

NASAA and SEC Explain Application of Securities Law to Opportunity Zone Investments

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Washington, D.C., July 15, 2019 – The North American Securities Administrators Association (NASAA) and the U.S. Securities and Exchange Commission (SEC) have issued a summary that explains the application of the federal and state securities laws to opportunity zone investments. The “opportunity zone” program was established by the Tax Cuts and Jobs Act in December 2017 to provide tax incentives for long-term investing in designated economically distressed communities.

The summary is intended to help participants in the opportunity zone program understand the compliance implications for qualified opportunity funds under federal and state securities laws. “The opportunity zone program has the potential to encourage investment and economic development in many areas across the country that are in need of capital. The staff statement released today will help market participants understand securities laws implications when seeking to raise capital for opportunity zones,” said SEC Chairman Jay Clayton. “In addition, today the SEC is issuing staff guidance regarding the ability of Main Street investors to participate in these offerings.”

“This new program provides an opportunity to strengthen investments in low-income communities and rural areas that traditionally struggled to attract the capital necessary to spur economic growth and job creation,” said Michael Pieciak, NASAA President and Vermont’s Commissioner of Financial Regulation. “This joint summary is a good example of state and federal regulators working collaboratively to address new compliance issues raised by an innovative program and thereby promoting our dual mission of protecting investors and helping facilitate capital formation.”

The summary discusses the opportunity zone program and when interests in qualified opportunity funds would be securities under federal and state securities laws. It also provides an overview of the SEC and state requirements relating to qualified opportunity funds and their securities offerings, broker-dealer registration, and considerations for advisers to a qualified opportunity fund.

The Opportunity Zones summary is available on the SEC’s website [here](#), and NASAA’s website [here](#).

About the SEC:

The mission of the SEC is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.

About NASAA:

Formed in 1919, NASAA is the non-profit association of state, provincial, and territorial securities regulators in the United States, Canada and Mexico. NASAA has 67 members, including the securities regulators in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. NASAA’s U.S. members protect investors through the enforcement of state securities laws, commonly known as “Blue Sky Laws.” For more information, visit: www.nasaa.org.

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