

Committee on Banking and Insurance

CS/CS/CS/HB 275 — Intrastate Crowdfunding

by Regulatory Affairs Committee; Government Operations Appropriations Subcommittee; Insurance and Banking Subcommittee; Rep. Santiago and others (CS/CS/SB 914 by Appropriations Committee; Banking and Insurance Committee; and Senator Richter)

The bill authorizes intrastate crowdfunding as a mechanism for small businesses to raise up to \$1 million annually in crowdfunding securities. Issuers and intermediaries engaging in intrastate crowdfunding would be subject to specified requirements under the Florida Securities and Investor Protection Act, which is administered by the Office of Financial Regulation (OFR). The bill creates an intrastate exemption for securities meeting certain state and federal requirements. The issuer, intermediary, investor, and transaction must be located in Florida in accordance with the federal intrastate exemption. Like the federal Jumpstart Our Business Startups Act (JOBS Act), the bill exempts an issuer and the offering for a 12-month period for an offering of up to \$1 million of securities, requires registration for the intermediary, and mirrors the federal law's investment limitations for investors. The bill requires issuer notice filings and intermediary registration with the OFR, disclosures to investors, an escrow agreement for investor funds, a right of rescission, and financial reporting to investors and to the OFR. The bill also gives authority to the Financial Services Commission to adopt rules relating to notice-filings and registration forms, books and records, and investor protections.

The bill provides an appropriation of \$120,000 from the Regulatory Trust Fund within the OFR for information technology and workload issues associated with implementation.

If approved by the Governor, these provisions take effect October 1, 2015.

Vote: Senate 40-0; House 117-0