

The Financial Choice Act: How to Make it Better re Form D

Congress is preparing a bill known as the Financial CHOICE Act of 2016. There is a lot in [the bill](#) (and so it is worth scanning the table of contents for issues you might care about). One of the provisions of the bill, Section 1066, would revise the Form D filing requirements to make them easier on companies in general, including startups.

For the sake of clarity, Section 1066 makes it clear that the SEC is not to condition the availability of the exemption under Rule 506 on the filing of the form. This is good, but it leaves a gap in the law.

Many states require issuers to file the Form D in their state if the company is either resident there or has investors resident there. This means that even if the Congress clarifies that a federal Form D filing is not required, companies will still have to file and file with sometimes a variety of states. Many states impose substantial filings fees (e.g., \$525 in Pennsylvania). Other states impose late filing fees (e.g., New Mexico).

Let's fix 1066 to fix the state problem.

Let's expressly add to Section 1066 that no state securities law administrator or authority can condition the availability the exemption on the Form D filing as well.

If you know anyone who is working on this bill, please suggest this to them. I am going to try as well.