Regulatory Notice 16-06

January 2016

Suggested Routing

- Compliance
- Legal
- Senior Management

Key Topics

- Crowdfunding
- Funding Portals
- JOBS Act

Referenced Rules & Notices

- FINRA By-Laws
- FINRA Rule 0100 Series
- FINRA Rules 2010, 2020, 2210, 2268, 3110, 4517, 4518, 4530, 8210, 8312 and 9520
- FINRA Rule 8000 Series
- FINRA Rule 9000 Series
- FINRA Rule 12000 Series
- FINRA Rule 13000 Series
- FINRA Rule 14000 Series
- Funding Portal Rules 100, 110, 200, 300, 800, 900 and 1200
- NASD Rule 1010 Series
- Regulation Crowdfunding
- SEA Rule 17a-3
- SEA Section 3(a)(39) and 3(a)(80)
- Securities Act Section 4(a)(6)

Jumpstart Our Business Startups (JOBS) Act

SEC Approval of FINRA Funding Portal Rules and Related Forms

Effective Date: January 29, 2016

Executive Summary

The SEC approved[1] FINRA's proposed Funding Portal Rules and related forms for SEC-registered funding portals that become FINRA members pursuant to the crowdfunding provisions of Title III of the JOBS Act[2] and the SEC's Regulation Crowdfunding.[3] FINRA's Funding Portal Rules will become effective on January 29, 2016, which aligns with the effective date of the SEC's registration rules under Regulation Crowdfunding.[4] This *Notice* provides a brief overview of the new Funding Portal Rules and provides information for prospective funding portals that plan to apply for FINRA membership.

The text of the Funding Portal Rules is available on FINRA's website. The related forms are available for reference in the Appendices. (As discussed further in this *Notice*, prospective funding portals must file all forms electronically through FINRA's Firm Gateway. The forms will be accessible on Firm Gateway effective January 29, 2016.)

Questions regarding this *Notice* should be directed to:

- Alissa Robinson, Director, Membership Application Program, at (212) 858-4764 or *alissa.robinson@finra.org*; or
- Adam Arkel, Associate General Counsel, Office of General Counsel, at (202) 728-6961 or *adam.arkel@finra.org*.

Background & Discussion

The JOBS Act, enacted in 2012, contains provisions relating to securities offered or sold through crowdfunding. Funding portals that engage in crowdfunding on behalf of issuers relying on the JOBS Act's "crowdfunding exemption"[5] must register with the SEC and become a member of a national securities association.[6] Under the JOBS Act and Regulation Crowdfunding,

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a funding portal may not: (1) offer investment advice or recommendations; (2) solicit purchases, sales, or offers to buy the securities offered or displayed on its website or portal; (3) compensate employees, agents, or other persons for such solicitation or based on the sale of securities displayed or referenced on its website or portal; (4) hold, manage, possess, or otherwise handle investor funds or securities; or (5) engage in such other activities as the SEC, by rule, determines appropriate.[7]

The Funding Portal Rules consist of a set of seven rules (Funding Portal Rules 100, 110, 200, 300, 800, 900 and 1200) and related forms (Form FP-NMA, Form FP-CMA, Funding Portal Rule 300(c) Form, and Form FP-Statement of Revenue).[8] As FINRA has noted, the rules have been written specifically for funding portals and have been streamlined to reflect the limited scope of activity permitted by funding portals while also maintaining investor protection.[9] Following is a brief overview of the rules.

