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  - > PART 230—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933
  - > Regulation D—Rules Governing the Limited Offer and Sale of Securities Without Registration Under the Securities Act of 1933
  - > **§ 230.504 Exemption for limited offerings and sales of securities not exceeding \$10,000,000.**

## 17 CFR § 230.504 - Exemption for limited offerings and sales of securities not exceeding \$10,000,000.

CFR

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### **§ 230.504 Exemption for limited offerings and sales of securities not exceeding \$10,000,000.**

**(a) *Exemption.*** Offers and sales of securities that satisfy the conditions in paragraph (b) of this § 230.504 by an issuer that is not:

- (1)** Subject to the reporting requirements of section 13 or 15(d) of the Exchange Act;

(2) An investment company; or

(3) A development stage company that either has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies, or other entity or person, shall be exempt from the provision of section 5 of the Act under section 3(b) of the Act.

**(b) Conditions to be met**—(1) *General conditions*. To qualify for exemption under this § 230.504, offers and sales must satisfy the terms and conditions of §§ 230.501 and 230.502 (a), (c) and (d), except that the provisions of § 230.502 (c) and (d) will not apply to offers and sales of securities under this § 230.504 that are made:

(i) Exclusively in one or more states that provide for the registration of the securities, and require the public filing and delivery to investors of a substantive disclosure document before sale, and are made in accordance with those state provisions;

(ii) In one or more states that have no provision for the registration of the securities or the public filing or delivery of a disclosure document before sale, if the securities have been registered in at least one state that provides for such registration, public filing and delivery before sale, offers and sales are made in that state in accordance with such provisions, and the disclosure document is delivered before sale to all purchasers (including those in the states that have no such procedure); or

(iii) Exclusively according to state law exemptions from registration that permit general solicitation and general advertising so long as sales are made only to “accredited investors” as defined in § 230.501(a).

**(2) Offering limit**. The aggregate offering price for an offering of securities under this § 230.504, as defined in § 230.501(c), shall not exceed \$10,000,000, less the aggregate offering price for all securities sold within the 12 months before the start of and during the offering of securities under this § 230.504 or in violation of section 5(a) of the Securities Act.

*Instruction to paragraph (b)(2)*: If a transaction under § 230.504 fails to meet the limitation on the aggregate offering price, it does not affect the availability of this § 230.504 for the other transactions considered in applying such limitation. For example, if an issuer sold \$10,000,000 of its securities on June 1, 2021, under this § 230.504 and an additional \$500,000 of its securities on December 1, 2021, this § 230.504 would not be available for the later sale, but would still be applicable to the June 1, 2021, sale.

**(3) *Disqualifications.*** No exemption under this section shall be available for the securities of any issuer if such issuer would be subject to disqualification under § 230.506(d) on or after January 20, 2017; provided that disclosure of prior “bad actor” events shall be required in accordance with § 230.506(e).

*Instruction to paragraph (b)(3):* For purposes of disclosure of prior “bad actor” events pursuant to § 230.506(e), an issuer shall furnish to each purchaser, a reasonable time prior to sale, a description in writing of any matters that would have triggered disqualification under this paragraph (b)(3) but occurred before January 20, 2017.

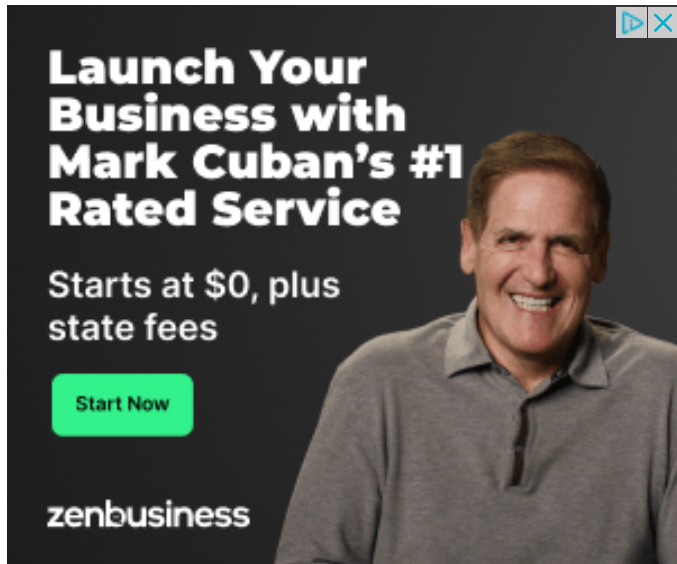
[57 FR 36473, Aug. 13, 1992, as amended at 61 FR 30402, June 14, 1996; 64 FR 11094, Mar. 8, 1999; 81 FR 83553, Nov. 21, 2016; 82 FR 12067, Feb. 28, 2017; 86 FR 3598, Jan. 14, 2021]

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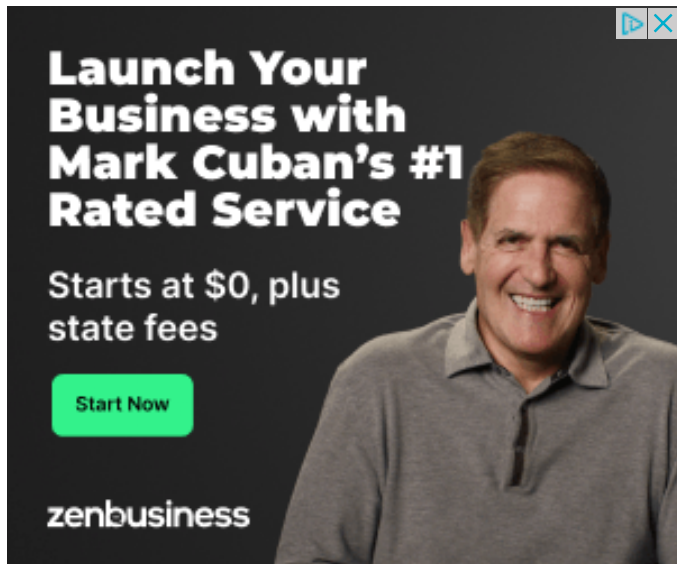
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