

NASAA, SEC Sign Info-Sharing Agreement For Crowdfunding and Other Offerings



NASAA President Mike Rothman (L) and SEC Acting Chairman Michael Piwowar sign MOU.

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Washington D.C., Feb. 17, 2017 – The North American Securities Administrators Association (NASAA) and the Securities and Exchange Commission (SEC) today signed an information-sharing agreement as new rules to facilitate intrastate crowdfunding offerings and regional offerings take effect.

The agreement signed by the SEC and NASAA is intended to facilitate the sharing of information to ensure that the new exemptions are serving their intended purpose of facilitating access to capital for small businesses. Under the memorandum of understanding (MOU), federal and state securities regulators will be better able to monitor the effects of the new rules and also guard against fraud.

The MOU was signed by Mike Rothman, Minnesota Commissioner of Commerce and President of NASAA, which represents state securities administrators, and SEC Acting Chairman Michael S. Piwowar.

“This agreement will strengthen collaboration among state and federal securities regulators to help expand small-business investment opportunities while also protecting investors,” said Rothman. “Ongoing dialogue is essential to carry out our responsibilities going forward. With this MOU in

place, we have an opportunity to share information that will bolster our efforts to support small business capital formation and prevent fraud.”

“The agreement not only builds on an already productive relationship between the SEC and state regulators, it also offers additional insights and protections as we help companies grow and create jobs while providing new opportunities to investors,” said Acting Chairman Piwowar.

Under the new rules, companies will have more flexibility to engage in intrastate offers through websites and social media without having to register their offering with the federal government. Companies now can also raise up to \$5 million per year through other amended rules, which could facilitate the development of regional offering exemptions at the state level to permit companies to raise from investors in a specific region. The previous limit was \$1 million.

New JOBS Act rules went into effect in 2015 and 2016. New amendments to facilitate regional offerings went into effect in January and amendments to provide more flexibility for intrastate crowdfunding offerings will go into effect in April. These amendments are intended to facilitate greater access to capital for entrepreneurs that may not have been able to otherwise access capital using other alternatives. The MOU will increase the regulators’ ability to share data to better monitor implementation of the new rules and guard against fraud.

For More Information:

[Bob Webster](#) | Director of Communications
202-737-0900

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