

113TH CONGRESS
2D SESSION

H. R. 4915

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

IN THE HOUSE OF REPRESENTATIVES

JUNE 19, 2014

Mr. SCHNEIDER (for himself and Mr. CHABOT) 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 primarily of individual accred-
10 ited investors who are interested in investing per-
11 sonal capital in early-stage 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 not connected to broker-dealers or invest-
6 ment advisers.

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

8 The Securities and Exchange Commission shall
9 amend Regulation D of its rules (17 C.F.R. 230.500 et
10 seq.) to require that in carrying out the prohibition
11 against general solicitation or general advertising con-
12 tained in section 230.502(c) of title 17, Code of Federal
13 Regulations, the prohibition shall not apply to a presen-
14 tation or other communication made by or on behalf of
15 an issuer which is made at an event—

16 (1) sponsored by—

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

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

24 (C) a nonprofit organization;

25 (D) an angel investor group;

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

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

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

9 (3) the sponsor of which—

10 (A) does not make investment recommen-
11 dations or provide investment advice to event
12 attendees;

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

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

18 (4) where no specific information regarding an
19 offering of securities by the issuer is communicated
20 or distributed by or on behalf of the issuer, other
21 than—

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

24 (B) the type and amount of securities
25 being offered;

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

3 (D) the intended use of proceeds of the of-
4 fering.

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