

114TH CONGRESS
2D SESSION

H. R. 4498

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 2016

Mr. CHABOT (for himself, Ms. SINEMA, Mr. HURT of Virginia, and Mr. TAKAI) 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—

1 (1) is composed of accredited investors inter-
2 ested in investing personal capital in early-stage
3 companies;

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

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

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

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

20 (1) sponsored by—

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

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

3 (C) a nonprofit organization;

4 (D) an angel investor group;

5 (E) a venture forum, venture capital asso-
6 ciation, or trade association; or

7 (F) any other group, person or entity as
8 the Securities and Exchange Commission may
9 determine by rule;

10 (2) where any advertising for the event does not
11 reference any specific offering of securities by the
12 issuer;

13 (3) the sponsor of which—

14 (A) does not make investment rec-
15 ommendations or provide investment advice to
16 event attendees;

17 (B) does not engage in an active role in
18 any investment negotiations between the issuer
19 and investors attending the event;

20 (C) does not charge event attendees any
21 fees other than administrative fees; and

22 (D) does not receive any compensation
23 with respect to such event that would require
24 registration of the sponsor as a broker or a
25 dealer under the Securities Exchange Act of

1 1934, or as an investment advisor under the In-
2 vestment Advisers Act of 1940; and

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

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

9 (B) the type and amount of securities
10 being offered;

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

13 (D) the intended use of proceeds of the of-
14 fering.

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

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