A. Definitions. The following terms, as used in this Rule, shall have the meaning ascribed to them below unless the context requires otherwise:

1. Accredited Investor is defined in 17 C.F.R. Section 230.501(a), as currently enacted or as amended, and a non-accredited investor means an investor who does not meet the definition of an accredited investor.

2. Annual Income means:

   a. For individuals, income is determined as the sum of the individual’s:

      i. Wages, salaries, commissions, bonuses, and tips from all jobs before deductions for taxes, dues or other items;

      ii. Self-employment net income (after business expenses);

      iii. Retirement pensions from companies and unions; federal, state, and local governments; and the U.S. military;

      iv. Monthly income from annuities, IRAs, or KEOGH retirement plans;

      v. Interest, dividends, and rental income; and

      vi. Partner, shareholder, and beneficiary income as reported to the Internal Revenue Service on Schedule K-1 (Form 1065) (a reported loss on Schedule K-1 is counted against the sum of income).

   b. For entities, income is determined as the revenue in excess of expenses, including depreciation, determined before taxes and as filed with the Mississippi Department of Revenue or the Internal Revenue Service on the entity’s last tax return.
3. **Bank** means a depository institution that is organized or chartered under the laws of this state or of the United States, is authorized to do business in this state, and is located in this state. For the purposes of this Rule, a credit union is included in the definition of bank.

4. **IMC Form** means the document, as adopted by the Division, entitled “Invest Mississippi Crowdfunding Form.”

5. **Intermediary** means a person that is registered with the Division pursuant to this Rule to be an intermediary who has been or will be retained by the issuer in conducting the offering and sales of securities through an Internet website. An intermediary can be a broker-dealer or agent that is registered with the Division or a bank or an intermediary funding portal.

6. **Intermediary Funding Portal** is a person operating an Internet website that is not a bank, broker-dealer, or agent registered under the Act.

7. **Intermediary Registration Form** means the document, as adopted by the Division, entitled “Invest Mississippi Crowdfunding Intermediary Registration Form.” A person registering as an Intermediary pursuant to this Rule must select on the form whether registering as a Bank, Broker-Dealer, or Intermediary Funding Portal.

8. **Issuer** means a limited liability company or business corporation formed under the laws of this state that seeks to conduct an offering of securities in reliance on the exemption provided in this Rule.

9. **Minimum Target Offering Amount** means fifty percent (50%) of the total offering amount of an offering made by the issuer in reliance on the exemption provided in this Rule which amount shall be set out on the IMC Form.

10. **Net Worth** means the amount by which an investor’s assets exceed liabilities, excluding the investor’s primary residence, as defined in 17 C.F.R. Section 230.501(a)(5)(i).

11. **Offering Deadline** means the date stated in the IMC Form by which the sum of the offering proceeds held in escrow will equal the minimum target offering amount or investors may request a refund of their investment.

12. **Qualified Purchaser** is defined in Section 2(a)(51) of the Investment Company Act of 1940, as currently enacted or as amended.

B. In order to comply with this Rule, the following conditions and limitations are required in order to be exempt from the registration requirements of the Act:

1. The securities must be sold only to persons who are residents of this state at the time of purchase.
2. The issuer of the securities is a business corporation or limited liability company with a principal place of business in this state and authorized to do business in this state.

3. The issuer is not, either before or as a result of the offering, an investment company, as defined in Section 3 of the Investment Company Act of 1940, 15 U.S.C. Section 80a-3, or subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. Sections 78m and 78o(d).

4. The aggregate amount sold to all investors by the issuer, including any amount sold in reliance on the exemption provided under this Rule during the twelve (12) month period preceding the date of such transaction, is not more than:
   
a. One Million Dollars ($1,000,000.00), if the issuer has not undergone and made available to each prospective investor the documentation resulting from a financial audit of its most recently completed fiscal year; or

b. Two Million Dollars ($2,000,000.00), if the issuer has undergone and made available to each prospective investor the documentation resulting from a financial audit of its most recently completed fiscal year.

The documentation in a financial audit to be made available to each prospective investor shall consist of a balance sheet and a statement of income and expense for the issuer’s most recently completed fiscal year if the issuer has been in existence for twelve (12) months or more and shall be certified by an independent certified public accountant. The financial statements must be prepared in accordance with Generally Accepted Accounting Principles (“US GAAP”), complete with footnote disclosure. If the issuer has been in existence for fewer than twelve (12) months, the issuer must provide to each prospective investor a balance sheet and statement of income and expense for the time period since its existence. If the issuer is not providing a financial audit, then the issuer must provide to each prospective investor an unaudited balance sheet and statement of income and expense of its most recently completed fiscal year. In addition, regardless of whether the annual financial statements are audited or unaudited, the documentation to be made available to each prospective investor shall also include interim unaudited quarterly financial statements if the issuer’s fiscal year ended more than ninety (90) days prior to the date of the IMC Form; and shall include the issuer’s financial projections of income and expense for two (2) years from the date of the IMC Form. The non-audited financial statements shall be signed by the principal executive officer of the issuer who shall certify under penalties of perjury that the statements therein are true, complete and correct in all material respects to the best of the signer’s knowledge.

