

Union Calendar No. 389

114TH CONGRESS
2D SESSION

H. R. 4498

[Report No. 114–509]

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

APRIL 19, 2016

Additional sponsors: Mr. CURBELO of Florida, Mrs. WAGNER, Mr. COSTELLO of Pennsylvania, Mr. BARR, Mr. HULTGREN, Mr. DELANEY, Mr. SESSIONS, and Mr. POLIS

APRIL 19, 2016

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

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 of accredited investors inter-
10 ested in investing personal capital in early-stage
11 companies;

12 (2) holds regular meetings and has defined
13 processes and procedures for making investment de-
14 cisions, either individually or among the membership
15 of the group as a whole; and

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

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

19 (a) IN GENERAL.—Not later than 6 months after the
20 date of enactment of this Act, the Securities and Ex-
21 change Commission shall revise Regulation D of its rules
22 (17 C.F.R. 230.500 et seq.) to require that in carrying
23 out the prohibition against general solicitation or general
24 advertising contained in section 230.502(c) of title 17,
25 Code of Federal Regulations, the prohibition shall not

1 apply to a presentation or other communication made by
2 or on behalf of an issuer which is made at an event—

3 (1) sponsored by—

4 (A) the United States or any territory
5 thereof, by the District of Columbia, by any
6 State, by a political subdivision of any State or
7 territory, or by any agency or public instrumen-
8 tality of any of the foregoing;

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

11 (C) a nonprofit organization;

12 (D) an angel investor group;

13 (E) a venture forum, venture capital asso-
14 ciation, or trade association; or

15 (F) any other group, person or entity as
16 the Securities and Exchange Commission may
17 determine by rule;

18 (2) where any advertising for the event does not
19 reference any specific offering of securities by the
20 issuer;

21 (3) the sponsor of which—

22 (A) does not make investment rec-
23 ommendations or provide investment advice to
24 event attendees;

1 (B) does not engage in an active role in
2 any investment negotiations between the issuer
3 and investors attending the event;

4 (C) does not charge event attendees any
5 fees other than administrative fees; and

6 (D) does not receive any compensation
7 with respect to such event that would require
8 registration of the sponsor as a broker or a
9 dealer under the Securities Exchange Act of
10 1934, or as an investment advisor under the In-
11 vestment Advisers Act of 1940; and

12 (4) where no specific information regarding an
13 offering of securities by the issuer is communicated
14 or distributed by or on behalf of the issuer, other
15 than—

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

18 (B) the type and amount of securities
19 being offered;

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

22 (D) the intended use of proceeds of the of-
23 fering.

24 (b) RULE OF CONSTRUCTION.—Subsection (a) may
25 only be construed as requiring the Securities and Ex-

- 1 change Commission to amend the requirements of Regula-
- 2 tion D with respect to presentations and communications,
- 3 and not with respect to purchases or sales.

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