



crowdcheck™

# Regulation A and Regulation CF

Forum on Small Business Capital Formation  
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# Regulation A

- Changes to Regulation A effective June 19, 2015
- Tier 1:
  - Up to \$20 million
  - State and SEC review
  - Exit report but no ongoing reports
  - SEC does not require audit of f/s; some states do
- Tier 2:
  - Up to \$50 million
  - SEC review only
  - Ongoing annual and semi-annual filings
- ~ 25 public filings
  - Variable quality

# Regulation A review process

- Tier 2 experience with SEC:
  - Timing
  - Substance
- Tier 1 wishlist:
  - Get all states into coordinated review process
  - Get all states to agree they are part of coordinated review process!
  - Single filing form
  - Single payment process

- Effectiveness May 16, 2016
- SEC constrained by statutory parameters
  - Can't change \$1m limit but can do concurrent offerings to accredited investors
- Favorite changes from proposals:
  - Audit not required for first-time issuers (although review is substantive process)
  - PDF filings in EDGAR
- Least favorite changes:
  - Exemption from 12(g) registration now conditional
  - Individual investment limits lowered

# Proposed changes to Rules 147 and 504

- Rule 147: Proposal to create new standalone exemption for intrastate offerings
  - Allow companies organized out of state
  - Permit interstate (internet) solicitation so long as sales made in-state
  - More clarity and flexibility on location of business
- Rule 504 (exemption in one or more states where registered in at least one)
  - Increase limit to \$5 million
  - Impose Bad Actor disqualification
  - Room for states to modernize regulation for early-stage financing