

Capital Formation Proposal: Overview of Current Capital-Raising Exemptions*

| Type of Offering | Offering Limit within 12-month Period | General Solicitation | Issuer Requirements | Investor Requirements | SEC Filing or Disclosure Requirements | Restrictions on Resale | Preemption of State Registration and Qualification |
|------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------|
| Section 4(a)(2) | None | No | None | Transactions by an issuer not involving any public offering. <i>See SEC v. Ralston Purina Co.</i> | None | Yes. Restricted securities | No |
| Rule 506(b) of Regulation D | None | No | “Bad actor” disqualifications apply | Unlimited accredited investors Up to 35 sophisticated but non-accredited investors | Form D Disclosure requirements for companies offering to non-accredited investors that are similar to registered offerings | Yes. Restricted securities | Yes |
| Rule 506(c) of Regulation D | None | Yes | “Bad actor” disqualifications apply | Unlimited accredited investors Issuer must take reasonable steps to verify that all purchasers are accredited investors | Form D | Yes. Restricted securities | Yes |
| Regulation A: Tier 1 | \$20 million | Permitted; before qualification, testing-the-waters permitted before and after the offering statement is filed | U.S. or Canadian issuers Excludes blank check companies, registered investment companies, business development companies, issuers of certain securities, certain issuers subject to a Section 12(j) order, and Regulation A issuers that haven’t filed certain required reports “Bad actor” disqualifications apply No asset-backed securities | None | Form 1-A, including two years of financial statements Exit report | No | No |
| Regulation A: Tier 2 | \$50 million | | | Non-accredited investors are subject to investment limits based on the greater of annual income and net worth, unless securities will be listed on a national securities exchange | Form 1-A, including two years of audited financial statements Annual, semi-annual, current, and exit reports | No | Yes |
| Rule 504 of Regulation D | \$5 million | Permitted in limited circumstances | Excludes blank check companies, Exchange Act reporting companies, and investment companies “Bad actor” disqualifications apply | None | Form D | Yes. Restricted securities except in limited circumstances | No |
| Regulation Crowdfunding; Section 4(a)(6) | \$1.07 million | Permitted with limits on advertising after Form C is filed Offering must be conducted on an internet platform through a registered intermediary | Excludes non-U.S. issuers, blank check companies, Exchange Act reporting companies, and investment companies “Bad actor” disqualifications apply | Investment limits based on the lesser of annual income and net worth | Form C, including two years of financial statements that are certified, reviewed or audited, as required Progress and annual reports | 12-month resale limitations | Yes |
| Intrastate: Section 3(a)(11) | No federal limit (generally, individual state limits between \$1 and \$5 million) | Offerees must be in-state residents. | In-state residents “doing business” and incorporated in-state; excludes registered investment companies | Offerees and purchasers must be in-state residents | None | Securities must come to rest with in-state residents | No |
| Intrastate: Rule 147 | No federal limit (generally, individual state limits between \$1 and \$5 million) | Offerees must be in-state residents. | In-state residents “doing business” and incorporated in-state; excludes registered investment companies | Offerees and purchasers must be in-state residents | None | Yes. Resales must be within state for six months | No |
| Intrastate: Rule 147A | No federal limit (generally, individual state limits between \$1 and \$5 million) | Yes | In-state residents and “doing business” in-state; excludes registered investment companies | Purchasers must be in-state residents | None | Yes. Resales must be within state for six months | No |

* This chart provides a summary of the most commonly used exemptions from registration.

Capital Formation Proposal: Overview of Proposed Capital-Raising Exemptions**

| Type of Offering | Offering Limit within 12-month Period | General Solicitation | Issuer Requirements | Investor Requirements | SEC Filing or Disclosure Requirements | Restrictions on Resale | Preemption of State Registration and Qualification |
|------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------|
| Section 4(a)(2) | None | No | None | Transactions by an issuer not involving any public offering. <i>See SEC v. Ralston Purina Co.</i> | None | Yes. Restricted securities | No |
| Rule 506(b) of Regulation D | None | No | “Bad actor” disqualifications apply | Unlimited accredited investors Up to 35 sophisticated but non-accredited investors in a 90 day period | Form D <u>Align disclosure requirements for non-reporting companies offering to non-accredited investors with Regulation A offerings</u> | Yes. Restricted securities | Yes |
| Rule 506(c) of Regulation D | None | Yes | “Bad actor” disqualifications apply | Unlimited accredited investors Issuer must take reasonable steps to verify that all purchasers are accredited investors | Form D | Yes. Restricted securities | Yes |
| Regulation A: Tier 1 | \$20 million | Permitted; before qualification, testing-the-waters permitted before and after the offering statement is filed | U.S. or Canadian issuers Excludes blank check companies, registered investment companies, business development companies, issuers of certain securities, certain issuers subject to a Section 12(j) order, and Regulation A and reporting issuers that haven’t filed certain required reports “Bad actor” disqualifications apply No asset-backed securities | None | Form 1-A, including two years of financial statements Exit report | No | No |
| Regulation A: Tier 2 | <u>\$75 million</u> | | | Non-accredited investors are subject to investment limits based on the greater of annual income and net worth, unless securities will be listed on a national securities exchange | Form 1-A, including two years of audited financial statements Annual, semi-annual, current, and exit reports | No | Yes |
| Rule 504 of Regulation D | <u>\$10 million</u> | Permitted in limited circumstances | Excludes blank check companies, Exchange Act reporting companies, and investment companies “Bad actor” disqualifications apply | None | Form D | Yes. Restricted securities except in limited circumstances | No |
| Regulation Crowdfunding; Section 4(a)(6) | <u>\$5 million</u> | Testing-the-waters permitted before a Form C is filed. After a Form C is filed: - Permitted with limits on advertising - Offering must be conducted on an internet platform through a registered intermediary | Excludes non-U.S. issuers, blank check companies, Exchange Act reporting companies, and investment companies “Bad actor” disqualifications apply | No investment limits for accredited investors Non-accredited investors are subject to investment limits based on the greater of annual income and net worth | Form C, including two years of financial statements that are certified, reviewed or audited, as required Progress and annual reports | 12-month resale limitations | Yes |
| Intrastate: Section 3(a)(11) | No federal limit (generally, individual state limits between \$1 and \$5 million) | Offerees must be in-state residents. | In-state residents “doing business” and incorporated in-state; excludes registered investment companies | Offerees and purchasers must be in-state residents | None | Securities must come to rest with in-state residents | No |
| Intrastate: Rule 147 | No federal limit (generally, individual state limits between \$1 and \$5 million) | Offerees must be in-state residents. | In-state residents “doing business” and incorporated in-state; excludes registered investment companies | Offerees and purchasers must be in-state residents | None | Yes. Resales must be within state for six months | No |
| Intrastate: Rule 147A | No federal limit (generally, individual state limits between \$1 and \$5 million) | Yes | In-state residents and “doing business” in-state; excludes registered investment companies | Purchasers must be in-state residents | None | Yes. Resales must be within state for six months | No |

** This chart was created by the Office of the Advocate for Small Business Capital Formation and highlights several of the proposed amendments to the exemptions from registration. We encourage you to look at the [release](#) for more details and to share your feedback!