

114TH CONGRESS
1ST SESSION

S. 978

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

IN THE SENATE OF THE UNITED STATES

APRIL 16, 2015

Mr. MURPHY (for himself, Mr. THUNE, Mr. TOOMEY, Mr. SCHATZ, and Mr. KING) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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 primarily of individual accredited
2 ited investors who are interested in investing personal
3 capital in early-stage companies;

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

8 (3) is not connected to broker-dealers or investment
9 advisers.

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

11 The Securities and Exchange Commission shall
12 amend Regulation D of its rules (17 C.F.R. 230.500 et
13 seq.) to require that in carrying out the prohibition
14 against general solicitation or general advertising contained
15 in section 230.502(c) of title 17, Code of Federal
16 Regulations, the prohibition shall not apply to a presentation
17 or other communication made by or on behalf of
18 an issuer which is made at an event—

19 (1) sponsored by—

20 (A) the United States or any territory
21 thereof, by the District of Columbia, by any
22 State, by a political subdivision of any State or
23 territory, or by any agency or public instrumentality
24 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; and

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

22 (4) where no specific information regarding an
23 offering of securities by the issuer is communicated
24 or distributed by or on behalf of the issuer, other
25 than—

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

3 (B) the type and amount of securities
4 being offered;

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

7 (D) the intended use of proceeds of the of-
8 fering.

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