

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025  
4

# A Bill

SENATE BILL 220

5 By: Senator J. Boyd  
6 By: Representative Achor  
7

## For An Act To Be Entitled

8  
9 AN ACT TO AMEND THE ARKANSAS SECURITIES ACT; TO  
10 CLARIFY EXEMPT TRANSACTIONS UNDER THE ARKANSAS  
11 SECURITIES ACT; AND FOR OTHER PURPOSES.  
12

## Subtitle

13  
14 TO AMEND THE ARKANSAS SECURITIES ACT;  
15 AND TO CLARIFY EXEMPT TRANSACTIONS UNDER  
16 THE ARKANSAS SECURITIES ACT.  
17

18  
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
20

21 SECTION 1. DO NOT CODIFY. This act shall be known and may be cited as  
22 the "Invest Arkansas Exemption Act".  
23

24 SECTION 2. Arkansas Code § 23-42-504(a)(12), concerning an exempt  
25 transaction that is an offer or sale of a security by an issuer under the  
26 Arkansas Securities Act, is amended to read as follows:

27 (12) An offer or sale of a security by an issuer if the offer or  
28 sale of the security is conducted according to the following:

29 (A) ~~Either of the following applies:~~

30 ~~(i) The issuer of the security is a corporation or~~  
31 ~~other business entity organized and operating~~ for-profit business entity  
32 formed under the laws of this state and ~~has its principal place of business~~  
33 ~~in Arkansas and is registered with the Secretary of State;~~

34 (B) ~~the~~ The transaction meets the requirements of the  
35 federal exemption for intrastate offerings in either:

36 ~~(i) section~~ Section 3(a)(11) of the Securities Act



1 of 1933, 15 U.S.C. § 77c(a)(11), as it existed on ~~January 1, 2017~~ January 1,  
 2 2025, and Rule 147 of the United States Securities and Exchange Commission,  
 3 17 C.F.R. § 230.147, as it existed on ~~January 1, 2017~~, and as such, the  
 4 ~~securities shall be offered to and sold only to persons who are residents of~~  
 5 ~~this state at the time of purchase~~ January 1, 2025; or

6 (ii) ~~The issuer of the security is a corporation or~~  
 7 ~~other business entity with its principal place of business in Arkansas and~~  
 8 ~~the transaction meets the requirements of the federal exemption for~~  
 9 ~~intrastate offerings in section 28 of the Securities Exchange Act of 1933, 15~~  
 10 ~~U.S.C. § 77z-3, as it existed on January 1, 2017, and Rule 147A of the United~~  
 11 ~~States Securities and Exchange Commission, 17 C.F.R. § 230.147A, as it~~  
 12 ~~existed on January 1, 2017, and as such, the securities shall be sold only to~~  
 13 ~~persons who are residents of this state at the time of purchase~~ January 1,  
 14 2025;

15 ~~(B)(C)~~ The sum of all cash and other consideration to be  
 16 received for all sales of the security in reliance upon the exemption  
 17 described in this subdivision (a)(12) shall not exceed ~~one million dollars~~  
 18 ~~(\$1,000,000)~~ ten million dollars (\$10,000,000), less the aggregate amount  
 19 received for all sales of securities by the issuer within ~~six (6) months~~  
 20 ~~after the completion of the offering~~ twelve (12) months before the first  
 21 offer or sale made in reliance upon this exemption;

22 ~~(C)(D)(i)~~ The issuer shall not accept more than ~~five~~  
 23 ~~thousand dollars (\$5,000)~~ one hundred thousand dollars (\$100,000) from any  
 24 single purchaser unless the purchaser is an accredited investor as defined by  
 25 Rule 501 of United States Securities and Exchange Commission Regulation D, 17  
 26 C.F.R. § 230.501, as it existed on ~~January 1, 2017~~ January 1, 2025.

27 (ii) Two (2) or more individual purchasers residing  
 28 at the same primary residence who are not accredited investors and have a  
 29 close family relationship shall be treated as a single purchaser for purposes  
 30 of the monetary limit under subdivision (a)(12)(D)(i) of this section;

31 ~~(D)~~ ~~The issuer should reasonably believe that all~~  
 32 ~~purchasers of securities are purchasing for investment and not for sale in~~  
 33 ~~connection with a distribution of the security~~;

34 (E) ~~A commission or remuneration shall not be paid or~~  
 35 ~~given, directly or indirectly, for a person's participation in the offer or~~  
 36 ~~sale of securities for the issuer unless the person is registered as a~~

1 ~~broker-dealer or agent under this chapter~~ All funds received from investors  
 2 shall:

3 (i) Be deposited into a bank as defined in § 23-45-  
 4 102(a)(5)(A) authorized to do business in this state; and

5 (ii) Used according to the representations made to  
 6 investors;

7 ~~(F)(i) The commissioner may by rule or order, as to any~~  
 8 ~~security or transaction or any type of security or transaction, withdraw or~~  
 9 ~~further condition the exemption under this subdivision (a)(12)~~ The issuer  
 10 shall file a proof of exemption with the commissioner in writing at least ten  
 11 (10) days before securities are sold.

