

115TH CONGRESS
1ST SESSION

H. R. 79

To clarify the definition of general solicitation under Federal securities law.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2017

Mr. CHABOT (for himself and Ms. SINEMA) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To clarify the definition of general solicitation under Federal securities law.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Helping Angels Lead
5 Our Startups Act” or the “HALOS Act”.

6 **SEC. 2. DEFINITION OF ANGEL INVESTOR GROUP.**

7 As used in this Act, the term “angel investor group”
8 means any group that—

9 (1) is composed of accredited investors inter-
10 ested in investing personal capital in early-stage
11 companies;

1 (2) holds regular meetings and has defined
2 processes and procedures for making investment de-
3 cisions, either individually or among the membership
4 of the group as a whole; and

5 (3) is neither associated nor affiliated with bro-
6 kers, dealers, or investment advisers.

7 **SEC. 3. CLARIFICATION OF GENERAL SOLICITATION.**

8 (a) IN GENERAL.—Not later than 6 months after the
9 date of enactment of this Act, the Securities and Ex-
10 change Commission shall revise Regulation D of its rules
11 (17 CFR 230.500 et seq.) to require that in carrying out
12 the prohibition against general solicitation or general ad-
13 vertising contained in section 230.502(c) of title 17, Code
14 of Federal Regulations, the prohibition shall not apply to
15 a presentation or other communication made by or on be-
16 half of an issuer which is made at an event—

17 (1) sponsored by—

18 (A) the United States or any territory
19 thereof, by the District of Columbia, by any
20 State, by a political subdivision of any State or
21 territory, or by any agency or public instrumen-
22 tality of any of the foregoing;

23 (B) a college, university, or other institu-
24 tion of higher education;

25 (C) a nonprofit organization;

1 (D) an angel investor group;

2 (E) a venture forum, venture capital asso-
3 ciation, or trade association; or

4 (F) any other group, person or entity as
5 the Securities and Exchange Commission may
6 determine by rule;

7 (2) where any advertising for the event does not
8 reference any specific offering of securities by the
9 issuer;

10 (3) the sponsor of which—

11 (A) does not make investment rec-
12 ommendations or provide investment advice to
13 event attendees;

14 (B) does not engage in an active role in
15 any investment negotiations between the issuer
16 and investors attending the event;

17 (C) does not charge event attendees any
18 fees other than administrative fees; and

19 (D) does not receive any compensation
20 with respect to such event that would require
21 registration of the sponsor as a broker or a
22 dealer under the Securities Exchange Act of
23 1934, or as an investment advisor under the In-
24 vestment Advisers Act of 1940; and

1 (4) where no specific information regarding an
2 offering of securities by the issuer is communicated
3 or distributed by or on behalf of the issuer, other
4 than—

5 (A) that the issuer is in the process of of-
6 fering securities or planning to offer securities;

7 (B) the type and amount of securities
8 being offered;

9 (C) the amount of securities being offered
10 that have already been subscribed for; and

11 (D) the intended use of proceeds of the of-
12 fering.

13 (b) RULE OF CONSTRUCTION.—Subsection (a) may
14 only be construed as requiring the Securities and Ex-
15 change Commission to amend the requirements of Regula-
16 tion D with respect to presentations and communications,
17 and not with respect to purchases or sales.

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