

115TH CONGRESS
1ST SESSION

H. R. 2201

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:

Clerk.

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