

**MICHIGAN UNIFORM SECURITIES ACT
SMALL BUSINESS CAPITAL FORMATION Options and Requirements for Issuers**

EXEMPT OFFERINGS

Type	Michigan Code Section	Limitation on offers/sales	\$ Limitation (within 12 month period)	Public Advertising Allowed	Disclosure Documents Required With Filing	Department Filing Required	Filing Fee	SEC Filing Required	Special Conditions
Fifty or Fewer Purchasers (most common under section 202)	MCL 451.2202(1)(n)	50 purchasers per 12 months	No	No	Yes *	No	None	Depends on SEC exemption claimed **	1. No commissions 2. Purchasing for investment 3. The transaction is part of a single issue
Reg D Rule 506(b)	MCL 451.2302(4)	35 purchasers ***	No	No	No	Yes- by Notice Filing	\$100	Form D	Must qualify purchasers ***
Reg D Rule 506(c)	MCL 451.2302(4)	No	No	Yes	No	Yes- by Notice Filing	\$100	Form D	Sales can only be made to "accredited investors" ***
Reg A	MCL 451.2304 & 451.2202(1)(y)	No	\$5.0 Million	Yes	Yes	Yes – by Notice Filing	\$100	Form 1A	Single purchaser limited to \$10,000 unless "accredited investor" as defined by Reg D Rule 501
Michigan Invests Locally Exemption	MCL 451.2202a	No	\$2.0 Million with financials **** \$1.0 Million without financials	Yes - but only to Michigan residents	Yes	Yes – by Notice Filing	\$100	No, if qualified for exemption under section 3(a)(11) and Rule 147	1. Issuer must be incorporated or organized in the State of Michigan 2. Single purchaser limited to \$10,000 unless "accredited investor" as defined by Reg D Rule 501 3. No commissions unless BD 4. Term of offering not to exceed 12 months

REGISTERED OFFERINGS

Registration by Qualification	MCL 451.2304 & 451.2305 & R 451.704.1	No	No	Yes	Yes	Yes	Varies	Depends on SEC exemption claimed **	1. Renew annually
SCOR *****	MCL 451.2304 & R 451.803.11	No	\$1.0 Million	Yes	Yes	Yes	Varies	Depends on SEC exemption claimed **	1. Renew annually 2. Minimum proceeds may be impounded
Registration by Coordination	MCL 451.2303 & R 451.703.1	No	No	Yes	Yes	Yes	Varies	Yes	1. Renew annually during offering period

Footnotes:

* Depends on issuer's relationship with investors.

** The availability of an SEC exemption depends on the circumstances of each offering.

*** Regulation D, Rule 506, limits the offering to 35 "non-accredited" purchasers and an unlimited number of accredited investors. Under Rule 506, "non-accredited" purchasers must qualify as knowledgeable or sophisticated investors. Reg D defines non-institutional, "accredited" investors as those having net worth in excess of \$1.0 million, less market value of personal residence, or annual gross income of \$200,000.

**** Financials must be audited or reviewed.

***** Small Company Offering Registration (SCOR) is a special registration procedure available to certain small issuers.