



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest, **Investor.gov**



Protect Your Investments

An Update from the U.S. Securities
and Exchange Commission

SEC Disclaimer

The SEC's Office of Investor Education and Advocacy is providing this information as a service to investors. This presentation is not a statement of official SEC policy, a legal interpretation, or investment advice.

I. Overview of the SEC

The SEC's Mission

- Protect Investors
- Maintain Fair, Orderly, and Efficient Markets
- Facilitate Capital Formation



SEC Oversees and Regulates

- > 13,900 investment advisers
- > 10,000 mutual funds and ETFs
- > 7,000 reporting companies
- > 3,600 broker-dealers
 - 640,000 registered representatives
- > 527 municipal advisers
- > 350 transfer agents
- > 24 national securities exchanges
- > 9 credit rating agencies
- > 7 clearing agencies
- > Self-regulatory organizations, including FINRA, MSRB, SIPC and PCAOB

Other SEC Responsibilities

- Review disclosures of approximately 7,000 reporting companies
- Examine broker-dealers and other market participants
- Enforce the federal securities laws
 - > Collected almost \$4.68 billion from 715 enforcement actions (FY 2020)
 - > \$600 million repaid to harmed investors

Office of Investor Education and Advocacy

- Responds to complaints and inquiries from investors, and provides educational programs and materials
- Processes over 21,000 complaints, questions and other contacts from investors annually
- Investor.gov helps investors make informed investment choices and avoid fraud



Investor.gov

U.S. SECURITIES AND EXCHANGE COMMISSION

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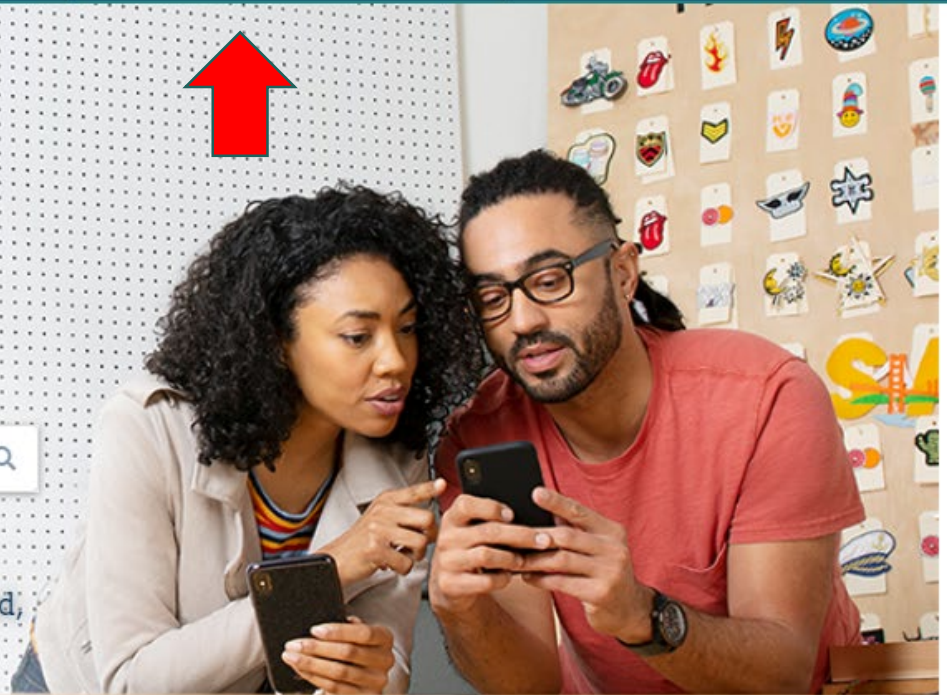
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[Additional Resources](#)

Check Out Your INVESTMENT PROFESSIONAL

Individual ▾

It's a great first step toward protecting your money. Learn about an investment professional's background, registration status, and more.



