

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Securities Law of 1953 is amended  
5 by changing Sections 2.35, 4, and 8d as follows:

6 (815 ILCS 5/2.35)

7 Sec. 2.35. Qualified escrowee. "Qualified escrowee" means  
8 a person, firm, partnership, association, corporation, or  
9 other legal entity who: (a) falls under the definition of  
10 "title insurance company" under, and pursuant to the terms and  
11 requirements of, the Title Insurance Act, or is otherwise an  
12 agent or affiliate of such title insurance company, and which  
13 maintains at least one physical business location within the  
14 State; (b) is certified as an independent escrowee under, and  
15 pursuant to the terms and requirements of, the Title Insurance  
16 Act; or (c) is a bank, regulated trust company, savings bank,  
17 savings and loan association, or credit union, registered  
18 broker-dealer, or law firm which is authorized to do business  
19 in the State and which maintains at least one physical business  
20 location within the State.

21 (Source: P.A. 99-182, eff. 1-1-16.)

22 (815 ILCS 5/4) (from Ch. 121 1/2, par. 137.4)

1           Sec. 4. Exempt transactions. The provisions of Sections 2a,  
2           5, 6 and 7 of this Act shall not apply to any of the following  
3           transactions, except where otherwise specified in this Section  
4           4:

5           A. Any offer or sale, whether through a dealer or  
6           otherwise, of securities by a person who is not an issuer,  
7           underwriter, dealer or controlling person in respect of  
8           such securities, and who, being the bona fide owner of such  
9           securities, disposes thereof for his or her own account;  
10          provided, that such offer or sale is not made directly or  
11          indirectly for the benefit of the issuer or of an  
12          underwriter or controlling person.

13          B. Any offer, sale, issuance or exchange of securities  
14          of the issuer to or with security holders of the issuer  
15          except to or with persons who are security holders solely  
16          by reason of holding transferable warrants, transferable  
17          options, or similar transferable rights of the issuer, if  
18          no commission or other remuneration is paid or given  
19          directly or indirectly for or on account of the procuring  
20          or soliciting of such sale or exchange (other than a fee  
21          paid to underwriters based on their undertaking to purchase  
22          any securities not purchased by security holders in  
23          connection with such sale or exchange).

24          C. Any offer, sale or issuance of securities to any  
25          corporation, bank, savings bank, savings institution,  
26          savings and loan association, trust company, insurance

1 company, building and loan association, or dealer; to a  
2 pension fund, pension trust, or employees' profit sharing  
3 trust, other financial institution or institutional  
4 investor, any government or political subdivision or  
5 instrumentality thereof, whether the purchaser is acting  
6 for itself or in some fiduciary capacity; to any  
7 partnership or other association engaged as a substantial  
8 part of its business or operations in purchasing or holding  
9 securities; to any trust in respect of which a bank or  
10 trust company is trustee or co-trustee; to any entity in  
11 which at least 90% of the equity is owned by persons  
12 described under subsection C, H, or S of this Section 4; to  
13 any employee benefit plan within the meaning of Title I of  
14 the Federal ERISA Act if (i) the investment decision is  
15 made by a plan fiduciary as defined in Section 3(21) of the  
16 Federal ERISA Act and such plan fiduciary is either a bank,  
17 savings and loan association, insurance company,  
18 registered investment adviser or an investment adviser  
19 registered under the Federal 1940 Investment Advisers Act,  
20 or (ii) the plan has total assets in excess of \$5,000,000,  
21 or (iii) in the case of a self-directed plan, investment  
22 decisions are made solely by persons that are described  
23 under subsection C, D, H or S of this Section 4; to any  
24 plan established and maintained by, and for the benefit of  
25 the employees of, any state or political subdivision or  
26 agency or instrumentality thereof if such plan has total

1 assets in excess of \$5,000,000; or to any organization  
2 described in Section 501(c)(3) of the Internal Revenue Code  
3 of 1986, any Massachusetts or similar business trust, or  
4 any partnership, if such organization, trust, or  
5 partnership has total assets in excess of \$5,000,000.

6 D. The Secretary of State is granted authority to  
7 create by rule or regulation a limited offering  
8 transactional exemption that furthers the objectives of  
9 compatibility with federal exemptions and uniformity among  
10 the states. The Secretary of State shall prescribe by rule  
11 or regulation the amount of the fee for filing any report  
12 required under this subsection, but the fee shall not be  
13 less than the minimum amount nor more than the maximum  
14 amount established under Section 11a of this Act and shall  
15 not be returnable in any event.

16 E. Any offer or sale of securities by an executor,  
17 administrator, guardian, receiver or trustee in insolvency  
18 or bankruptcy, or at any judicial sale, or at a public sale  
19 by auction held at an advertised time and place, or the  
20 offer or sale of securities in good faith and not for the  
21 purpose of avoiding the provisions of this Act by a pledgee  
22 of securities pledged for a bona fide debt.

