
EB-5 Capital Markets

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SEC Adopts Rules to Remove Ban on General Solicitation for Rule 506 Offerings – Will significantly affect permissible EB-5 marketing practices

By John Tishler on July 10, 2013

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This morning the Securities and Exchange Commission, by a 4 to 1 vote of the Commissioners, approved implementing rules under Title II of the Jumpstart Our Business Startups (JOBS) Act to remove the ban on general solicitation for offerings to accredited investors under Regulation D, Rule 506. The SEC has not yet released the final rules as adopted, and we do not yet know what will be the effective date of the final rules. We do however know that the final rules, once effective, will require a Form D to be filed with the SEC at least 15 days ***in advance of the commencement*** of any general solicitation for a Rule 506 offering.

Issuers should hold off commencing general solicitation for offerings under Rule 506 of Regulation D until the final rules are publicly available, effective and all conditions to general solicitation are satisfied.

You can read our blog post about the SEC's proposed rules for removing the ban on general solicitation [here](#).

The SEC also adopted this morning rules required under the Dodd-Frank Act that will prevent "bad actors" from participating in Rule 506 offerings.

We will be blogging further on these new rules as more details become available.

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