

SEC Changes Review Process for Non-Traded REIT Sales Materials

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The Securities and Exchange Commission has implemented changes to their review process of sales literature for non-traded REITs and other real estate programs, according to the Investment Program Association. The changes went into effect on April 20th.

If the registration is an initial offering, then the review procedure depends on whether the sales literature is submitted before or after SEC effectiveness of the registration statement.

For effective programs, if the SEC notifies the issuer within 10 calendar days after the submission that it will be issuing comments, then the sales literature should not be used until the comments are resolved. However, if no notification is received from the SEC within 10 days, then the submitted sales literature can be used.



The review of sales literature before effectiveness remains the same and must not be used until the SEC has approved the submission.

In addition, the procedure for reviewing sales literature for follow-on offerings has not changed. Effective follow-on offerings may begin using sales literature once submitted to the SEC, although the SEC can still issue comments.

The current procedure of submitting sales literature to the SEC via email has not changed, and companies are still responsible for determining whether their materials comply with the securities laws and regulations.

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