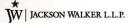
## UT Law CLE 2015 Securities Regulation Primer: The Nuts and Bolts of a *Private* Private Placement

# What You Owe Investors: Disclosure of Information

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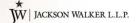
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#### Agenda

- I. Steps in the PPM Preparation Process
- II. Required Disclosure Driven by Exemption
- III. Why prepare a disclosure document?
- IV. The Disclosure Document
- V. Due Diligence
- VI. What to Disclose
  - What is Material?
  - Rule 502(b) Disclosure Requirements
- VII. Preparing the PPM

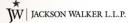


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### I. Steps in the PPM Preparation Process

#### Steps

- Provide the company a due diligence request list of documents to be assembled and made available for review and directors and officer's questionnaires to be completed and signed by directors and officers.
- 2) Perform due diligence review of the materials made available.
- 3) Determine the terms of the securities offering and the exemption being relied upon.
- Based upon the exemption, determine the disclosure required, and create an outline.
- 5) Using the outline and information obtained during the course of due diligence prepare the PPM.
- 6) Provide drafts to the company and placement agent, if any, for review and coordinate drafting sessions.



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#### II. Required Disclosure Driven by Exemption

There are many types of unregistered offerings of securities by issuers. The required disclosure and disclosure document involved in each type vary.

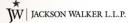
- Section 3(a)(11) and Rule 147 Intra-state Offering Exemption
- Section 3(b)
- Section 4(a)(2)
- Section 4(a)(5)
- Reg A Small Offering Exemption/Reg A+ (SEC Proposed Rules)
- Regulation D
  - Rule 504
  - Rule 505
  - Rule 506(b)
  - Rule 506(c)



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### **III. Why Prepare a Disclosure Document?**

- Some exemptions such as Rule 504, 506(b) offerings to accredited investors, 506(c), Section 4(a)(5) and Rule 147, do not specify the provision of a disclosure document.
- So why spend the time and money on preparing a disclosure document for prospective investors?
  - To mitigate risk and control liability
- How?
  - Overview of the Securities Act of 1933 Regulatory Framework
  - Complete and accurate disclosure can mitigate liability for material misstatements and omissions
  - Documented and demonstrated compliance with the exemption from registration relied upon.



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