SEC No-Action Letter	H.R. 477	NASAA Model Rule
M&A broker cannot bind a party to an M&A transaction.	No equivalent. **[Addressed by Sherman amendment]**	No equivalent.
M&A broker cannot provide financing for an M&A transaction. If the M&A broker assists a buyer to obtain financing from unaffiliated third parties it must follow Regulation T and disclose any compensation in writing to its client.	No equivalent. **[Addressed by Sherman amendment]**	No equivalent.
M&A broker cannot have custody of funds or securities in M&A transactions.	Yes.	Yes.
M&A Transaction cannot involve a public offering or shell company (limited exception for "business combination related shell company").	Yes. But no mention of business combination related shell company. **[Addressed by Sherman amendment]**	Yes. But no mention of business combination related shell company.
M&A broker who jointly represents buyers and sellers must provide clear written disclosure and obtain written consent from both parties.	No equivalent. **[Addressed by Sherman amendment]**	No equivalent.
M&A broker can facilitate a transaction with a group of buyers only if the M&A broker did not help to form the group.	No equivalent. **[Addressed by Sherman amendment]**	No equivalent.
The buyer (or group) will control and actively operate the company or its assets upon completion of the M&A transaction.	Yes.	Yes.
M&A Transaction cannot result in the transfer of interests to a passive buyer or group of passive buyers.	No equivalent. **[Addressed by Sherman amendment]**	No equivalent.

SEC No-Action Letter	H.R. 477	NASAA Model Rule
Securities received by the buyer or M&A broker must be restricted securities per Securities Act Rule 144(a)(3).	No equivalent.	No equivalent.
Disqualification: M&A broker (i) has not been barred from association with a broker-dealer by the Commission or any state regulator or SRO; and (ii) is not suspended from association with a broker-dealer.	Substantially the same as no-action relief.	Substantially the same as no-action relief.
Scope: The staff's position was limited to the registration requirements of Exchange Act Section 15(a). Other provisions of the federal securities laws, such as anti-fraud provisions, would still apply.	Rule of construction: The bill would not limit the Commission's exemptive authority regarding M&A brokers.	Same as H.R. 477.
"M&A broker"—A person engaged in the business of effecting securities transactions solely in connection with the transfer of ownership and control of a privately-held company…to a buyer that will actively operate the company or the business conducted with the assets of the company.	Substantially the same, but adds that an M&A broker must reasonably believe (1) the buyer will control and actively manage the eligible privately held company or its assets; and (2) buyer (offeree) has reasonable access to latest fiscal year-end financials (plus other information if the financials are audited, reviewed or compiled).	Same as H.R. 477. But the phrase "reasonably believes" has been moved such that it applies only to the M&A broker's belief about the buyer controlling and actively managing the company. In H.R. 477, "reasonably believes" is placed such that it appears to apply to both the M&A broker's belief about the buyer's control/management of the company and to the availability of financial data.

SEC No-Action Letter	H.R. 477	NASAA Model Rule
"Privately-held company"— A company without any class of securities registered or required to be registered per Exchange Act Section 12, or with respect to which the company files, or is required to file, periodic information, documents, or reports under Section 15(d) of the Exchange Act.	"Eligible privately-held company" has substantially the same general definition, but H.R. 477 would add that the company's EBITDA must be under $25 million and/or its gross revenues must be under $250 million. **[Addressed by Sherman amendment]**	Same as H.R. 477.
"Control"—Presumed if buyer (or group): (1) has the right to vote *25 percent* or more of a class of voting securities; (2) power to sell or direct the sale of *25 percent* or more of a class of voting securities; or (3) for a partnership or LLC, the right to receive upon dissolution (or has contributed) *25 percent* or more of the capital.	Control is presumed where (1) a director, general partner, member or manager of a limited liability company, or officer exercising executive responsibility; (2) has the right to vote or sell ***20 percent*** of a class of voting securities; or (3) for a partnership or LLC, has the right to receive upon dissolution (or has contributed) ***20 percent*** or more of the capital. **[Addressed by Sherman amendment]**	Same as H.R. 477.
"Shell company"— A company that (1) has no or nominal operations; and (2) has: (i) no or nominal assets; (ii) assets consisting solely of cash and cash equivalents; or (iii) assets consisting of any amount of cash and cash equivalents and nominal other assets. Notes that "going concern" can include a company that is unprofitable or emerging from bankruptcy if it actually conducts business.	Adds that a "public shell company" would be a company with securities registered or required to be registered per Exchange Act Section 12 or which files reports per Exchange Act Section 15(d). No mention of going concern status. **[Addressed by Sherman amendment]**	Same as H.R. 477.

SEC No-Action Letter	H.R. 477	NASAA Model Rule
No equivalent.	Inflation adjustment every five years for EBITDA and gross revenues in definition of "eligible privately held company." **[Addressed by Sherman amendment]**	Same as H.R. 477.
No equivalent.	Effective date: 90 days after enactment.	No equivalent.

Source: SEC no-action letter, M&A Brokers (January 31, 2014); H.R. 477 (Rules Committee print dated November 29, 2017); North American Securities Administrators Association, Model Rule Exempting Certain Merger & Acquisition Brokers ("M&A Brokers") From Registration (Adopted September 29, 2015); Sherman amendment to H.R. 477, adopted by voice vote December 7, 2017.