Funding Portal Rule 100 (General Standards)

Funding Portal Rule 100, similar to the FINRA Rule 0100 Series, sets forth basic standards and definitions for purposes of the Funding Portal Rules. Paragraph (a) of the rule provides in part that all funding portal members and persons associated with funding portal members shall be subject to the FINRA By-Laws and FINRA Regulation By-Laws, unless the context requires otherwise, and the Funding Portal Rules. The rule provides that persons associated with a funding portal member shall have the same duties and obligations as a funding portal member under the Funding Portal Rules. Paragraph (b) defines such terms as "funding portal member"[10] and "associated person of a funding portal member."[11]

Funding Portal Rule 110 (Funding Portal Application)

Funding Portal Rule 110 addresses the membership application process (MAP) for funding portals. The MAP will enable FINRA to assess whether funding portals are capable of complying with applicable federal securities laws, the rules and regulations thereunder, and the Funding Portal Rules. The rule is based on the current NASD Rule 1010 Series membership rules that apply to broker-dealers. However, FINRA has simplified the MAP for funding portals to reflect the limited nature of their business. Following are some of the rule's key provisions:

- Definitions that apply specifically for MAP purposes are set forth in Funding Portal Rule 110(a)(1).
- Funding portals will apply for membership using Form FP-NMA.[12] The rule provides among other things that, at the time an applicant (referred to as the "FP Applicant") submits its application, the FP Applicant must submit information indicating whether the FP Applicant or any associated person (as defined in Funding Portal Rule 100(b)(1)) of the FP Applicant is subject to a statutory disqualification as described in SEA Section 3(a)(39). The FP Applicant must keep this information current and must update such

information promptly, but in any event not later than 10 days following any change in such information. Each FP Applicant will be assessed an application fee of $2,700 at the time the applicant files Form FP-NMA.[13]

- Funding portals will apply for changes in ownership and control using Form FP-CMA.[14] Each FP Applicant for approval of a change in ownership or control shall be assessed an application fee of $500 at the time Form FP-CMA is filed.[15]
- Funding Portal Rule 110(a)(9) addresses the membership interview. The rule provides among other things that the membership interview may be conducted by video conference.
- The standards for granting or denying an application are set forth in Funding Portal Rule 110(a)(10).
- Funding Portal Rule 110(a)(12) provides that the Department of Member Regulation shall serve a written decision on an application filed pursuant to the rule within 60 days after the filing of the application or such later date as FINRA and the FP Applicant have agreed in writing.
- Funding Portal Rule 110(a)(13) addresses an appeal of a decision by FINRA.

Funding Portal Rule 200 (Funding Portal Conduct)

Based in large part on FINRA Rule 2010 (Standards of Commercial Honor and Principles of Trade), Funding Portal Rule 200(a) requires a funding portal member, in the conduct of its business, to observe high standards of commercial honor and just and equitable principles of trade.

Funding Portal Rule 200(b), based in large part on FINRA Rule 2020 (Use of Manipulative, Deceptive or Other Fraudulent Devices), prohibits a funding portal member from effecting any transaction in, or inducing the purchase or sale of, any security by means of, or by aiding or abetting, any manipulative, deceptive or other fraudulent device or contrivance.

Funding Portal Rule 200(c) is an abbreviated version of FINRA Rule 2210 (Communications with the Public), essentially prohibiting false and misleading statements.

Funding Portal Rule 300 (Funding Portal Compliance)

Funding Portal Rule 300(a) requires each funding portal member to establish and maintain a system to supervise the activities of each associated person of the funding portal member that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with the Funding Portal Rules. A funding portal member's supervisory system must provide, at a minimum, for (1) the establishment and maintenance of written procedures to supervise the activities of the funding portal member and its associated persons; (2) the designation of a person with authority to carry out the supervisory responsibilities of the funding portal member; and (3) reasonable efforts to determine that all supervisory personnel are qualified by virtue of experience or training to carry out their assigned responsibilities. The rule is a streamlined version of FINRA Rule 3110 (Supervision).

Funding Portal Rule 300(b) requires each funding portal member to designate to FINRA, for purposes of Article IV, Section 3 of the FINRA By-Laws,[16] an executive representative. Funding portal members must update this information as specified by the rule.

