



What does the SEC have to do with my private company?

Does the SEC regulate private companies?

A business can raise capital in a number of different ways, including by selling investment instruments called securities. The U.S. Securities and Exchange Commission, or SEC, regulates the offer and sale of all securities, including those offered and sold by private companies. Under the [federal securities laws](#), every offer and sale of securities, even if to just one person, must be either [registered](#) with the SEC or conducted under an [exemption](#) from registration. This is true for companies of all sizes, private and public alike, and includes sales made to anyone, including [friends, family, angel investors, and venture capital funds](#).

What is the SEC?






The SEC is an independent federal agency headed by a five-member Commission. The SEC's mission is:

- to protect investors
- to maintain fair, orderly and efficient markets and
- to facilitate capital formation

[Learn more](#) about how the SEC executes its mission.

What is a security?

Federal securities laws broadly define the term "security," capturing many different forms of investment interests. Some [types of securities that startups often issue](#) include:

 Stock	 Membership Interest	 Stock Option	 Restricted Stock	 Convertible Instruments	 Debt
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Other early-stage capital raising options

Some other early-stage capital raising options may not involve a security, such as:

 Federal Grants	 Donations (no expectation of return)	 Reward or Pre-purchase of Product
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How do I know if I'm engaging in an offer of securities?

Federal securities laws broadly define, and the Commission has broadly interpreted, what constitutes an offer of securities. The Commission has stated that the publication of information and publicity efforts made before a proposed financing that conditions the public mind or arouses public interest in the company or its securities is an offer. For example, depending on context, any of the following could be considered an offer of securities:

 Calling a friend to discuss your company's fundraising	 Social media post about the company and specific investment opportunities	 Statements made by the CEO about a future capital raise during an interview about the company
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Did You Know?

A company's regular release of ordinary factual business communications is generally not considered an offer of securities.

What do I need to know about a sale of securities?

After you start your offering, there are additional requirements that are triggered at or before a sale of securities, so it is important to understand when a sale may occur. A sale includes any contract of sale or disposition of a security or interest in a security, for value.

Have suggestions on additional educational resources? Email smallbusiness@sec.gov.

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