

**BEFORE THE
MARYLAND SECURITIES COMMISSIONER**

IN THE MATTER OF:

Maryland Crowdfunding
Exemption (MDCF)

May 16, 2016

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ORDER

WHEREAS, pursuant to section 11-602(17) of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. & Supp. 2015) (the “Maryland Securities Act” or the “Act”), the Maryland Securities Commissioner (the “Commissioner”) is authorized to establish, by rule or order, that certain transactions are exempt from the registration requirements of section 11-501 of the Securities Act and the filing requirements of section 11-205 of the Securities Act if the Commissioner finds that compliance with the requirements of those sections is not necessary or appropriate for the protection of investors and that the exemption is consistent with the public interest and within the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, pursuant to the authority granted in section 11-602(17) of the Securities Act, the Commissioner is establishing an exemption, known as the Maryland Crowdfunding Exemption (“MDCF”), for offerings conducted in accordance with the provisions set forth in this Order; and

WHEREAS, the Maryland Crowdfunding Exemption provides an exemption for a transaction involving an intrastate offering conducted through crowdfunding by an issuer

formed, organized, or existing under the laws of the State of Maryland if, *inter alia*:

- a. The issuer is organized or is qualified to do business under the laws of the State;
- b. The issuer has its principal place of business in the State;
- c. The offer and sale of the security are made only to residents of the State;
- d. The aggregate price of securities sold by the issuer through the MDCF and the Securities and Exchange Commission's Regulation Crowdfunding, 17 CFR § 227.100 et seq., in an offering does not exceed \$1 million in any twelve month period;
- e. No commission or other remuneration is paid in connection with an offering of securities under the MDCF to any person who is not registered as required under the Maryland Securities Act;
- f. Neither the issuer nor any of its related persons is subject to a disqualification as defined by the MDCF; and
- g. The security is sold in an offering conducted in compliance with the conditions of the MDCF, which may include, *inter alia*:
 1. Restrictions on the nature of the issuer;
 2. Limitations on the number and manner of offerings;
 3. Disclosures to investors, including risk factors related to the issuer, the offering, and crowdfunding; and
 4. Filing with the Commissioner notices and other materials related to the offering; and

WHEREAS, Section 11-203(b)(1) of the Maryland Securities Act provides that a rule, form, or order may not be made, amended, or rescinded unless the Commissioner finds that the

action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, the Commissioner has determined that action is necessary and appropriate in the public interest and for the protection of investors and is consistent with the purposes intended by the policy and provisions of the Maryland Securities Act to provide this exemption from registration for certain crowdfunding offerings that meet the requirements of the Maryland Crowdfunding Exemption and this Order.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to the authority granted by sections 11-602 and 11-203 of the Act, that for purposes of compliance with the Maryland Crowdfunding Exemption, an offering made in compliance with the conditions set forth in the MDCF and this Order shall be considered exempt from securities registration for purposes of compliance with the Maryland Securities Act;

CONDITIONS

1. For purposes of the exemption set forth in this Order, the offering must meet the requirements of the MDCF, a copy of which is attached as Appendix 1 to this Order;
2. At least fifteen days prior to the intended commencement date for the offering, the issuer shall file the Form MDCF-1 or MDCF-2 in accordance with the provisions of the MDCF, together with the filing fee of \$400;
3. In an offering under the MDCF, the issuer shall deliver a Form MDCF to each prospective purchaser at least four days before a sale to the purchaser; and
4. In an offering under the MDCF, the issuer shall comply with the ongoing requirements of the MDCF relating to, *inter alia*, reporting, disclosure,

amendments and renewal.

The Commissioner reserves the authority under section 11-203(a) of the Act to amend or rescind this Order.

DATE OF THIS ORDER:

May 16, 2016

SO ORDERED:

**Commissioner's Signature
on File w/Original Document**

Melanie Senter Lubin
Securities Commissioner