

Intrastate Crowdfunding: SEC Adopts Helpful Rules

The SEC adopted final rules today to facilitate intrastate crowdfunding offerings.

Intrastate Crowdfunding

Intrastate crowdfunding is a phenomenon I am not sure many people anticipated. In the wake of the JOBS Act, when everyone was waiting for the SEC to finalize the Title III JOBS Act equity crowdfunding rules, states started passing their own laws. Amy Cortese has a really nice [graphic on her site](#) showing that 35 states so far have passed intrastate equity crowdfunding laws.

The new SEC rules will remove some of the impediments to intrastate crowdfunding. There are still things left to improve at the federal level to help intrastate crowdfunding, but today is a good day for the local investment movement.

Links to the SEC's Press Release and the Final Rules

- The [SEC's press release](#)
- The [final rules](#)

The SEC didn't undermine existing state law. There was a risk of this. The SEC initially proposed rules that would have removed Rule 147 as a safe harbor under Securities Act Section 3(a)(11). This would have disrupted a number of state statutes. Instead, the SEC left Rule 147 in place, but amended it, and then adopted a new exemption designated Rule 147A.

The SEC also increased the amount that can be raised under Rule 504 to \$5M (from \$1M), applied the bad actor restrictions to Rule 504 offerings, and repealed the never used Rule 505.