

## Crowdfunding Cheat Sheet

|  | Title II (Rule 506(c))             | Title III (Reg CF)  | Title IV (Regulation A Tier 2)  | Rule 506(b)                             |
|--|------------------------------------|---|---|---|
| <b>Maximum Dollars Raised</b>            | No Maximum                         | \$5 million per 12 months, including affiliates   | \$75 million per 12 months  | No Maximum                              |
| <b>Permitted Investors</b>               | Only Accredited                    | Anyone  | Anyone  | Accredited plus up to 35 non-accredited |
| <b>Per-Investor Limits</b>               | None                               | For non-accredited investors (i) the greater of \$2,200 or 5% of the greater of income or net worth, if income or net worth is less than \$107,000; or (ii) 10% of the greater of income or net worth, not to exceed \$107,000, if both income and net worth are at least \$107,000 | For non-accredited investors, 10% of income or net worth, whichever is more, per deal | None                                    |
| <b>Advertising</b>                       | Yes                                | Yes, but limited if not through portal  | Yes   | No                                      |
| <b>Testing the Waters</b>                | Yes                                | Yes   | Yes   | No                                      |
| <b>Cost</b>                              | Very low                           | Very low, except portal commissions   | High  | Low                                     |
| <b>Exempt from State Registration</b>    | Yes                                | Yes   | Yes   | Yes                                     |
| <b>State Blue Sky Filings</b>            | Yes                                | No, with some exceptions  | Yes   | Yes                                     |
| <b>Sold Through Portals</b>              | Permitted, but not required        | Yes   | Permitted, but not required   | Permitted, but not required             |
| <b>Portals Required to Register</b>      | No                                 | Yes   | No  | No                                      |
| <b>Disclosures Required by Law</b>       | None, except to avoid 10b-5 claims | Moderate  | Substantial   | Moderate                                |
| <b>Shareholder Limits</b>                | 2,000 equity owners                | None if certain conditions satisfied  | None if certain conditions satisfied  | 2,000 equity owners                     |
| <b>Audited Financials Required</b>       | No                                 | If raising more than \$1,070,000 yes; if first time offering no more than \$1,070,000, no; otherwise maybe  | Yes   | Sometimes                               |
| <b>Pre-Sale Approval of SEC Required</b> | No                                 | No  | Yes   | No                                      |
| <b>Length of Process</b>                 | Very fast                          | Pretty fast   | Slow  | Pretty fast                             |
| <b>Available to Non-U.S. Issuers</b>     | Yes                                | No  | No, unless principal place of business is in U.S. or Canada                           | Yes                                     |

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|  |                                   |                              |             |                                   |
|--|-----------------------------------|------------------------------|-------------|-----------------------------------|
| <b>Non-U.S. Investors Permitted</b>                  | Yes                               | Yes                          | Yes         | Yes                               |
| <b>Investor Verification Required</b>                | Yes                               | No                           | No          | No                                |
| <b>Available for Sale of Owner Shares</b>            | No                                | No                           | Yes         | No                                |
| <b>Subject to “Bad Actor” Disqualification</b>       | Yes                               | Yes                          | Yes         | Yes                               |
| <b>Ongoing Reporting</b>                             | None                              | Moderate                     | Substantial | None                              |
| <b>Special Purpose Vehicles Permitted</b>            | Yes, with no more than 100 owners | Yes, subject to strict rules | No          | Yes, with no more than 100 owners |
| <b>Investment Companies Allowed to Raise Capital</b> | Yes, with no more than 100 owners | No                           | No          | Yes, with no more than 100 owners |
| <b>Types of Securities Permitted</b>                 | Any                               | Any                          | Any         | Any                               |



Mark Roderick leads Lex Nova Law’s Crowdfunding and Fintech practice. He writes a widely-read blog at [CrowdfundingAttny.com](http://CrowdfundingAttny.com) and is a featured speaker at Crowdfunding and Fintech events across the country, including New York, Texas, Chicago, and Silicon Valley.

Mark is one of the most prominent Crowdfunding and Fintech lawyers in the United States. He represents portals, issuers, and others across the country and around the world.

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