5. The aggregate amount sold to any single investor by multiple issuers in reliance on the exemption provided in this Rule during the twelve (12) month period preceding the date of such transaction:
a. For accredited investors, the aggregate amount sold by multiple issuers to any single accredited investor does not exceed the greater of:

i. If the investor has had an annual income of at least Two Hundred Thousand Dollars ($200,000.00) each year for the last two (2) years (or Three Hundred Thousand Dollars ($300,000.00) together with a spouse if married) and have the expectation to make the same amount in the current year, five percent (5%) of the investor’s annual income, not to exceed the aggregate amount of Fifty Thousand Dollars ($50,000.00); or

ii. If the investor’s net worth is at least One Million Dollars ($1,000,000.00), five percent (5%) of the investor’s net worth, not to exceed the aggregate amount of Fifty Thousand Dollars ($50,000.00).

b. For non-accredited investors, the aggregate amount sold to a single non-accredited investor by multiple issuers does not exceed the greater of:

i. Five Thousand Dollars ($5,000.00);

ii. If the investor has had an annual income of less than Two Hundred Thousand Dollars ($200,000.00) each year for the last two (2) years (or less than Three Hundred Thousand Dollars ($300,000.00) together with a spouse if married), five percent (5%) of the investor’s annual income; or

iii. If the investor’s net worth is less than One Million Dollars ($1,000,000.00), five percent (5%) of the investor’s net worth.

c. For investors that are qualified purchasers there shall be no aggregate limit on the amount the qualified purchaser investor can purchase from a single issuer or multiple issuers in offerings conducted pursuant to this Rule.

6. No remuneration shall be paid or given, directly or indirectly, for any person’s participation in the offer or sale of the securities for the issuer unless the person is registered as an intermediary as such term is defined in Subsection (A)(5) of this Rule.

7. All funds received from investors shall be deposited into a bank and all the funds shall be used in accordance with the representations made to investors and in accordance with the terms of an escrow agreement which provides that:

a. The investor funds will be deposited into an escrow account in a Bank, with the Bank acting as escrow agent;

b. For each investment, the issuer will provide to the escrow agent a copy of the subscription agreement setting forth the names, addresses, and respective amounts paid by each investor whose funds comprise each deposit;

c. The issuer must raise the minimum target offering amount specified as necessary to implement the business plan by the offering deadline before the
escrow agent may release the offering proceeds to the issuer upon joint written notice from the issuer and the intermediary;

d. If the issuer does not raise the minimum target offering amount by the offering deadline, investors will have the option to obtain a refund of their investment by providing written notice to the intermediary, which shall provide written notice to the issuer and the escrow agent, at which time the escrow agent shall return the investor’s amount contributed. Written notice includes electronic mail.

e. All offering proceeds not returned to the investor by the escrow agent after the offering deadline as provided above will be released to the issuer when the escrow agent has received written notice from the issuer or the intermediary to release the remaining proceeds to the issuer, or they may be returned to the investors at the issuer’s option if the issuer or the intermediary provides written notice to the escrow agent authorizing and instructing the escrow agent to return the remaining investors amounts contributed; and

f. All offering proceeds not returned to the investor or released to the issuer after twelve (12) months from the date of receipt may be returned to the investor by the escrow agent to the last known address of the investor, or if not, shall be submitted to the state treasurer in accordance with the unclaimed property laws.

g. The escrow agent may contract with the issuer to collect reasonable fees for its escrow services regardless of whether the minimum target offering amount is reached.

8. No offerings or sales of securities shall be made in reliance on this exemption until the issuer files the IMC Form in writing or in electronic form with the Division, completed with specificity as required by the instructions in the IMC Form, and the issuer receives an Acknowledgment of Completed Invest Mississippi Crowdfunding Form from the Division. The issuer must also include in such filing a copy of the escrow agreement as required by Subsection (B)(7) above, all other exhibits to the IMC Form except as otherwise specified by the Division, and any other documents or information the Division may require. A copy of the IMC Form is available upon request.

9. The Division will issue a written Acknowledgment of Completed Invest Mississippi Crowdfunding Exemption Form within five (5) business days after receiving the completed IMC Form and all other exhibits to the IMC Form except as otherwise specified by the Division. Incomplete IMC Forms, IMC Forms with responses that are not specific as required by this Rule and the instructions, or IMC Forms with missing exhibits will be returned to the issuer for completion and/or resubmission. No offerings or sales may be made in this state until the written Acknowledgment has been issued.
10. The completed IMC Form, including exhibits, shall be provided to the relevant intermediary and shall be made available to potential investors after the Acknowledgment of Completed Invest Mississippi Crowdfunding Exemption Form has been issued by the Division.

11. The issuer shall inform all investors that the securities have not been registered under federal or state securities law and the securities are subject to limitations on resale.

