

Rule 504: What You Need to Know

Every founder knows that capital raises are rarely easy for any business. Thanks to recent amendments to Regulation D of the Securities Act of 1933, Rule 504 may offer a more streamlined approach. Capital raises take many forms, including a simple “friends and family” cash-for-equity raise, a new partner or investor buying into your business, or a more complex transaction involving seed or Series A equity or convertible debt financing. No matter the size or complexity of your capital raise, compliance with state and federal securities laws can be confusing, time consuming and expensive. The federal government (through the Securities Act of 1933) and each state (through their own “blue-sky laws”) regulate the offering and sale of securities. Because the Securities Act and blue-sky laws define “securities” broadly, almost all capital raises involve securities and require compliance with these laws. Every offer or sale of securities (an “offering”) must be registered with the U.S. Securities and Exchange Commission (SEC) and each state in which the securities are offered or sold ... unless it meets an exemption. Read on in this month’s [issue of Thinking Bigger Business Media](#). Author [Chris Stewart](#) is a corporate attorney and shareholder at Seigfreid Bingham, P.C. His practice focuses on startups and emerging Businesses; mergers and acquisitions; and private securities laws. Chris enjoys working in the startup ecosystem by serving startups and investors in a variety of investment transactions.