

AMENDMENT TO S. _____
“RESTORING AMERICAN FINANCIAL STABILITY ACT
OF 2010”
OFFERED BY _____

Page 816, strike line 3 through page 819 line 4 and insert the following:

1 **SEC. 926. AMENDMENTS OF RULE 506 UNDER REGULATION D ;**
2 **AUTHORITY OF STATE REGULATORS OVER REGULATION D**
3 **OFFERINGS INVOLVING BROKERS, DEALERS, AND**
4 **INVESTMENT ADVISERS.**

5 Section 18(b)(4) and Section 18(c)(1) of the Securities Act of
6 1933 (15 U.S.C. Sections 77r(b)(4) and 77r(c)(1), respectively)
7 are amended —

8 (1) by inserting, following subparagraph (D) of said
9 Section 18(b)(4), a new subparagraph (E), as follows:

10 “(E) Rule 506 under Regulation D, provided that
11 all purchasers with respect to such transaction are
12 accredited investors, as such term is defined in the
13 rules of the Commission under the Securities Act of
14 1933, or are persons, entities or groups composed
15 solely of accredited investors purchasing securities

1 solely for the beneficial interest of said accredited
2 investors.”

3 (2) by redesignating paragraph (1) of said Section
4 18(c) , “Fraud Authority,” as subparagraph (1)(A) thereof,
5 and restating it as follows:

6 “(A) The securities commission (or any agency or
7 office performing like functions) of any State shall
8 retain jurisdiction under the laws of such State to
9 investigate and bring enforcement actions with
10 respect to fraud or deceit, or unlawful conduct by, a
11 broker, dealer, or person associated with a broker or
12 dealer, or an investment adviser, or persons
13 associated with an investment adviser, in connection
14 with securities or securities transactions.”

15 (3) by inserting, following such redesignated and
16 restated subparagraph (A) of said paragraph (1) of Section
17 18(c), a new subparagraph (B), as follows:

18 “(B) A security is not a covered security with
19 respect to a transaction that is exempt from
20 registration under this subchapter if the offering of
21 such security involves the payment of any commission
22 based on funds raised by the issuer in connection with
23 such offering, or otherwise involving a broker, dealer,

1 person associated with a broker or dealer, or involving
2 an investment adviser who has a financial interest,
3 direct or indirect, in the offering of such securities, or
4 a person associated with such an investment adviser.”

5 (4) by inserting, following subparagraph (D) of said
6 Section 18(c)(2), a new subparagraph (E), as follows:

7 “(E) AVAILABILITY OF PREEMPTION
8 CONTINGENT ON LACK OF
9 DISQUALIFICATIONS. The Commission shall
10 amend, by rule, Rule 506 under Regulation D, to
11 disqualify securities issued in reliance on said rule as
12 covered securities under Section 18(b) of the
13 Securities Act of 1933, for reasons which are
14 comparable to the disqualifications currently set forth
15 at subparagraph (b)(2)(iii) of Rule 505 of Regulation
16 D.”

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