

# Union Calendar No. 561

114<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4850

[Report No. 114-723]

To amend the Securities Act of 1933 to exempt certain micro-offerings from the registration requirements of such Act, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 23, 2016

Mr. EMMER of Minnesota (for himself, Mr. MESSER, Mr. BARR, Mr. ROYCE, Mr. CHABOT, Mr. TIPTON, Mr. BROOKS of Alabama, and Mr. WILLIAMS) introduced the following bill; which was referred to the Committee on Financial Services

SEPTEMBER 6, 2016

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on March 23, 2016]

# **A BILL**

To amend the Securities Act of 1933 to exempt certain micro-offerings from the registration requirements of such Act, 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,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Micro Offering Safe*  
5 *Harbor Act”.*

6 **SEC. 2. EXEMPTIONS FOR MICRO-OFFERINGS.**

7 *(a) IN GENERAL.—Section 4 of the Securities Act of*  
8 *1933 (15 U.S.C. 77d) is amended—*

9 *(1) in subsection (a), by adding at the end the*  
10 *following:*

11 *“(8) transactions meeting the requirements of*  
12 *subsection (f).”;* and

13 *(2) by adding at the end the following:*

14 *“(f) CERTAIN MICRO-OFFERINGS.—*

15 *“(1) IN GENERAL.—Except as provided in para-*  
16 *graph (2), the transactions referred to in subsection*  
17 *(a)(8) are transactions involving the sale of securities*  
18 *by an issuer (including all entities controlled by or*  
19 *under common control with the issuer) that meet all*  
20 *of the following requirements:*

21 *“(A) PRE-EXISTING RELATIONSHIP.—Each*  
22 *purchaser has a substantive pre-existing rela-*  
23 *tionship with an officer of the issuer, a director*  
24 *of the issuer, or a shareholder holding 10 percent*  
25 *or more of the shares of the issuer.*

1           “(B) 35 OR FEWER PURCHASERS.—There  
2           are no more than, or the issuer reasonably be-  
3           lieves that there are no more than, 35 purchasers  
4           of securities from the issuer that are sold in reli-  
5           ance on the exemption provided under subsection  
6           (a)(8) during the 12-month period preceding  
7           such transaction.

8           “(C) SMALL OFFERING AMOUNT.—The ag-  
9           gregate amount of all securities sold by the  
10          issuer, including any amount sold in reliance on  
11          the exemption provided under subsection (a)(8),  
12          during the 12-month period preceding such  
13          transaction, does not exceed \$500,000.

14          “(2) DISQUALIFICATION.—

15                 “(A) IN GENERAL.—The exemption pro-  
16                 vided under subsection (a)(8) shall not be avail-  
17                 able for a transaction involving a sale of securi-  
18                 ties if any person described in subparagraph (B)  
19                 would have triggered disqualification pursuant  
20                 to section 230.506(d) of title 17, Code of Federal  
21                 Regulations.

22                 “(B) PERSONS DESCRIBED.—The persons  
23                 described in this subparagraph are the following:

24                         “(i) The issuer.

25                         “(ii) Any predecessor of the issuer.

1           “(iii) Any affiliated issuer.

2           “(iv) Any director, executive officer,  
3 other officer participating in the offering,  
4 general partner, or managing member of the  
5 issuer.

6           “(v) Any beneficial owner of 20 percent  
7 or more of the issuer’s outstanding voting  
8 equity securities, calculated on the basis of  
9 voting power.

10          “(vi) Any promoter connected with the  
11 issuer in any capacity at the time of such  
12 sale.

13          “(vii) Any investment manager of an  
14 issuer that is a pooled investment fund.

15          “(viii) Any person that has been or  
16 will be paid (directly or indirectly) remun-  
17 eration for solicitation of purchasers in  
18 connection with such sale of securities.

19          “(ix) Any general partner or man-  
20 aging member of any such investment man-  
21 ager or solicitor.

22          “(x) Any director, executive officer, or  
23 other officer participating in the offering of  
24 any such investment manager or solicitor or

1                    *general partner or managing member of*  
2                    *such investment manager or solicitor.”.*

3            (b) *EXEMPTION UNDER STATE REGULATIONS.*—*Sec-*  
4 *tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.*  
5 *77r(b)(4)) is amended—*

6                    (1) *in subparagraph (F), by striking “or” at the*  
7                    *end;*

8                    (2) *in subparagraph (G), by striking the period*  
9                    *and inserting “; or”; and*

10                    (3) *by adding at the end the following:*

11                    *“(H) section 4(a)(8).”.*



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