

**BEFORE THE
MARYLAND SECURITIES COMMISSIONER**

IN THE MATTER OF:

*

NOTICE FILING REQUIREMENTS FOR
FEDERAL REGULATION
CROWDFUNDING OFFERINGS

*

February 8, 2018

*

* * * * *

ORDER

WHEREAS, the Maryland Securities Commissioner (the “Commissioner”) is charged with the administration of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. & Supp. 2017) (the “Act”) and the regulations promulgated under the Act; and

WHEREAS, Section 11-203(a) of the Act provides that “[t]he Commissioner from time to time may make, amend and rescind the rules, forms and orders necessary to carry out the provisions of this title;” and

WHEREAS, Section 11-203(b)(1) of the Act provides that a rule, form, or order may not be made, amended, or rescinded unless the Commissioner finds that action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, Section 11-203(b)(2) of the Maryland Securities Act provides that in prescribing rules and forms the Maryland Securities Commissioner may cooperate with securities administrators of the other states with a view to effectuating the policy of the Act to achieve maximum uniformity in the form and content of the registration statements, applications, and reports wherever practicable; and

WHEREAS, Section 11-401(d) of the Act provides that “[b]y rule or order, the Commissioner may modify the requirements of this section or exempt any broker-dealer, investment adviser, or federal covered adviser from the requirements of this section if the Commissioner determines that:

- (1) Compliance with this section is not necessary or appropriate for the protection of investors; and
- (2) The exemption is consistent with the public interest and within the purposes fairly intended by the policies and provisions of this title;” and

WHEREAS, on September 11, 2016, the North American Securities Administrators Association (“NASAA”) adopted a Model Rule for Federal Crowdfunding Offerings provided certain conditions exist; and

WHEREAS, the Commissioner has determined that the provisions set forth in this Order are consistent with the public interest and within the purposes fairly intended by the policy and by the provisions of the Act.

NOW, THEREFORE, IT IS HEREBY ORDERED that, as of the date of this Order:

1. In General. The following provisions apply to offerings made under federal Regulation Crowdfunding (17 CFR §227) and Sections 4(a)(6) and 18(b)(4)(C) of the Securities Act of 1933.
2. Initial filing.
 - a. An issuer that offers and sells securities in this State in an offering exempt under federal Regulation Crowdfunding, and that either (1) has its principal place of business in this State or (2) sells 50% or greater of the aggregate amount of the offering to residents of this State, shall file the

following with the Maryland Securities Commissioner:

- i. A completed Uniform Notice of Crowdfunding Offering form, a copy of which is attached to this Order as Exhibit A, or copies of all documents filed with the Securities and Exchange Commission;
 - ii. A consent to service of process on Form U-2 if not filing on the Uniform Notice of Federal Crowdfunding Offering form; and
 - iii. The \$400 filing fee prescribed by §11-506.
 - b. If the issuer has its principal place of business in this State, the filing under paragraph a. shall be filed with the Maryland Securities Commissioner at the same time the issuer makes its initial Form C filing concerning the offering with the Securities and Exchange Commission. If the issuer does not have its principal place of business in this State but residents of this State have purchased 50% or greater of the aggregate amount of the offering, the filing required under paragraph a. shall be filed when the issuer becomes aware that such purchases have met this threshold and in no event later than thirty (30) days from the date of completion of the offering.
 - c. The initial notice filing is effective for twelve (12) months from the date of the filing with the Maryland Securities Commissioner.
3. **Renewal.** For each additional twelve-month period in which the same offering is continued, an issuer conducting an offering under federal Regulation Crowdfunding may renew the unsold portion of its notice filing by filing before the expiration of the notice filing a completed Uniform Notice of Federal

Crowdfunding Offering form marked “renewal” and/or a cover letter or other document requesting renewal.

4. Amendment. An issuer may increase the amount of securities offered in this State by submitting a completed Uniform Notice of Federal Crowdfunding Offering form marked “amendment” or other document describing the transaction.

The Commissioner reserves the authority under Section 11-203(a) of the Act to amend or rescind this Order and to issue guidance concerning federal Regulation Crowdfunding offerings.

DATE OF THIS ORDER:

February 8, 2018

SO ORDERED:

**Commissioner’s Signature on File
w/Original Document**

Melanie Senter Lubin
Securities Commissioner

EXHIBIT A
Model Rule for Federal Crowdfunding Offerings
*Adopted September 11, 2016**

Note: The text of the model rule set forth below is intended to provide model language that states may adopt to require notice filings in connection with crowdfunding offerings made under federal Regulation Crowdfunding. While states are preempted from requiring the registration of such offerings, a state that either is home to the principal place of business of the issuer or in which residents have purchased 50% or greater of the aggregate offering amount may require the filing of all documents filed with the SEC, together with a consent to service of process and the fee that would otherwise be required in the absence of preemption, solely for notice purposes. State authority to adopt such a rule may derive from statutory provisions under state law that authorize notice filings in connection with offerings of covered securities or offerings under Section 18(b)(4).

