

Annual List of Rulemaking Activity
Rules Adopted January 1, 2018 to December 31, 2018
Prepared by the Secretary of State pursuant to 5 MRS §8053-A, sub-§5

Agency name: Department of Professional and Financial Regulation,
Office of Securities

Umbrella-Unit: **02-032**

Statutory authority: 32 MRS §§ 16302, 16605

Chapter number/title: **Ch. 527** (*New*), Federal Regulation Crowdfunding Notice Filing and Fees

Filing number: **2018-107**

Effective date: 6/16/2018

Type of rule: Routine Technical

Emergency rule: No

Principal reason or purpose for rule:

This rule is being adopted to improve the ability of the Office of Securities to fulfill its duties to protect Maine investors from fraudulent securities offerings and from other abuses. The rule would establish a notice filing and fee requirement for securities offered in Maine under federal Regulation Crowdfunding (“Reg CF”) by an issuer that either has its principal place of business in Maine or that sells 50% or greater of the aggregate amount of the offering to Maine residents. Notice filings under this rule would provide the Office of Securities basic information about these offerings and would improve the Office of Securities’ ability to protect the public from fraud, deceit, or unlawful conduct related to these offerings.

Basis statement:

Ch. 527 establishes notice filing requirements and filing fees for securities offered or sold in Maine under federal Regulation Crowdfunding (17 CFR §227) and Sections 4(a)(6) and 18(b)(4)(C) of the *Securities Act of 1933* when the issuer's principal place of business is in Maine or when 50% or more of the aggregate amount of an offering is sold to Maine residents. Under the rule, an issuer would provide notice of an offering to the Securities Administrator on a Uniform Notice of Federal Crowdfunding Offering form or by submitting copies of the offering documents filed with the Securities and Exchange Commission.

Under the *Securities Act of 1933*, each state has jurisdiction to investigate and bring enforcement actions with respect to fraud or deceit or unlawful conduct by a broker, dealer, funding portal, or an issuer in connection with Regulation Crowdfunding securities or securities transactions. The *Securities Act* also provides states with the authority to require notice filings and fees, which support states' investigative and enforcement responsibilities over regulation Crowdfunding offerings.

Fiscal impact of rule:

The fee for an initial filing under this proposed rule is \$300.00, and there is no fee proposed for amendments or renewals. The Office of Securities does not anticipate a significant number of Reg CF offerings that would require notice filings to be conducted in Maine in the near future, so a minor revenue increase to the General Fund is expected. The staff time associated with processing the additional notice filings and pursuing the Office’s oversight duties is expected to result in a minor cost increase against the Office’s Other Special Revenue Funds. Any additional revenue collected and costs incurred by the Office of Securities in the Department of Professional and Financial Regulation are expected to be minor, and the costs can be absorbed within existing budgeted resources.