



Ohio Revised Code

Section 1707.051 Offerings-securities registration exemption.

Effective: March 31, 2021

Legislation: House Bill 312 - 133rd General Assembly

Subject to section 1707.058 of the Revised Code, the offer, sale, and issuance of securities is exempt from the requirements of sections 1707.08 to 1707.11 of the Revised Code if all of the following conditions are met:

- (A) The issuer is an OhioInvests issuer on the date that its securities are first offered for sale in the offering and continuously through the closing of the offering.
- (B) The offering meets the requirements of the federal exemption for intrastate offerings in 17 C.F.R. 230.147A.
- (C) The offering expires not more than twelve months after the offering commences.
- (D) In any twelve-month period, the issuer does not raise more than five million dollars, either in cash or other consideration, in connection with one or more OhioInvests offerings.
- (E) The issuer uses at least eighty per cent of the net proceeds of the offering in connection with the operation of its business in this state.
- (F) No single purchaser purchases more than ten thousand dollars in the aggregate in a twelve-month period of securities in connection with OhioInvests offerings unless the purchaser is an accredited investor, as defined in Rule 501 of Regulation D under the Securities Act of 1933. An accredited investor may purchase from all OhioInvests offerings in a twelve-month period up to ten thousand dollars or such greater amount that does not exceed ten per cent of the accredited investor's annual income or net worth, whichever is less.
- (G) The sale of the securities is conducted exclusively through an OhioInvests portal.
- (H)(1) Subject to division (H)(2) of this section, an investor may cancel the investment commitment



for any reason for a period of time specified in the issuer's offering materials, which period shall be at least five business days after the date of commitment.

(2) During the forty-eight hours prior to the deadline identified in the issuer's offering materials, an investment commitment may not be canceled.

(I) The issuer requires the portal operator to do all of the following:

(1) Provide or make available to each prospective purchaser through the OhioInvests portal the following, as applicable:

(a) A copy of the issuer's balance sheet and income statement for the issuer's most recent fiscal year, if the issuer was in existence for that period;

(b) For offerings beginning more than ninety days after the issuer's most recent fiscal year end or if the issuer was not in existence the previous calendar year, a copy of the issuer's balance sheet as of a date not more than ninety days before the commencement of the offering for the issuer's most recently completed fiscal year, or such shorter portion the issuer was in existence during that period, and the year-to-date period, or inception-to-date period, if shorter, corresponding with the more recent balance sheet.

(2) Make available to each prospective purchaser through the OhioInvests portal a printable or downloadable disclosure document that meets the requirements of section 1707.052 of the Revised Code;

(3) Obtain from each prospective purchaser through the OhioInvests portal the certification described in section 1707.053 of the Revised Code, in either written or electronic form.

(J) All of the following apply:

(1) All payments for the purchase of securities are held in escrow until the aggregate capital deposited into escrow from all purchasers is equal to or greater than the stated minimum offering amount.



(2) The escrow agent used is a bank, trust company, savings bank, savings association, or credit union authorized to do business in this state.

(3) Prior to the execution of the escrow agreement between the issuer and the escrow agent, the escrow agent conducts a search of the issuer and its executive management, as provided to the escrow agent by the portal operator, against the specially designated nationals list maintained by the office of foreign assets control of the United States department of the treasury.

(4) The escrow agent is only responsible to act at the direction of the party establishing the escrow account and does not have a duty or liability, contractual or otherwise, to an investor or other person except as set forth in the applicable escrow agreement or other contract.

(5) If the minimum offering amount is not raised by the expiration date stipulated in the disclosure document provided to the purchasers, all purchasers will receive a return of all their subscription funds.

(K) Not less than ten days before the beginning of an offering of securities in reliance on the exemption provided under this section, the issuer provides all of the following to the division of securities:

(1) A notice of claim of exemption from registration, specifying that the issuer will be conducting an offering in reliance on the exemption provided under this section;

(2) A copy of the disclosure document described in section 1707.052 of the Revised Code that will be provided to prospective purchasers in connection with the offering;

(3) A filing fee of fifty dollars.

(4) Any other information that the division requires from the issuer or portal for the protection of investors and to enable the division to determine that the sale of securities is entitled to an exemption.



(L) The issuer and the portal operator engage in solicitation and advertising of the OhioInvests offering only if all of the following apply:

(1) The advertisement contains disclaiming language that clearly states all of the following:

- (a) The advertisement is not the offer and is for informational purposes only;
- (b) The offering is being made in reliance on the exemption provided under this section;
- (c) The offering is directed only to residents of this state;
- (d) All offers and sales are made through an OhioInvests portal.

(2) In addition to the items listed in division (L)(1) of this section, the advertisement contains not more than the following:

- (a) The name and contact information of the issuer;
- (b) A brief description of the general type of business conducted by the issuer;
- (c) The minimum offering amount the issuer is attempting to raise through its offering;
- (d) A description of how the issuer will use the funds raised through the offering;
- (e) The duration that the offering will remain open;
- (f) The issuer's logo;
- (g) The OhioInvests portal through which the offering is being made.

(3) The advertisement complies with all applicable state and federal laws.

(M) Meets such other requirements as the division may, by rule, prescribe for the protection of



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investors and in the public interest.