Funding Portal Rule 300(c) requires funding portal members to report to FINRA (and sets forth the obligations of such members' associated persons to report to the member) regulatory proceedings, disciplinary and other events. The rule is largely based on FINRA Rule 4530 (Reporting Requirements). Funding portal members must use the Funding Portal Rule 300(c) Form for their reporting requirements pursuant to the rule.[17]

Funding Portal Rule 300(d), based in large part on the contact information requirements set forth in FINRA Rule 4517(c), requires funding portal members to report to FINRA all contact information required by FINRA through such means as FINRA may specify and to promptly update their required contact information. In addition, funding portal members must review and, if necessary, update their required contact information, through such means as FINRA may specify, within 17 business days after the end of each calendar year.

Funding Portal Rule 300(e) requires each funding portal member each year to report to FINRA, in the manner prescribed by FINRA, the member's gross revenue on Form FP-Statement of Revenue no later than 60 days following each calendar year-end.[18]

Funding Portal Rule 300(f) is based in large part on SEA Rule 17a-3(a)(12)(ii) and requires each funding portal member to make and keep current a record listing every associated person of the funding portal member that shows, for each such associated person, every office of the funding portal member where the associated person regularly conducts any business for the funding portal member, and any registration number, if any, to be prescribed by FINRA, and every identification number or code assigned to the associated person by the funding portal member. The rule requires each funding portal member to preserve all records made pursuant to the rule for five years, the first two in an easily accessible place, which aligns with the retention period that the SEC has prescribed for records that funding portals must make and preserve pursuant to Rule 404 under Regulation Crowdfunding.

Funding Portal Rule 800 (Investigations and Sanctions)

Under Funding Portal Rule 800(a), funding portal members are subject to the FINRA Rule 8000 Series (Investigations and Sanctions), unless the context requires otherwise.

Paragraph (b) of Funding Portal Rule 800 is a streamlined version of FINRA Rule 8312 (FINRA BrokerCheck Disclosure). The rule provides in part that FINRA may provide access to the public, via an appropriate link on the FINRA website, to a funding portal member's current SEC Form Funding Portal, including amendments and registration withdrawal requests, as filed with the SEC pursuant to Regulation Crowdfunding, in the form made publicly available by the SEC. The rule provides that, with respect to a former funding

portal member, FINRA may provide similar access to the public to the former funding portal member's most recent SEC Form Funding Portal, and any amendments and registration withdrawal requests, as filed with the SEC. Under the rule, FINRA will make available to the public information filed by a funding portal member, in a format to be prescribed by FINRA, indicating whether the funding portal member or any associated person of the funding portal member is subject to a statutory disqualification as described in SEA Section 3(a)(39). Under the rule, the funding portal member must keep this information current and must update such information promptly, but in any event not later than 10 days following any change in such information.

Code of Procedure (Funding Portal Rule 900)

Under Funding Portal Rule 900(a), funding portal members are subject to the FINRA Rule 9000 Series (Code of Procedure), unless the context requires otherwise. Paragraph (b) of the rule is a streamlined version of the FINRA Rule 9520 Series (Eligibility Proceedings) and sets forth the procedures for a person to become or remain associated with a funding portal member notwithstanding the existence of a statutory disqualification, and for a funding portal member or person associated with a funding portal member to obtain relief from the eligibility or qualification requirements of the FINRA By-Laws and Funding Portal Rules.

Arbitration and Mediation (Funding Portal Rule 1200)

Under Funding Portal Rule 1200(a), funding portal members are subject to the FINRA Rule 12000 Series (Code of Arbitration Procedure for Customer Disputes), FINRA Rule 13000 Series (Code of Arbitration Procedure for Industry Disputes) and FINRA Rule 14000 Series (Code of Mediation Procedure), unless the context requires otherwise. Paragraph (b) of the rule addresses the use by funding portal members of predispute arbitration agreements for investor accounts. The rule is a streamlined version of FINRA Rule 2268 (Requirements When Using Predispute Arbitration Agreements for Customer Agreements).

