



*State of North Carolina
Department of the Secretary of State*

ELAINE F. MARSHALL
SECRETARY OF STATE

August 9, 2016

TO: All Parties Interested in North Carolina Crowdfunding and Securities Rulemaking

Re: Crowdfunding (PACES Act) Rulemaking

Dear Interested Party:

As you may know, North Carolina law has just changed with regard to how certain businesses can raise capital by selling shares of stock and other securities through what is often called “crowdfunding.” This new bipartisan generated state crowdfunding state legislation is envisioned as a new channel for raising financial capital for the private business sector in North Carolina’s economy. I am writing to invite you to participate in developing rules under the new state crowdfunding law.

On July 22, 2016, the North Carolina PACES Act (“the Act”), also known as the state “crowdfunding” act, became law. (See link below.) The North Carolina Department of the Secretary of State (“the Department”) is responsible for implementation of the Act. The development, writing and adoption of rules is one aspect of implementation.

Earlier this year, the Securities and Exchange Commission (“the SEC”) also implemented federal crowdfunding rules. Our state crowdfunding rules will be different from the federal crowdfunding rules that went into effect in May. For more information about federal crowdfunding: <https://www.sec.gov/spotlight/jobs-act.shtml>.

The Department is initiating rulemaking for basic rules which are necessary to implement the Act, including rules related to filings and forms. We intend to complete this phase of rulemaking so that the rules are in effect by early in 2017. If we later determine that additional rules are necessary, it is possible that we will engage in a second phase of rulemaking in 2017. If a second rulemaking proceeding becomes necessary, we would hope to complete it by about August 1, 2017.

The Department is offering you and other interested parties the opportunity to have input into the development of these rules. Specifically, I invite you to participate in our rulemaking process as follows:

By Friday, September 2, 2016, please:

- Send us your suggestions for specific rules that you think should be adopted; and

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- Send us your ideas for other, related general topics and areas in which you believe we might need to write and adopt rules.

Please send your written comments directly to the attention of: Ann B. Wall, General Counsel. You may transmit comments in several ways, including by

Email to: Rules@sosnc.gov (Please use the subject line: Crowdfunding Rules);

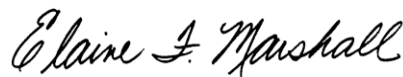
In person or by courier to: Ann B. Wall, General Counsel, N.C. Department of the Secretary of State, 2 South Salisbury Street, Raleigh, NC 27601-2903; and/or

United States Postal Service: Ann B. Wall, General Counsel, N.C. Department of the Secretary of State, P.O. Box 29622, Raleigh, NC 27626-0622.

To assist you in this initial informal stage of the rulemaking process, I have provided links to relevant portions of the Act and other documents explaining the rulemaking process at the end of this letter.

If you know of others who may have an interest in crowdfunding and the development of state crowdfunding rules, please feel free to share this information with them.

Sincerely,



Elaine F. Marshall

Links:

- [A Pdf of this letter.](#)
- [The PACES Act \(extracts\)](#)
- [A summary of the PACES rulemaking process](#)
- [Related provisions from the North Carolina Administrative Procedures Act](#)