

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017

A Bill

HOUSE BILL 1890

4
5 By: Representative Tucker
6

For An Act To Be Entitled

8 AN ACT TO ESTABLISH AN ARKANSAS CROWDFUNDING OPTION;
9 TO REGULATE EXEMPTIONS UNDER SECURITIES LAWS; AND FOR
10 OTHER PURPOSES.
11

Subtitle

12
13 TO ESTABLISH AN ARKANSAS CROWDFUNDING
14 OPTION; AND TO REGULATE EXEMPTIONS UNDER
15 SECURITIES LAWS.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. DO NOT CODIFY. Legislative findings and intent.

22 (a) The General Assembly finds that:

23 (1) Start-up companies play a critical role in expanding
24 economic opportunities, creating new jobs, and generating revenues;

25 (2) The lack of access to capital is an obstacle to starting and
26 expanding small business, inhibits job growth, and has negatively affected
27 this state's economy;

28 (3) The costs and complexities of state securities registration
29 can outweigh the benefits to Arkansas businesses seeking to raise capital by
30 small securities offerings;

31 (4) The use of crowdfunding, that is, raising money online
32 through small contributions from a large number of investors, is presently
33 restricted by Arkansas state securities laws; and

34 (5) Crowdfunding allows small companies to access the capital
35 they need to start or expand businesses.

36 (b) It is the intent of the General Assembly that:



1 (1) In compliance with exemptions from federal law, the
 2 exemption provided by this subchapter shall apply only if:

3 (A) The investor is an Arkansas resident or is an entity
 4 formed under Arkansas laws;

5 (B) The issuer of the securities is an entity formed under
 6 Arkansas laws and doing business in Arkansas; and

7 (C) The issuer intends to use and does use at least eighty
 8 percent (80%) of the proceeds of the sale of securities in Arkansas; and

9 (2) By creating an Arkansas crowdfunding option, with
 10 limitations to protect investors, this act will enable Arkansas businesses to
 11 obtain capital, democratize venture capital formation, and facilitate
 12 investment by Arkansas residents in Arkansas start-up companies, thereby
 13 promoting the formation and growth of local companies and the accompanying
 14 job creation in this state.

15
 16 SECTION 2. Arkansas Code § 23-42-102(1)(B), concerning the definition
 17 of an "agent" under the Arkansas Securities Act, is amended to add an
 18 additional subdivision to read as follows:

19 (iii) A person who is a registered broker-dealer in
 20 a state other than Arkansas who does not:

21 (a) Have a place of business in this state;
 22 and

23 (b) Effect securities transactions with more
 24 than three (3) persons in this state during any period of twelve (12)
 25 consecutive months as described in subdivision (3)(B)(iv) of this section.

26
 27 SECTION 3. Arkansas Code § 23-42-102, concerning the definitions under
 28 the Arkansas Securities Act, is amended to add an additional subdivision to
 29 read as follows:

30 (19) "Online intermediary" means a person:

31 (A) Who is acting under § 23-42-504 as an intermediary in
 32 a transaction involving an offer of securities for the account of an issuer
 33 through a website; and

34 (B) Who does not:

35 (i) Offer investment advice or recommendations;

36 (ii) Solicit purchases, sales, or offers to buy the

1 securities offered or displayed on its website;

2 (iii) Compensate employees, agents, or other persons
 3 for the solicitation or based on the sale of securities displayed or
 4 referenced on its website;

5 (iv) Hold, manage, possess, or otherwise handle
 6 purchaser funds or securities;

7 (v) Act as an exchange or listing or quotation
 8 service for the offer or sale of securities by a third party; or

9 (vi) Engage in any other activities as the
 10 Securities Commissioner, by rule, determines is appropriate.

