To amend the Securities Act of 1933 to provide an exemption for certain micro-offering transactions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. McHenry introduced the following bill; which was referred to the Committee on __________________________

A BILL

To amend the Securities Act of 1933 to provide an exemption for certain micro-offering transactions, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Relief for Small Businesses Through Micro-Offerings Act of 2020”.

(Original Signature of Member)
SEC. 2. EXEMPT TRANSACTIONS FOR CERTAIN MICRO-OFFERINGS.

(a) In General.—Section 4(a) of the Securities Act of 1933 (15 U.S.C. 77d(a)) is amended by adding at the end the following:

“(8) transactions involving the offer or sale of securities by an issuer (including all entities controlled by or under common control with the issuer), provided that—

“(A) the aggregate amount sold to all investors by the issuer, including any amount sold in reliance on the exemption provided under this paragraph during the 12-month period preceding the date of such transaction, is not more than $250,000;

“(B) the aggregate amount sold to any investor by an issuer, including any amount sold in reliance on the exemption provided under this paragraph during the 12-month period preceding the date of such transaction, does not exceed $5,000; and

“(C) the transaction is conducted through a broker or funding portal registered with the Commission.”.

(b) Authority to Prohibit Bad Actors.—In issuing rules to carry out section 4(a)(8) of the Securities
Act of 1933, as added by subsection (a), the Securities and Exchange Commission may prohibit a person from engaging in a transaction described under such section 4(a)(8) if such person is subject to an event that would disqualify an issuer or other covered person under Rule 506(d)(1) of Regulation D (17 C.F.R. 230.506(d)(1)) or is subject to a statutory disqualification described under section 3(a)(39) of the Securities Exchange Act of 1934.

(e) Termination.—Effective on the date that is 3 years after the date of the enactment of this Act, paragraph (8) of section 4(a) of the Securities Act of 1933 (15 U.S.C. 77d(a)), as added by subsection (a), is repealed.

(d) Study.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall submit to Congress a study on the impact of paragraph (8) of section 4(a) of the Securities Act of 1933 (15 U.S.C. 77d(a)), as added by subsection (a).