
15 U.S. Code § 80a-14

Size of investment companies

(a) Public offerings

No registered investment company organized after August 22, 1940, and no principal underwriter for such a company, shall make a public offering of securities of which such company is the issuer, unless—

- (1) such company has a net worth of at least \$100,000;
- (2) such company has previously made a public offering of its securities, and at the time of such offering had a net worth of at least \$100,000; or
- (3) provision is made in connection with and as a condition of the registration of such securities under the Securities Act of 1933 [15 U.S.C. 77a et seq.] which in the opinion of the Commission adequately insures (A) that after the effective date of such registration statement such company will not issue any security or receive any proceeds of any subscription for any security until firm agreements have been made with such company by not more than twenty-five responsible persons to purchase from it securities to be issued by it for an aggregate net amount which plus the then net worth of the company, if any, will equal at least \$100,000; (B) that said aggregate net amount will be paid in to such company before any subscriptions for such securities will be accepted from any persons in excess of twenty-five; (C) that arrangements will be made whereby any proceeds so paid in, as well as any sales load, will be refunded to any subscriber on demand without any deduction, in the event that the net proceeds so received by the company do not result in the company having a net worth of at least \$100,000 within ninety days after such registration statement becomes effective.

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