23 F. Any offer or sale by a registered dealer, either as  
24 principal or agent, of any securities (except face amount  
25 certificate contracts and investment fund shares) at a  
26 price reasonably related to the current market price of

1 such securities, provided:

2 (1) (a) the securities are issued and outstanding;

3 (b) the issuer is required to file reports pursuant  
4 to Section 13 or Section 15(d) of the Federal 1934 Act  
5 and has been subject to such requirements during the 90  
6 day period immediately preceding the date of the offer  
7 or sale, or is an issuer of a security covered by  
8 Section 12(g) (2) (B) or (G) of the Federal 1934 Act;

9 (c) the dealer has a reasonable basis for believing  
10 that the issuer is current in filing the reports  
11 required to be filed at regular intervals pursuant to  
12 the provisions of Section 13 or Section 15(d), as the  
13 case may be, of the Federal 1934 Act, or in the case of  
14 insurance companies exempted from Section 12(g) of the  
15 Federal 1934 Act by subparagraph 12(g) (2) (G) thereof,  
16 the annual statement referred to in Section  
17 12(g) (2) (G) (i) of the Federal 1934 Act; and

18 (d) the dealer has in its records, and makes  
19 reasonably available upon request to any person  
20 expressing an interest in a proposed transaction in the  
21 securities, the issuer's most recent annual report  
22 filed pursuant to Section 13 or 15(d), as the case may  
23 be, of the Federal 1934 Act or the annual statement in  
24 the case of an insurance company exempted from Section  
25 12(g) of the Federal 1934 Act by subparagraph  
26 12(g) (2) (G) thereof, together with any other reports

1 required to be filed at regular intervals under the  
2 Federal 1934 Act by the issuer after such annual report  
3 or annual statement; provided that the making  
4 available of such reports pursuant to this  
5 subparagraph, unless otherwise represented, shall not  
6 constitute a representation by the dealer that the  
7 information is true and correct, but shall constitute a  
8 representation by the dealer that the information is  
9 reasonably current; or

10 (2) (a) prior to any offer or sale, an application for  
11 the authorization thereof and a report as set forth  
12 under sub-paragraph (d) of this paragraph (2) has been  
13 filed by any registered dealer with and approved by the  
14 Secretary of State pursuant to such rules and  
15 regulations as the Secretary of State may prescribe;

16 (b) the Secretary of State shall have the power by  
17 order to refuse to approve any application or report  
18 filed pursuant to this paragraph (2) if

19 (i) the application or report does not comply  
20 with the provisions of this paragraph (2), or

21 (ii) the offer or sale of such securities would  
22 work or tend to work a fraud or deceit, or

23 (iii) the issuer or the applicant has violated  
24 any of the provisions of this Act;

25 (c) each application and report filed pursuant to  
26 this paragraph (2) shall be accompanied by a filing fee

1 and an examination fee in the amount established  
2 pursuant to Section 11a of this Act, which shall not be  
3 returnable in any event;

4 (d) there shall be submitted to the Secretary of  
5 State no later than 120 days following the end of the  
6 issuer's fiscal year, each year during the period of  
7 the authorization, one copy of a report which shall  
8 contain a balance sheet and income statement prepared  
9 as of the issuer's most recent fiscal year end  
10 certified by an independent certified public  
11 accountant, together with such current information  
12 concerning the securities and the issuer thereof as the  
13 Secretary of State may prescribe by rule or regulation  
14 or order;

15 (e) prior to any offer or sale of securities under  
16 the provisions of this paragraph (2), each registered  
17 dealer participating in the offer or sale of such  
18 securities shall provide upon request of prospective  
19 purchasers of such securities a copy of the most recent  
20 report required under the provisions of sub-paragraph  
21 (d) of this paragraph (2);

22 (f) approval of an application filed pursuant to  
23 this paragraph (2) of subsection F shall expire 5 years  
24 after the date of the granting of the approval, unless  
25 said approval is sooner terminated by (1) suspension or  
26 revocation by the Secretary of State in the same manner

1 as is provided for in subsections E, F and G of Section  
2 11 of this Act, or (2) the applicant filing with the  
3 Secretary of State an affidavit to the effect that (i)  
4 the subject securities have become exempt under  
5 Section 3 of this Act or (ii) the applicant no longer  
6 is capable of acting as the applicant and stating the  
7 reasons therefor or (iii) the applicant no longer  
8 desires to act as the applicant. In the event of the  
9 filing of an affidavit under either preceding  
10 sub-division (ii) or (iii) the Secretary of State may  
11 authorize a substitution of applicant upon the new  
12 applicant executing the application as originally  
13 filed. However, the aforementioned substituted  
14 execution shall have no effect upon the previously  
15 determined date of expiration of approval of the  
16 application. Notwithstanding the provisions of this  
17 subparagraph (f), approvals granted under this  
18 paragraph (2) of subsection F prior to the effective  
19 date of this Act shall be governed by the provisions of  
20 this Act in effect on such date of approval; and

21 (g) no person shall be considered to have violated  
22 Section 5 of this Act by reason of any offer or sale  
23 effected in reliance upon an approval granted under  
24 this paragraph (2) after a termination thereof under  
25 the foregoing subparagraph (f) if official notice of  
26 such termination has not been circulated generally to



1 dealers by the Secretary of State and if such person  
2 sustains the burden of proof that he or she did not  
3 know, and in the exercise of reasonable care, could not  
4 have known, of the termination; or

5 (3) the securities, or securities of the same class,  
6 are the subject of an existing registration under Section 5  
7 of this Act.