Information for Prospective Funding Portals; Filing of Forms

As discussed above, the Funding Portal Rules become effective on January 29, 2016. Prospective funding portals should visit *http://www.finra.org/industry/funding-portals* to get more information about how to begin the application process, including how to gain entitlement to FINRA's Firm Gateway. All forms discussed in this *Notice*—Form FP-NMA, Form FP-CMA, Funding Portal Rule 300(c) Form and Form FP-Statement of Revenue—must be filed electronically through FINRA's Firm Gateway. If you have questions about entitlement to FINRA's Firm Gateway, please contact the Gateway Call Center at (301) 590-6500.

Endnotes

1. *See* Securities Exchange Act Release No. 76970 (January 22, 2016), 81 FR 4931 (January 28, 2016) (Notice of Amendment No. 1 and Order Granting Accelerated Approval of Proposed Rule Change; File No. SR-FINRA-2015-040); *see also* Securities Exchange Act Release No. 76239 (October 22, 2015), 80 FR 66348 (October 28, 2015) (Notice of Filing of Proposed Rule Change To Adopt the Funding Portal Rules and Related Forms and FINRA Rule 4518; File No. SR-FINRA-2015-040). FINRA separately filed, for immediate effectiveness, rules establishing fees for funding portals. *See* Securities Exchange Act Release No. 76238 (October 22, 2015), 80 FR 66342 (October 28, 2015) (Notice of Filing and Immediate Effectiveness of Proposed Rule To Establish Fees for Funding Portals; File No. SR-FINRA-2015-041). The fees applicable to funding portal members are set forth in Section 15 of Schedule A to the FINRA By-Laws.

2. *See* Pub. L. No. 112-106, 126 Stat. 306 (2012). Crowdfunding generally refers to the use of the Internet by small businesses to raise capital through limited investments from a large number of investors.

3. The SEC adopted Regulation Crowdfunding on October 30, 2015. *See* Securities Exchange Act Release No. 76324 (October 30, 2015), 80 FR 71388 (November 16, 2015) (Final Rule: Crowdfunding). The term "funding portal" is defined under Section 3(a)(80) of the Securities Exchange Act of 1934 (SEA), as revised by the JOBS Act, and Rule 300(c)(2) under Regulation Crowdfunding.

4. Prospective funding portal applicants should note that the effective date for Regulation Crowdfunding, other than the registration requirements, is May 16, 2016. As such, though applicants may begin to register effective January 29, 2016, it is a violation of the federal securities laws to engage in funding portal business prior to May 16, 2016.

5. *See* Section 4(a)(6) of the Securities Act of 1933, as amended by the JOBS Act.

6. The SEC's Rule 400(a) under Regulation Crowdfunding requires in part that a funding portal must register with the SEC, as specified in the rule, and become a member of a national securities association registered under SEA Section 15A. FINRA is the only registered national securities association.

7. *See* SEA Section 3(a)(80) and Rule 300(c)(2) under Regulation Crowdfunding.

8. In addition, FINRA has adopted new FINRA Rule 4518 (Notification to FINRA in Connection with the JOBS Act). Rule 4518 applies to registered broker-dealer members of FINRA that intend to act as intermediaries in transactions involving the offer or sale of securities pursuant to the crowdfunding exemption. FINRA is providing guidance as to Rule 4518 in a separate *Notice*. *See Regulatory Notice 16-07*.

9. *See* 80 FR 66348, 66349.

10. The term "funding portal member" means any funding portal admitted to membership in FINRA. *See* Funding Portal Rule 100(b)(6).

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11. The term "associated person of a funding portal member" or "person associated with a funding portal member" means any sole proprietor, partner, officer, director or manager of a funding portal, or other natural person occupying a similar status or performing similar functions, or any natural person directly or indirectly controlling or controlled by a funding portal member, or any employee of a funding portal member, and, for purposes of FINRA Rule 8210, any other person listed in Schedule A of SEC Form Funding Portal. *See* Funding Portal Rule 100(b)(1). Under Funding Portal Rule 800, funding portal members are subject to FINRA Rule 8210, which requires, in part, that a member must provide information and testimony and must permit an inspection and copying of books, records or accounts pursuant to the rule.

12. *See* Funding Portal Rule 110(a)(3). Form FP-NMA is available in Appendix A.

