

18 NCAC 06A .2010 CONTENT OF DISCLOSURE DOCUMENT

An issuer shall prepare and sign a disclosure document with all facts material to a reasonable investor's decision as to whether to invest in the issuer's securities offering. In addition, the disclosure document shall include:

- (1) information required by G.S. 78A-17.1(a)(5)b. and G.S. 78A-17.1(a)(13);
- (2) the name, the street address of the issuer's business, and the mailing address, if different, of the issuer's business;
- (3) the type of the issuer's business entity, as recognized under North Carolina law. Note: Examples of types of business entities are limited partnerships, corporations, and limited liability companies (LLCs);
- (4) a description of the issuer's business;
- (5) a description of the history of the issuer's business that includes its three most recent years;
- (6) a description of the financial condition of the issuer:
 - (a) for an issuer with an operating history, the description shall include: liquidity, capital resources, historical results of operations, and whether historical results and cash flows are representative of what investors should expect in the future; or
 - (b) for an issuer with no operating history, the description shall include planned financial milestones, and operational, liquidity, and other challenges;
- (7) a description of how the issuer plans to use the funds raised by the securities offering:
 - (a) if the minimum offering amount is reached;
 - (b) if the target offering amount is reached; and
 - (c) to pay fees to the escrow agent, registered dealer, or funding portal, including how and when the fees will be paid;
- (8) any information necessary to make the material facts disclosed not misleading;
- (9) the statements required by Rule .2011 of this Section and, by 17 CFR 230.147(f)(3), or 230.147A(f)(3) which are incorporated by reference including subsequent amendments and editions;
- (10) a statement that investors shall direct all payments to the escrow agent to be deposited into the escrow account until at least the minimum offering amount has been reached;
- (11) a statement that an investor may cancel an investment for any reason before the minimum offering amount has been reached;
- (12) a description of the cancellation procedure that the investors shall follow in order to cancel the investment;
- (13) a description of how and when the funds raised by the securities offering will:
 - (a) be returned to an investor if the investor cancels the investment before the minimum offering amount is reached;
 - (b) be returned to the investors if the minimum offering amount is not reached by the target date; and
 - (c) be released to the issuer if the minimum offering amount is reached by the target date or if the issuer chooses to leave the funds in the escrow account for any period of time after the minimum offering amount is reached;
- (14) a copy of the signed escrow agreement; and
- (15) its financial statements, if the issuer has undergone an audit or review in the previous 12 months.

Copies of 17 CFR 230.147(f)(3) and 230.147A(f)(3) are available at no cost by sending an email request to secdiv@sosnc.gov or online at <http://www.sosnc.gov/sec/statutes.aspx>.

History Note: Authority G.S. 78A-17.1(a)(5); 78A-17.1(f); 78A-49(a); 78A-49(d); 78A-64; S.L. 2016-103, s.4.(a);
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