**General Solicitation**

**What is general solicitation?**

Depending upon which regulatory pathway a company choses to raise capital, the company may be limited in how it can connect with potential investors. For example, the most commonly used offering exemption under the federal securities laws — Rule 506(b) of Regulation D — prohibits the use of general solicitation to market the securities.

**What are common types of communications that are considered general solicitation?**

A solicitation that conditions the market for an offering of securities is generally viewed as a [general solicitation](https://www.sec.gov/info/smallbus/secg/general-solicitation-small-entity-compliance-guide.htm) that is marketing the securities. Examples include:

Newspaper and magazine advertisements

Unrestricted public websites

Television and radio broadcasts

Seminars  
(excluding demo days)

**How can I avoid communications viewed as a general solicitation?**

Conduct an offering that is limited to investors with whom the company (or its broker dealer or investment adviser) has a pre-existing, substantive relationship.

**Pre-Existing Substantive Relationship**

* A “pre-existing” relationship is formed before the start of the offering or is established through a broker-dealer or investment adviser prior to that investment professional’s participation in the offering.
* A “substantive” relationship is formed when the entity offering securities (i.e., the company or its broker-dealer or investment adviser) has sufficient information to evaluate and evaluates a potential investor’s status as an accredited investor.