

114TH CONGRESS
2D SESSION

H. R. 4498

IN THE SENATE OF THE UNITED STATES

APRIL 28, 2016

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

AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Helping Angels Lead
3 Our Startups Act” or the “HALOS Act”.

4 **SEC. 2. DEFINITION OF ANGEL INVESTOR GROUP.**

5 As used in this Act, the term “angel investor group”
6 means any group that—

7 (1) is composed of accredited investors inter-
8 ested in investing personal capital in early-stage
9 companies;

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

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

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

17 (a) IN GENERAL.—Not later than 6 months after the
18 date of enactment of this Act, the Securities and Ex-
19 change Commission shall revise Regulation D of its rules
20 (17 CFR 230.500 et seq.) to require that in carrying out
21 the prohibition against general solicitation or general ad-
22 vertising contained in section 230.502(c) of title 17, Code
23 of Federal Regulations, the prohibition shall not apply to
24 a presentation or other communication made by or on be-
25 half of an issuer which is made at an event—

26 (1) sponsored by—

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

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

8 (C) a nonprofit organization;

9 (D) an angel investor group;

10 (E) a venture forum, venture capital asso-
11 ciation, or trade association; or

12 (F) any other group, person or entity as
13 the Securities and Exchange Commission may
14 determine by rule;

15 (2) where any advertising for the event does not
16 reference any specific offering of securities by the
17 issuer;

18 (3) the sponsor of which—

19 (A) does not make investment rec-
20 ommendations or provide investment advice to
21 event attendees;

22 (B) does not engage in an active role in
23 any investment negotiations between the issuer
24 and investors attending the event;

1 (C) does not charge event attendees any
2 fees other than administrative fees; and

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

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

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

15 (B) the type and amount of securities
16 being offered;

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

19 (D) the intended use of proceeds of the of-
20 fering.

21 (b) RULE OF CONSTRUCTION.—Subsection (a) may
22 only be construed as requiring the Securities and Ex-
23 change Commission to amend the requirements of Regula-

- 1 tion D with respect to presentations and communications,
- 2 and not with respect to purchases or sales.

Passed the House of Representatives April 27, 2016.

Attest:

KAREN L. HAAS,

Clerk.