8 The exemption provided in this subsection F shall apply  
9 only if the offer or sale is made in good faith and not for the  
10 purpose of avoiding any of the provisions of this Act, and only  
11 if the offer or sale is not made for the direct or indirect  
12 benefit of the issuer of the securities, or the controlling  
13 person in respect of such issuer.

14 G. (1) Any offer, sale or issuance of a security, whether  
15 to residents or to non-residents of this State, where:

16 (a) all sales of such security to residents of this  
17 State (including the most recent such sale) within the  
18 immediately preceding 12-month period have been made  
19 to not more than 35 persons or have involved an  
20 aggregate sales price of not more than \$1,000,000;

21 (b) such security is not offered or sold by means  
22 of any general advertising or general solicitation in  
23 this State; and

24 (c) no commission, discount, or other remuneration  
25 exceeding 20% of the sale price of such security, if  
26 sold to a resident of this State, is paid or given

1           directly or indirectly for or on account of such sales.

2           (2) In computing the number of resident purchasers or  
3 the aggregate sales price under paragraph (1) (a) above,  
4 there shall be excluded any purchaser or dollar amount of  
5 sales price, as the case may be, with respect to any  
6 security which at the time of its sale was exempt under  
7 Section 3 or was registered under Section 5, 6 or 7 or was  
8 sold in a transaction exempt under other subsections of  
9 this Section 4.

10          (3) A prospectus or preliminary prospectus with  
11 respect to a security for which a registration statement is  
12 pending or effective under the Federal 1933 Act shall not  
13 be deemed to constitute general advertising or general  
14 solicitation in this State as such terms are used in  
15 paragraph (1) (b) above, provided that such prospectus or  
16 preliminary prospectus has not been sent or otherwise  
17 delivered to more than 150 residents of this State.

18          (4) The Secretary of State shall by rule or regulation  
19 require the filing of a report or reports of sales made in  
20 reliance upon the exemption provided by this subsection G  
21 and prescribe the form of such report and the time within  
22 which such report shall be filed. Such report shall set  
23 forth the name and address of the issuer and of the  
24 controlling person, if the sale was for the direct or  
25 indirect benefit of such person, and any other information  
26 deemed necessary by the Secretary of State to enforce

1 compliance with this subsection G. The Secretary of State  
2 shall prescribe by rule or regulation the amount of the fee  
3 for filing any such report, established pursuant to Section  
4 11a of this Act, which shall not be returnable in any  
5 event. The Secretary of State may impose, in such cases as  
6 he or she may deem appropriate, a penalty for failure to  
7 file any such report in a timely manner, but no such  
8 penalty shall exceed an amount equal to five times the  
9 filing fee. The contents of any such report or portion  
10 thereof may be deemed confidential by the Secretary of  
11 State by rule or order and if so deemed shall not be  
12 disclosed to the public except by order of court or in  
13 court proceedings. The failure to file any such report  
14 shall not affect the availability of such exemption, but  
15 such failure to file any such report shall constitute a  
16 violation of subsection D of Section 12 of this Act,  
17 subject to the penalties enumerated in Section 14 of this  
18 Act. The civil remedies provided for in subsection A of  
19 Section 13 of this Act and the civil remedies of rescission  
20 and appointment of a receiver, conservator, ancillary  
21 receiver or ancillary conservator provided for in  
22 subsection F of Section 13 of this Act shall not be  
23 available against any person by reason of the failure to  
24 file any such report or on account of the contents of any  
25 such report.

26 H. Any offer, sale or issuance of a security to an

1 accredited investor provided that such security is not  
2 offered or sold by means of any general advertising or  
3 general solicitation, except as otherwise permitted in  
4 this Act.

5 I. Any offer, sale or issuance of securities to or for  
6 the benefit of security holders of any person incident to a  
7 vote by such security holders pursuant to such person's  
8 organizational document or any applicable statute of the  
9 jurisdiction of such person's organization, on a merger,  
10 consolidation, reclassification of securities, or sale or  
11 transfer of assets in consideration of or exchange for  
12 securities of the same or another person.

13 J. Any offer, sale or issuance of securities in  
14 exchange for one or more outstanding securities, claims or  
15 property interests, or partly in such exchange and partly  
16 for cash, where such offer, sale or issuance is incident to  
17 a reorganization, recapitalization, readjustment,  
18 composition or settlement of a claim, as approved by a  
19 court of competent jurisdiction of the United States, or  
20 any state.

21 K. Any offer, sale or issuance of securities for  
22 patronage, or as patronage refunds, or in connection with  
23 marketing agreements by cooperative associations organized  
24 exclusively for agricultural, producer, marketing,  
25 purchasing, or consumer purposes; and the sale of  
26 subscriptions for or shares of stock of cooperative

1        associations organized exclusively for agricultural,  
2        producer, marketing, purchasing, or consumer purposes, if  
3        no commission or other remuneration is paid or given  
4        directly or indirectly for or on account of such  
5        subscription, sale or resale, and if any person does not  
6        own beneficially more than 5% of the aggregate amount of  
7        issued and outstanding capital stock of such cooperative  
8        association.

