



Raising Capital

With built-in compliance, regulatory processes, secure payment, and document tracking, all under your company domain and branding

What is Regulation CF?

Regulation CF stands for “equity crowdfunding” and means a type of offering very similar to Regulation A+. This Regulation allows the maximum of \$5 million to be curated. In this case, all the companies that wish to invest, must file with the SEC (Security Exchange Commission) before offerings go live.

Regulation CF Section 4 (a)(6) crowdfunding	
Solicitation	Marketed over the internet, but primary solicitation and disclosure happens on “funding Portal”or... ; publicity anywhere else (including social media) is restricted
Eligible issuers	Only U.S. companies not registered with the SEC can issue; no investment companies; restrictions on investment companies and blank check companies
Offering size	\$5m limit on offering size but contemporaneous Rule 506 offerings permitted
Eligible investors	No restrictions on type of investors but they must show they understand their investment and are limited in dollar amount
Ascertaining investors' status	Self-certification as to investment limits and whether those limits are reached
Limits on investment amount	Annual limits: 5% of net worth or income below \$107k; 10% above \$107k; floor of \$2.2k and ceiling of \$107k; no limit on accredited investors
Types of security	No limitations
Structure of investment	SPVs allowed to be used for natural persons but must conform to narrowly tailored requirements
Disclosure	Disclosure (including reviewed or audited financial statements) mandated by statute and regulation
Use of offering materials outside mandated disclosure	Can only use offering materials that are on platform and filed with SEC; test the waters permitted prior to filing; advertising of terms of offering restricted
Financial statements	Offerings to \$107k: self- certified UIS GAAP f/s and issuer tax returns Offerings to \$535k or first- time offerings below \$1.07m: CPA reviewed US GAAP f/s Offerings to \$5m: CPA- audited US GAAP f/s
Filing requirements	Filing with SEC on Form C: XML-fillable form with attachments; all material on intermediary site must be filed; TTW materials must also be filed
Review	No review by SEC; any marketing prior to SEC filing must comply with TTW conditions
Ongoing disclosure	Same information as in initial filing to be filed yearly
State law	Registration preempted; notice filings permitted (no fees)
Liability	Rule 10b-5 liability plus Section 4A(c) liability for issuer, its officers and directors and anyone selling (including promoting) the offering; state law liability; potential willful participant liability for intermediary

What is Regulation A+?

Regulation A is an SEC exemption from registration for public offerings. In a nutshell, private companies can use RegA to raise private capital for their company.

Regulation A has two offering tiers: Tier 1, for offerings of up to \$20 million in a 12-month period; and Tier 2, for offerings of up to \$75 million in a 12-month period. For offerings of up to \$20 million, companies can elect to proceed under the requirements for either Tier 1 or Tier 2.

Regulation A+ Public offering Can be marketed anywhere	Tier 1	Tier 2
Eligibility	U.S. and Canadian; No SEC-registered companies; No blank check companies; Companies that have failed to make previous require Filings excluded Investor Eligibility: Accredited Non-accredited	U.S. and Canadian; No SEC-registered companies; No blank check companies; Companies that have failed to make previous require Filings excluded Investor Eligibility: Accredited Non-accredited
Offering Size	\$20 million annual limit (can include \$6m by selling shareholders)	\$75 million annual limit (can include \$22.5m by selling shareholders)
Types of Securities Structure	“Ordinary” debt and equity; no asset-backed Securities. No SPVs allowed; all investors appear in cap table	“Ordinary” debt and equity; no asset-backed Securities. No SPVs allowed; all investors appear in cap table
Financial Statements	US GAAP financials required but need not be audited (under SEC requirements) unless already produced; many states require audited financials	US GAAP audited financial statements
SEC Review	Filing of Form 1-A with SEC: XML-fillable form with text file attachments SEC must review, comment and declare “qualified” before sale; state review also required	Filing of Form 1-A with SEC: XML-fillable form with text file attachments SEC must review, comment and declare “qualified” before sale; state review also required
Resale	Freely tradable securities	Freely tradable securities

What is Regulation D?

Regulation D offering is a private placement investment opportunity in the United States that allows companies to raise capital without registering their Securities with the Securities Exchange Commission (SEC).

Regulation D Section 4 (a)(6) crowdfunding	
Solicitation	Under this rule, companies can openly solicit and advertise their securities to the public. However, they can only sell to accredited investors who must be verified by the issuer through specific documentation providing their accredited status
Eligible issuers	Both SEC-registered and private companies can use the exemption (U.S. and foreign)
Offering size	No dollar limit on the offering size
Eligible investors	Only accredited investors may buy.
Ascertaining investors' status	Issuers must take reasonable steps to “verify ” accredited status; may use various methods; non-exclusive list of methods that may be relied on as meeting requirements
Limits on investment amount	None
Types of security	No limitations
Structure of investment	SPV’s can be used as intermediary for holdings by accredited investors
Disclosure	Disclosure driven by market demands and liability concerns
Use of offering materials outside mandated disclosure	No mandated disclosure
Financial statements	Not required
Filing requirements	2013 proposals by the SEC would require earlier filing of Form D and additional amendment after closing; general solicitation materials proposed to be submitted informally to SEC.
Review	No review by SEC
Ongoing disclosure	None
Ongoing disclosure	Registration preempted; notice filings permitted (no fees)
Liability	Liability under general Section 17/Rule 10b-5 anti-fraud provisions for any person making untrue statements potential state law liability; potential “willful participant” liability for intermediary.