13. *See* Section 15 of Schedule A to the FINRA By-Laws.

14. *See* Funding Portal Rule 110(a)(4). Form FP-CMA is available in Appendix B.

15. *See* Section 15 of Schedule A to the FINRA By-Laws.

16. Article IV, Section 3 of the FINRA By-Laws requires, in brief, that each FINRA member appoint and certify to FINRA an executive representative to represent, vote and act for the member in FINRA affairs.

17. The Funding Portal Rule 300(c) Form is available in Appendix C.

18. Form FP-Statement of Revenue is available in Appendix D. Each funding portal member is required to pay an annual gross income assessment in accordance with Section 1(c) of Schedule A to the FINRA By-Laws. *See* Section 15 of Schedule A to the FINRA By-Laws.

Appendix A: Form FP-NMA

Form FP-NMA

Application Contact Information

Provide the following information for the person who will be the primary contact for the Funding Portal ("FP") Applicant during FINRA's review of the Funding Portal - New Member Application ("FP-NMA"). Note that this is the person to whom FINRA will direct application-related questions and correspondence.

Contact person

First name	
Last name	
Email address	
Phone number	

I. General Information

Provide the following business information regarding the FP Applicant:

a.	Full Name of FP Applicant:	
b.	SEC File No. :	
c.	Any Other Name(s) Under Which Business Is or Will Be Conducted:	
d.	Business Address:	
e.	All Website Addresses Where Business Is or Will Be Conducted:	
f.	Legal Status of FP Applicant (e.g., Corporation, Limited Liability Company ("LLC"), Partnership, Sole Proprietorship, or Other):	
g.	State/Country of Formation:	
h.	Date of Formation:	

i. **Attach** corporate or analogous formation documents of the FP Applicant, and any amendments thereto.

II. Ownership

a. Is the FP Applicant's completed SEC Form Funding Portal accurate?

☐ Yes ☐ No

Provide a detailed explanation of any changes. (The FP Applicant is also reminded to file an updated SEC Form Funding Portal with the SEC and to provide a copy of such to FINRA.)

b. **Attach** an organizational chart depicting: (i) the direct and indirect ownership structure and percentage interests in the FP Applicant held by entities and individuals; and (ii) any subsidiaries of the FP Applicant.

III. Associated Persons

a. Executive Officers

Provide the names and CRD Numbers of the individuals performing the following roles or their functional equivalents:

	Full Name	CRD Number (if applicable)	Officer's Email Address
i. Chief Executive Officer:			
ii. Chief Financial Officer:			
iii. Chief Operations Officer:			
iv. Chief Compliance Officer:			
v. Executive Representative:			

b. Supervisory Personnel

Attach an organizational chart depicting the FP Applicant's supervisory personnel and reporting lines.

IV. Activities, Procedures, and Controls

a. Business Model and Activities

Provide a detailed written description of the FP Applicant's business model. Include, at a minimum, a description of:

i. the forms of compensation that will be paid to the FP or its associated persons;
ii. any referral fees or transaction based compensation that the FP or associated persons will pay to others;
iii. the types of securities to be presented to investors;
iv. any limitations on the types of issuers that will be presented;
v. how issuers will be presented to investors (e.g., website, social media platform); and
vi. the type and scope of any other business activities the FP Applicant intends to conduct.

b. Recordkeeping

Describe in detail the recordkeeping policies, procedures and systems to be used by the FP Applicant.

c. **Attach** the FP Applicant's written procedures. The written procedures must address, at a minimum, the following subjects:

i. Communications with the public;
ii. Collection, retention, protection and review of investors' information;
iii. Criteria for limiting, highlighting and sorting offerings on the FP Applicant's platform;
iv. Disclosure requirements;
v. Due diligence;
vi. Investor education and affirmation; and
vii. Supervision.

