

**AMENDMENT TO H.R. 2799, AS REPORTED
OFFERED BY MR. LAWLER OF NEW YORK**

Add at the end the following:

1 **DIVISION D—HELPING ANGELS**
2 **LEAD OUR STARTUPS**

3 **SEC. 4001. CLARIFICATION OF GENERAL SOLICITATION.**

4 (a) DEFINITIONS.—For purposes of this section and
5 the revision of rules required under this section:

6 (1) ANGEL INVESTOR GROUP.—The term
7 “angel investor group” means any group that—

8 (A) is composed of accredited investors in-
9 terested in investing personal capital in early-
10 stage companies;

11 (B) holds regular meetings and has defined
12 processes and procedures for making invest-
13 ment decisions, either individually or among the
14 membership of the group as a whole; and

15 (C) is neither associated nor affiliated with
16 brokers, dealers, or investment advisers.

17 (2) ISSUER.—The term “issuer” means an
18 issuer that is a business, is not in bankruptcy or re-
19 ceivership, is not an investment company, and is not
20 a blank check, blind pool, or shell company.

1 (b) IN GENERAL.—Not later than 6 months after the
2 date of enactment of this Act, the Securities and Ex-
3 change Commission shall revise Regulation D (17 CFR
4 230.500 et seq.) to require that in carrying out the prohi-
5 bition against general solicitation or general advertising
6 contained in section 230.502(c) of title 17, Code of Fed-
7 eral Regulations, the prohibition shall not apply to a pres-
8 entation or other communication made by or on behalf of
9 an issuer which is made at an event—

10 (1) sponsored by—

11 (A) the United States or any territory
12 thereof, the District of Columbia, any State, a
13 political subdivision of any State or territory, or
14 any agency or public instrumentality of any of
15 the foregoing;

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

18 (C) a nonprofit organization;

19 (D) an angel investor group;

20 (E) a venture forum, venture capital asso-
21 ciation, or trade association; or

22 (F) any other group, person, or entity as
23 the Securities and Exchange Commission may
24 determine by rule;

1 (2) where any advertising for the event does not
2 reference any specific offering of securities by the
3 issuer;

4 (3) the sponsor of which—

5 (A) does not make investment rec-
6 ommendations or provide investment advice to
7 event attendees;

8 (B) does not engage in an active role in
9 any investment negotiations between the issuer
10 and investors attending the event;

11 (C) does not charge event attendees any
12 fees other than reasonable administrative fees;

13 (D) does not receive any compensation for
14 making introductions between investors attend-
15 ing the event and issuers, or for investment ne-
16 gotiations between such parties;

17 (E) makes readily available to attendees a
18 disclosure not longer than one page in length,
19 as prescribed by the Securities and Exchange
20 Commission, describing the nature of the event
21 and the risks of investing in the issuers pre-
22 senting at the event; and

23 (F) does not receive any compensation
24 with respect to such event that would require
25 registration of the sponsor as a broker or a

1 dealer under the Securities Exchange Act of
2 1934, or as an investment advisor under the In-
3 vestment Advisers Act of 1940; and

4 (4) where no specific information regarding an
5 offering of securities by the issuer is communicated
6 or distributed by or on behalf of the issuer, other
7 than—

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

10 (B) the type and amount of securities
11 being offered;

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

14 (D) the intended use of proceeds of the of-
15 fering.

16 (c) RULE OF CONSTRUCTION.—Subsection (b) may
17 only be construed as requiring the Securities and Ex-
18 change Commission to amend the requirements of Regula-
19 tion D with respect to presentations and communications,
20 and not with respect to purchases or sales.

21 (d) NO PRE-EXISTING SUBSTANTIVE RELATIONSHIP
22 BY REASON OF EVENT.—Attendance at an event de-
23 scribed under subsection (b) shall not qualify, by itself,
24 as establishing a pre-existing substantive relationship be-

1 tween an issuer and a purchaser, for purposes of Rule
2 506(b).

