



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

REVISED
FACT SHEET FOR S.B. 1217

securities; exempt transactions.

Purpose

Exempts, from dealer registration requirements and filing requirements, issuers offering or selling the issuer's securities under Tier 2 of federal Regulation A.

Background

The Arizona Corporation Commission (ACC) regulates securities in Arizona through the registration of securities being offered or sold and the registration of dealers who sell, purchase or offer to sell or buy securities in Arizona. The sale of a federal covered security that complies with ACC filing requirements is exempt from the requirement to register securities. Statute also outlines exemptions to dealer registration and ACC filing requirements ([A.R.S. Title 44, Chapter 12](#)).

Securities offered or sold under federal Regulation A, Tier 2 are considered federal covered securities. An issuer of securities is exempt from federal securities registration requirements under Regulation A, Tier 2 if the issuer qualifies with the U.S. Securities and Exchange Commission and the sum of the aggregate offering price and the aggregate sales of securities does not exceed \$75 million in a 12-month time period, including a maximum of \$22.5 million offered by securityholders that are affiliates of the issuer. Purchases of federal Regulation A, Tier 2 securities that are not made by an accredited investor are subject to a cap of 10 percent of the purchaser's annual income or net worth or 10 percent of the purchaser's revenue or net assets ([17 C.F.R. §§ 230.251 – 230.263](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Exempts, from the requirement to register as a dealer and ACC filing requirements, an issuer, its parent or subsidiary companies and outlined officers offering or selling the issuer's securities under federal Regulation A, Tier 2.
2. Subjects, to a maximum sum of \$50 million, the aggregate offering price and aggregate sales of securities the issuer offers or sells under the exemption.
3. Includes, in the aggregate cap, a maximum of \$15 million offered by securityholders that are affiliates of the issuer.
4. Makes technical changes.
5. Becomes effective on the general effective date.

Revisions

- Corrects background information to reflect the current federal cap on the aggregate offering prices and sales of securities that may be made under federal Regulation A, Tier 2.

Prepared by Senate Research

January 26, 2021

LB/kja