[About Investment Professionals](#)

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[Understanding Fees](#)

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II. Noteworthy Updates from the SEC

Accredited Investor

- Effective December 2020, the SEC expanded the definition of *accredited investor*
- Accredited investors are relevant when determining who can participate in certain *exempt offerings*

Accredited Investor

- For individual investors:
 - Earned income that exceeded \$200K (or \$300K with spouse/spousal equivalent) in each of prior two years, and reasonably expects same for current year
 - Has a net worth over \$1 million, either alone or together with spouse/spousal equivalent (excluding primary residence)
 - Holds in good standing a Series 7, 65 or 82 license

Higher Limits for Exempt Offerings

- In November 2020, the SEC issued final rules to help better facilitate capital formation
- Increased offering limits for exempt offerings
- Exempt offerings provide a way for companies to raise money/sell securities without going through a very involved registration process (i.e., IPO)

Types of Exempt Offerings

- Regulation A
- Securities-based Crowdfunding
- Regulation D
 - Rule 504
 - Rule 506(b)
 - Rule 506(c)

Regulation A

- Public offering – you can see securities being offered on TV, radio, print or on the Web
- Limited disclosure requirements
- Things to consider:
 - Speculative
 - Illiquidity
- Tier 1 and Tier 2

Regulation A – Tier 1

- A company can raise up to \$20 million
- Anyone can invest in a Tier 1 offering
- Review the *offering circular*

Regulation A – Tier 2

- A company can now raise up to \$75 million (an increase from \$50 million)
- No limits for accredited investors
- Generally, non-accredited investors limited to 10% of greater of:
 - Annual income
 - Net worth (excluding primary residence)
- Company subject to periodic reporting

Securities-based Crowdfunding



Securities-based Crowdfunding

- Raising money through relatively small contributions from a large number of people
- Companies can now raise up to \$5 million in a 12-month period
- The offering will likely be undertaken through a Web-based funding portal
- Some risks: speculative and illiquid

Securities-based Crowdfunding

- Accredited investors have no limits on investing
- Non-accredited investors are subject to investment limitations based on their annual income or net worth

Regulation D

- Rule 504 – companies can now raise up to \$10 million from any investor
- Rule 506(b) – company can raise an unlimited amount from accredited investors and up to 35 non-accredited
- Rule 506(c) – company can raise an unlimited amount and *general solicitation* allowed but investors can only be accredited

Hot Topic – SPACs

- Special purpose acquisition company
- Latest iteration of what has been called in other times *blank check companies*
- Invest in the IPO of a shell company and the sponsors will use the proceeds to determine an acquisition target (i.e., a private company to turn public)
- Usual two-year window to find opportunity

Hot Topic – Old EDGAR Company Page

EDGAR Search Results

SEC Home » Search the Next-Generation EDGAR System » Company Search » Current Page

Apple Inc. CIK#: 0000320193 (see all company filings)

SIC: 3571 - ELECTRONIC COMPUTERS
 State location: CA | State of Inc.: CA | Fiscal Year End: 0925
 formerly: APPLE COMPUTER INC (filings through 2007-01-04)
 formerly: APPLE COMPUTER INC/ FA (filings through 1997-07-28)
 formerly: APPLE INC (filings through 2019-08-05)
 (Office of Technology)
 Get **insider transactions** for this issuer.

Business Address
 ONE APPLE PARK WAY
 CUPERTINO CA 95014
 (408) 996-1010

Mailing Address
 ONE APPLE PARK WAY
 CUPERTINO CA 95014

Filter Results

Filing Type: Prior to: (YYYYMMDD) Ownership? include exclude only Limit Results Per Page: 40 Entries Search Show All Search Within Files EDGAR | Full Text Search Enter keywords Search