12. Prior to the consummation of a sale, the issuer shall require the prospective investor to certify in writing or electronically as follows:

   a. The investor’s name, address, social security number, annual income, and net worth, that each investor is a resident of this state and, if applicable, either an accredited investor or a qualified purchaser; and

   b. The aggregate amount of securities sold to the investor in reliance on the exemption provided in this Rule during the twelve (12) month period preceding the date of the purchase, together with the securities to be sold by the issuer to the investor:

      i. For accredited investors that are not qualified purchasers the investor has not invested more than the greater of:

         (a) If the investor has had an annual income of at least Two Hundred Thousand Dollars ($200,000.00) each year for the last two (2) years (or Three Hundred Thousand Dollars ($300,000.00) together with a spouse if married) and have the expectation to make the same amount in the current year, five percent (5%) of the investor’s annual income, not to exceed the aggregate amount of Fifty Thousand Dollars ($50,000.00); or

         (b) If the investor’s net worth is at least One Million Dollars ($1,000,000.00), five percent (5%) of the investor’s net worth, not to exceed the aggregate amount of Fifty Thousand Dollars ($50,000.00).

      ii. For non-accredited investors, that the investor has not invested more than the greater of:

         (a) Five Thousand Dollars ($5,000.00); 

         (b) If the investor has had an annual income of less than Two Hundred Thousand Dollars ($200,000.00) each year for the last two (2) years (or less than Three Hundred Thousand Dollars ($300,000.00) together with a spouse if married), five percent (5%) of the investor’s annual income; or
(c) If the investor’s net worth is less than One Million Dollars ($1,000,000.00), five percent (5%) of the investor’s net worth.

c. The issuer must maintain the above certifications and provide ready access to the records to the Division, upon request. The Division may access, inspect, and review such records.

13. Offers and sales of securities pursuant to this Rule must be made in compliance with any rules adopted by the SEC that govern intrastate Internet crowdfunding offerings and any amendments thereto.

C. Offers and sales of securities pursuant to this Rule shall be made exclusively through an Internet website that is operated by an intermediary. Each issuer and intermediary shall comply with the following:

1. Before any offer or sale of securities, the issuer must provide to the intermediary evidence of the issuer’s state of organization, evidence that the issuer has a principal place of business in this state, and evidence that the issuer is authorized to do business in this state.

2. An intermediary is not required to register as a broker-dealer under the Act if all the following apply with respect to the Internet website and its operator:

   a. It does not offer investment advice or recommendations;
   
   b. It does not solicit purchases, sales, or offers to buy the securities offered or displayed on the Internet website;
   
   c. It does not compensate employees, agents, or other persons for the solicitation or based on the sale of securities displayed or referenced on the Internet website;
   
   d. It does not hold, manage, possess, or otherwise handle investor funds or securities, unless it is a bank operating as an escrow agent for the offering;
   
   e. It does not identify, promote, or otherwise refer to any individual security offered on the Internet website in any advertising for the Internet website; and
   
   f. Neither the intermediary, nor any director, executive officer, general partner, twenty percent (20%) or greater beneficial owner, managing member, or other person with management authority over the intermediary has been subject to any conviction, order, judgment, decree, or other action specified in Rule 506(d)(1) adopted under the Securities Act of 1933 (17 C.F.R. § 230.506(d)(1)) that would disqualify an issuer under Rule 506(d) adopted under the Securities Act of 1933 (17 C.F.R. § 230.506(d)) from claiming an exemption specified in Rule 506(a) to Rule 506(c) adopted under the Securities Act of 1933 (17 C.F.R. § 230.506(a)-(c)).
3. Subject to Subsection (14) below, persons desiring to be an intermediary must register as an Intermediary with the Division.

a. Registered broker-dealers may register to be an intermediary by filing the Intermediary Registration Form with the Division, a copy of which is available upon request. No filing fee shall be required for registered broker-dealers acting as intermediaries. The Form shall include the following information:

i. The identity, contact information, and location for the broker-dealer, including the broker-dealer’s CRD number;

ii. That the broker-dealer is authorized to do business in this state; and

iii. That the broker-dealer is using an Internet website to offer and sell securities pursuant to the exemption provided in this Rule.

b. A Bank may register to be an intermediary by filing the Intermediary Registration Form with the Division, a copy of which is available upon request. No filing fee shall be required for banks acting as intermediaries. The Form shall include the following information:

i. The identity, contact information, and location for the bank;

ii. That the bank is authorized to do business in this state;

iii. That the bank is using an Internet website to offer and sell securities pursuant to the exemption provided in this Rule; and

iv. That the bank meets the requirements set forth in Subsection (C)(2) of this Rule.

c. An Internet website operator may register to be an intermediary by filing the Intermediary Registration Form, a copy of which is available upon request, accompanied by a nonrefundable annual filing fee of Two Hundred Dollars ($200.00), that includes the following information:

i. The identity, contact information, and location for the intermediary funding portal;

ii. That the intermediary funding portal is authorized to do business in this state;

iii. That the intermediary funding portal is using an Internet website to offer and sell securities pursuant to the exemption provided in this Rule;

iv. That the intermediary funding portal meets the requirements set forth in Subsection (C)(2) of this Rule; and

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v. Any other information the Division considers necessary or appropriate in the public interest and for the protection of investors, including the financial responsibility, business repute, or qualifications of the Internet website operator and to determine whether the operator can carry out the requirements of this Rule and will comply with this Rule.

