

HB 1736 -- REGULATION OF SECURITIES

SPONSOR: Frederick

This bill provides for an exemption on the offer or sale of a security by an issuer from the requirements of Sections 409.3-101 - 409.3-106 and Section 409.5-504 RSMo, and exempts the issuer's agent from the requirements of subsection (a) of Section 409.4-402 if the offer or sale:

- (1) Requires the issuer to be a business or organization formed under Missouri law and registered with the Secretary of State;
- (2) Requires the transaction to meet federal intrastate offerings exemption requirements;
- (3) Allows for up to \$1 million in new capital be raised, less the total amount from securities sold within the previous 12 months in order to claim the exemption for the current offering;
- (4) Limits investments to \$1,000 per person in equity or debt securities unless the person qualifies as an accredited investor as defined by Rule 501 of federal Regulation;
- (5) Prohibits commissions or other remuneration from being paid for the offer or sale of securities unless the person is registered as a broker-dealer or agent;
- (6) Requires all investor funds be deposited into a bank or depository institution authorized to do business in Missouri, and the funds be used as disclosed;
- (7) Requires issuers to provide notice in writing or electronic form with the Missouri Securities Commission before any advertising or general solicitation of investors occurs, or before the 25th 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) Requires issuers to 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.