

HB 1151 -- REGULATION OF SECURITIES

SPONSOR: Fitzwater (49)

This bill specifies that the offer or sale of a security by an issuer must be exempt from the requirements of Sections 409.3-101 to 409.3-106 and Section 409.5-504, RSMo, and each issuer's agent must be exempt from the requirements of subsection (a) of Section 409.4-402 if the offer or sale is conducted in accordance with the following requirements:

- (1) The issuer must be a business or organization formed under Missouri law and registered with the Secretary of State;
- (2) The transaction must meet the requirements of the federal exemption for intrastate offerings in specified federal law;
- (3) The sum of all cash and other consideration to be received for all sales of the security in reliance upon this exemption must not exceed \$1 million, less the total amount received for all sales of securities by the issuer within the 12 months before the first offer or sale made in reliance upon this exemption;
- (4) The issuer must not accept an amount, not to exceed 10% of any single purchaser's federal adjusted gross income, of more than \$10,000 from any single purchaser unless the person is an accredited investor as defined by Rule 501 of specified federal regulation;
- (5) A commission or other remuneration must not be paid or given for any person's participation in the offer or sale of securities for the issuer unless the person is registered as a broker-dealer or agent;
- (6) All funds received from investors must be deposited into a bank or depository institution authorized to do business in Missouri, and all the funds must be used in accordance with representations made to investors;
- (7) The issuer must provide a notice in writing or electronic form to the administrator before the use of any general solicitation of investors occurs or the twenty-fifth sale, whichever occurs first. The notice must contain the names and addresses of the issuer, all persons involved in the offer or sale of the securities, and the bank or other depository institution where funds will be deposited; and
- (8) The issuer must inform all purchasers that the securities have not been registered and, therefore, cannot be resold unless the

securities are registered or qualify for an exemption from registration. The issuer must make the disclosures required by specified rule.

The exemption cannot be used in conjunction with any other exemption under these regulations or Section 409.2-202 except for offers and sales to controlling persons of the issuer.