11
 12 SECTION 4. Arkansas Code § 23-42-504(a), concerning exempt
 13 transactions, is amended to read as follows:

14 (a) The following transactions are exempted from §§ 23-42-501 and 23-
 15 42-502:

16 (1) Any isolated nonissuer transactions, whether effected
 17 through a broker-dealer or not, provided that repeated or successive
 18 transactions shall be prima facie evidence that the transactions are not
 19 isolated nonissuer transactions;

20 (2) Any nonissuer transaction by a registered agent of a
 21 registered broker-dealer, and any resale transaction by a sponsor of a unit
 22 investment trust registered under the Investment Company Act of 1940, in a
 23 security of a class that has been outstanding in the hands of the public for
 24 at least ninety (90) days, provided at the time of the transaction:

25 (A) The issuer of the security is actually engaged in
 26 business and not in the organization stage or in bankruptcy or receivership
 27 and is not a blank check, blind pool, or shell company whose primary plan of
 28 business is to engage in a merger or combination of the business with, or an
 29 acquisition of, an unidentified person or persons;

30 (B) The security is sold at a price reasonably related to
 31 the current market price of the security;

32 (C) The security does not constitute the whole or part of
 33 an unsold allotment to, or a subscription or participation by, the broker-
 34 dealer as an underwriter of the security;

35 (D) A nationally recognized securities manual designated
 36 by rule or order of the ~~commissioner~~ Securities Commissioner or a document

1 filed with the United States Securities and Exchange Commission that is
2 publicly available through the United States Securities and Exchange
3 Commission's Electronic Data Gathering, Analysis, and Retrieval System and
4 contains:

5 (i) A description of the business and operations of
6 the issuer;

7 (ii) The names of the issuer's officers and
8 directors, if any, or, in the case of an issuer not domiciled in the United
9 States, the corporate equivalents of such persons in the issuer's country of
10 domicile;

11 (iii) An audited balance sheet of the issuer as of a
12 date within eighteen (18) months or, in the case of a reorganization or
13 merger when the parties to the reorganization or merger had such audited
14 balance sheets, a pro forma balance sheet; and

15 (iv) An audited income statement for each of the
16 issuer's immediately preceding two (2) fiscal years, or for the period of
17 existence of the issuer, if in existence for less than two (2) years, or, in
18 the case of a reorganization or merger when the parties to the reorganization
19 or merger had such audited income statements, a pro forma income statement;
20 and

21 (E) The issuer of the security has a class of equity
22 securities listed on a national securities exchange registered under the
23 Securities Exchange Act of 1934, 15 U.S.C. § 78a et seq., as it existed on
24 January 1, 2011, unless:

25 (i) The issuer of the security is a unit investment
26 trust registered under the Investment Company Act of 1940, 15 U.S.C. § 80a-1
27 et seq., as it existed on January 1, 2011;

28 (ii) The issuer and predecessors of the issuer of
29 the security have been engaged in continuous business for at least three (3)
30 years; or

31 (iii) The issuer of the security has total assets of
32 at least two million dollars (\$2,000,000) based on:

33 (a) An audited balance sheet dated within the
34 past eighteen (18) months; or

35 (b) In the case of a reorganization or merger
36 of parties with audited balance sheets dated within the past eighteen (18)

1 months showing total assets of at least two million dollars (\$2,000,000), a
2 pro forma balance sheet;

3 (3) Any transaction between the issuer or other person on whose
4 behalf the offering is made and an underwriter, or among underwriters;

5 (4) Any transaction in a bond or other evidence of indebtedness
6 secured by a real or chattel mortgage or deed of trust, or by an agreement
7 for the sale of real estate or chattels if the entire mortgage, deed of
8 trust, or agreement, together with all the bonds or other evidences of
9 indebtedness secured thereby, is offered and sold as a unit;

10 (5) Any transactions by an executor, administrator, sheriff,
11 marshal, receiver, trustee in bankruptcy, guardian, or conservator;

12 (6) Any transaction executed by a bona fide pledgee without any
13 purpose of evading this chapter;

14 (7) A transaction by a person exempted from registration under §
15 23-42-102(3)(B)(v) if the transaction would be lawful in the place of
16 residence of the offeree or purchaser had it occurred there instead of in
17 this state;

18 (8) Any offer or sale:

19 (A) By an issuer to a person in a state other than this
20 state if that offer or sale would be lawful if made in the other state; or

21 (B) To a bank, savings institution, trust company,
22 insurance company, investment company as defined in the Investment Company
23 Act of 1940, 15 U.S.C. § 80a-1 26 et seq., as it existed on January 1, 2017,
24 pension or profit-sharing trust, or other financial institution or
25 institutional buyer, or to a broker-dealer, whether the purchaser is acting
26 for itself or in some fiduciary capacity. ~~The Securities Commissioner~~
27 commissioner may by order, upon petition by any person, determine if the
28 petitioner may be deemed, upon the basis of knowledge, experience, volume,
29 and number of transactions, and other securities background, an
30 "institutional buyer" for purposes of this subdivision (a)(8);

31 (9)(A) Any transaction pursuant to an offer and sale to not more
32 than thirty-five (35) purchasers other than those designated in subdivision
33 (a)(8) of this section during any period of twelve (12) consecutive months,
34 if:

35 (i) The seller reasonably believes that all the
36 buyers are purchasing for investment; and

1 (ii) ~~No~~ A commission or other remuneration shall not
2 be paid or given directly or indirectly for soliciting any prospective buyer
3 in this state unless the person receiving any such commission or remuneration
4 is registered ~~pursuant to~~ under § 23-42-301.