Items 1 - 40 [RSS Feed](#) Next 40

Filings	Format	Description	Filing Date	File/Film Number
10-Q	Documents Interactive Data	Quarterly report [Sections 13 or 15(d)] Acc-no: 0000320193-21-000056 (34 Act) Size: 8 MB	2021-04-29	001-36743 21866148
8-K	Documents Interactive Data	Current report, Items 2.02 and 9.01 Acc-no: 0000320193-21-000055 (34 Act) Size: 517 KB	2021-04-28	001-36743 21864681
8-K	Documents Interactive Data	Current report, Item 5.07 Acc-no: 0001193125-21-054710 (34 Act) Size: 314 KB	2021-02-24	001-36743 21673802
PX14A6G	Documents	Notice of exempt solicitation submitted by non-management Acc-no: 0001214659-21-002046 (34 Act) Size: 5 KB	2021-02-18	001-36743 21647782
SC 13G/A	Documents	[Amend] Statement of acquisition of beneficial ownership by individuals Acc-no: 0001193125-21-044816 (34 Act) Size: 649 KB	2021-02-16	005-33632 21637837
SD	Documents	Specialized disclosure report Acc-no: 0001193125-21-036337 (34 Act) Size: 739 KB	2021-02-10	001-36743 21614325
SC 13G/A	Documents	[Amend] Statement of acquisition of beneficial ownership by individuals Acc-no: 0001104659-21-017199 (34 Act) Size: 13 KB	2021-02-10	005-33632 21609778
8-K	Documents Interactive Data	Current report, Items 8.01 and 9.01 Acc-no: 0001193125-21-032394 (34 Act) Size: 875 KB	2021-02-08	001-36743 21601830
SC 13G/A	Documents	[Amend] Statement of acquisition of beneficial ownership by individuals Acc-no: 0000834237-21-007542 (34 Act) Size: 13 KB	2021-02-05	005-33632 21593732
424B2	Documents	Prospectus [Rule 424(b)(2)] Acc-no: 0001193125-21-025910 (33 Act) Size: 405 KB	2021-02-02	333-228159 21581872
FWP	Documents	Filing under Securities Act Rules 163/433 of free writing prospectuses Acc-no: 0001193125-21-024892 (34 Act) Size: 66 KB	2021-02-02	333-228159 21578306
424B2	Documents	Prospectus [Rule 424(b)(2)] Acc-no: 0001193125-21-023836 (33 Act) Size: 388 KB	2021-02-01	333-228159 21574778
10-Q	Documents Interactive Data	Quarterly report [Sections 13 or 15(d)] Acc-no: 0000320193-21-000010 (34 Act) Size: 7 MB	2021-01-28	001-36743 21561251 001-36743

Hot Topic – New EDGAR Company Page

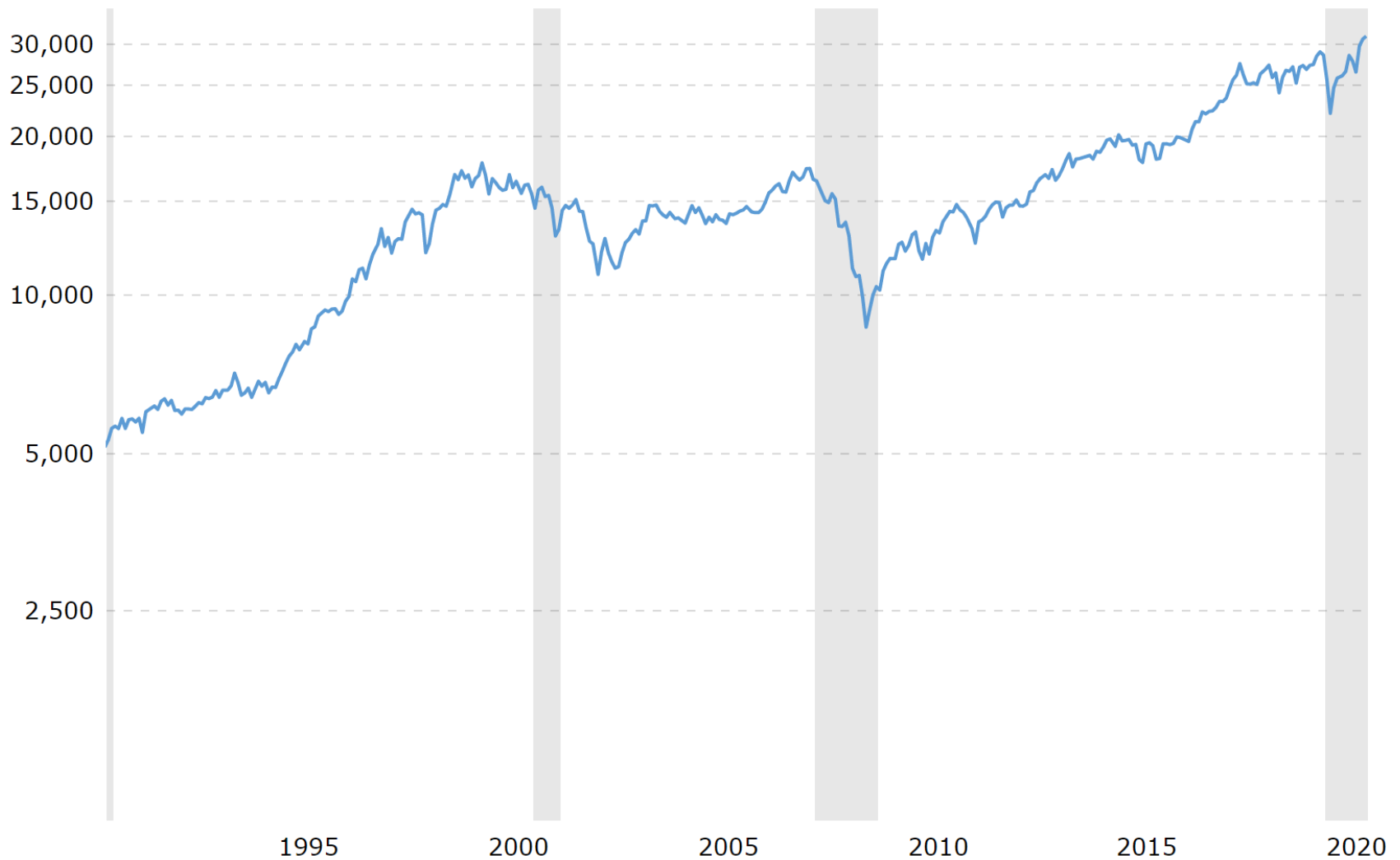
The screenshot displays the EDGAR Company Search Results page for Apple Inc. (AAPL) on Nasdaq. The page features a dark blue header with the SEC logo and navigation links. The main content area is divided into several sections:

- Company Information:** A dark blue bar with a white plus sign icon and the text "[+] Company Information".
- Latest Filings (excluding insider transactions):** A white box containing a list of filings:
 - April 29, 2021 - 10-Q: Quarterly report for quarter ending March 27, 2021 [Filing]
 - April 28, 2021 - 8-K: Current report [Filing] **Earnings release**
 - 2.02 - Results of Operations and Financial Condition
 - 9.01 - Financial Statements and Exhibits
 - February 24, 2021 - 8-K: Current report [Filing]
 - 5.07 - Submission of Matters to a Vote of Security Holders
 - February 18, 2021 - PX14A6G: Notice of exempt solicitation submitted by non-management [Filing]
 - February 16, 2021 - SC 13G/A: Statement of acquisition of beneficial ownership by individuals - amendment [Filing]A "View filings" button is located below the list.
- Selected Filings:** A dark blue bar with a white plus sign icon and the text "[+] Selected Filings". Below it are four grey buttons with white plus signs and text:
 - [+] 8-K (current reports)
 - [+] 10-K (annual reports) and 10-Q (quarterly reports)
 - [+] Proxy (annual meeting) and information statements
 - [+] Ownership disclosures
- Investor Resources:** A dark blue bar with a white plus sign icon and the text "[+] Investor Resources". Below it are two white boxes:
 - How to Use EDGAR:** Learn how to use EDGAR to research public filings by public companies, mutual funds, ETFs, some annuities, and more.
 - Before you Invest, Investor.gov:** Get answers to your investing questions from the SEC's website dedicated to retail investors.

The browser's address bar shows the URL: sec.gov/edgar/browse/?CIK=320193&owner=exclude. The Windows taskbar at the bottom shows the time as 10:45 AM on 4/29/2021.

III. Refresher on Investing

Dow Jones Over 30 Years



Why Start Early Exercise

- How long until you expect to retire?
- How much money would you like to have to have at retirement?
- Run the numbers:
 - starting today vs.
 - 10 or 20 years from now

Investor.gov Savings Goal Calculator

Savings Goal Calculator

Calculate how much money you need to contribute each month in order to arrive at a specific savings goal. You can find out if you're dealing with a registered investment professional with a free simple search on Investor.gov's homepage.

* DENOTES A REQUIRED FIELD

Step 1: Savings Goal

Savings Goal *

Desired final savings.

Step 2: Initial Investment

Initial Investment *

Amount of money you have readily available to invest.

\$1

Step 3: Growth Over Time

Years to Grow *

Length of time, in years, that you plan to save.

Step 4: Interest Rate

Estimated Interest Rate *

Your estimated annual interest rate.

7.0

Step 5: Compound It

Compound Frequency

Times per year that interest will be compounded.

Annually



CALCULATE

RESET

The earlier you start investing, the less money you need to invest to reach your goals

What's your goal by age 65?