4. The intermediary funding portal is not required to register as a broker-dealer under Subsection (4) above if the intermediary funding portal is a funding portal registered under the Securities Act of 1933 (15 U.S.C. 77d-1) and the SEC rules under authority of Section 3(h) of the Securities Exchange Act of 1934 (15 U.S.C. 78c (h)) and P.L.112-106, Section 304, governing funding portals.

5. Registration as an intermediary expires at the close of the calendar year, but subsequent registration for the following year shall be issued upon filing of a renewal form, a copy of which is available upon request, and upon payment of the appropriate renewal fee.

6. The issuer must maintain records of all offers and sales of securities effected through the intermediary and must provide to the Division, upon request, ready access to the records.

7. The intermediary shall maintain and preserve for a period of five (5) years from either the date of the document or communication or the date of the closing or termination of the securities offering, whichever is later, the following records related to offers and sales made of issuer securities effected by the intermediary through the intermediary’s Internet website and related to transactions in which the intermediary receives compensation from the issuer for such services, including but not limited to:

   a. Records of compensation received for acting as an intermediary, including the name of the payor, the date of payment, and name of the issuer;

   b. For each offering effected by the intermediary through the intermediary’s Internet website, the issuer’s name and the name, address, and amount of purchase for each investor in such offering;

   c. Copies of information provided by the intermediary to issuers offering securities through the intermediary, prospective purchasers, and investors;

   d. Any agreements and/or contracts between the intermediary and an issuer, to prospective purchaser, or investor;

   e. Any information used to establish the issuer’s state of organization, principal place of business, and its authorization to do business in this state;

   f. Any information used to establish that a prospective purchaser or investor is a resident of this state;
g. Any information used to establish that a prospective purchaser or investor is an accredited investor or qualified purchaser;

h. Any correspondence or other communications with issuers, prospective purchasers, and/or investors;

i. Any information made available through the Internet website relating to an offering; and

j. Ledgers (or other records) that reflect all assets and liabilities, income and expense, and capital accounts.

8. The records and the Internet website portal of an intermediary or intermediary applicant under this Rule are subject to reasonable periodic, special, or other audits or inspections by the Division, in or outside this state, as the Division considers necessary or appropriate in the public interest and for the protection of investors. An audit or inspection may be made at any time and without prior notice. The Division may copy and remove for audit or inspection copies of all records the Division reasonably considers necessary or appropriate to conduct the audit or inspection. The Division may assess a reasonable charge for conducting an audit or inspection under this Rule.

9. The intermediary:

a. Shall limit website access to the sale of securities conducted pursuant to this Rule to only residents of this state;

b. Shall not hold, manage, possess, or handle investor funds or securities, unless it is a bank operating as an escrow agent for the offering;

c. Shall ensure that each investor answers questions demonstrating:

   i. An understanding of the level of risk generally applicable to investments in startups and small issuers; and

   ii. An understanding of the risk of illiquidity, including an acknowledgment that there is no ready market for the sale of the securities acquired from an offering under this Rule. It may be difficult or impossible for the investor to sell or otherwise dispose of an investment under this Rule and the investor may be required to hold and bear the financial risks of this investment indefinitely.

d. Shall perform a background and securities enforcement regulatory history check on each person holding a position listed in Section (J) of this Rule to determine if such person is subject to any disqualification as described in Section (J) of this Rule.
e. Shall ensure that all offering proceeds are only provided to the issuer when the aggregate capital raised from all investors is equal to or greater than the minimum target offering amount and allow investors to cancel their commitments to invest and obtain a refund if the minimum target offering amount is not raised by the offering deadline.

10. The intermediary shall not purchase or receive more than fifteen percent (15%) of the securities in the offering and shall prohibit its directors, officers, or partners (or any person occupying a similar status or performing a similar function) from having any financial interest in an issuer using its services as an intermediary, unless the financial interest in the aggregate does not exceed fifteen percent (15%) of the ownership of the issuer.

11. All communications between the issuer, prospective purchasers, or investors that take place during the offer of securities pursuant to this Rule must occur through the intermediary’s Internet website. Notwithstanding the foregoing, the issuer or the intermediary may distribute a notice within this state limited to the statement that the issuer is conducting an offering, the name of the intermediary through which the offering is being conducted and a link directing the potential investor to the intermediary’s website. The notice must contain a disclaimer reflecting that the offering is limited to residents of this state and that sales of the securities appearing on the Internet website are limited to persons that are residents of this state.

12. The website operated by the Intermediary must meet the following requirements:

a. The website must contain a disclaimer reflecting that sales of the securities appearing on the website are limited to persons that are residents of this state;

b. Evidence of residency within this state is required before a sale is made to a prospective purchaser. An affirmative representation made by a prospective purchaser that the prospective purchaser is a resident of this state and proof of a valid Mississippi driver license or official personal identification card issued by the State of Mississippi will be considered sufficient evidence that the individual is a resident of this state.

13. If any change occurs that affects the intermediary’s registration, the intermediary must notify the Division within thirty (30) days after the change occurs. Within thirty (30) days of the delivery of the notice to the Division, the intermediary shall, unless otherwise permitted or directed by the Division, cease and desist from operating as an intermediary pursuant to this Rule and shall, within five (5) business days, notify each issuer for which it is conducting offerings that the intermediary’s registration has been revoked.