12 (ii) The proof of exemption under subdivision  
 13 (a)(12)(F)(i) of this section shall specify that the issuer is conducting an  
 14 offering in reliance of the exemption under this subdivision (a)(12).

15 (iii) The proof of exemption under subdivision  
 16 (a)(12)(F)(i) of this section shall contain:

17 (a) The name and address of the issuer;

18 (b) The name and address of all persons who  
 19 will be involved in the offer or sale of securities on behalf of the issuer;

20 (c) The name and address of the bank as  
 21 defined in § 23-45-102(a)(5)(A) into which investor funds will be deposited;  
 22 and

23 (d) A copy of the offering documents to be  
 24 provided to each prospective purchaser in connection with the offering.

25 ~~(G)(iv) A~~ The issuer shall pay a filing fee of one  
 26 hundred dollars (\$100) shall be paid to the commissioner for every proof of  
 27 exemption filed with the commissioner under this subdivision (a)(12)  
 28 (a)(12)(F)(i) of this section.

29 (v) If the information contained in the proof of  
 30 exemption filed with the commissioner under subdivision (a)(12)(F)(i) of this  
 31 section becomes inaccurate for any reason, the issuer shall file an amendment  
 32 in writing with the commissioner within sixty (60) days;

33 (G) The issuer shall inform all purchasers that the  
 34 securities have not been registered under this chapter and cannot be resold  
 35 unless the securities are:

36 (i) Registered or qualify for an exemption from

1 registration under this section and §§ 23-42-501 – 503; and

2 (ii) Subject to the limitation on resales contained  
3 in either:

4 (a) Subsection (e) of Rule 147 of the United  
5 States Securities and Exchange Commission, 17 C.F.R. 230.147(e), as it  
6 existed on January 1, 2025, and in the manner described in subsection (f) of  
7 Rule 147 of the United States Securities and Exchange Commission, 17 C.F.R.  
8 230.147(f), as it existed on January 1, 2025; or

9 (b) Subsection (e) of Rule 147(A) of the  
10 United States Securities and Exchange Commission, 17 C.F.R. 230.147A(e), as  
11 it existed on January 1, 2025, and in the manner described in subsection (f)  
12 of Rule 147A of the United States Securities and Exchange Commission, 17  
13 C.F.R. 230.147(A)(f), as it existed on January 1, 2025;

14 (H) A commission or other remuneration shall not be paid  
15 or given, directly or indirectly, for any person’s participation in the offer  
16 or sale of securities for the issuer unless the person is registered as a  
17 broker-dealer or agent under this chapter or a funding portal registered with  
18 the Financial Industry Regulatory Authority;

19 (I) The issuer shall not be, either before or as a result  
20 of the offering:

21 (i) An investment company as defined in Section 3 of  
22 the Investment Company Act of 1940, 15 U.S.C. § 80a-3, as it existed on  
23 January 1, 2025;

24 (ii) Subject to the reporting requirements of:

25 (a) Section 13 of the Securities and Exchange  
26 Act of 1934, 15 U.S.C. § 78m, as it existed on January 1, 2025; or

27 (b) Section 15(d) of the Securities and  
28 Exchange Act of 1934, 15 U.S.C. § 78o(d), as it existed on January 1, 2025;

29 or

30 (iii) Considered a blind pool or a company that has:

31 (a) Not yet defined its business operations;

32 (b) No business plan;

33 (c) No stated investment goal for the funds  
34 being raised; or

35 (d) Plans to engage in a merger or acquisition  
36 with an unspecified business entity;

1                   (J) The exemption under this subdivision (a)(12) shall not  
2 be used in conjunction with any other exemption under this chapter except  
3 for:

4                   (i) The exemption to institutional investors under  
5 subdivision (a)(8) of this section; and

6                   (ii)(a) Offers and sales to controlling persons of  
7 the issuer.

8                   (b) Sales to controlling persons under  
9 subdivision (a)(12)(J)(ii)(a) of this section shall not count toward the  
10 limitation under subdivision (a)(12)(D) of this section; and

11                   (K) The exemption under this subdivision (a)(12) shall  
12 not:

13                   (i) Be available if the issuer is subject to an  
14 event that would disqualify an issuer under Rule 506(d)(1) of the United  
15 States Securities and Exchange Commission Regulation D, 17 C.F.R. §  
16 230.506(d)(1), as it existed on January 1, 2025; or

17                   (ii) Be construed to alleviate a person from the  
18 antifraud provisions under § 23-42-507.

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