Age 25

\$104/month

\$209/month

Age 35

\$221/month

\$441/month

Age 45

\$508/month

\$1,016/month

Age 55

\$1,508/month

\$3,016/month

* Assumes 7% rate of return

* Source: Investor.gov Savings Goal Calculator

All Investments Have...

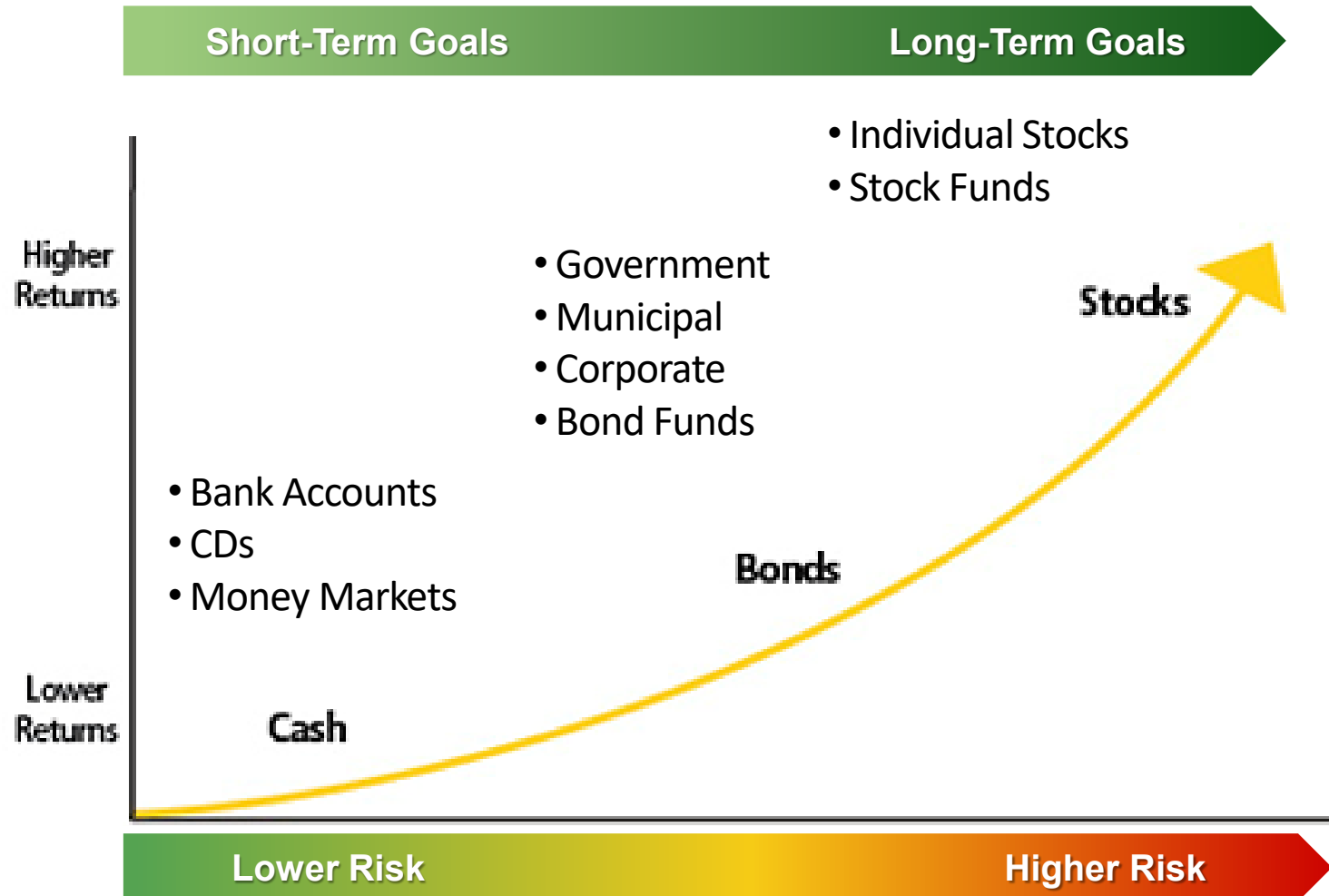


Managing Risk

Manage risk with asset allocation and diversification

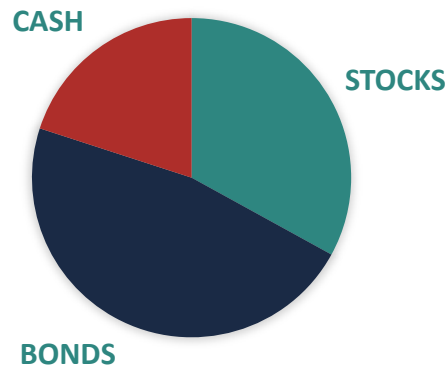


Investment Risks/Returns



What Is Asset Allocation?