D. Report. For so long as securities issued under the exemption provided in this Rule are outstanding, the issuer shall provide a quarterly report to the issuer’s investors. The report required by this Rule shall be free of charge. An issuer may satisfy the reporting requirement of this Rule if the information is made available within forty-five (45) days
of the end of each fiscal quarter and remains available until the succeeding quarterly report is issued. An issuer must provide a written copy of the report to any investor upon request. The issuer shall make each such quarterly report available to the Division upon request. The report must contain each of the following:

1. Compensation received by each director and executive officer, including cash compensation earned since the previous report and on an annual basis and any bonuses, stock options, other rights to receive securities of the issuer or any affiliate of the issuer, or other compensation received; and

2. An analysis by management of the issuer of the business operations and financial condition of the issuer, such as a recent financial statement and profit and loss statement.

E. Securities exempt under the provisions of this Rule may not be transferred for one (1) year after the date of purchase except in a transaction which is exempt from registration or in a transaction which complies with the registration requirements of the Act.

F. The Division and every investor or prospective purchaser shall be notified within thirty (30) days of any material change in the issuer’s information submitted in accordance with this Rule.

G. For offerings that exceed one (1) year, notification that the offering is continuing must be filed with the Division annually.

H. The issuer must file a sales report with the Division within thirty (30) days of termination, expiration, abandonment, or completion of the offering in a form prescribed by the Division.

I. All sales that are part of the same offering and are made in reliance on this exemption must meet all of the terms and conditions of this exemption, except, offers and sales to controlling persons shall not count toward the limitation in Subsection (B)(4) of this Rule. A controlling person is an officer, director, partner, trustee, or individual occupying similar status or performing similar functions with respect to the issuer or to a person owning ten percent (10%) or more of the outstanding shares of any class or classes of securities of the issuer.

J. Disqualification. The exemption allowed by this Rule shall not apply if an issuer, any of its executive officers, directors, managing members, persons with twenty percent (20%) or greater beneficial ownership, persons with management authority over the issuer, promoters, selling agents, or any officer, director or partner of any selling agent has been subject to any conviction, order, judgment, decree, or other action specified in Rule 506(d)(1) adopted under the Securities Act of 1933 (17 C.F.R. § 230.506(d)(1)) that would disqualify the person under Rule 506(d) adopted under the Securities Act of 1933 (17 C.F.R. § 230.506(d)) from claiming an exemption specified in Rule 506(a) to Rule 506(c) adopted under the Securities Act of 1933 (17 C.F.R. § 230.506(a)-(c)).
K. Nothing in this exemption shall be construed to alleviate any person from the antifraud provisions of the Act, nor shall such exemption be construed to provide relief from any other provisions of the Act other than as expressly stated.

L. The Division may deny, refuse to renew, condition, limit, suspend, or revoke the intermediary’s registration as an intermediary for any reason as determined by the Secretary of State in his sole discretion.

M. The Secretary of State may by order waive any conditions of registration of intermediaries or other requirements set forth in this Rule.

Rule 7.23 Invest Mississippi Crowdfunding Small Offering Exemption. By authority delegated to the Secretary of State in Section 75-71-203 of the Act, the Division has adopted an exemption from the registration requirements of the Act for any offer or sale of securities offered or sold in compliance with Section 3(a)(11) of the Securities Act of 1933, 15 U.S.C. Section 77c(a)(11), and SEC Rule 147, 17 C.F.R. Section 230.147, or such federal laws as are enacted or rules that are adopted by the SEC that govern intrastate Internet crowdfunding offerings and any amendments thereto, which also satisfy the further conditions and limitations set forth in this Rule below.

A. Definitions. This Rule incorporates the Definitions set forth in Rule 7.21.

B. In order to comply with this Rule and be exempt from the registration requirements of the Act, the following conditions and limitations are required to be met:

1. The securities must be sold only to persons who are residents of this state at the time of purchase. Prior to making any sale under this exemption, the issuer must obtain reasonable documentation that the investor is a Mississippi resident. Reasonable documentation includes, but is not limited to:
   a. A current Mississippi Driver’s License or personal identification card;
   b. A document that indicates the prospective purchaser owns or occupies property in the state as his principal residence, such as a current voter registration or official business mail from a state or federal agency.

2. The issuer of the securities is a business corporation or limited liability company with a principal place of business in this state and authorized to do business in this state.

3. The issuer is not, either before or as a result of the offering, an investment company, as defined in Section 3 of the Investment Company Act of 1940, 15 U.S.C. Section 8a-3, or subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. Sections 78m and 78o(d).

