

## SEC Provides Further Clarity in Rule 506(c) Offerings

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On March 12, 2025, the Securities and Exchange Commission (the “**SEC**”) issued a [No-Action Letter](#) that provided guidance regarding the ways issuers can satisfy the accredited investor verification requirements of offerings made pursuant to Rule 506(c) under Regulation D. Specifically, the SEC confirmed that an issuer will satisfy the requirement that it take “reasonable steps” to verify the accredited investor status of an investor if the issuer requires purchasers to agree to certain minimum investment amounts, coupled with such investor’s self-certification of certain representations related to its investment.

Rule 506(c) provides a non-exhaustive list of steps which include collecting bank statements, verification letters, credit reports, or other sensitive documentation, which many issuers find too burdensome. The SEC’s clarification could make it easier for issuers relying on Rule 506(c) to make general solicitations to accredited investors.

Under the guidance provided by the No-Action Letter, an issuer can satisfy the verification requirement if:

1. The offering requires a minimum investment of at least \$200,000 from natural persons or \$1 million for legal entities (in either case, including binding commitments to invest at least the minimum amount in one or more installments when called by the issuer); and
2. The investor provides written representations that (a) the purchaser is an accredited investor; and (b) the purchaser’s minimum investment amount is not financed in whole or in part by any third party for the specific purpose of making the particular investment in the issuer.

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