



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature  
First Regular Session

Senate: COM DP 7-2-0-0 | 3<sup>rd</sup> Read 19-10-1-0

House: COM DP 8-1-0-1

## **SB 1217: securities; exempt transactions.**

**Sponsor: Senator Pace, LD 25  
Caucus & COW**

### **Overview**

Exempts securities transactions under Tier 2 of federal Regulation A from dealer registration and filing requirements.

### **History**

The Arizona Corporate Commission (ACC) Securities Division is responsible for the regulation of securities through the registration of securities that are offered or sold and the registration of dealers who transact securities in the State. The sale of a federally covered security that is compliant with AAC filing requirements is exempt from further requirements to register securities ([A.R.S. § Title 44, Chapter 12](#)). Statute outlines exempted transactions when it comes to dealer registration and AAC filing requirements ([A.R.S. § 44-1844](#)). A *federally covered security* is any security described as a covered security in Section 18 of the Securities Act of 1933 ([A.R.S. § 44-1801](#)).

Securities offered or sold under federal Regulation A, Tier 2 are considered federally 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 \$50,000,000, including a maximum of \$15,000,000 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% of the purchaser's revenue or net assets ([17 C.F.R. §§ 230.251 – 230.263](#)).

**Effective** March 15, 2021, the exemption amounts under Regulation A, Tier 2 will be increased to an aggregate amount not to exceed \$75,000,000, including a maximum of \$22,500,000 offered by securityholders.

### **Provisions**

1. Exempts transactions by an issuer, its parent or subsidiary companies and other outlined parties from the requirement to register as a dealer and ACC filing requirements when offering or selling securities of the issuer pursuant to federal Regulation A, tier 2 if:
  - a) The sum of the aggregate offering price and aggregate sales does not exceed \$75,000,000; and
  - b) No more than \$22,500,000 is offered by all selling securityholders that are affiliates of the issuer. (Sec. 1)
2. Makes technical changes. (Sec. 1)

Prop 105 (45 votes)     Prop 108 (40 votes)     Emergency (40 votes)     Fiscal Note