

Question 256.33

Question: Does a demo day or venture fair necessarily constitute a general solicitation for purposes of Rule 502(c)?

~~**Answer:** No. Whether a demo day or venture fair constitutes a general solicitation for purposes of Rule 502(c) is a facts and circumstances determination. Of course, if a presentation by the issuer does not involve an offer of a security, then the requirements of the Securities Act are not implicated. Where a presentation by the issuer involves an offer of a security, the presentation at a demo day or venture fair may not constitute a general solicitation if, for example, attendance at the demo day or venture fair is limited to persons with whom the issuer or the organizer of the event has a pre-existing, substantive relationship or have been contacted through an informal, personal network as described in Question 256.27. If potential investors are invited to the presentation by the issuer or a person acting on its behalf by means of a general solicitation and the presentation involves the offer of a security, Rule 506(c) may be available if the issuer takes reasonable steps to verify that any purchaser is an accredited investor and the purchasers in the offering are limited to accredited investors. [August 6, 2015]~~

Answer: No. Rule 148 provides an exemption from general solicitation or general advertising for communications if made in connection with a seminar or meeting in which more than one issuer participates that is sponsored by a group or entity (such as a university, angel investors, an accelerator, or an incubator) that invites issuers to present their businesses to potential investors with the aim of securing investment, provided that such communications meet the requirements of the rule. The Commission stated that, “[b]ecause communications that comply with proposed Rule 148 would not be deemed a general solicitation or general advertising, the limitations on the manner of offering in Rule 502(c) of Regulation D would not apply.” See Securities Act Release No. 10884 (November 2, 2020).

If a demo day or venture fair does not comply with Rule 148, it still may not constitute a general solicitation, depending on the facts and circumstances. See Question 256.27. [March 12, 2025]