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H.B. No. 1629

A BILL TO BE ENTITLED

AN ACT

relating to crowdfunding portal regulations for small business development.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The Securities Act (Article 581-1 et seq., Vernon's Texas Civil Statutes) is amended by adding Section 44 to read as follows:

Sec. 44. CROWDFUNDING. (a) The Board shall adopt rules to regulate and facilitate online intrastate crowdfunding applicable to authorized small business development entities. The Board may create other requirements necessary to carry out this section.

(b) The rules for authorized small business development entities must:

(1) allow authorized small business development entities to list on their web portals offerings of securities by issuers in which they are financially interested;

(2) allow authorized small business development entities and their portals to list offerings of securities without offering investment advice;

(3) allow authorized small business development entities to subcontract the operations of a crowdfunding web portal to a third party as permitted by Board rule; and

(4) limit the offerings of securities on an authorized small business development entity's web portal to securities of

1 issuers located within the service area of the authorized small  
2 business development entity.

3 (c) In this section, "authorized small business development  
4 entity" means:

5 (1) a Type A corporation authorized under Chapter 504,  
6 Local Government Code;

7 (2) a Type B corporation authorized under Chapter 505,  
8 Local Government Code;

9 (3) a nonprofit organization authorized by an agency  
10 or authority of the federal government to distribute housing and  
11 community development block grants;

12 (4) a municipal corporation;

13 (5) the Texas Veterans Commission; or

14 (6) a nonprofit community development financial  
15 institution certified by the Community Development Financial  
16 Institutions Fund.

17 SECTION 2. This Act takes effect September 1, 2015.