

114TH CONGRESS  
1ST SESSION

# S. 978

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

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## IN THE SENATE OF THE UNITED STATES

APRIL 16, 2015

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

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

19           (1) sponsored by—

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

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 rec-  
15 ommendations or provide investment advice to  
16 event 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.

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