9        L. Offers for sale or solicitations of offers to buy  
10       (but not the acceptance thereof), of securities which are  
11       the subject of a pending registration statement filed under  
12       the Federal 1933 Act and which are the subject of a pending  
13       application for registration under this Act.

14       M. Any offer or sale of preorganization subscriptions  
15       for any securities prior to the incorporation,  
16       organization or formation of any issuer under the laws of  
17       the United States, or any state, or the issuance by such  
18       issuer, after its incorporation, organization or  
19       formation, of securities pursuant to such preorganization  
20       subscriptions, provided the number of subscribers does not  
21       exceed 25 and either (1) no commission or other  
22       remuneration is paid or given directly or indirectly for or  
23       on account of such sale or sales or issuance, or (2) if any  
24       commission or other remuneration is paid or given directly  
25       or indirectly for or on account of such sale or sales or  
26       issuance, the securities are not offered or sold by any

1 means of general advertising or general solicitation in  
2 this State.

3 N. The execution of orders for purchase of securities  
4 by a registered salesperson and dealer, provided such  
5 persons act as agent for the purchaser, have made no  
6 solicitation of the order to purchase the securities, have  
7 no direct interest in the sale or distribution of the  
8 securities ordered, receive no commission, profit, or  
9 other compensation other than the commissions involved in  
10 the purchase and sale of the securities and deliver to the  
11 purchaser written confirmation of the order which clearly  
12 identifies the commissions paid to the registered dealer.

13 O. Any offer, sale or issuance of securities, other  
14 than fractional undivided interests in an oil, gas or other  
15 mineral lease, right or royalty, for the direct or indirect  
16 benefit of the issuer thereof, or of a controlling person,  
17 whether through a dealer (acting either as principal or  
18 agent) or otherwise, if the securities sold, immediately  
19 following the sale or sales, together with securities  
20 already owned by the purchaser, would constitute 50% or  
21 more of the equity interest of any one issuer, provided  
22 that the number of purchasers is not more than 5 and  
23 provided further that no commission, discount or other  
24 remuneration exceeding 15% of the aggregate sale price of  
25 the securities is paid or given directly or indirectly for  
26 or on account of the sale or sales.

1 P. Any offer, sale or issuance of securities (except  
2 face amount certificate contracts and investment fund  
3 shares) issued by and representing an interest in an issuer  
4 which is a business corporation incorporated under the laws  
5 of this State, the purposes of which are to provide capital  
6 and supervision solely for the redevelopment of blighted  
7 urban areas located in a municipality in this State and  
8 whose assets are located entirely within that  
9 municipality, provided: (1) no commission, discount or  
10 other remuneration is paid or given directly or indirectly  
11 for or on account of the sale or sales of such securities;  
12 (2) the aggregate amount of any securities of the issuer  
13 owned of record or beneficially by any one person will not  
14 exceed the lesser of \$5,000 or 4% of the equity  
15 capitalization of the issuer; (3) the officers and  
16 directors of the corporation have been bona fide residents  
17 of the municipality not less than 3 years immediately  
18 preceding the effectiveness of the offering sheet for the  
19 securities under this subsection P; and (4) the issuer  
20 files with the Secretary of State an offering sheet  
21 descriptive of the securities setting forth:

22 (a) the name and address of the issuer;

23 (b) the title and total amount of securities to be  
24 offered;

25 (c) the price at which the securities are to be  
26 offered; and

1           (d) such additional information as the Secretary  
2           of State may prescribe by rule and regulation.

3           The Secretary of State shall within a reasonable time  
4           examine the offering sheet so filed and, unless the  
5           Secretary of State shall make a determination that the  
6           offering sheet so filed does not conform to the  
7           requirements of this subsection P, shall declare the  
8           offering sheet to be effective, which offering sheet shall  
9           continue effective for a period of 12 months from the date  
10          it becomes effective. The fee for examining the offering  
11          sheet shall be as established pursuant to Section 11a of  
12          this Act, and shall not be returnable in any event. The  
13          Secretary of State shall by rule or regulation require the  
14          filing of a report or reports of sales made to residents of  
15          this State in reliance upon the exemption provided by this  
16          subsection P and prescribe the form of such report and the  
17          time within which such report shall be filed. The Secretary  
18          of State shall prescribe by rule or regulation the amount  
19          of the fee for filing any such report, but such fee shall  
20          not be less than the minimum amount nor more than the  
21          maximum amount established pursuant to Section 11a of this  
22          Act, and shall not be returnable in any event. The  
23          Secretary of State may impose, in such cases as he or she  
24          may deem appropriate, a penalty for failure to file any  
25          such report in a timely manner, but no such penalty shall  
26          exceed an amount equal to five times the filing fee. The



1 contents of any such report shall be deemed confidential  
2 and shall not be disclosed to the public except by order of  
3 court or in court proceedings. The failure to file any such  
4 report shall not affect the availability of such exemption,  
5 but such failure to file any such report shall constitute a  
6 violation of subsection D of Section 12 of this Act,  
7 subject to the penalties enumerated in Section 14 of this  
8 Act. The civil remedies provided for in subsection A of  
9 Section 13 of this Act and the civil remedies of rescission  
10 and appointment of a receiver, conservator, ancillary  
11 receiver or ancillary conservator provided for in  
12 subsection F of Section 13 of this Act shall not be  
13 available against any person by reason of the failure to  
14 file any such report or on account of the contents of any  
15 such report.

