

114TH CONGRESS
1ST SESSION

H. R. 1839

IN THE SENATE OF THE UNITED STATES

OCTOBER 7, 2015

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To amend the Securities Act of 1933 to exempt certain transactions involving purchases by accredited investors, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Reforming Access for
3 Investments in Startup Enterprises Act of 2015” or the
4 “RAISE Act of 2015”.

5 **SEC. 2. EXEMPTED TRANSACTIONS.**

6 (a) EXEMPTED TRANSACTIONS.—Section 4 of the Se-
7 curities Act of 1933 (15 U.S.C. 77d) is amended—

8 (1) in subsection (a), by adding at the end the
9 following new paragraph:

10 “(7) transactions meeting the requirements of
11 subsection (d).”;

12 (2) by redesignating the second subsection (b)
13 (relating to securities offered and sold in compliance
14 with Rule 506 of Regulation D) as subsection (c);
15 and

16 (3) by adding at the end the following:

17 “(d) CERTAIN ACCREDITED INVESTOR TRANS-
18 ACTIONS.—The transactions referred to in subsection
19 (a)(7) are transactions meeting the following require-
20 ments:

21 “(1) ACCREDITED INVESTOR REQUIREMENT.—

22 Each purchaser is an accredited investor, as that
23 term is defined in section 230.501(a) of title 17,
24 Code of Federal Regulations (or any successor regu-
25 lation).

1 “(2) PROHIBITION ON GENERAL SOLICITATION
2 OR ADVERTISING.—Neither the seller, nor any per-
3 son acting on the seller’s behalf, offers or sells secu-
4 rities by any form of general solicitation or general
5 advertising.

6 “(3) INFORMATION REQUIREMENT.—In the
7 case of a transaction involving the securities of an
8 issuer that is neither subject to section 13 or 15(d)
9 of the Securities Exchange Act of 1934 (15 U.S.C.
10 78m; 78o(d)), nor exempt from reporting pursuant
11 to section 240.12g3–2(b) of title 17, Code of Federal
12 Regulations, nor a foreign government (as defined in
13 section 230.405 of title 17, Code of Federal Regula-
14 tions) eligible to register securities under Schedule
15 B, the seller and a prospective purchaser designated
16 by the seller obtain from the issuer, upon request of
17 the seller, and the seller in all cases makes available
18 to a prospective purchaser, the following information
19 (which shall be reasonably current in relation to the
20 date of resale under this section):

21 “(A) The exact name of the issuer and the
22 issuer’s predecessor (if any).

23 “(B) The address of the issuer’s principal
24 executive offices.

1 “(C) The exact title and class of the secu-
2 rity.

3 “(D) The par or stated value of the secu-
4 rity.

5 “(E) The number of shares or total
6 amount of the securities outstanding as of the
7 end of the issuer’s most recent fiscal year.

8 “(F) The name and address of the transfer
9 agent, corporate secretary, or other person re-
10 sponsible for transferring shares and stock cer-
11 tificates.

12 “(G) A statement of the nature of the
13 business of the issuer and the products and
14 services it offers, which shall be presumed rea-
15 sonably current if the statement is as of 12
16 months before the transaction date.

17 “(H) The names of the officers and direc-
18 tors of the issuer.

19 “(I) The names of any persons registered
20 as a broker, dealer, or agent that shall be paid
21 or given, directly or indirectly, any commission
22 or remuneration for such person’s participation
23 in the offer or sale of the securities.

1 “(J) The issuer’s most recent balance
2 sheet and profit and loss statement and similar
3 financial statements, which shall—

4 “(i) be for such part of the 2 pre-
5 ceding fiscal years as the issuer has been
6 in operation;

7 “(ii) be prepared in accordance with
8 generally accepted accounting principles or,
9 in the case of a foreign private issuer, be
10 prepared in accordance with generally ac-
11 cepted accounting principles or the Inter-
12 national Financial Reporting Standards
13 issued by the International Accounting
14 Standards Board;

15 “(iii) be presumed reasonably current
16 if—

17 “(I) with respect to the balance
18 sheet, the balance sheet is as of a date
19 less than 16 months before the trans-
20 action date; and

21 “(II) with respect to the profit
22 and loss statement, such statement is
23 for the 12 months preceding the date
24 of the issuer’s balance sheet; and

1 “(iv) if the balance sheet is not as of
2 a date less than 6 months before the trans-
3 action date, be accompanied by additional
4 statements of profit and loss for the period
5 from the date of such balance sheet to a
6 date less than 6 months before the trans-
7 action date.

