officers; may satisfy by posting on its own website or through a qualified Internet	Quarterly (internally prepared) reports to investors covering business operations, financial condition, and compensation to directors and officers; may satisfy by posting on its own website or through a qualified Internet	(see Note 6 below)	Silent	Silent	Silent	Quarterly reports to investors covering business operations, financial condition, and compensation to directors and officers; may satisfy by posting on its own website or through a qualified Internet Offering Portal w/in 45 days

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						end of each fiscal quarter of Issuer		Offering Portal w/in 45 days after the end of each fiscal quarter of Issuer	Offering Portal w/in 45 days after the end of each fiscal quarter of Issuer					after the end of each fiscal quarter of Issuer
Disqualification from exemption	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	(see Note 5 below)	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))
Applicable state securities law anti-fraud liability	Potential liabilities include § 45.55.925 and § 45.55.930 of the Alaska Securities Act	Potential liabilities include § 23-42-104 and § 23-42-106 of the Arkansas Securities Act	Potential liabilities include § 27200, § 27201 and § 27202 of the California Securities Act	(see Note 5 below)	Potential liabilities include § 517.241 and § 517.302 of the Florida Securities Act	Potential liabilities include § 815 ILCS 5/13 and § 815 ILCS 5/13 of the Illinois Securities Act	Potential liabilities include § 409.5-508 and § 409.1006 of the Missouri Securities Act	Potential liabilities include § 78A-56 or § 78A-57 of the North Carolina Securities Act	Potential liabilities include § 49:3-70.1 and § 49:3-71 of the New Jersey Securities Act	Potential liabilities include § 501 and § 511 of the Pennsylvania Securities Act	Potential liabilities include § 35-1-508 and § 35-1-509 of the South Carolina Securities Act	Potential liabilities include § 29 and § 33 of the Texas Securities Act	Potential liabilities include § 61-1-22 and § 61-1-22 of the Utah Securities Act	Potential liabilities include § 13.1-520 and § 13.1-522 of the Virginia Securities Act

1. The Section 3(a)(11) exemption from federal registration is generally known as the "intrastate offering exemption." SEC Rule 147 provides a safe harbor from federal regulation for issuers relying on the Section 3(a)(11) intrastate offering exemption. To qualify for this exemption, the company must: (1) be organized in the state where it is offering the securities; (2) carry out a significant amount of its business in that state; and (3) make offers and sales only to residents of that state. For instance, a corporation organized under the laws of Delaware and does business in Georgia would not qualify for the exemption. Additionally, issuers engaging in general solicitation under the exemptions must take care that they do not make offers of securities outside the state.
2. The SEC has recently provided guidance on compliance with use of the internet for intrastate offerings. See SEC Securities Act Compliance and Disclosure Interpretations ("CD&Is") questions 141.03, 141.04, 141.05, <http://www.sec.gov/divisions/corpfin/guidance/securitiesactrules-interps.htm>. Of note, any online solicitation, whether done by the issuer or third-party investment platform, must be restricted to intrastate offerees.
3. Some identified "disclosures" may represent best practice suggestions rather than statutorily required disclosures.
4. The Amendments to the Arkansas Securities Act proposed by SB 665 relate, in pertinent part, to the creation of an exemption with respect to Crowdfunding offerings made under Title III of the JOBS Act. Accordingly, certain of the information above will be subject to the final provisions/rules of Title III as/if enacted.
5. Bill only provides for the study of "legislation in other states concerning investment exemptions to allow Crowdfunding."
6. The Amendments to the Pennsylvania Securities Act proposed by SB 1045 relate, in pertinent part, to the creation of an exemption with respect to Crowdfunding offerings made under Title III of the JOBS Act. Accordingly, certain of the information above will be subject to the final provisions/rules of Title III as/if enacted.