16 Q. Any isolated transaction, whether effected by a  
17 dealer or not.

18 R. Any offer, sale or issuance of a security to any  
19 person who purchases at least \$150,000 of the securities  
20 being offered, where the purchaser's total purchase price  
21 does not, or it is reasonably believed by the person  
22 relying upon this subsection R that said purchase price  
23 does not, exceed 20 percent of the purchaser's net worth at  
24 the time of sale, or if a natural person a joint net worth  
25 with that person's spouse, for one or any combination of  
26 the following: (i) cash, (ii) securities for which market

1 quotations are readily available, (iii) an unconditional  
2 obligation to pay cash or securities for which quotations  
3 are readily available, which obligation is to be discharged  
4 within five years of the sale of the securities to the  
5 purchaser, or (iv) the cancellation of any indebtedness  
6 owed by the issuer to the purchaser; provided that such  
7 security is not offered or sold by means of any general  
8 advertising or general solicitation in this State.

9 S. Any offer, sale or issuance of a security to any  
10 person who is, or who is reasonably believed by the person  
11 relying upon this subsection S to be, a director, executive  
12 officer, or general partner of the issuer of the securities  
13 being offered or sold, or any director, executive officer,  
14 or general partner of a general partner of that issuer. For  
15 purposes of this subsection S, "executive officer" shall  
16 mean the president, any vice president in charge of a  
17 principal business unit, division or function (such as  
18 sales, administration or finance), any other officer who  
19 performs a policy making function, or any other person who  
20 performs similar policy making functions for the issuer.  
21 Executive officers of subsidiaries may be deemed executive  
22 officers of the issuer if they perform such policy making  
23 functions for the issuer.

24 A document being filed pursuant to this Section 4 shall  
25 be deemed filed, and any fee paid pursuant to this Section  
26 4 shall be deemed paid, upon the date of actual receipt

1           thereof by the Secretary of State.

2           T. An offer or sale of a security, by an issuer that ~~is~~  
3 ~~organized and,~~ as of the time of the offer and the time of  
4 sale is ~~7~~ in good standing under the laws of the State of  
5 Illinois and that is~~7~~ made solely to persons or entities  
6 that are, as of the time of the offer and time of sale,  
7 residents of the State of Illinois, subject to the  
8 following provided:

9                   (1) The offering is made in compliance with the  
10 requirements of ~~meets all of the requirements of the~~  
11 ~~federal exemption for intrastate offerings provided in~~  
12 Section 3(a)(11) of the Securities Act of 1933 (15  
13 U.S.C. 77c(a)(11)) and Rule 147 adopted under the  
14 Securities Act of 1933 (17 CFR 230.147), Rule 147A (17  
15 CFR 230.147A), or any other federal exemption  
16 providing for intrastate offerings from time to time in  
17 effect.

18                   (2) The aggregate purchase price of all securities  
19 sold by an issuer in reliance on the exemption under  
20 this subsection, within any 12-month period, does not  
21 exceed: (i) \$1,000,000; or (ii) \$4,000,000 if the  
22 issuer has undergone and made available (directly, or  
23 through a registered Internet portal), to each  
24 prospective purchaser and the Secretary of State,  
25 copies of its most recent financial statements which  
26 have been audited by an independent auditor and

1 certified by a senior officer of the issuer as fairly,  
2 completely, and accurately presenting the financial  
3 condition of the issuer, in all material respects, as  
4 of the dates indicated therein. Amounts received in  
5 connection with any offer or sale to any accredited  
6 investor or any of the following shall not count toward  
7 the calculation of the foregoing monetary limitations:

8 (a) any entity (including, without limitation,  
9 any trust) in which all of the equity interests are  
10 owned by (or with respect to any trust, the primary  
11 beneficiaries are) persons who are accredited  
12 investors or who meet one or more of the criteria  
13 in subparagraphs (b) through (d) of this paragraph  
14 (2);

15 (b) with respect to participating in an  
16 offering of a particular issuer, a natural person  
17 serving as an officer, director, partner, or  
18 trustee of, or otherwise occupying similar status  
19 or performing similar functions with respect to,  
20 such issuer;

21 (c) with respect to participating in an  
22 offering of a particular issuer, a natural person  
23 or entity who owns 10% or more of the then  
24 aggregate outstanding voting capital securities of  
25 such issuer; or

26 (d) such other person or entity as the

1 Secretary of State may hereafter exempt by rule.

2 The Secretary of State may hereafter cumulatively  
3 increase the dollar limitations provided in this  
4 paragraph (2).

5 (3) The aggregate amount sold by an issuer to any  
6 purchaser (other than an accredited investor or a  
7 person or entity which meets one or more of the  
8 criteria in subparagraphs (a) through (d) of paragraph  
9 (2) of this subsection T) in an offering of securities  
10 made in reliance on the exemption provided in this  
11 subsection T, within any consecutive 12-month period,  
12 does not exceed \$5,000.

13 (4) The Secretary of State shall establish by rule  
14 the duties of the issuer including disclosure and  
15 filing requirements, treatment of escrow funds and  
16 agreements, production of financial statements, and  
17 other requirements as deemed necessary.

