The Securities and Exchange Commission (SEC) regulates laws that govern how founders raise startup capital, who they can raise from, how, and how much. Securities law segregates investors into two classes: "accredited" and "non-accredited."

For individuals ("natural persons"'), the SEC defines accreditation by income and net worth. Investors who don't meet SEC thresholds are restricted - sometimes barred - from investing in startup offerings.

Founders without high net worth networks face separate and unequal offering regulations that make it hard for most founders to raise capital. Due to the wealth and wage gaps, it is especially hard for underrepresented founders. This is a result of economic engineering and startup redlining, a form of systemic racism.

The Jumpstart Our Business Startups (JOBS) Act introduced general solicitation under Reg D 506(c) & Reg CF (crowdfunding) to enable offerings beyond issuers' professional networks, but it did not fix the "friends & family" gap or discriminatory outcomes.

**Offering Type:**
- **Reg D 506(b)**: None
- **Reg D 506(c)**: None
- **Reg CF**: $1MM / 12mos

- **General Solicitation**
  - Non-accredited investors: No
  - Accredited investors: Yes
  - Restricted *

- **Non-accredited Investors**
  - ≤ 35: None
  - Accredited investors: Restricted **

- **Verify Investor Status**
  - Non-accredited "sophistication": Yes
  - Accredited investors: Yes

- **Increased Disclosure**
  - Non-accredited investors: Yes; for non-accredited investors
  - Accredited investors: Yes

- **Blue Sky Compliance**
  - Non-accredited investors: Not required
  - Accredited investors: Not required
  - Accredited investors: Yes

- **Enhanced Filing Reqs.**
  - Non-accredited investors: No
  - Accredited investors: No
  - Accredited investors: Yes

- **Investment Funds (e.g. VC)**
  - Non-accredited investors: Yes
  - Accredited investors: Yes
  - Accredited investors: No

* Crowdfunding offerings must be conducted on a registered portal and have additional filing & reporting requirements.
** Non-Accredited investors may invest no more than 5-10% of annual income (5% if income is under $100K / year).
*** Form C filings, annual reports, etc. (see [https://www.sec.gov/info/smallbus/secg/rccomplianceguide-051316.htm](https://www.sec.gov/info/smallbus/secg/rccomplianceguide-051316.htm))

**MOST AMERICANS DON'T MEET THE SEC DEFINITION OF ACCREDITED INVESTOR**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Accredited</th>
<th>Non-Accredited</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>Accredited</td>
<td>Non-Accredited</td>
</tr>
<tr>
<td>25%</td>
<td></td>
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<tr>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>75%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
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</tbody>
</table>

**ACCREDITED INVESTORS ARE ALSO UNDERREPRESENTED DUE, IN PART, TO SEC REGULATIONS**

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>1%</td>
</tr>
<tr>
<td>Latinx</td>
<td>3%</td>
</tr>
<tr>
<td>Women</td>
<td>22%</td>
</tr>
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</table>

**LEARN MORE ABOUT ACCREDITED VERSUS NON-ACCREDITED INVESTORS**

SIGN THE PETITION TO STOP STARTUP REDLINING: [HTTPS://SIGN.MOVEON.ORG/P/TECHFUNDINGEQUITY](HTTPS://SIGN.MOVEON.ORG/P/TECHFUNDINGEQUITY)

LEARN MORE AT: [TECHFUNDINGEQUITY.COM](TECHFUNDINGEQUITY.COM)
## ACCREDITED INVESTORS

- **Income**
  - $200K Income 2 yrs. +
  - ($300K / household)
  - and/or
  - $1 Million net worth
  - (excluding primary residence)

- **Eligibility**
  - Can freely invest in opportunities

- **506(B)**
  - Can freely invest in opportunities; founder / issuer must affirm sophistication

- **506(C)**
  - Cannot invest in these offerings; **NO** exceptions

- **REG CF**
  - Can invest subject to limits based on income / net worth with $107K cap.

## NON-ACCREDITED INVESTORS

- **No personal eligibility other than income, net worth, or limited professional roles**

- **506(B)**
  - Can be among 35 in an offering; founder / issuer must obtain proof of accreditation

- **REG CF**
  - Can invest subject to limits based on income and/or net worth

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**LEARN MORE AT:** TECHFUNDINGEQUITY.COM

**ASPENTECHPOLICYHUB.ORG**