

115TH CONGRESS
1ST SESSION

S. 588

To require the Securities and Exchange Commission to clarify what constitutes a general solicitation under the Federal securities laws, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 9, 2017

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

A BILL

To require the Securities and Exchange Commission to clarify what constitutes a general solicitation under the Federal securities laws, 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,*

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.**

7 In this Act, the term “angel investor group” means
8 a group that—

1 (1) is composed of accredited investors inter-
 2 ested in investing in personal capital in early-stage
 3 companies;

4 (2) holds regular meetings;

5 (3) with respect to either the individual inves-
 6 tors that constitute the group or the group as a
 7 whole, has defined processes and procedures for
 8 making investment decisions; and

9 (4) is not associated with a broker, a dealer, or
 10 an investment adviser.

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

12 (a) IN GENERAL.—Not later than 180 days after the
 13 date of enactment of this Act, the Securities and Ex-
 14 change Commission shall amend sections 230.500 through
 15 230.508 of title 17, Code of Federal Regulations, so that
 16 the prohibition against general solicitation and general ad-
 17 vertising under section 230.502(c) of title 17, Code of
 18 Federal Regulations, shall not apply with respect to a
 19 presentation or another form of communication that is
 20 made—

21 (1) by or on behalf of an issuer; and

22 (2) at an event—

23 (A) that is sponsored by—

24 (i) the United States;

25 (ii) a State;

1 (iii) a political subdivision of a State;

2 (iv) an agency or public instrumen-
3 tality of an entity described in clauses (i)
4 through (iii);

5 (v) a college, university, or other insti-
6 tution of higher learning;

7 (vi) a nonprofit organization;

8 (vii) an angel investor group;

9 (viii) a venture forum, venture capital
10 association, or trade association; or

11 (ix) any other group or person that
12 the Commission may determine, by rule;

13 (B) where no advertising for the event ref-
14 erences any specific offering of securities by the
15 issuer;

16 (C) the sponsor of which does not—

17 (i) make investment recommendations
18 or provide investment advice to the
19 attendees of the event;

20 (ii) engage in an active role with re-
21 spect to investment negotiations between
22 the issuer and any investors attending the
23 event;

24 (iii) charge attendees of the event any
25 fees other than administrative fees; and

1 (iv) receive compensation with respect
 2 to the event that would require the sponsor
 3 to register as—

4 (I) a broker or a dealer under the
 5 Securities Exchange Act of 1934 (15
 6 U.S.C. 78a et seq.); or

7 (II) an investment adviser under
 8 the Investment Advisers Act of 1940
 9 (15 U.S.C. 80b–1 et seq.); and

10 (D) where no specific information regard-
 11 ing an offering of securities by the issuer is
 12 communicated or distributed by or on behalf of
 13 the issuer other than—

14 (i) that the issuer is—

15 (I) in the process of offering se-
 16 curities; or

17 (II) planning to offer securities;

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

20 (iii) the amount of securities being of-
 21 fered that have been subscribed for, as of
 22 the date of the event; and

23 (iv) the intended use of any proceeds
 24 from the offering.

25 (b) RULE OF CONSTRUCTION.—Subsection (a)—

1 (1) shall be construed to require the Securities
2 and Exchange Commission to amend sections
3 230.500 through 230.508 of title 17, Code of Fed-
4 eral Regulations, with respect to presentations and
5 communications; and

6 (2) may not be construed to require the Securi-
7 ties and Exchange Commission to amend sections
8 230.500 through 230.508 of title 17, Code of Fed-
9 eral Regulations, with respect to purchases or sales.

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