18 (5) The issuer has made available, to each  
19 prospective purchaser and the Secretary of State,  
20 copies of its most recent financial statements  
21 personally certified by one or more senior officers of  
22 the issuer as fairly, completely, and accurately  
23 presenting the financial condition of the issuer, in  
24 all material respects, as of the dates indicated  
25 therein.

26 (6) No commission or other remuneration is paid or

1 given directly or indirectly to any person or entity  
2 (including, without limitation, any registered  
3 Internet portal) for soliciting any investor, other  
4 than such payments made ~~person in this State, except~~ to  
5 registered dealers and registered salespersons  
6 licensed in this State and such finder fees and other  
7 payments now or hereafter permitted under applicable  
8 Federal law or a United States Securities and Exchange  
9 Commission rule or interpretive letter.

10 (7) Not less than 15 days before the earlier of the  
11 first sale of securities made in reliance on the  
12 exemption provided in this subsection T, or the use of  
13 any general solicitation with respect thereto (other  
14 than a general announcement made by or on behalf of),  
15 an issuer shall file a notice filing with the Secretary  
16 of State together with such other forms, materials, and  
17 fees as required by the Secretary of State by rule.

18 The Secretary of State shall prescribe by rule the  
19 amount of the fee for filing the notice filing required  
20 under this subsection, but the fee shall not be less  
21 than the minimum amount nor more than the maximum  
22 amount ~~in subparagraph (a), established under pursuant~~  
23 ~~to~~ Section 11a of this Act and shall not be returnable  
24 in any event. The Secretary of State may impose, in  
25 such cases as the Secretary ~~he or she~~ may deem  
26 appropriate, a penalty for failure to file any such

1 notice in a timely manner, but no such penalty shall  
2 exceed an amount equal to 5 times the filing fee. The  
3 contents of any such notice or portion thereof may be  
4 deemed confidential by the Secretary of State by rule  
5 or order and if so deemed shall not be disclosed to the  
6 public except by order of court or in court  
7 proceedings. The failure to file any such notice does  
8 not affect the availability of such exemption, but such  
9 failure to file any such report constitutes a violation  
10 of subsection D of Section 12 of this Act and is  
11 subject to the penalties and remedies available in this  
12 Act and under the law.

13 (8) All payments for purchase of securities  
14 offered pursuant to the exemption provided under this  
15 subsection T are made directly to, and held by, a ~~the~~  
16 qualified escrowee ~~identified in the escrow agreement~~  
17 ~~required pursuant to subparagraph (c) of paragraph~~  
18 ~~(4)~~.

19 (9) The issuer includes each of the following in  
20 one or more of the offering materials delivered to a  
21 prospective purchaser, or to which a prospective  
22 purchaser has been granted electronic access, in  
23 connection with the offering:

24 (a) a description of the issuer, its type of  
25 entity, the address, and telephone number of its  
26 principal office;

1 (b) a reasonably detailed description of the  
2 intended use of the offering proceeds, including  
3 any amounts to be paid, as compensation or  
4 otherwise, to any owner, executive officer,  
5 director, managing member, or other person  
6 occupying a similar status or performing similar  
7 functions on behalf of the issuer;

8 (c) the identity of all persons owning more  
9 than 20% ~~10%~~ of the voting capital securities of  
10 the issuer;

11 (d) the identity of the executive officers,  
12 directors, managing members, and other persons  
13 occupying a similar status or performing similar  
14 functions in the name of and on behalf of the  
15 issuer, including their titles and a reasonably  
16 detailed description of their prior experience;

17 (e) the identity of any person or entity who  
18 has been or will be retained by the issuer to  
19 assist the issuer in conducting the offering and  
20 sale of the securities (including all registered  
21 Internet portals but excluding persons acting  
22 solely as accountants or attorneys and employees  
23 whose primary job responsibilities involve the  
24 operating business of the issuer rather than  
25 assisting the issuer in raising capital) and a  
26 description of the consideration being paid to



1 each such person or entity for such assistance;

2 (e-5) to the extent the issuer is an affiliate  
3 or related party of the registered Internet portal  
4 being used to conduct the offering, a reasonably  
5 detailed description of the relationship between  
6 the parties;

7 (f) any additional information material to the  
8 offering, including a description of significant  
9 factors that make the offering speculative or  
10 risky for the purchaser;

11 (g) (blank). ~~the information required pursuant~~  
12 ~~to subparagraphs (a) and (b) of paragraph (4) of~~  
13 ~~this subsection T;~~

14 (h) such other information as the Secretary of  
15 State may hereafter require by rule.