5 (B) However, the commissioner may by rule or order, as to
6 any security or transaction or any type of security or transaction, withdraw
7 or further condition this exemption, or increase or decrease the number of
8 purchasers permitted, or waive the conditions in subdivisions (a)(9)(A)(i)
9 and (ii) of this section with or without the substitution of a limitation on
10 remuneration;

11 (10) Any transaction pursuant to an offer to existing security
12 holders of the issuer, including persons who at the time of the transaction
13 are holders of convertible securities or warrants, if no commission or other
14 remuneration, other than a standby commission, is paid or given directly or
15 indirectly for soliciting any security holder in this state, unless the
16 commissioner shall, upon written application, permit the payment of a
17 commission or other remuneration with or without the substitution of a
18 limitation on remuneration;

19 (11) Any offer, but not a sale, of a security for which
20 registration statements have been filed under both this chapter and the
21 Securities Act of 1933, 15 U.S.C. § 77a et seq., as it existed on January 1,
22 2017, if no order or refusal order is in effect and no public proceeding or
23 examination looking toward such an order is pending under either act; ~~and~~

24 (12) An offer or sale of a security by an issuer if:

25 (A) Either of the following applies:

26 (i) The issuer of the security is a corporation or
27 other business entity organized and operating under the laws of this state
28 with its principal place of business in Arkansas, and the transaction meets
29 the requirements of the federal exemption for intrastate offerings in section
30 3(a)(11) of the Securities Act of 1933, 15 U.S.C. § 77c(a)(11), as it existed
31 on January 1, 2017, and Rule 147 of the United States Securities Exchange
32 Commission, as it existed on January 1, 2017, and as such, the securities
33 shall be offered to and sold only to persons who are residents of this state
34 at the time of purchase; or

35 (ii) The issuer of the security is a corporation or
36 other business entity with its principal place of business in Arkansas, and

1 the transaction meets the requirements of the federal exemption for
2 intrastate offerings in section 28 of the Securities Exchange Act of 1933, 15
3 U.S.C. § 77z-3, as it existed on January 1, 2017, and Rule 147A of the United
4 States Securities and Exchange Commission, as it existed on January 1, 2017,
5 and as such, the securities shall be sold only to persons who are residents
6 of this state at the time of purchase;

7 (B) The sum of all cash and other consideration to be
8 received for all sales of the security in reliance upon the exemption
9 described in this subdivision (a)(12) shall not exceed one million dollars
10 (\$1,000,000), less the aggregate amount received for all sales of securities
11 by the issuer within six (6) months after the completion of the offering. If
12 before offering and selling the securities, the issuer submits audited
13 financial statements regarding the issuer to the commissioner, then the sum
14 of all cash and other consideration to be received for all sales of the
15 security in reliance upon the exemption described in this subdivision (a)(12)
16 shall not exceed two million dollars (\$2,000,000), less the aggregate amount
17 received for all sales of securities by the issuer within six (6) months
18 after the completion of the offering;

19 (C) The issuer shall not accept more than five thousand
20 dollars (\$5,000) from any single purchaser unless the purchaser is an
21 accredited investor as defined by Rule 501 of United States Securities
22 Exchange Commission Regulation D, 17 C.F.R. 230.501, as it existed on January
23 1, 2017;

24 (D) The issuer should reasonably believe that all
25 purchasers of securities are purchasing for investment and not for sale in
26 connection with a distribution of the security;

27 (E) A commission or remuneration shall not be paid or
28 given, directly or indirectly, for a person's participation in the offer or
29 sale of securities for the issuer unless the person is registered as a
30 broker-dealer or agent under this chapter;

31 (F) The commissioner may by rule or order, as to any
32 security or transaction or any type of security or transaction, withdraw or
33 further condition the exemption under this subdivision (a)(12);

34 (G)(i) The issuer should provide the commissioner with a
35 copy of an escrow agreement with a bank, regulated trust company or corporate
36 fiduciary, savings bank, savings and loan association, or credit union

1 authorized to do business in Arkansas where the issuer will deposit the
2 buyer's funds or cause the buyer's funds to be deposited and where only the
3 issuer may access the buyer's deposited funds.

