

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4855
OFFERED BY MR. MCHENRY OF NORTH CARO-
LINA AND MS. MAXINE WATERS OF CALI-
FORNIA**

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Fix Crowdfunding
3 Act”.

4 SEC. 2. CROWDFUNDING VEHICLES.

5 (a) AMENDMENTS TO THE SECURITIES ACT OF
6 1933.—The Securities Act of 1933 (15 U.S.C. 77a et
7 seq.) is amended—

8 (1) in section 4A(f)(3), by inserting “by any of
9 paragraphs (1) through (14) of” before “section
10 3(c)”; and

11 (2) in section 4(a)(6)(B), by inserting after
12 “any investor” the following: “, other than a
13 crowdfunding vehicle (as defined in section 2(a) of
14 the Investment Company Act of 1940),”.

1 (b) AMENDMENTS TO THE INVESTMENT COMPANY
2 ACT OF 1940.—The Investment Company Act of 1940 (15
3 U.S.C. 80a-1 et seq.) is amended—

4 (1) in section 2(a), by adding at the end the
5 following:

6 “(55) The term ‘crowdfunding vehicle’ means a
7 company—

8 “(A) whose purpose (as set forth in its or-
9 ganizational documents) is limited to acquiring,
10 holding, and disposing securities issued by a
11 single company in one or more transactions and
12 made pursuant to section 4(a)(6) of the Securi-
13 ties Act of 1933;

14 “(B) which issues only one class of securi-
15 ties;

16 “(C) which receives no compensation in
17 connection with such acquisition, holding, or
18 disposition of securities;

19 “(D) no associated person of which re-
20 ceives any compensation in connection with
21 such acquisition, holding or disposition of secu-
22 rities unless such person is acting as or on be-
23 half of an investment adviser registered under
24 the Investment Advisers Act of 1940;

1 “(E) the securities of which have been
2 issued in a transaction made pursuant to sec-
3 tion 4(a)(6) of the Securities Act of 1933,
4 where both the crowdfunding vehicle and the
5 company whose securities it holds are co-
6 issuers;

7 “(F) which is current in its ongoing disclo-
8 sure obligations under Rule 202 of Regulation
9 Crowdfunding (17 C.F.R. 227.202);

10 “(G) the company whose securities it holds
11 is current in its ongoing disclosure obligations
12 under Rule 202 of Regulation Crowdfunding
13 (17 C.F.R. 227.202); and

14 “(H) is advised by an investment adviser
15 registered under the Investment Advisers Act of
16 1940.”; and

17 (2) in section 3(c), by adding at the end the fol-
18 lowing:

19 “(15) Any crowdfunding vehicle.”.

20 **SEC. 3. CROWDFUNDING EXEMPTION FROM REGISTRA-**
21 **TION.**

22 Section 12(g)(6) of the Securities Exchange Act of
23 1934 (15 U.S.C. 78l(g)(6)) is amended—

24 (1) by striking “The Commission” and insert-
25 ing the following:

1 “(A) IN GENERAL.—The Commission”;

2 (2) by striking “section 4(6)” and inserting

3 “section 4(a)(6)”; and

4 (3) by adding at the end the following:

5 “(B) TREATMENT OF SECURITIES ISSUED
6 BY CERTAIN ISSUERS.—An exemption under
7 subparagraph (A) shall be unconditional for se-
8 curities offered by an issuer that had a public
9 float of less than \$75,000,000 as of the last
10 business day of the issuer’s most recently com-
11 pleted semiannual period, computed by multi-
12 plying the aggregate worldwide number of
13 shares of the issuer’s common equity securities
14 held by non-affiliates by the price at which such
15 securities were last sold (or the average bid and
16 asked prices of such securities) in the principal
17 market for such securities or, in the event the
18 result of such public float calculation is zero,
19 had annual revenues of less than \$50,000,000
20 as of the issuer’s most recently completed fiscal
21 year.”.