16 (10) The issuer (directly or through a registered  
17 Internet portal) requires each purchaser to certify,  
18 in writing or electronically, that the purchaser:

19 (a) is a resident of the State of Illinois;

20 (b) understands that the purchaser ~~he or she~~ is  
21 investing in a high-risk, highly speculative,  
22 business venture, that the purchaser ~~he or she~~ may  
23 lose all of the ~~his or her~~ investment, and that the  
24 purchaser ~~that he or she~~ can afford such a loss of  
25 the ~~his or her~~ investment;

26 (c) understands that the securities being

1           offered are highly illiquid, that there is no ready  
2           market for the sale of such securities, that it may  
3           be difficult or impossible for purchaser to sell or  
4           otherwise dispose of such securities, and (where  
5           applicable) that purchaser may be required to hold  
6           the securities for an indefinite period of time;  
7           and

8           (d) understands that purchaser may be subject  
9           to the payment of certain taxes with respect to the  
10          securities being purchased whether or not  
11          purchaser has sold, or otherwise disposed of, such  
12          securities or whether purchaser has received any  
13          distributions or other amounts from the issuer.

14          (11) The issuer (directly or through a registered  
15          Internet portal) obtains from each purchaser of a  
16          security offered under this subsection T evidence that  
17          the purchaser is a resident of this State and, if  
18          applicable, is an accredited investor. Without  
19          limiting the generality of the foregoing, and not to  
20          the exclusion of other reasonable methods which may be  
21          used by the issuer in connection with the foregoing, an  
22          issuer may rely on any evidence permitted under the  
23          applicable Federal exemption relied upon pursuant to  
24          paragraph (1) of this subsection T.

25          (12) The issuer (and to the extent a registered  
26          Internet portal is used, such registered Internet

1 portal) maintains records of all offers and sales of  
2 securities made pursuant to the exemption granted by  
3 this subsection T and provides ready access to such  
4 records to the Secretary of State, upon notice from the  
5 Secretary of State.

6 (13) The issuer is not, either before or as a  
7 result of the offering:

8 (a) an investment company, as defined in  
9 Section 3 of the Investment Company Act of 1940 (15  
10 U.S.C. 80a-3), as amended and in effect (unless the  
11 issuer qualifies for exemption from the terms  
12 thereof ~~exclusion from such definition~~ pursuant  
13 to: one or more of the exceptions provided in  
14 Section 3(c) of the Investment Company Act of  
15 1940; ~~or~~ any other provision of the Investment  
16 Company Act of 1940; ~~or~~ any United States  
17 Securities and Exchange Commission administrative  
18 rule, regulation, or interpretive letter ruling  
19 ~~rule or regulation~~ promulgated with respect to the  
20 Investment Company Act of 1940 or in connection  
21 therewith; or any other applicable Federal  
22 regulation or exemption); or

23 (b) subject to the reporting requirements of  
24 Section 13 or 15(d) of the Securities Exchange Act  
25 of 1934 (15 U.S.C. 78m or 15 U.S.C. 78o(d)).

26 (14) Neither the issuer, nor any person owning more

1           than 20% of the voting capital securities of the issuer  
2           ~~affiliated with the issuer~~ (either before or as a  
3           result of the offering), nor the offering itself, nor  
4           the registered Internet portal (to the extent used) is  
5           subject to disqualification established by the  
6           Secretary of State by rule or contained in the  
7           applicable Federal exemption relied upon pursuant to  
8           paragraph (1) of this subsection T ~~the Securities Act~~  
9           ~~of 1933 (15 U.S.C. 77e(a)(11)) and Rule 147 adopted~~  
10          ~~under the Securities Act of 1933 (17 CFR 230.147),~~  
11          unless both of the following are met:

12                   (a) on a showing of good cause and without  
13                   prejudice to any other action by the Secretary of  
14                   State, the Secretary of State determines that it is  
15                   not necessary under the circumstances that an  
16                   exemption is denied; and

17                   (b) the issuer establishes that it made a  
18                   factual inquiry into whether any disqualification  
19                   existed under this paragraph (14), but did not  
20                   know, and in the exercise of reasonable care could  
21                   not have known, that a disqualification existed  
22                   under this paragraph (14); the nature and scope of  
23                   the requisite inquiry will vary based on the  
24                   circumstances of the issuer and the other offering  
25                   participants.

26           (15) A separate investment vehicle may be used to

1           aggregate investments in the offering being made by an  
2           issuer under this Section provided that such separate  
3           investment vehicle is permitted pursuant to Federal  
4           law or the rules or an interpretive letter of the  
5           United States Securities and Exchange Commission. The  
6           Secretary shall adopt rules consistent with Federal  
7           law, rules, or interpretive opinions regarding such  
8           separate investment vehicles. For purposes of  
9           determining compliance with the provisions of this  
10           subsection T and the related administrative rules,  
11           such investment vehicle shall be disregarded and the  
12           subject offering shall be assessed as if the issuer had  
13           made a direct offering to the participating investors.  
14           Such separate investment vehicle shall not be  
15           considered as an entity qualifying under subparagraph  
16           (c) of paragraph (2) of this subsection T for purposes  
17           of calculating the purchase price totals permitted  
18           under the exemption. The Secretary of State may  
19           establish by rule the duties of the separate investment  
20           vehicle under this subsection including the production  
21           of financial statements, maintenance of certain books  
22           and records of the separate investment vehicle, and  
23           other requirements as deemed necessary.

24           (Source: P.A. 99-182, eff. 1-1-16.)

25           (815 ILCS 5/8d)

1           Sec. 8d. Offerings made through registered Internet  
2 portals.

3           (a) An issuer shall make an offering or sale of securities  
4 pursuant to subsection T of Section 4 of this Act through the  
5 use of one or more registered Internet portals.