4 (ii) The bank, regulated trust company or corporate
5 fiduciary, savings bank, savings and loan association, or credit union where
6 the buyer's funds are deposited shall act only at the direction of the party
7 establishing the escrow agreement and does not have any duty or liability,
8 contractual or otherwise, to any buyer or other person.

9 (iii) A buyer may cancel the buyer's commitment to
10 invest if the minimum amount is not raised before the time stated in the
11 escrow agreement;

12 (H) The issuer should maintain all records with respect to
13 any offering conducted under the exemption under this subdivision (a)(12) as
14 the commissioner may by rule or order require;

15 (I)(i) The issuer should establish both a minimum and a
16 maximum offering amount and deposit all funds raised from buyers under the
17 exemption under this subdivision (a)(12) into an escrow account described in
18 subdivision (a)(12)(G) of this section.

19 (ii) The minimum amount established shall not be
20 less than one-half (1/2) of the maximum offering amount.

21 (iii) The maximum amount established shall not
22 exceed the limitations stated in subdivision (a)(12)(B) of this section.

23 (iv) The issuer shall not access the escrow funds
24 until the aggregate funds raised from all buyers equals or exceeds the
25 minimum amount.

26 (v) The issuer shall use all funds according to the
27 representations made to buyers;

28 (J) The issuer shall pay a filing fee of one hundred
29 dollars (\$100) to the commissioner for every proof of exemption filed with
30 the commissioner under this subdivision (a)(12);

31 (K) The issuer shall not be, either before or as a result
32 of the offering, an investment company, as defined in section 3 of the
33 Investment Company Act of 1940, 15 U.S.C. § 80a-3, as it existed on January
34 1, 2017, an entity that would be an investment company but for the exclusions
35 provided in section 3(c) of the Investment Company Act of 1940, 15. U.S.C. §
36 80a-3(c), as it existed on January 1, 2017, or subject to the reporting

1 requirements of section 13 of the Securities Exchange Act of 1934, 15 U.S.C.
2 § 78m or 78o(d), as it existed on January 1, 2017;

3 (L) The issuer of securities offered under the exemption
4 provided by this subdivision (a)(12) shall provide a disclosure document to
5 each prospective buyer at the time the offer of securities is made to the
6 prospective buyer that contains the information that the commissioner
7 requires by rule;

8 (M)(i) The issuer shall inform all prospective purchasers
9 of securities offered under the exemption provided by this subdivision
10 (a)(12), in plain, nontechnical language using words with common and everyday
11 meaning that are understandable to the average reader, that the securities
12 have not been registered pursuant to federal or state securities law and are
13 subject to limitations on resale.

14 (ii) The issuer shall display the following legend
15 conspicuously on the cover page of the disclosure documents required by
16 subdivision (a)(12)(L) of this section:

17 "THESE SECURITIES HAVE NOT BEEN REGISTERED WITH, APPROVED BY, OR RECOMMENDED
18 BY ANY FEDERAL OR STATE AGENCY. IN MAKING AN INVESTMENT DECISION, PURCHASERS
19 MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE
20 OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT
21 BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR
22 OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT
23 CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY
24 REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE
25 SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE
26 TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY SUBSECTION (e) OF SECURITIES AND
27 EXCHANGE COMMISSION RULE 147, 17 CFR 230.147 (e), AS PROMULGATED PURSUANT TO
28 THE SECURITIES ACT OF 1933, AS IT EXISTED ON JANUARY 1, 2017, AND THE
29 APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION
30 THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE
31 FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME."