Please ensure that the written procedures clearly state:

i. Who: the identification of the person responsible for conducting the subject procedure;
ii. What: a description of the specific procedure that is to be conducted by the person responsible;

iii. When: a statement as to when or how often the specific procedure is to be conducted; and
iv. How evidenced: a statement as to how the FP Applicant will evidence the fact that the procedure has been conducted.

d. Restricted or Prohibited Activities

The federal securities laws prohibit FPs from certain conduct, including: offering investment advice or recommendations; soliciting purchases, sales, or offers to buy the securities offered or displayed on its website or portal; compensating employees, agents, or other persons for such solicitation or based on the sale of securities displayed or referenced on its website or portal; holding, managing, possessing, or otherwise handling investor funds or securities; and any other activities prohibited by the SEC.

i. **Attach** a signed statement, executed by an FP Applicant's officer (or functional equivalent) that procedures are in place to adhere to such prohibitions and that the FP Applicant's officers (or functional equivalents) are responsible for and maintain a system of controls and supervision to ensure compliance.
ii. **Attach** written procedures addressing how the FP Applicant will comply with the prohibitions. (The written procedures must clearly provide the information outlined above regarding who, what, when, and how evidenced.)

V. Systems, Facilities, and Contractual Relationships

a. Systems

i. Describe the operational systems the FP Applicant will use to conduct its business and the controls (e.g., change management, limitations on access to underlying data) to be utilized for such systems.

ii. Provide the address and log-in credentials for the FP Applicant's site for use by staff in evaluating the operational readiness of the funding portal platform.

Address (URL):	
User Name:	
Password:	

b. Business and Contractual Relationships

Describe the business and contractual relationships the FP Applicant will maintain to conduct its business activities. This should include, without limitation and as applicable, descriptions of the following relationships:

i. Banks;
ii. Broker-Dealers;
iii. Clearing corporations;
iv. Service bureaus;
v. Escrow agents;
vi. Transfer agents; and
vii. Technology service providers.

c. **Attach** copies of any contracts or agreements relating to the relationships described above.

d. **Attach** copies of any other contracts or agreements entered into by the FP Applicant for the performance by another party of any functions identified as prohibited activities in the SEA definition of "funding portal" as enumerated in SEA Section 3(a)(80)(A) through (E) (e.g., offering investment advice or recommendations; soliciting purchases, sales or offers to buy the securities offered or displayed on the FP Applicant's website or portal; holding, managing, possessing, or otherwise handling investor funds or securities).

e. Will the FP Applicant use pre-dispute arbitration agreements?

☐ Yes ☐ No

VI. Funding

a. Source of Funding

i. Use the spreadsheet below to identify all persons or entities that have contributed equity capital or debt financing to the FP Applicant's business and provide information regarding the type of capital or financing.

Date	Name of Funding Source	Funding Type (e.g., debt, equity)	Amount	Transfer Instrument (e.g., wire, check)

ii. **Attach** documentation reflecting all funding/capitalization of the FP Applicant. The documentation provided to reflect funding/ capitalization should include:

1. For each source of funding: bank statements, checks, wire instructions (or the equivalent), audited financial statements, or other evidence demonstrating the funding source's ability to make such contribution.
2. For the FP Applicant: bank statements, checks, or wire instructions (or the equivalent) covering each month that funds were deposited into the Applicant's account(s).

b. Ongoing Operations

i. **Attach** a copy of any expense sharing agreement to be utilized by the FP Applicant.

ii. Describe plans for the FP Applicant's additional funding, should such funding become necessary in the future.

VII. Disclosure Information

a. Is the FP Applicant or any persons associated with the FP Applicant the subject of a pending, adjudicated, or settled regulatory action or investigation by the SEC, the Commodity Futures Trading Commission, a federal, state, or foreign regulatory agency, or a self-regulatory organization; an adjudicated, or settled investment-related private civil action for damages or an injunction; or a criminal action (other than a minor traffic violation) that is pending, adjudicated, or that has resulted in a guilty or no contest plea?

☐ Yes ☐ No

For each associated person subject to such an event, provide below their name and CRD Number as well as a brief description of the event(s), the date(s) of the event(s) and the role of the associated person with the FP Applicant.

