



FOR IMMEDIATE RELEASE

Crowdfunding Professional Association Announces SEC Changes to Crowdfunding Regulations

New York, NY, November 16, 2020 - The Crowdfunding Professional Association (CfPA) announced today that the U.S. Securities and Exchange Commission (SEC) has amended rules governing crowdfunding under both Regulation A and Regulation Crowdfunding. The CfPA has provided guidance to the SEC regarding these changes since before the bipartisan passage of the governing JOBS Act in 2012.

The changes are intended to make investment crowdfunding rules more effective and accessible for both entrepreneurial issuers and investors. By raising the limits on investments, more people will be allowed to invest more money in these startups. In parallel, the higher limits on fundraising will increase small businesses' ability to raise capital under these rules.

Some of the most important rule amendments are summarized below:

Regulation Crowdfunding:

- raise the offering limit under Regulation Crowdfunding from \$1.07 million to \$5 million;
- amend the investment limits for investors in Regulation Crowdfunding offerings by:
 - removing investment limits for accredited investors; and
 - 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 raising \$250,000 or less;
- permit Regulation Crowdfunding issuers to “test-the-waters” prior to filing an offering document with the Commission in a manner similar to current Regulation A.

Regulation A:

- raise the maximum offering amount under Tier 2 of Regulation A from \$50 million to \$75 million;
- raise the maximum offering amount for secondary sales under Tier 2 of Regulation A from \$15 million to \$22.5 million;
- simplify certain requirements for Regulation A offerings and establish greater consistency between Regulation A and registered offerings.

Rule 504 of Regulation D has also been amended to increase the cap on offerings from \$5 to \$10 million.

Furthermore, the final rule will exempt certain “demo day” communications from being deemed a general solicitation or general advertising.

The final rules are effective 60 days after publication to the federal register. The SEC’s final rule can be found [here](#).

The CfPA is committed to continuing efforts to advocate for amendments that improve access to capital, to democratize investment opportunities traditionally exclusive to wealthy investors and to protect investors.

About CfPA:

[The Crowdfunding Professional Association](#) (CfPA) is a 501(c)(6) nonprofit trade group established shortly after the signing of the Jumpstart Our Business Startup Act (“JOBS Act”) on April 5, 2012. The CfPA is dedicated to equitably representing the Crowdfunding industry and supporting the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) by providing entrepreneurs, investors and industry professionals with education, networking and tools all necessary to cultivate a balanced and healthy ecosystem able to help accelerate capital formation and ensure investor protection.

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Contact:

Crowdfunding Professional Association
Brian Belley, Secretary
305-780-5313
secretary@CfPA.org