6           (b) The Internet portal:

7           (1) shall be a registered broker-dealer under the  
8 Securities Exchange Act of 1934 (15 U.S.C. 78o);

9           (2) shall be a funding portal registered under the  
10 Securities Act of 1933 (15 U.S.C. 77d-1) and the Securities  
11 and Exchange Commission has adopted rules under authority  
12 of Section 3(h) of the Securities Exchange Act of 1934 (15  
13 U.S.C. 78c) and Section 304 of the Jumpstart Our Business  
14 Startups Act (P.L. 112-106) governing funding portals;

15           (3) shall be a dealer registered under this Act as of  
16 the date of any offer or sale of securities made through  
17 the Internet portal; or

18           (4) shall, to the extent it meets the qualifications  
19 for exemption from registration pursuant to subsection (d)  
20 of this Section:

21           (A) file, not later than 30 days before the date of  
22 the first offer or sale of securities made within this  
23 State, an application for registration (or renewal of  
24 registration, as applicable) as a registered Internet  
25 portal with the Secretary of State, in writing or in  
26 electronic form as prescribed by the Secretary of

1 State, which the Secretary of State shall make  
2 available as an electronic document on the Secretary of  
3 State's Internet website, containing such information  
4 and required deliveries as specified therein; and

5 (B) pay the application filing fee established  
6 under Section 11a of this Act; the Secretary of State  
7 shall, within a reasonable time, examine the filed  
8 application and other materials filed and, approve or  
9 deny the application.

10 (c) If any change occurs in the information submitted by,  
11 or on behalf of, an Internet portal to the Secretary of State,  
12 the Internet portal shall notify the Secretary of State within  
13 10 days after such change occurs and shall provide the  
14 Secretary of State with such additional information (if any)  
15 requested by the Secretary of State in connection therewith.

16 (d) Notwithstanding anything contained in this Act to the  
17 contrary, neither an Internet portal nor its owning or  
18 operating entity is required to register as a dealer or an  
19 investment advisor under this Act if each of the following  
20 applies with respect to the Internet portal and its owning or  
21 operating entity:

22 (1) It does not solicit purchases, sales, or offers to  
23 buy the securities offered or displayed on the Internet  
24 portal.

25 (2) It does not collect or hold funds in connection  
26 with any purchase, sale, or offer to buy any securities

1 offered or displayed on the Internet portal.

2 (3) It does not compensate employees, agents, or other  
3 persons for the solicitation or based on the sale of  
4 securities displayed or referenced on the Internet portal.

5 (4) It is not compensated based on the amount of  
6 securities sold.

7 (5) The fee it charges an issuer for an offering of  
8 securities on the Internet portal is a fixed amount for  
9 each offering, a variable amount based on the length of  
10 time that the securities are offered on the Internet  
11 portal, a variable amount based on the total proposed  
12 offering amount, or any combination of such fixed and  
13 variable amounts.

14 (6) It does not offer investment advice or  
15 recommendations; however, an Internet portal is not deemed  
16 to be offering investment advice or recommendations simply  
17 by virtue of:

18 (A) selecting transactions in which the Internet  
19 portal shall serve as an intermediary;

20 (B) establishing reasonable selection criteria for  
21 an issuer to meet in order to establish an offer or  
22 sale of securities through the Internet portal;

23 (C) establishing reasonable selection criteria for  
24 a potential purchaser to meet in order to participate  
25 in an offer or sale of securities made through the  
26 Internet portal; or



1 (D) terminating an issuer transaction at any time  
2 before the first sale of the securities of such issuer  
3 if the Internet portal determines such action is  
4 appropriate, after reasonable due diligence, to  
5 protect potential purchasers, and the Internet portal  
6 is able to direct the qualified escrowee to return all  
7 funds then provided by potential purchasers, if any.

8 (7) It does not engage in such other activities as the  
9 Secretary of State, by rule, determines are prohibited.

10 (e) Upon completion of an offering made pursuant to  
11 subsection T of Section 4, each registered Internet portal  
12 involved with the transactions (and the issuer, to the extent  
13 applicable) shall store any and all electronic materials  
14 related to the completed offering (including copies of all  
15 offering documents, all offering materials, and all purchaser  
16 information) on a secure, non-public, server or in such other  
17 manner as the Secretary of State may hereafter deem acceptable  
18 by rule.

19 (f) Notwithstanding anything contained in this Act to the  
20 contrary, in connection with any offering or sale of securities  
21 pursuant to subsection T of Section 4 of this Act, the hosting  
22 registered Internet portal may elect, in its discretion, to  
23 accept as compensation (in whole or part) for the services  
24 provided in connection with the subject offering:

25 (1) such equity in, or other securities issued by,  
26 issuer on the Internet portal as part of the subject

1           offering; or  
2           (2) equity in, or other securities issued by, issuer of  
3           any kind, provided that any right to distribution or  
4           payment with respect to such class of equity or other  
5           securities received by the registered Internet portal be  
6           equal, or junior, in terms of priority to the distribution  
7           and payment rights, as applicable, of the securities being  
8           offered on the Internet portal as part of the subject  
9           offering.

10        (Source: P.A. 99-182, eff. 1-1-16.)