

STATEMENT OF BASIS AND PURPOSE

Amendment to Chapter 3 of the Rules Under the Colorado Securities Act
Colorado Division of Securities
September 2, 2015

Pursuant to the authority found in House Bill 15-1246, which is codified in parts 2, 3, and 4 of the Colorado Securities Act (the "Act"), sections 11-51-101, *et seq.*, C.R.S., the Securities Commissioner adopts Rules 51-3.20 to 51-3.30 on September 2, 2015.

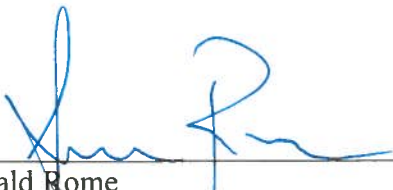
The general purpose of Rules 51-3.20 to 51-3.30 is to implement the Colorado Crowdfunding Act (the "Crowdfunding Act") in order to allow small businesses to begin raising vital capital. For the exemption from the registration provisions of the Act under the Crowdfunding Act to be available, the Crowdfunding Act requires the Securities Commissioner to promulgate rules to implement the exemption. As the legislature declared, "Start-up companies play a critical role in expanding economic opportunities, creating new jobs, and generating revenues ... Lack of access to capital is an obstacle to starting and expanding small business, inhibits job growth, and has negatively affected the state's economy." The legislature also declared that crowdfunding in Colorado will "promote the formation and growth of local companies and the accompanying job creation."

Additionally, pursuant to section 24-4-103(2), C.R.S., the Division of Securities established a representative group of participants with an interest in crowdfunding in Colorado. This representative group represented different points of view and included individuals, businesses, trade associations, and the regulated industry. On July 20th and 21st of 2015, this representative group was invited to meet in person with the Division of Securities to informally submit their views and otherwise participated in making comments on the proposed rules. The comments and views of the representative group were taken into consideration in the proposed rules.

Based on the foregoing, the Securities Commissioner finds that the adoption of Rules 51-3.20 to 51-3.30 is necessary and appropriate in the public interest and is consistent with the purposes and provisions of the Act. The Securities Commissioner further finds that the record demonstrates the need for these rules, the rules are clearly and simply stated, proper statutory authority exists for the rules, the rules do not conflict with any other rules or statutes governing the Division of Securities, and the rules are coordinated with the federal acts and statutes and the rules and regulations promulgated thereunder to which references are made to the extent coordination with them is consistent with the purposes and provisions of the Act.

This general statement of basis and purpose is incorporated by reference in the rules adopted by the Securities Commissioner on September 2, 2015. The rules will become effective approximately 20 days after the adopted rules are published in the Colorado Register.

DATED this 2nd day of September.



Gerald Rome
Securities Commissioner