

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 4850
OFFERED BY MR. HINOJOSA OF TEXAS**

Page 2, strike lines 6 through 12 and inserting the following:

1 “(B) LIMITATIONS ON NON-ACCREDITED
2 INVESTORS.—With respect to non-accredited in-
3 vestors—

4 “(i) there are no more than 35, or the
5 issuer reasonably believes that there are no
6 more than 35, non-accredited investor pur-
7 chasers of securities from the issuer that
8 are sold in reliance on the exemption pro-
9 vided under subsection (a)(8) during the
10 12-month period preceding such trans-
11 action; and

12 “(ii) the amount that any non-accred-
13 ited investor purchases of such securities
14 does not exceed \$5,000.”.

Page 2, after line 18 insert the following:

15 “(3) DISCLOSURE REQUIREMENT.—

1 “(A) IN GENERAL.—With respect to any
2 actual or potential purchasers of a security sold
3 in reliance on the exemption provided under
4 subsection (a)(8), the issuer of such security
5 shall provide such purchasers with a disclosure
6 document containing the material elements of
7 the offering.

8 “(B) UPDATE REQUIREMENT.—An issuer
9 shall update the disclosure document described
10 under subparagraph (A), and provide such up-
11 dated disclosure document to purchasers, if a
12 material change occurs before the purchase is
13 completed or the offering ends.

14 “(C) TREATMENT OF FINANCIAL STATE-
15 MENTS OR PROJECTIONS.—An issuer shall not
16 be required to provide financial statements or
17 projections in the disclosure document described
18 under subparagraph (A), but, if the issuer pro-
19 vides any financial statement or projection to
20 any actual or potential purchaser, the issuer
21 shall provide such financial statement or projec-
22 tion to all actual or potential purchasers.

23 “(4) TREATMENT AS RESTRICTED SECURI-
24 TIES.—Securities sold in reliance on the exemption
25 under subsection (a)(8) shall be deemed to be re-

1 stricted securities within the meaning of Rule 144
2 (17 C.F.R. 230.144).

3 “(5) FORM D REQUIREMENT.—The Commission
4 shall require the issuer of any security sold in reli-
5 ance on the exemption provided under subsection
6 (a)(8) to comply with the filing requirements for
7 Form D.”.