4. The aggregate amount sold to all investors by the issuer, including any amount sold in reliance on the exemption provided under this Rule during the twelve (12) month period preceding the date of such transaction, is not more than Three Hundred Thousand Dollars ($300,000.00).
5. The aggregate amount sold to any single investor by multiple issuers in reliance on the exemption provided in this Rule during the twelve (12) month period preceding the date of such transaction:

   a. For accredited investors, the aggregate amount sold by multiple issuers to any single accredited investor does not exceed the greater of:

      i. If the investor has had an annual income of at least Two Hundred Thousand Dollars ($200,000.00) each year for the last two (2) years (or Three Hundred Thousand Dollars ($300,000.00) (together with a spouse if married) and have the expectation to make the same amount in the current year, five percent (5%) of the investor’s annual income, not to exceed the aggregate amount of Fifty Thousand Dollars ($50,000.00); or

      ii. If the investor’s net worth is at least One Million Dollars ($1,000,000.00), five percent (5%) of the investor’s net worth, not to exceed the aggregate amount of Fifty Thousand Dollars ($50,000.00).

   b. For non-accredited investors, the aggregate amount sold to a single non-accredited investor by multiple issuers does not exceed Five Thousand Dollars ($5,000.00).

   c. For investors that are qualified purchasers, there shall be no aggregate limit on the amount the qualified purchaser investor can purchase from a single issuer or multiple issuers in offerings conducted pursuant to this Rule.

6. The number of investors in a single offering under this exemption shall not exceed five hundred (500) investors. For purposes of computing the number of investors under this Rule:

   a. There shall be counted as one investor any corporation, partnership, association, joint stock company, trust, or unincorporated organization, unless such entity was organized for the specific purpose of acquiring the securities offered, in which case each beneficial owner of equity interests or equity securities in such entity shall count as a separate purchaser;

   b. A purchase by a husband and wife in the joint names of both husband and wife shall be deemed to be made by a single investor; and

   c. An original member or shareholder of the issuer who purchased an interest in the entity primarily to enable the entity to be formed and whose interest will be extinguished once the offering has terminated shall not be considered to be a purchaser.

7. Securities issued under the provisions of this Rule shall be without payment of commission, compensation, or remuneration, directly or indirectly, except where it
is reported to the Division and determined by the Division that such commission or compensation is allowable. Such determination must be made prior to the initial purchase under this Rule.

8. Offerings or sales of securities pursuant to this Rule shall be made only by duly elected and acting officers of the issuer, or by a broker-dealer and its agents registered under the Act.

C. **Required Filings.** Prior to the receipt of consideration from an investor, or the delivery of a subscription agreement or other promissory note to an investor which results from an offer being made in reliance upon this exemption, the issuer shall file with the Division:

1. A notice on a form prescribed by the Division;

2. The prospectus, private placement memorandum, offering circular, or similar document, which shall contain a full disclosure of material information to be furnished by the issuer to offerees, including the offering limitations set forth in Subsection (B)(1-7), above. The use of the Small Corporate Offering Registration Form (SCOR), a copy of which is available upon request, may be acceptable for compliance with this subsection; and

3. A consent to service of process.

D. **No Bank Escrow Agent Required.** An issuer relying on this exemption shall not be required to use a bank escrow agent. If the issuer chooses to use a bank escrow agent, the provisions of Rule 7.21 govern.

E. If the issuer elects to not use a bank escrow agent, it must use either (1) or (2) below:

1. A segregated account in a Bank. The segregated account must be exclusively for the investors’ funds raised by use of this exemption and:

   i. The total sum of investor funds shall be held in trust and shall not be deployed by the issuer until the Minimum Target Offering Amount is met by the Offering Deadline.

   ii. The issuer shall be responsible for the prudent processing, safeguarding, and accounting for the funds entrusted to it by the investors and placed in the segregated account.

   iii. No person who is not a duly elected and acting officer, if the issuer is a corporation, or member or manager, if the issuer is a limited liability company, of the issuer shall be a signatory on the segregated account.
iv. The issuer shall keep and make readily available complete records of the transactions of the segregated account for inspection by the Division. The bank transaction records of an issuer under this Rule are subject to the reasonable periodic, special, or other audits, or inspections, access or review by the Division. The Division may copy, and remove for audit or inspection copies of, all records the Division reasonably considers necessary or appropriate to conduct the audit or inspection.

v. In the event the Minimum Target Offering Amount and/or Offering Deadline are not met, the issuer shall be responsible for the return of all investor funds upon request by the investor. The offer must provide a form for investors to request return of their investment if the Minimum Target Offering Amount and/or the Offering Deadline are not met.

vi. In no case, except for the very limited exception set forth below, prior to the expiration of the Offering Deadline, and the satisfaction of the Minimum Target Offering Amount, shall the investors’ funds be commingled with the profits or operating or other capital of the Issuer. The only exception is the case of funds reasonably sufficient to pay for account fees, obtain a waiver of account fees, or to keep the account open. The issuer assumes the responsibility to pay for the costs of check orders, bank fees, credit card fees, insufficient fund fees and other fees that may be deducted from the account. These expenses should be anticipated in advance so a reasonable amount of money can be deposited into the account to cover the expenses prior to their deduction by the bank.

2. All funds received by the issuer from investors under this exemption shall be held in trust by an attorney licensed to practice law in Mississippi who shall deposit the funds in a depository institution authorized to do business in Mississippi until such time as the Minimum Target Offering Amount is attained or the Offering Deadline has lapsed.