32 (iii) The issuer shall require each purchaser to
33 certify in writing or electronically as follows:

34 "I UNDERSTAND AND ACKNOWLEDGE THAT I AM INVESTING IN A HIGH-RISK, SPECULATIVE
35 BUSINESS VENTURE. I MAY LOSE ALL OF MY INVESTMENT, OR UNDER SOME
36 CIRCUMSTANCES MORE THAN MY INVESTMENT, AND I CAN AFFORD THIS LOSS. THIS

1 OFFERING HAS NOT BEEN REVIEWED OR APPROVED BY ANY STATE OR FEDERAL SECURITIES
2 COMMISSION OR DIVISION OR OTHER REGULATORY AUTHORITY AND NO SUCH PERSON OR
3 AUTHORITY HAS CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF ANY
4 DISCLOSURE MADE TO ME RELATING TO THIS OFFERING. THE SECURITIES I AM
5 ACQUIRING IN THIS OFFERING CANNOT BE READILY SOLD, ARE ILLIQUID, THERE IS NO
6 READY MARKET FOR THE SALE OF SUCH SECURITIES, IT MAY BE DIFFICULT OR
7 IMPOSSIBLE FOR ME TO SELL OR OTHERWISE DISPOSE OF THIS INVESTMENT, AND,
8 ACCORDINGLY, I MAY BE REQUIRED TO HOLD THIS INVESTMENT INDEFINITELY. I MAY
9 BE SUBJECT TO TAX ON MY SHARE OF THE TAXABLE INCOME AND LOSSES OF THE
10 COMPANY, WHETHER OR NOT I HAVE SOLD OR OTHERWISE DISPOSED OF MY INVESTMENT OR
11 RECEIVED ANY DIVIDENDS OR OTHER DISTRIBUTIONS FROM THE COMPANY.";

12 (N)(i) All payments for purchase of securities offered
13 under the exemption provided by this subchapter shall be directed to and held
14 by the financial institutions described in subdivision (a)(12)(B) of this
15 section.

16 (ii) The commissioner may request from the financial
17 institution information necessary to ensure compliance with this section.

18 (iii) This information is not a public record under
19 the Freedom of Information Act of 1967, § 25-19-101 et seq., and is not
20 available for public inspection;

21 (O)(i) An issuer shall provide free of charge a quarterly
22 report to the issuer's owners.

23 (ii) An issuer may satisfy the reporting requirement
24 of this subdivision (a)(12) by making the information available on a website
25 operated by an online intermediary if the information is made available
26 within forty-five (45) days after the end of each fiscal quarter and remains
27 available until the succeeding quarterly report is issued.

28 (iii) An issuer shall file each quarterly report
29 required under this subdivision (a)(12)(O) with the State Securities
30 Department and, if the quarterly report is made available on a website
31 operated by an online intermediary, the issuer shall also provide a written
32 copy of the report to any owner upon request.

33 (iv) The report shall contain:

34 (a) Compensation received by each director and
35 executive officer, including cash compensation earned since the previous
36 report and on an annual basis and any bonuses, stock options, other rights to

1 receive securities of the issuer or any affiliate of the issuer, or other
2 compensation received; and

3 (b) An analysis by management of the issuer of
4 the business operations and financial condition of the issuer;

5 (P) The issuer may distribute a notice within Arkansas
6 that is limited to a statement that the issuer is conducting an offering and
7 that includes:

8 (i) The name of the online intermediary, sales
9 representative, or licensed broker-dealer through which the offering is being
10 conducted; and

11 (ii) A link directing the potential investor to the
12 website of the online intermediary or the website of the broker-dealer;

13 (Q) An issuer may make an offering under the exemption
14 provided by this subdivision (a)(12) through:

15 (i) A broker-dealer that is licensed under this
16 chapter with its principal place of business in Arkansas;

17 (ii) A sales representative that is licensed under
18 this chapter; or

19 (iii) An online intermediary that meets the
20 requirements of subdivision (a)(12)(R) of this section;

21 (R) Before acting as an online intermediary for an
22 offering under the exemption provided by this subdivision (a)(12), the online
23 intermediary shall file a statement with the commissioner, accompanied by the
24 filing fee established by the commissioner, that includes the following:

25 (i) That the online intermediary consents to service
26 of process in Arkansas pursuant to § 23-42-509(c)(1)(B);

27 (ii) That the online intermediary will provide
28 information with respect to the offer of securities in Arkansas only under
29 the exemption provided by this subdivision (a)(12);

30 (iii) The identity and location of, and contact
31 information for, the online intermediary, including the names and physical
32 addresses of the officers, directors, managers, partners, and other persons
33 who control the business decisions of the online intermediary;

34 (iv) A statement that lists any changes to the
35 information contained in the original or any subsequently filed statement
36 required by this subdivision (a)(12)(R); and

1 (v)(a) Notice of its intention to act as an online
2 intermediary for an offering.