Name	CRD Number (if applicable)	Description of the Event	Date of the Event	Role with FP Applicant

b. For any person identified above, provide a detailed description of the FP Applicant's plan for any heightened supervision of that person's activities. In the alternative, **attach** a copy of the applicable heightened supervisory procedures.

Designated Signatory

I hereby certify under penalty of perjury under the laws of the United States of America, 28 U.S.C. § 1746, that the foregoing information provided by me on behalf of the FP Applicant is true and correct to the best of my knowledge, information, and belief and that I am legally authorized to make the foregoing certification on behalf of the FP Applicant.

Executed on: _____, 20_____.

Print Executive Officer Name: _____

Appendix B: Form FP-CMA

Form FP-CMA

Application Contact Information

Provide the following information for the person who will be the primary contact for the Funding Portal ("FP") member during FINRA's review of the Funding Portal - Continuing Member Application ("FP-CMA"). Note that this is the person to whom FINRA will direct application-related questions and correspondence.

Contact person

First name	
Last name	
Email address	
Phone number	

I. General Information

a.	Full Name of FP Member:	
b.	SEC File No.:	
c.	Business Address:	
d.	All Website Addresses Where Business Is or Will Be Conducted:	

II. Proposed Ownership or Control Change Information

Using the list below, identify all proposed ownership or control changes for the FP member that require the filing of an application pursuant to Funding Portal Rule 110(a)(4):

[ ] A change in the equity ownership, partnership capital, Limited Liability Company ("LLC") membership interest, or other ownership interest of the FP member that results in one person or entity directly or indirectly owning or controlling 25 percent or more of the equity or partnership capital, LLC membership interest, or other ownership interest; or

[ ] A change, directly or indirectly, of control persons of the FP member, other than the appointment or election of a natural person as an officer or director of the FP member in the normal course of business, regardless of whether such change occurred as a result of a direct or indirect change in the equity ownership, partnership capital, LLC membership interest, or other ownership interest in the FP member.

III. Impact of Proposed Ownership or Control Change

For each proposed ownership or control change selected above, provide an explanation addressing the impact of the proposed ownership or control change on the following components of the business of the FP member. If there will be no impact, please indicate "Not Applicable."

a. Impact on Owners or Control Persons

Please identify all:

i. New owners that will, directly or indirectly, own or control 25 percent or more, of the FP member; or

ii. Persons who will, directly or indirectly, control the FP member.

b. Impact on Supervisory Structure and Personnel

i. **Attach** a chart depicting the structure reflecting the changes that will occur as a result of the proposed ownership or control change.

ii. **Attach** a supervisory organization chart reflecting the changes to the supervisory personnel (identified specifically by name and title) that will occur as a result of the proposed ownership or control change.

iii. **Attach** a copy of the documentation evidencing the proposed ownership or control change (e.g., purchase agreement, corporate resolutions, or equivalent documentation evidencing the proposed change).

iv. **Attach** documentation evidencing the proposed financing or other consideration for the change in ownership or control change (e.g., bank statements).

IV. Disclosure Information

a. Is the FP member or any persons associated (or to be associated) with the FP member the subject of a pending, adjudicated, or settled regulatory action or investigation by the SEC, the Commodity Futures Trading Commission, a federal, state, or foreign regulatory agency, or a self-regulatory organization; an adjudicated, or settled investment-related private civil action for damages or an injunction; or a criminal action (other than a minor traffic violation) that is pending, adjudicated, or that has resulted in a guilty or no contest plea?

☐ Yes ☐ No

For each associated person subject to such an event, provide below their name and CRD Number as well as a brief description of the event(s), the date(s) of the event(s) and the role of the associated person with the FP member.

Name	CRD Number (if applicable)	Description of the Event	Date of the Event	Role with FP Applicant

b. For any person identified above, provide a detailed description of the FP member's plan for any heightened supervision of that person's activities. In the alternative, **attach** a copy of the applicable heightened supervisory procedures.

