

PROPOSED RULE: 950 CMR 14.402(13)(p)

(p) Reciprocal Crowdfunding Exemption. An offer or sale of a security meeting the following requirements:

1. The offering is made in compliance with SEC Rule 504 (17 CFR 230.504) and is registered in at least one Reciprocal State. For these purposes, a “Reciprocal State” is a State, District or Territory of the United States that the Director determines to have in effect (i) a rule or statute that provides for registration of Crowdfunding offerings with the securities administrator of that State, and requiring the public filing and delivery to investors of a prospectus, offering circular or other substantive disclosure document before sale, and (ii) a statute, rule or order that permits an issuer whose principal place of business is located in the Commonwealth to conduct a Crowdfunding offering in that State; and “Crowdfunding offering” means an offering that limits purchases by each investor (other than “accredited investors” as defined in SEC Rule 501(a) (17 CFR 230.501(a)) to a specified dollar amount or formula for any 12-month period.

2. Neither the issuer nor any person acting on its behalf offers or sells the security in the Commonwealth by any form of general solicitation unless all of the following conditions are met:

a. The offer or sale of the security in the Commonwealth meets all of the requirements of subsections 4 through 12 of 950 CMR 14.402(B)(13)(o), except as the Director shall otherwise determine by order; and

b. Before any offer of the security is made in the Commonwealth, the issuer shall register the offering with the Division by filing with the Director the following:

(1) Forms U-1 and U-2 (with U-2A, if applicable);

(2) A copy of each registration statement for the security then on file with the securities administrator in each Reciprocal State, including a copy of any prospectus, offering circular or other substantive disclosure document associated with that registration statement;

(3) A filing fee in the amount of \$300;

(4) A written undertaking of the issuer (i) not to make any offers or sales of the security in the Commonwealth until the Secretary, by order, declares the registration statement effective in the Commonwealth; (ii) to deliver a copy of the associated prospectus, offering circular or substantive disclosure document to each person to whom an offer is made in the Commonwealth, before or concurrently with any subscription agreement or contractual commitment to purchase the security; (iii) to limit the maximum amount sold to each investor in the Commonwealth to the amount specified in clause 5 of 950 CMR 14.402(B)(13)(o); (iv) to file with the Director all amendments, changes or notices to the extent the same would be required to be filed under 950 CMR 13.304(C), (D) or (E); and (v) to immediately suspend all further offers or sales of the security in the Commonwealth upon receipt of written notice of denial, suspension or revocation of the registration statement by the Director.