11. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE MCHENRY OF NORTH CAROLINA OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

24

AMENDMENT TO THE RULES COMMITTEE PRINT OF H.R. 3606 OFFERED BY MR. MCHENRY OF NORTH CAROLINA

Page 19, after line 23, insert the following:

(c) EXPLANATION OF EXEMPTION.—Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended—

(1) by striking "The provisions of section 5" and inserting "(a) The provisions of section 5"; and

(2) by adding at the end the following:

"(b)(1) With respect to securities offered and sold in compliance with Rule 506 of Regulation D under this Act, no person who meets the conditions set forth in paragraph (2) shall be subject to registration as a broker or dealer pursuant to section 15(a)(1) of this title, solely because—

"(A) that person maintains a platform or mechanism that permits the offer, sale, purchase, or negotiation of or with respect to securities, or permits general solicitations, general advertisements, or similar or related activities by issuers of such securities, whether online, in person, or through any other means;

1 "(B) that person or any person associated
2 with that person co-invests in such securities; or
3 "(C) that person or any person associated
4 with that person provides ancillary services with
5 respect to such securities.
6 "(2) The exemption provided in paragraph (1) shall
7 apply to any person described in such paragraph if—
8 "(A) such person and each person associated
9 with that person receives no compensation in connec-
10 tion with the purchase or sale of such security;
11 "(B) such person and each person associated
12 with that person does not have possession of cus-
13 tomer funds or securities in connection with the pur-
14 chase or sale of such security; and
15 "(C) such person is not subject to a statutory
16 disqualification as defined in section 3(a)(39) of this
17 title and does not have any person associated with
18 that person subject to such a statutory disqualifica-
19 tion.
20 "(3) For the purposes of this subsection, the term
21 'ancillary services' means—
22 "(A) the provision of due diligence services, in
23 connection with the offer, sale, purchase, or negotia-
24 tion of such security, so long as such services do not

1 include, for separate compensation, investment ad-
2 vice or recommendations to issuers or investors; and
3 "(B) the provision of standardized documents
4 to the issuers and investors, so long as such person
5 or entity does not negotiate the terms of the
6 issuance for and on behalf of third parties and
7 issuers are not required to use the standardized doc-
8 uments as a condition of using the service.".