SUMMARY OF DIFFERENCE BETWEEN OFFERINGS TO ACCREDITED INVESTORS AND CROWDFUNDING

Rule 506(b) offerings (traditional Regulation D)	**New Rule 506(c) offerings**	**Crowdfunding (when legal)**
Solicitation: Marketed directly to known investors without "general solicitation"; no internet solicitation (although online intermediaries may be used)	Marketed over the internet; TV, advertisements and solicitation on social media permitted	Marketed over the internet, but primary solicitation and disclosure happens on "funding portal"; publicity anywhere else (including social media) is restricted
Eligible issuers: Both SEC-registered and private companies can use exemption	Both SEC-registered and private companies can use exemption	Only companies not registered with the SEC can issue; no investment companies
Eligible investors: Up to 35 non-accredited investors permitted; no limits on accredited investors	Only accredited investors may buy	No restrictions on type of investors but they must show they understand their investment and are limited in dollar amount
Ascertaining investors' status: Accredited investors typically self-certify	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	Self-certification as to investment limits and whether those limits are reached
Offering size: No dollar limit on offering size	No dollar limit on offering size	$1m limit on offering size but contemporaneous Rule 506 offerings permitted

Disclosure: Private Placement Memorandum typically used although not required if all investors are accredited; online offerings typically more flexible	Disclosure driven by market demands and liability concerns	Disclosure (including reviewed or audited financial statements) mandated by statute and regulation
Filing Requirements: Form D (very short form with issuer and intermediary identity and offering description but no substantive disclosure) filed after offering starts	Proposals by SEC would require earlier filing of Form D and additional amendment after closing; general solicitation materials proposed to be submitted informally to SEC	Filing with SEC on Form C; XML-fillable form with attachments
Liability: Liability under general Rule 10b-5 anti-fraud provisions for any person making untrue statements; potential "wilful participant" liability for platform; potential state law liability	Liability under general Rule 10b-5 anti-fraud provisions for any person making untrue statements; potential "wilful participant" liability for platform; potential state law liability	Rule 10b-5 liability plus new Section 4A(c) liability for issuer, its officers and directors and anyone "selling" (including promoting) the offering; potential "wilful participant" liability for platform; potential state law liability
Resales: Securities are "restricted"; cannot be freely resold	Securities are "restricted"; cannot be freely resold	Very limited resales permitted for one year; some clarification of rules required
Intermediaries: Intermediaries not required; any intermediaries used must be registered broker-dealers or entities exempt from B/D registration (such as VC Funds or bulletin boards)	Intermediaries not required; any used must be registered broker-dealers or exempt	Intermediaries are compulsory; can be funding portals or broker-dealers
"Bad Actor" rules: Offering cannot be made if "Bad Actor" involved; issuer must take "reasonable care" to exclude Bad Actors, may use questionnaires	Offering cannot be made if "Bad Actor" involved; issuer must take "reasonable care" to exclude Bad Actors, may use questionnaires	Offering cannot be made if "Bad Actor" involved; intermediaries must make background checks

Not legal advice. Consult an attorney before making any offerings of securities.