Designated Signatory

I hereby certify under penalty of perjury under the laws of the United States of America, 28 U.S.C. § 1746, that the foregoing information provided by me on behalf of the FP member is true and correct to the best of my knowledge, information, and belief and that I am legally authorized to make the foregoing certification on behalf of the FP member.

Executed on: _____, 20_____.

Print Executive Officer Name: _____

Appendix C: Funding Portal Rule 300(c) Form

Funding Portal Rule 300(c) Form (with explanations of fields)

Funding Portal Rule 300(c) Reporting Requirements – Disclosure Events

All fields marked with * are mandatory

Date: *

Funding portal members will be required to enter the date (two-digit month, day and year (MM/DD/YY)) of the submission.

Funding Portal Member Information: *

Name of the Funding Portal Member:

SEC File Number:

Funding portal members will be required to enter the firm name and the firm's SEC File Number.

Contact Person Information: *

Name:

Telephone:

Email:

Funding portal members will be required to enter the name (first and last name), telephone number and email address of the individual that should be contacted if FINRA staff has any questions regarding the submission.

Associated Person Information: *
(only complete if the disclosure relates to an associated person)

Name:

Funding portal members will be required to enter the name (first and last name) of the associated person of the funding portal member, *if any*, to which the disclosure relates. If the disclosure only relates to the funding portal member, this field should be left blank.

Disclosure Event: *
(only check one box)

- ☐ (c)(1)(A)(i) External Finding or Named in a Regulatory Proceeding
- ☐ (c)(1)(A)(ii) Written Complaint Involving Certain Allegations
- ☐ (c)(1)(A)(iii) Subject to Other Regulatory Actions
- ☐ (c)(1)(A)(iv) Criminal Actions Involving Felonies and Certain Misdemeanors
- ☐ (c)(1)(A)(v) Associated with a Financial Entity Subject to Certain Actions
- ☐ (c)(1)(A)(vi) Civil Litigation; Arbitration Matters; or Certain Claims for Damages
- ☐ (c)(1)(A)(vii) Statutory Disqualification
- ☐ (c)(1)(B) Disciplinary Action Taken by a Funding Portal Against an Associated Person
- ☐ (c)(2) Internal Conclusion

Funding portal members will be required to check the most appropriate box identifying the type of disclosure. Each checkbox corresponds to a specific paragraph in Funding Portal Rule 300(c).

Discovery Date: *

Funding portal members will be required to enter the date (two-digit month, day and year (MM/DD/YY)) that they discovered the disclosure event. For purposes of paragraphs (c)(1)(A)(i) through (c)(1)(B) of the rule, this is the date that the funding portal member knew or should have known of the disclosure event. For purposes of paragraph (c)(2) of the rule, this is the date that the funding portal member concluded or reasonably should have concluded that a reportable violation occurred.

Additional Information:
(limit ____ characters)

This is a free text field that allows funding portal members to enter any additional information that they believe is pertinent to the disclosure.

Appendix D: Form FP-Statement of Revenue

Form FP-Statement of Revenue

Pursuant to Funding Portal Rule 300(e), each funding portal member must report its gross revenue on this form no later than 60 calendar days following the end of the calendar year.

GENERAL INFORMATION

Full Name of Funding Portal Member: _____
SEC File Number: _____
Organization ID: _____
IRS Tax Number: _____
Business Address: _____
Website Address(es) at which Business is Conducted: _____

IN THE SPACE BELOW, INDICATE GROSS REVENUE EARNED IN THE CALENDAR YEAR INDICATED

For the period 01/01/2XXX to 12/31/2XXX **Total: $_____**

Designated Signatory

I hereby certify under penalty of perjury under the laws of the United States of America, 28 U.S.C. § 1746, that the foregoing information provided by me on behalf of [name of funding portal] is true and correct to the best of my knowledge, information, and belief and that I am legally authorized to make the foregoing certification on behalf of [name of funding portal].

Executed on: _____, 20_____.

Executive Officer Signature:

_____
Print Name:

_____