

Public Offering Federal Exemption Options

<u>Federal Exemption</u>	<u>Maximum raise</u>	<u>Unaccredited investors allowed?</u>	<u>Pre-emption of substantive state compliance?</u>	<u>Other considerations</u>
Rule 506(c)	None	No	Yes	Issuer must make reasonable efforts to ensure all investors are accredited
Rule 504	\$5 million in any 12-month period	Yes (unlimited)	No	
Intrastate exemption	None	Yes (unlimited)	No	All investors must be in the state where the issuer does business; securities cannot be sold outside state for 6 mos.
Nonprofit exemption	None	Yes (unlimited)	No	Issuer must be organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit
Agricultural Co-op exemption	None	Yes (unlimited)	Yes	Issuer must qualify for special tax treatment under Section 521 of the Internal Revenue Code
Crowdfunding exemption	\$1,070,00 in any 12-month period (amount increases regularly)	Yes (unlimited)	Yes	Several requirements such as the requirement of GAAP-compliant or reviewed financials; the requirement that financials be made public; etc. will make this option unattractive to some clients
Regulation A/A+	\$20 million without audit; \$50 million with audit	Yes (unlimited)	No for Tier 1 and yes for Tier 2	This is a “mini-registration” with the SEC and therefore can cost \$75k minimum and take at least 6 weeks to complete

Note that this chart only addresses federal requirements – additional requirements will be imposed under state law