Rule ____. **Notice Filing Requirement for Federal Crowdfunding Offerings**

The following provisions apply to offerings made under federal Regulation Crowdfunding (17 CFR §227) and Sections 4(a)(6) and 18(b)(4)(C) of the Securities Act of 1933:

(1) Initial filing.

- (a) An issuer that offers and sells securities in this state in an offering exempt under federal Regulation Crowdfunding, and that either (1) has its principal place of business in this state or (2) sells 50% or greater of the aggregate amount of the offering to residents of this state, shall file the following with the [Securities Administrator]:
 - i. A completed Uniform Notice of Federal Crowdfunding Offering form or copies of all documents filed with the Securities and Exchange Commission;
 - ii. A consent to service of process on Form U-2 if not filing on the Uniform Notice of Federal Crowdfunding Offering form; and
 - iii. The filing fee prescribed by [code section].
- (b) If the issuer has its principal place of business in this state, the filing required under paragraph (a) shall be filed with the [Securities Administrator] when the issuer makes its initial Form C filing concerning the offering with the Securities and Exchange Commission. If the issuer does not have its principal place of business in this state but residents of this state have purchased 50% or greater of the aggregate amount of the offering, the filing required under paragraph (a) shall be filed when the issuer becomes aware that such purchases have met this threshold and in no event later than thirty (30) days from the date of completion of the offering.
- (c) The initial notice filing is effective for twelve (12) months from the date of the filing with the [Securities Administrator].

(2) **Renewal.** For each additional twelve-month period in which the same offering is continued, an issuer conducting an offering under federal Regulation Crowdfunding may renew [the unsold portion of] its notice filing by filing the following on or before the expiration of the notice filing:

(a) A completed Uniform Notice of Federal Crowdfunding Offering form marked “renewal” and/or a cover letter or other document requesting renewal; and

(b) The renewal fee prescribed by [code section] [to renew the unsold portion of securities for which a filing fee has previously been paid].

[(c) If the amount of securities subject to the notice filing is being increased, the fee prescribed by [code section] to cover the increase in the amount of securities to be offered.]

[(3) **Amendment.** An issuer may increase the amount of securities offered in this state by submitting a completed Uniform Notice of Federal Crowdfunding Offering form marked “amendment” or other document describing the transaction and a fee calculated pursuant to [code section] to cover the increase in the amount of securities being offered prior to selling additional securities in this state.]

Note: The bracketed language may be used by those states that require a notice filing fee that is scaled based on the amount offered in that state.

UNIFORM NOTICE OF FEDERAL CROWDFUNDING OFFERING

Form U-CF

Pursuant to Section 18(b)(4)(C) of the Securities Act of 1933

Item 1. Issuer's Identity

Name of Issuer <input style="width: 90%;" type="text"/> Jurisdiction of Incorporation/Organization <input style="width: 90%;" type="text"/>	Previous Name(s) <input type="checkbox"/> None <input style="width: 90%;" type="text"/> <input style="width: 90%;" type="text"/> <input style="width: 90%;" type="text"/>	Entity Type (Select one) <input type="radio"/> Corporation <input type="radio"/> Limited Partnership <input type="radio"/> Limited Liability Company <input type="radio"/> General Partnership <input type="radio"/> Business Trust <input type="radio"/> Other (Specify) <input style="width: 90%;" type="text"/>
Year of Incorporation/Organization: <input style="width: 150px;" type="text"/> CIK Number for Issuer: <input style="width: 150px;" type="text"/>		

Item 2. Principal Place of Business

Street Address Line 1		Street Address Line 2	
City	State/Province/Country	ZIP/Postal Code	
Phone No.	Website		

Item 3. Contact Person

Directions: Provide the name and contact information for the person to contact with questions about the filing of this notice.

Last Name	First Name	Firm Name
Street Address Line 1		Street Address Line 2
City	State/Province/Country	ZIP/Postal Code
Phone No.	Fax	E-mail

Item 4. Information about the Offering

Type of filing: New Notice Amendment Renewal Total offering amount \$

SEC File Number for this offering: Date of first sale:

Does the issuer intend this offering to last more than one year? Yes No

Has 50% or more of the aggregate offering amount in this offering been sold to residents of a state other than the state where the issuer has its principal place of business? Yes No

If yes, indicate the state where 50% or more of the offering amount has been sold:

Item 5. Identification of Intermediary

Name of funding portal or broker

CRD Number

Jurisdiction of principal place of business

Identification of electronic crowdfunding platform (e.g. website address or app.)

Item 6. Related Persons

Directions: Provide contact information for all executive officers, directors, and promoters.

Last Name

First Name

Middle Name

Street Address Line 1

Street Address Line 2

City

State/Province/Country

ZIP/Postal Code

Relationship(s): Executive Officer Director Promoter

Clarification of Response (if Necessary)

Last Name

First Name

Middle Name

Street Address Line 1

Street Address Line 2

City

State/Province/Country

ZIP/Postal Code

Relationship(s): Executive Officer Director Promoter

Clarification of Response (if Necessary)

Last Name

First Name

Middle Name

Street Address Line 1

Street Address Line 2

City

State/Province/Country

ZIP/Postal Code

Relationship(s): Executive Officer Director Promoter

Clarification of Response (if Necessary)

Identify additional related persons by checking this box and attaching Item 6 Continuation Page(s).