8 “(K) To the extent that the seller is a con-
9 trol person with respect to the issuer, a brief
10 statement regarding the nature of the affili-
11 ation, and a statement certified by such seller
12 that they have no reasonable grounds to believe
13 that the issuer is in violation of the securities
14 laws or regulations.

15 “(4) ISSUERS DISQUALIFIED.—The transaction
16 is not for the sale of a security where the seller is
17 an issuer or a subsidiary, either directly or indi-
18 rectly, of the issuer.

19 “(5) BAD ACTOR PROHIBITION.—Neither the
20 seller, nor any person that has been or will be paid
21 (directly or indirectly) remuneration or a commission
22 for their participation in the offer or sale of the se-
23 curities, including solicitation of purchasers for the
24 seller is subject to an event that would disqualify an
25 issuer or other covered person under Rule 506(d)(1)

1 of Regulation D (17 CFR 230.506(d)(1)) or is sub-
2 ject to a statutory disqualification described under
3 section 3(a)(39) of the Securities Exchange Act of
4 1934.

5 “(6) BUSINESS REQUIREMENT.—The issuer is
6 engaged in business, is not in the organizational
7 stage or in bankruptcy or receivership, and is not a
8 blank check, blind pool, or shell company that has
9 no specific business plan or purpose or has indicated
10 that the issuer’s primary business plan is to engage
11 in a merger or combination of the business with, or
12 an acquisition of, an unidentified person.

13 “(7) UNDERWRITER PROHIBITION.—The trans-
14 action is not with respect to a security that con-
15 stitutes the whole or part of an unsold allotment to,
16 or a subscription or participation by, a broker or
17 dealer as an underwriter of the security or a redis-
18 tribution.

19 “(8) OUTSTANDING CLASS REQUIREMENT.—
20 The transaction is with respect to a security of a
21 class that has been authorized and outstanding for
22 at least 90 days prior to the date of the transaction.

23 “(e) ADDITIONAL REQUIREMENTS.—

24 “(1) IN GENERAL.—With respect to an exempt-
25 ed transaction described under subsection (a)(7):

1 “(A) Securities acquired in such trans-
2 action shall be deemed to have been acquired in
3 a transaction not involving any public offering.

4 “(B) Such transaction shall be deemed not
5 to be a distribution for purposes of section
6 2(a)(11).

7 “(C) Securities involved in such trans-
8 action shall be deemed to be restricted securi-
9 ties within the meaning of Rule 144 (17 CFR
10 230.144).

11 “(2) RULE OF CONSTRUCTION.—The exemption
12 provided by subsection (a)(7) shall not be the exclu-
13 sive means for establishing an exemption from the
14 registration requirements of section 5.”.

15 (b) EXEMPTION IN CONNECTION WITH CERTAIN EX-
16 EMPT OFFERINGS.—Section 18(b)(4) of the Securities Act
17 of 1933 (15 U.S.C. 77r(b)(4)) is amended—

18 (1) by redesignating the second subparagraph
19 (D) and subparagraph (E) as subparagraphs (E)
20 and (F), respectively;

21 (2) in subparagraph (E), as so redesignated, by
22 striking “; or” and inserting a semicolon;

23 (3) in subparagraph (F), as so redesignated, by
24 striking the period and inserting “; or”; and

1 (4) by adding at the end the following new sub-
2 paragraph:

3 “(G) section 4(a)(7).”.

 Passed the House of Representatives October 6,
2015.

Attest:

KAREN L. HAAS,
Clerk.