

By: Johnson

H.B. No. 1629

A BILL TO BE ENTITLED

AN ACT

relating to crowdfunding portal regulation for the purpose of 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.

(b) The Board shall adopt rules specific to authorized small business development entities.

(c) In this subsection, "authorized small business development entity" means:

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

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

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

(4) a municipality corporation; or

(5) the Texas Veterans Commission.

(d) The rules that are specific to authorized small business development entities as defined by Subdivision (1) must:

1 (1) minimize any delay between raising and accessing
2 capital funds through crowdfunding;

3 (2) allow authorized small business development
4 entities to list offers in their web portals in which they are
5 financially interested;

6 (3) allow authorized small business development
7 entities and their portals to generally promote offers without
8 offering individualized investment advice;

9 (4) allow investors who purchase securities through
10 web portals operated by an authorized small business development
11 entity to have restrictions at least double the amount placed on
12 investors who purchase securities through web portals operated by a
13 non-authorized small business development entity;

14 (5) allow authorized small business development
15 entities to subcontract the operations of a crowdfunding web portal
16 to a third party; and

17 (6) limit the offerings of an authorized small
18 business development entity's web portal to the authorized small
19 business development entity's service area.

20 (e) The Board is allowed to create other requirements, as
21 they deem necessary by adopting rules.

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