

115TH CONGRESS  
1ST SESSION

# H. R. 2201

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 13, 2017

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

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## AN ACT

To amend the Securities Act of 1933 to exempt certain  
micro-offerings from the registration requirements of  
such Act, and for other purposes.

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 “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.—The transactions referred  
14 to in subsection (a)(8) are transactions involving the  
15 sale of securities by an issuer (including all entities  
16 controlled by or under common control with the  
17 issuer) that meet all of the following requirements:

18           “(A) PRE-EXISTING RELATIONSHIP.—Each  
19 purchaser has a substantive pre-existing rela-  
20 tionship with an officer of the issuer, a director  
21 of the issuer, or a shareholder holding 10 per-  
22 cent or more of the shares of the issuer.

23           “(B) 35 OR FEWER PURCHASERS.—There  
24 are no more than, or the issuer reasonably be-  
25 lieves that there are no more than, 35 pur-  
26 chasers of securities from the issuer that are

1 sold in reliance on the exemption provided  
2 under subsection (a)(8) during the 12-month  
3 period preceding such transaction.

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

10 “(2) DISQUALIFICATION.—

11 “(A) IN GENERAL.—The exemption pro-  
12 vided under subsection (a)(8) shall not be avail-  
13 able for a transaction involving a sale of securi-  
14 ties if any person described in subparagraph  
15 (B) would have triggered disqualification pursu-  
16 ant to section 230.506(d) of title 17, Code of  
17 Federal Regulations.

18 “(B) PERSONS DESCRIBED.—The persons  
19 described in this subparagraph are the fol-  
20 lowing:

21 “(i) The issuer.

22 “(ii) Any predecessor of the issuer.

23 “(iii) Any affiliated issuer.

24 “(iv) Any director, executive officer,  
25 other officer participating in the offering,

1 general partner, or managing member of  
2 the issuer.

3 “(v) Any beneficial owner of 20 per-  
4 cent or more of the issuer’s outstanding  
5 voting equity securities, calculated on the  
6 basis of voting power.

7 “(vi) Any promoter connected with  
8 the issuer in any capacity at the time of  
9 such sale.

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

12 “(viii) Any person that has been or  
13 will be paid (directly or indirectly) remu-  
14 nation for solicitation of purchasers in  
15 connection with such sale of securities.

16 “(ix) Any general partner or man-  
17 aging member of any such investment  
18 manager or solicitor.

19 “(x) Any director, executive officer, or  
20 other officer participating in the offering of  
21 any such investment manager or solicitor  
22 or general partner or managing member of  
23 such investment manager or solicitor.”.

1       (b) EXEMPTION UNDER STATE REGULATIONS.—Sec-  
2   tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.  
3   77r(b)(4)) is amended—

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

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

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

9           “(H) section 4(a)(8).”.

Passed the House of Representatives November 9,  
2017.

Attest:

KAREN L. HAAS,

*Clerk.*