Policy regarding new SEC Rules
as of September 26, 2013

Angel Capital Association (ACA) guidance on these matters: www.angelcapitalassociation.org

506(b) or 506(c) offerings
Quiet vs. Loud

- NTAN welcomes applicants making either type of offering.
- All applicants are expected to understand SEC regulations.
- We have a clear preference for Quiet offerings.
- NTAN meetings will not cause an issuer to be considered Loud.
- NTAN term-sheets will require the issuer to provide a legal opinion letter that it has complied with all applicable SEC regulations.
- NTAN term-sheets for Quiet offerings will specify no Loud activities for 6 months.

Certification of Investors

- We require that issuers use the SEC prescribed “principles-based methodology” (PBM) to verify our members are accredited investors.
- Our members will not provide personal financial data to companies seeking investment.
- Loud issuers must take “reasonable steps to verify” that all purchasers are accredited.
- Absolute proof is not the standard.
- Issuers must document steps taken to verify.
- NTAN will provide written confirmation that an investing member is in good standing.
- The SEC provided four non-mandatory, non-exclusive verification methods.
  - Place costly and dangerous burdens on both entrepreneurs and investors.
  - Raise untenable privacy concerns.
  - Will not be used by NTAN members.

Every issuer and investor should consult legal counsel regarding these matters.