Item 7. Sales Compensation

Directions: Enter the requested information for each person that has been or will be paid directly or indirectly any commission or other similar compensation in cash or other consideration in connection with sales of securities in the offering, including finders. If more than five persons to be listed are associated persons of the same broker or dealer, enter only the name of the broker or dealer, its CRD number and street address, and the jurisdictions in which the named person has solicited or intends to solicit investors.

Recipient Recipient CRD Number No CRD Number

(Associated) Broker or Dealer (if applicable) (Associated) Broker or Dealer CRD Number No CRD Number

Street Address Line 1 Street Address Line 2
 City State/Province/Country ZIP/Postal Code

Jurisdictions of Solicitation: All States
 AL AK AZ AR CA CO CT DE DC FL GA HI ID
 IL IN IA KS KY LA ME MD MA MI MN MS MO
 MT NE NV NH NJ NM NY NC ND OH OK OR PA
 RI SC SD TN TX UT VT VA WA WV WI WY
 Puerto Rico U.S. Virgin Islands

Identify additional person(s) being paid compensation by checking this box and attaching Item 7 Continuation Page(s).

Item 8. Signature and Submission

By filing this notice, the issuer hereby represents that:

- All documents previously or subsequently filed with the Securities and Exchange Commission under the file number for this offering indicated above are hereby incorporated by reference with this notice.
- The issuer hereby irrevocably appoints the Securities Administrator or other legally designated officer of the jurisdiction(s) in which this notice is filed as its agent for service of process upon whom may be served any notice, process or pleading in any action or proceeding against it arising out of, or in connection with, the sale of securities and the undersigned does hereby consent that any such action or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within the jurisdiction in which this notice is filed by service of process upon the officers so designated with the same effect as if the undersigned was organized or created under the laws of that jurisdiction and have been served lawfully with process in that jurisdiction. It is requested that a copy of any notice, process, or pleading served hereunder be mailed to:

Name

 Address

- The issuer has included the required filing fees (if any) with the submission of this notice to each jurisdiction indicated.

The issuer has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Signature Name of Signer (Print)

Title Date

[Empty input fields]

Item 6. Related Persons, Continuation Page

Directions: Provide contact information for all executive officers, directors, and promoters. Attach additional continuation pages if necessary.

Last Name [] First Name [] Middle Name []
Street Address Line 1 [] Street Address Line 2 []
City [] State/Province/Country [] ZIP/Postal Code []
Relationship(s): Executive Officer Director Promoter
Clarification of Response (if Necessary) []

Last Name [] First Name [] Middle Name []
Street Address Line 1 [] Street Address Line 2 []
City [] State/Province/Country [] ZIP/Postal Code []
Relationship(s): Executive Officer Director Promoter
Clarification of Response (if Necessary) []

Last Name [] First Name [] Middle Name []
Street Address Line 1 [] Street Address Line 2 []
City [] State/Province/Country [] ZIP/Postal Code []
Relationship(s): Executive Officer Director Promoter
Clarification of Response (if Necessary) []

Last Name [] First Name [] Middle Name []
Street Address Line 1 [] Street Address Line 2 []
City [] State/Province/Country [] ZIP/Postal Code []

Relationship(s): Executive Officer Director Promoter

Clarification of Response (if Necessary)

Item 7. Sales Compensation, Continuation Page

Directions: Enter the requested information for each person that has been or will be paid directly or indirectly any commission or other similar compensation in cash or other consideration in connection with sales of securities in the offering, including finders. If more than five persons to be listed are associated persons of the same broker or dealer, enter only the name of the broker or dealer, its CRD number and street address, and the jurisdictions in which the named person has solicited or intends to solicit investors. Attach additional continuation pages if necessary.

Recipient Recipient CRD Number No CRD Number

(Associated) Broker or Dealer (if applicable) (Associated) Broker or Dealer CRD Number No CRD Number

Street Address Line 1 Street Address Line 2
City State/Province/Country ZIP/Postal Code

Jurisdictions of Solicitation: All States
 AL AK AZ AR CA CO CT DE DC FL GA HI ID
 IL IN IA KS KY LA ME MD MA MI MN MS MO
 MT NE NV NH NJ NM NY NC ND OH OK OR PA
 RI SC SD TN TX UT VT VA WA WV WI WY
 Puerto Rico U.S. Virgin Islands

Recipient Recipient CRD Number No CRD Number

(Associated) Broker or Dealer (if applicable) (Associated) Broker or Dealer CRD Number No CRD Number

Street Address Line 1 Street Address Line 2
City State/Province/Country ZIP/Postal Code

Jurisdictions of Solicitation: All States
 AL AK AZ AR CA CO CT DE DC FL GA HI ID
 IL IN IA KS KY LA ME MD MA MI MN MS MO
 MT NE NV NH NJ NM NY NC ND OH OK OR PA
 RI SC SD TN TX UT VT VA WA WV WI WY
 Puerto Rico U.S. Virgin Islands

Attach additional Item 7 continuation pages if necessary.