F. No Portal Required. An issuer exempt under this Rule may, but shall not be required to, use an Intermediary Funding Portal. If the issuer elects to not use an Intermediary Funding Portal, the issuer:

1. Shall ensure that each investor answers questions demonstrating:
   a. An understanding of the level of risk generally applicable to investments in startups and small issuers; and
   b. An understanding of the risk of illiquidity, including an acknowledgment that there is no ready market for the sale of the securities acquired from an offering under this Rule; it may be difficult or impossible for the investor to sell or otherwise dispose of an investment under this Rule and the investor may be required to hold and bear the financial risks of this investment indefinitely.
2. Shall perform a background and securities enforcement regulatory history check on each person holding a position listed in Subsection (S) of this Rule to determine if such person is subject to any disqualification as described in Subsection (S) of this Rule.

3. Shall ensure that no offering proceeds are deployed as capital or otherwise used by the issuer until the aggregate capital raised from all investors is equal to or greater than the minimum target offering amount and shall allow investors to cancel their commitments to invest and obtain a refund if the minimum target offering amount is not raised by the offering deadline.

4. In addition to the record keeping required by Subsection (G) below, the issuer must keep a record of each deposit into the segregated account (or attorney trust account) representing the purchase of the issuer’s securities for each investor. The records must be sufficient to verify that for each sale of securities the issuer made a corresponding deposit into the segregated account in the amount of the sale within two (2) business days of the sale.

G. Record Keeping. The issuer shall maintain and preserve for a period of five (5) years from the date of the closing or termination of the securities offering the following records related to offers and sales made of the issuer’s securities, including but not limited to:

1. Copies of information provided to prospective purchasers;

2. All executed subscription agreements between the issuer and any purchaser;

3. Any information used to establish the issuer’s state of organization and principal place of business, and its authorization to do business in this state;

4. Any correspondence or other communications with prospective purchasers, and/or investors, including any contracts or agreements secondary or pursuant to the subscription agreement;

5. All advertisement or other forms of solicitation, including any information made available through the issuer’s website or social media presence relating to an offering;

6. Ledgers (or other records) that reflect all assets and liabilities, income and expense, and capital accounts; and

7. All banking and deposit records.

H. Report. For so long as securities issued under the exemption provided in this Rule are outstanding, the issuer shall provide a quarterly report to the issuer’s investors. The
report required by this Rule shall be free of charge. An issuer may satisfy the reporting requirement of this Rule if the information is made available by electronic means within forty-five (45) days of the end of each fiscal quarter and remains available until the succeeding quarterly report is issued. An issuer must provide a written copy of the report to any investor upon request. The issuer shall make each such quarterly report available to the Division upon request. The report must contain each of the following:

1. Compensation received by each director, executive officer or manager, including cash compensation earned since the previous report and on an annual basis and any bonuses, stock options, other rights to receive securities of the issuer or any affiliate of the issuer, or other compensation received; and

2. An analysis by management of the issuer of the business operations and financial condition of the issuer, such as a recent balance sheet and profit and loss statement.

I. General Solicitation. A general announcement of the proposed offering may be made by any means, including social media or internet websites, subject to the following restrictions:

1. Advertising or soliciting on the issuer’s own social media account or website is permitted, but the issuer shall construct the website or social media page so that potential investors “click through” to a dedicated internal website page solely for the purpose of explaining the limited offering; and

   a. The issuer shall prominently indicate on the internal website page for soliciting investors the legend set forth in Subsection (K) below;

   b. The dedicated internal website page shall provide means of contact between the issuer and potential investors to facilitate the actual investment, including the delivery of a written subscription agreement and all offering documents to the prospective investor for his review prior to the sale; the issuer shall not allow purchase of securities through its website;

   c. The issuer may make available to all potential investors the documents referenced in Subsection (C)(2) in downloadable and printable form but must verify receipt and review by the prospective investor prior to executing any sale;

   d. The dedicated internal website page shall inform all prospective purchasers that a segregated account (or attorney trust account) will hold all purchasers’ funds in trust until the Minimum Target Offering Amount and Offering Deadline are met;

   e. The dedicated internal website page shall set forth the Minimum Target Offering Amount (not less than 50% of the total offering amount) and Offering Deadline date;
f. The dedicated internal website page shall set forth the total offering amount made by the issuer in reliance on the exemption provided in this Rule, not to exceed Three Hundred Thousand Dollars ($300,000.00);

g. The issuer shall also prominently display the general requirements of the exemption in some form on the dedicated internal website page:

i. That the offering is only made to Mississippi residents;

ii. That the Minimum Target Offering Amount is at least 50% of the total Target Offering Amount;

iii. That all investors are entitled to a refund of their investment dollars if the Minimum Target Offering Amount is not met by the Offering Deadline;

h. The issuer shall include a printable form for investors to request the return of their investment if the Minimum Target Offering Amount is not met by the Offering Deadline.

2. Advertising or soliciting investment on social media or internet websites other than the social media accounts or internet website of the issuer shall be strictly limited to:

a. A general advertisement that the issuer is seeking investment;

b. A company name and/or logo;

c. A “click-through” link to the dedicated website page set forth above.

