



Offerings by Non-Profit Organizations



How do securities laws apply to non-profit organizations?

Some non-profit organizations—sometimes called charitable organizations—raise funds by selling bonds, annuities, or other instruments, some of which may be [securities](#). Any offer or sale of [securities](#), including those by non-profit organizations, must be registered with the SEC or fall within an [exemption](#) from registration.

In addition, if a non-profit organization's employees or volunteers are involved in the offer or sale of securities, they could be deemed [brokers or dealers](#) or [investment advisers](#). Depending on the facts and circumstances, certain non-profit organizations may be able to rely on certain statutory exemptions specific to non-profit organizations and activities as well as other [offering pathways](#) available to companies generally.



My organization is tax-exempt—does that mean it is exempt from registration?

Not necessarily, because federal tax laws and securities laws have different legal foundations. An organization could be tax-exempt under the Internal Revenue Code but not qualify for any of the statutory exemptions from the registration or reporting obligations under federal securities laws.



Who can use the non-profit exemptions?

Certain Non-Profit Organizations



|  Operating Organizations |  Investment Funds |
|---|--|
| <p>The Securities Act of 1933 (Section 3(a)(4)) provides an exemption from the registration and reporting requirements for securities offerings by certain non-profit organizations. Similarly, the Securities Exchange Act of 1934 (Section 12(g)(2)(D)) provides an exemption from the registration requirements for securities issued by certain non-profit organizations. Each of these exemptions is available where:</p> <ul style="list-style-type: none"> • the organization is organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit; and • no part of the net earnings inures to the benefit of any private shareholder or individual. | <p>The Exchange Act provides an exemption for offerings, and the Securities Act provides an exemption for securities issued, by a fund that is excluded from the definition of “investment company” in the Investment Company Act of 1940 (Section 3(c)(10)(B)).</p> <p>This definition excludes certain pooled funds maintained by a charitable organization exclusively for the collective investment and reinvestment of certain charitable assets.</p> <div data-bbox="922 1535 1432 1671" style="background-color: #e0f2f1; padding: 10px; margin-top: 20px;"> <p>LEARN MORE about investment funds maintained by charitable organizations in this Guidance Update.</p> </div> |

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Employees, Volunteers, Officers, Directors, and Trustees

|  Exemption from Broker-Dealer Requirements |  Exemption from Investment Adviser Registration |
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| <p>The Exchange Act (Section 3(e)) provides that a charitable organization excluded from the definition of “investment company” (or its trustee, director, officer, employee, or volunteer acting within the scope of their duties) shall not be deemed a broker or dealer solely because the organization or individual buys, holds, sells, or trades in securities for its own account in its capacity as trustee or administrator of, or otherwise on behalf of the organization or an excluded charitable pooled fund or trust—but the exemption is not available if any individual soliciting on behalf of the organization receives a commission or other special compensation based on the number of the value of donations collected for the fund.</p> | <p>The Investment Advisers Act of 1940 (Section 203(b)(4)) provides an exemption from investment adviser registration for certain charitable organizations (or their trustees, directors, officers, employees, or volunteers acting within the scope of their duties) if advice, analyses, or reports are provided only to such charitable organization or a charitable pooled fund excluded from Section 3(c)(10)(B) of the Investment Company Act or a trust or donative instrument described in such section.</p> |

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