3 (b) The notice under subdivision
4 (a)(12)(R)(v)(a) of this section shall be on such form as the commissioner
5 requires;

6 (S)(i) An online intermediary shall maintain records of
7 all offers of securities effected through its website and shall provide to
8 the department upon request access to the records.

9 (ii) The records of an online intermediary required
10 under this section are subject to the reasonable, periodic, special, or other
11 examination or inspection by the department, in or outside Arkansas, as the
12 commissioner considers necessary or appropriate in the public interest and
13 for the protection of purchasers.

14 (iii) An examination or inspection may be made at
15 any time and without prior notice.

16 (iv) The commissioner may:

17 (a) Copy and remove for examination or
18 inspection copies of all records that the commissioner reasonably considers
19 necessary or appropriate to conduct the examination or inspection; and

20 (b) Assess a reasonable charge for conducting
21 an examination or inspection under this section;

22 (T) The commissioner may by rule require an online
23 intermediary to:

24 (i) File with the commissioner specified financial
25 and other information;

26 (ii) Make and maintain specific records and preserve
27 such records for five (5) years or other period as may be specified by rule;
28 and

29 (iii) Establish written supervisory procedures and a
30 system for applying the procedures that is reasonably expected to prevent and
31 detect violations of this chapter;

32 (U) An online intermediary shall:

33 (i) Limit its offer of securities under the
34 exemption provided by this subchapter to only Arkansas residents as that term
35 is defined in Rule 501 of United States Securities and Exchange Commission
36 Regulation D, 17 C.F.R. 230.501, as it existed on January 1, 2017;

1 (ii) Not hold a financial interest in any issuer or
 2 be affiliated with or under common control with an issuer whose securities
 3 appear on any website maintained for the offer of securities by the online
 4 intermediary; and

5 (iii) Not be an owner of any issuer offering
 6 securities under the exemption provided by this subdivision (a)(12);

7 (V) An online intermediary shall not be compensated based
 8 on the amount of securities sold;

9 (W) An online intermediary shall not identify, promote, or
 10 otherwise refer to any individual security offered by the online intermediary
 11 in any advertising for or on behalf of the online intermediary;

12 (X) An online intermediary shall not engage in any other
 13 activities that the commissioner, by rule, determines are prohibited by the
 14 online intermediary; and

15 (Y) An online intermediary and a director, executive
 16 officer, general partner, managing member, or other person with management
 17 authority over the online intermediary, shall not have been subject to any
 18 conviction, order, judgment, decree, or other action that would disqualify an
 19 issuer from claiming an exemption under Rule 506(a)-(d) adopted by the
 20 Securities Exchange Commission under the Securities Act of 1933, 17. C.F.R.
 21 230.506(a) - (d), as it existed on January 1, 2017; and

22 (13) Any other transaction which that the commissioner by rule
 23 or order exempts as not being necessary or appropriate in the public interest
 24 for the protection of investors.

25
 26 SECTION 5. Arkansas Code § 23-42-509(e), concerning covered securities
 27 transactions, is amended to read as follows:

28 ~~(e) In addition to a filing required by subsection (c) or subsection~~
 29 ~~(d) of this section, the commissioner may by rule or order require~~ Except as
 30 provided under subsection (c) or subsection (d) of this section, with respect
 31 to a covered security under section 18(b)(3) of the Securities Act of 1933,
 32 15 U.S.C. § 77r(b)(3), as it existed on January 1, 2017, or section 18(b)(4)
 33 of the Securities Act of 1933, 15 U.S.C. § 77r(b)(4), as it existed on
 34 January 1, 2017, the commissioner may by rule or order require the issuer to:

35 ~~(1) The concurrent filing of any document filed with the~~
 36 ~~Securities and Exchange Commission under the Securities Act of 1933~~

1 ~~concerning a covered security under section 18(b)(3) or section 18(b)(4) of~~
2 ~~the Securities Act of 1933 as it existed on January 1, 2013~~ Concurrently file
3 with the commissioner any document or information required to be filed with
4 the United States Securities and Exchange Commission; and

5 (2) A Pay a fee of one hundred dollars (\$100) ~~for the filing.~~

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