

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4850
OFFERED BY MR. EMMER OF MINNESOTA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Micro Offering Safe
3 Harbor Act”.

4 SEC. 2. EXEMPTIONS FOR MICRO-OFFERINGS.

5 (a) IN GENERAL.—Section 4 of the Securities Act of
6 1933 (15 U.S.C. 77d) is amended—

7 (1) in subsection (a), by adding at the end the
8 following:

9 “(8) transactions meeting the requirements of
10 subsection (f).”; and

11 (2) by adding at the end the following:

12 “(f) CERTAIN MICRO-OFFERINGS.—

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

1 “(A) PRE-EXISTING RELATIONSHIP.—Each
2 purchaser has a substantive pre-existing rela-
3 tionship with an officer of the issuer, a director
4 of the issuer, or a shareholder holding 10 per-
5 cent or more of the shares of the issuer.

6 “(B) 35 OR FEWER PURCHASERS.—There
7 are no more than, or the issuer reasonably be-
8 lieves that there are no more than, 35 pur-
9 chasers of securities from the issuer that are
10 sold in reliance on the exemption provided
11 under subsection (a)(8) during the 12-month
12 period preceding such transaction.

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

19 “(2) DISQUALIFICATION.—

20 “(A) IN GENERAL.—The exemption pro-
21 vided under subsection (a)(8) shall not be avail-
22 able for a transaction involving a sale of securi-
23 ties if any person described in subparagraph
24 (B) would have triggered disqualification pursu-

1 ant to section 230.506(d) of title 17, Code of
2 Federal Regulations.

3 “(B) PERSONS DESCRIBED.—The persons
4 described in this subparagraph are the fol-
5 lowing:

6 “(i) The issuer.

7 “(ii) Any predecessor of the issuer.

8 “(iii) Any affiliated issuer.

9 “(iv) Any director, executive officer,
10 other officer participating in the offering,
11 general partner, or managing member of
12 the issuer.

13 “(v) Any beneficial owner of 20 per-
14 cent or more of the issuer’s outstanding
15 voting equity securities, calculated on the
16 basis of voting power.

17 “(vi) Any promoter connected with
18 the issuer in any capacity at the time of
19 such sale.

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

22 “(viii) Any person that has been or
23 will be paid (directly or indirectly) remu-
24 neration for solicitation of purchasers in
25 connection with such sale of securities.

1 “(ix) Any general partner or man-
2 aging member of any such investment
3 manager or solicitor.

4 “(x) Any director, executive officer, or
5 other officer participating in the offering of
6 any such investment manager or solicitor
7 or general partner or managing member of
8 such investment manager or solicitor.”.

9 (b) EXEMPTION UNDER STATE REGULATIONS.—Sec-
10 tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.
11 77r(b)(4)) is amended—

12 (1) in subparagraph (F), by striking “or” at
13 the end;

14 (2) in subparagraph (G), by striking the period
15 and inserting “; or”; and

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

17 “(H) section 4(a)(8).”.

