

116TH CONGRESS
1ST SESSION

S. 1063

To require the Securities and Exchange Commission to revise the rules of the Commission relating to general solicitation or general advertising, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 8, 2019

Mr. MURPHY (for himself, Mr. TOOMEY, Mr. SCHATZ, Mr. TILLIS, Ms. SINEMA, and Mr. THUNE) 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 revise the rules of the Commission relating to general solicitation or general advertising, 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 of 2019” or the “HALOS Act of 2019”.

6 **SEC. 2. HELPING ANGELS LEAD OUR STARTUPS.**

7 (a) DEFINITIONS.—In this section, and for the pur-
8 poses of the revisions required under subsection (b)—

1 (1) the term “angel investor group” means any
2 group that—

3 (A) is composed of accredited investors
4 who are interested in investing personal capital
5 in early-stage companies;

6 (B) holds regular meetings and has defined
7 processes and procedures for making invest-
8 ment decisions, either individually or among the
9 membership of the group as a whole; and

10 (C) is neither associated nor affiliated with
11 brokers, dealers, or investment advisers; and

12 (2) the term “issuer” means an issuer that—

13 (A) is a business;

14 (B) is not in bankruptcy or receivership;
15 and

16 (C) is not a blank check, blind pool, or
17 shell company.

18 (b) CLARIFICATION OF GENERAL SOLICITATION.—

19 (1) IN GENERAL.—Not later than 180 days
20 after the date of enactment of this Act, the Securi-
21 ties and Exchange Commission shall revise sections
22 230.500 through 230.508 of title 17, Code of Fed-
23 eral Regulations (referred to in this subsection as
24 “Regulation D”), to require that, in carrying out the
25 prohibition against general solicitation or general ad-

1 advertising under section 230.502(c) of title 17, Code
2 of Federal Regulations, the prohibition shall not
3 apply to a presentation or other communication
4 made by or on behalf of an issuer at an event—

5 (A) sponsored by—

6 (i) the United States;

7 (ii) any territory of the United States;

8 (iii) the District of Columbia;

9 (iv) any State;

10 (v) a political subdivision of any State
11 or territory;

12 (vi) an agency or public instrumen-
13 tality of any entity described in clauses (i)
14 through (v);

15 (vii) a college, university, or other in-
16 stitution of higher education;

17 (viii) a nonprofit organization;

18 (ix) an angel investor group;

19 (x) a venture forum, venture capital
20 association, or trade association; or

21 (xi) any other group, person, or entity
22 that the Securities and Exchange Commis-
23 sion may, by rule, determine to be appro-
24 priate;

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

4 (C) the sponsor of which—

5 (i) does not make investment rec-
6 ommendations or provide investment ad-
7 vice to attendees of the event;

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

11 (iii) does not charge attendees of the
12 event any fees other than reasonable ad-
13 ministrative fees;

14 (iv) does not receive any compensation
15 for—

16 (I) making introductions between
17 investors attending the event and
18 issuers; or

19 (II) investment negotiations be-
20 tween the parties described in sub-
21 clause (I);

22 (v) makes readily available to
23 attendees of the event a disclosure not
24 longer than 1 page in length, as prescribed
25 by the Securities and Exchange Commis-

1 sion, describing the nature of the event
2 and the risks of investing in the issuers
3 presenting at the event; and

4 (vi) does not receive any compensation
5 with respect to the event that would re-
6 quire registration of the sponsor as—

7 (I) a broker or a dealer under the
8 Securities Exchange Act of 1934 (15
9 U.S.C. 78a et seq.); or

10 (II) an investment advisor under
11 the Investment Advisers Act of 1940
12 (15 U.S.C. 80b–1 et seq.); and

13 (D) where no specific information regard-
14 ing an offering of securities by the issuer is
15 communicated or distributed by or on behalf of
16 the issuer, other than—

17 (i) that the issuer is in the process of
18 offering securities or planning to offer se-
19 curities;

20 (ii) the type and amount of securities
21 being offered;

22 (iii) the amount of securities being of-
23 fered that have already been subscribed
24 for; and

1 (iv) the intended use of proceeds of
2 the offering.

3 (2) RULE OF CONSTRUCTION.—Paragraph (1)
4 may only be construed as requiring the Securities
5 and Exchange Commission to amend Regulation D
6 with respect to presentations and communications
7 and not with respect to purchases or sales.

8 (3) NO PRE-EXISTING SUBSTANTIVE RELATION-
9 SHIP BY REASON OF EVENT.—Attendance at an
10 event described in paragraph (1) shall not qualify,
11 by itself, as establishing a pre-existing substantive
12 relationship between an issuer and a purchaser for
13 the purposes of section 230.506(b) of title 17, Code
14 of Federal Regulations.

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