

# Securities Laws and the Legacy Fund In-State Investment Program

Karen Tyler  
Securities Commissioner  
September 25, 2024

# Securities Law Application to HB 1425

As amended in 2023:

b. A target allocation of six hundred million dollars to equity investments in the state, including:

(1) Investments in one or more equity funds, venture capital funds, or alternative investment funds with a primary strategy of investing in emerging or expanding companies in the state.

Equity investments under this paragraph must:

(a) Be managed by qualified investment firms, financial institutions, or equity funds which have a strategy to invest in qualified companies operating or seeking to operate in the state and which have a direct connection to the state; and

(b) Have a benchmark investment return equal to the five-year average net return for the legacy fund, excluding in-state investments; and...

# Securities Law Application to HB 1425

## Regulatory Exemptions

### **For Funds:**

Regulation D, Rule 506 – Sale to Accredited Investors

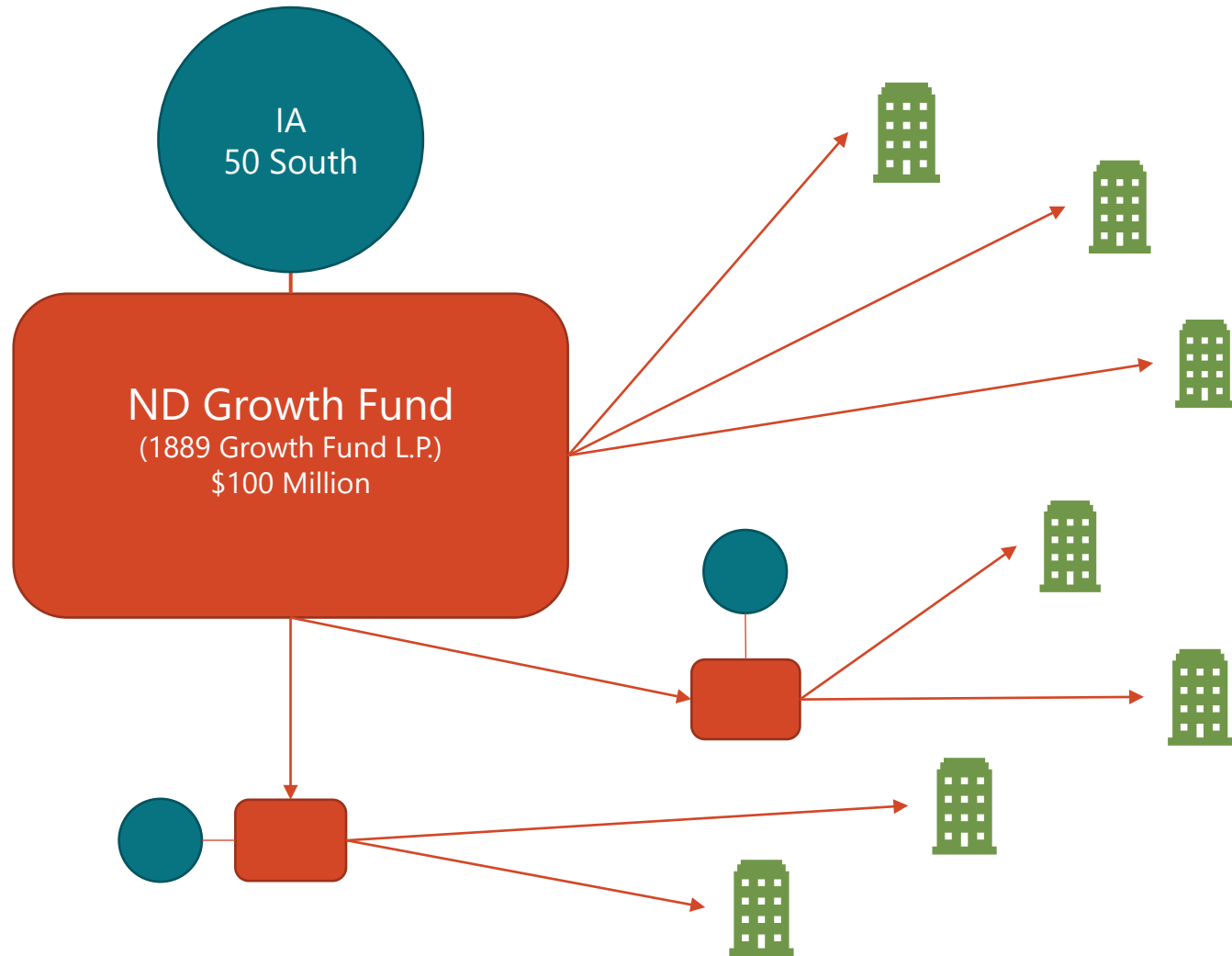
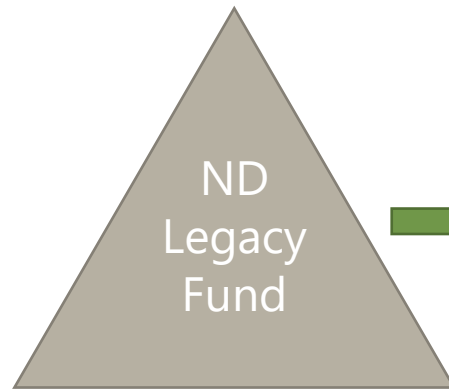
### **For Investment Advisers:**

Registration Exemptions for Advisers to Private Funds

- Federal – Exemption from SEC registration for Advisers with less than \$150 million AUM that solely advise private funds
- North Dakota – Exemption from state registration for Advisers that solely advise one or more venture capital funds ([securities.nd.gov/department-information/orders](https://securities.nd.gov/department-information/orders))

# Securities Law Application to HB 1425

- Private Fund
- Investment Adviser
- North Dakota Business



Legacy fund investment shall include a target allocation of \$600 million to equity investments in the state, including investment in one or more **equity funds, venture capital funds, or alternative investment funds** with a primary strategy of investing in emerging or expanding companies in the state...