

[DISCUSSION DRAFT]

NOVEMBER 2, 2015

114TH CONGRESS
1ST SESSION**H. R.** _____

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

IN THE HOUSE OF REPRESENTATIVES

Mr. CHABOT (for himself, Ms. SINEMA, Mr. HURT of Virginia, and Mr. TAKAI) introduced the following bill; which was referred to the Committee on _____

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 of the group
7 as a whole; and

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

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

11 Not later than 6 months after the date of enactment
12 of this Act, the Securities and Exchange Commission shall
13 revise Regulation D of its rules (17 C.F.R. 230.500 et
14 seq.) to require that in carrying out the prohibition
15 against general solicitation or general advertising contained
16 in section 230.502(c) of title 17, Code of Federal Regulations,
17 the prohibition shall not apply to a presentation or other
18 communication made by or on behalf of an issuer which is made
19 at an event—

20 (1) sponsored by—

21 (A) the United States or any territory thereof, by the
22 District of Columbia, by any State, by a political
23 subdivision of any State or territory, or by any agency
24 or public instrumentality of any of the foregoing;
25

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 recommen-
15 dations or provide investment advice to event
16 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.