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## The SEC Adopts Amendments to Regulation Crowdfunding

by [Giovanna Soto](#) , [David A. Stockton](#)

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On November 2, 2020, the Securities and Exchange Commission adopted amendments to expand Regulation Crowdfunding by increasing offering limits, revising certain investment limits and permitting the use of certain special purpose vehicles. The Commission largely adopted the amendments as proposed on March 4, 2020. The Commission's press release announcing the adopted changes are available [here](#) and the final amendments are available [here](#). The adopted amendments will make the following changes to Regulation Crowdfunding:

- raise the offering limit from \$1.07 million to \$5 million;
- amend the investment limits for investors in Regulation Crowdfunding offerings by (i) removing investment limits for accredited investors; and (ii) using the greater of their annual income or net worth when calculating the investment limits for non-accredited investors;
- extend for 18 months the existing temporary relief providing an exemption from certain Regulation Crowdfunding financial statement review requirements for issuers offering \$250,000 or less of securities in reliance on the exemption within a 12-month period; and
- permit the use of certain special purpose vehicles that function as a conduit for investors to facilitate investing in Regulation Crowdfunding issuers.

In 2019, Commission staff conducted a study to compile and review available information on the capital formation and investor protection impacts of Regulation Crowdfunding. The 2019 Regulation Crowdfunding Report is available [here](#). The study found that during the considered period, the number of offerings and the total amount of funding were relatively modest, with issuers raising \$108 million under Regulation Crowdfunding from May 16, 2016, through December 31, 2018. The Commission increased the offering limit under Regulation Crowdfunding with the intent to encourage more issuers to use the exemption and to lower the offering costs per dollar raised.

The amendments will be effective 60 days after publication in the Federal Register, except for the extension of the temporary Regulation Crowdfunding exemption, which will be effective upon publication in the Federal Register.

### Overview of Amended Crowdfunding Exemption

Offering Limit within 12-month Period	General Solicitation	Issuer Requirements	Investor Requirements	SEC Filing or Disclosure Requirements	Restrictions on Resale	Preemption of State Registration and Qualification
\$5 Million	Testing the waters permitted before Form C is filed  Permitted with limits on advertising after Form C is filed  Offering must be conducted on an internet platform through a registered intermediary	Excludes non-U.S. issuers, blank check companies, Exchange Act reporting companies, and investment companies  “Bad actor” disqualifications apply	No investment limits for accredited investors  Non-accredited investors are subject to investment limits based on the greater of annual income and net worth	Form C, including two years of financial statements that are certified, reviewed or audited, as required  Progress and annual reports	12-month resale limitations	Yes