3. All other forms of general solicitation, whether print or other media, must provide the material disclosures as set forth in Subsection (C)(2) above and same disclosures and legends as set forth in Subsection (K) below; and

4. All radio, television, or other broadcast advertising or solicitation for investment shall be strictly limited to the following:

a. The issuer may announce that it is seeking investment for its enterprise;

b. The issuer may seek to direct potential investors to the dedicated page of its website, or to its telephone number.

c. These restrictions do not infringe on an issuer’s right to advertise its products or services, and are only intend to restrict the advertisement or solicitation of investment.
J. No offerings or sales of securities shall be made in reliance on this exemption until the issuer files the IMC Form, in writing or in electronic form with the Division, completed with specificity as required by the instructions in the IMC Form, and the issuer receives an Acknowledgment of Completed Invest Mississippi Crowdfunding Form from the Division. The issuer must also submit all exhibits to the IMC Form except as otherwise specified by the Division, and any other documents or information the Division may require. A copy of the IMC Form is available upon request.

1. The Division will issue a written Acknowledgment of Completed Invest Mississippi Crowdfunding Exemption Form within five (5) business days after receiving the completed IMC Form and all other exhibits to the IMC Form except as otherwise specified by the Division. Incomplete IMC Forms, Forms with responses that are not specific as required by this Rule and the instructions or Forms with missing exhibits will be returned to the issuer for completion and/or resubmission. No offerings or sales may be made in this state until the written Acknowledgment has been issued.

2. The completed IMC Form, including exhibits, shall be provided to the issuer or intermediary and shall be made available to potential investors after the Acknowledgment of Completed Invest Mississippi Crowdfunding Exemption Form has been issued by the Division.

K. The issuer shall inform all investors that the securities have not been registered under federal or state securities law and the securities are subject to limitations on resale. The following legend shall be printed in all capitals on the prospectus, private placement memorandum, offering circular, or similar document used in connection with an offering under this Rule:

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY GENERALLY NOT BE TRANSFERRED OR RESOLD FOR A PERIOD OF ONE (1) YEAR. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

L. Prior to the consummation of a sale, the issuer shall require the prospective investor to certify in writing or electronically as follows:
1. The investor’s name, address, social security number, annual income, and net worth, that each investor is a resident of this state and, if applicable, either an accredited investor or a qualified purchaser; and

2. The aggregate amount of securities sold to the investor in reliance on the exemption provided in this Rule during the twelve (12) month period preceding the date of the purchase, together with the securities to be sold by the issuer to the investor has not exceeded the limitations set out in Subsection (B)(5) of this Rule.

3. The issuer must obtain and maintain the certifications, in addition to other records of investors’ residence as set forth in Subsection A and provide ready access to the records to the Division, upon request. The Division may access, inspect, and review such records.

M. Offers and sales of securities pursuant to this Rule must be made in compliance with any rules adopted by the SEC that govern intrastate Internet crowdfunding offerings and any amendments thereto.

N. Securities exempt under the provisions of this Rule may not be transferred for one (1) year after the date of purchase except in a transaction which is exempt from registration or in a transaction which complies with the registration requirements of the Act.

O. The Division and every investor or prospective purchaser shall be notified within thirty (30) days of any material change in the issuer’s information submitted in accordance with this Rule.

P. For offerings that exceed one (1) year, notification that the offering is continuing and a sales report must be filed with the Division annually.

Q. The issuer must file a sales report with the Division within thirty (30) days of termination, expiration, abandonment, or completion of the offering in a form prescribed by the Division.

R. All sales that are part of the same offering and are made in reliance on this exemption must meet all of the terms and conditions of this exemption, except, offers and sales to controlling persons shall not count toward the limitation in Subsection (B)(4) of this Rule. A controlling person is an officer, director, partner, manager, trustee, or individual occupying similar status or performing similar functions with respect to the issuer or to a person owning ten percent (10%) or more of the outstanding shares of any class or classes of securities of the issuer.

S. The exemption allowed by this Rule shall not apply if an issuer, any of its executive officers, directors, managing members, persons with twenty percent (20%) or greater beneficial ownership, persons with management authority over the issuer, promoters, or selling agents, or any officer, director or partner of any selling agent has been subject to any conviction, order, judgment, decree, or other action specified in Rule 506(d)(1)
adopted under the Securities Act of 1933 (17 C.F.R. § 230.506(d)(1)) that would disqualify the person under Rule 506(d) adopted under the Securities Act of 1933 (17 C.F.R. § 230.506(d)) from claiming an exemption specified in Rule 506(a) to Rule 506(c) adopted under the Securities Act of 1933 (17 C.F.R. § 230.506(a)-(c)).

T. Nothing in this exemption shall be construed to alleviate any person from the antifraud provisions of the Act, nor shall such exemption be construed to provide relief from any other provisions of the Act other than as expressly stated.

U. The Division may deny, refuse to renew, condition, limit, suspend, or revoke the issuer’s Acknowledgment of Completed Invest Mississippi Crowdfunding Exemption Form for any reason as determined by the Secretary of State in his sole discretion.

V. The Secretary of State may by order waive any conditions or other requirements set forth in this Rule.