Dividing an investment portfolio among different asset categories, such as stocks, bonds, and cash



Time Horizon

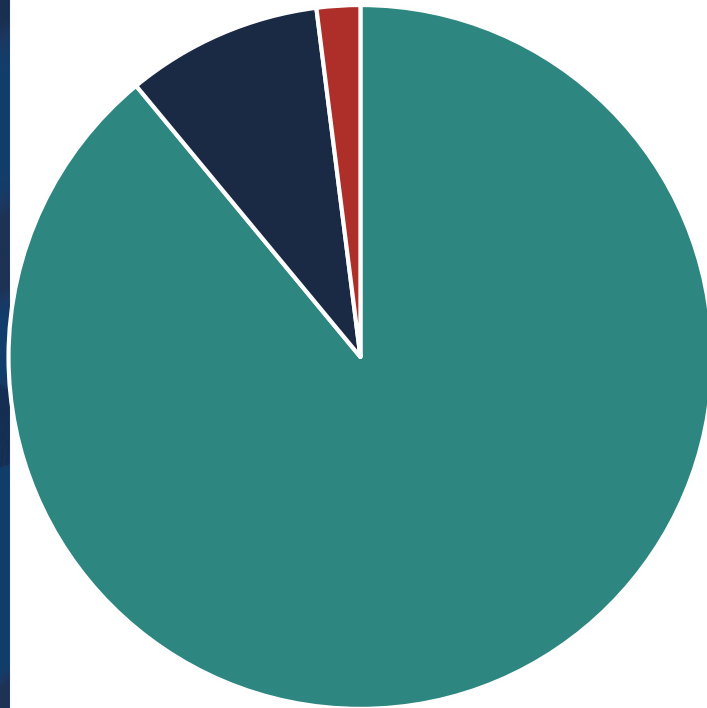
August 2055						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Risk Tolerance



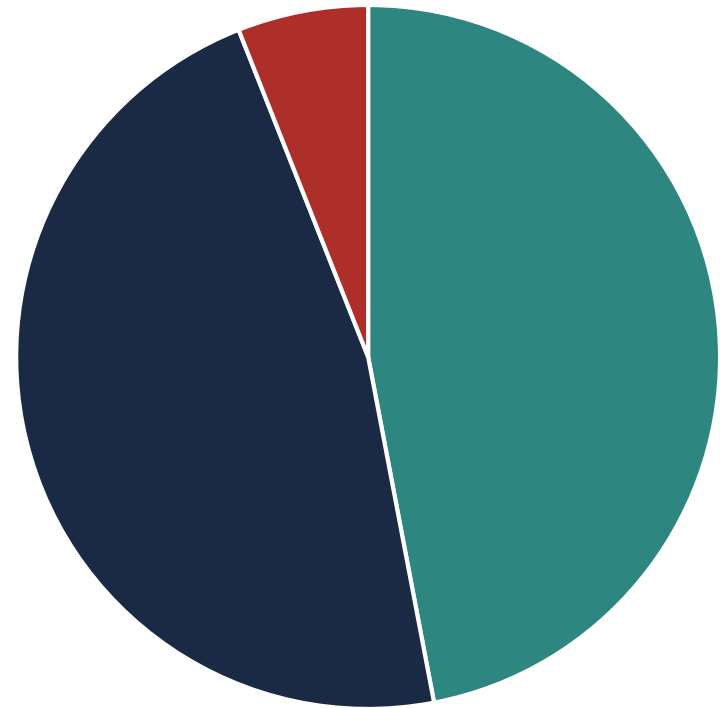
Longer-Term Goals and Shorter-Term Goals

SAMPLE 2050 ALLOCATION



Stocks Bonds Cash

SAMPLE 2025 ALLOCATION

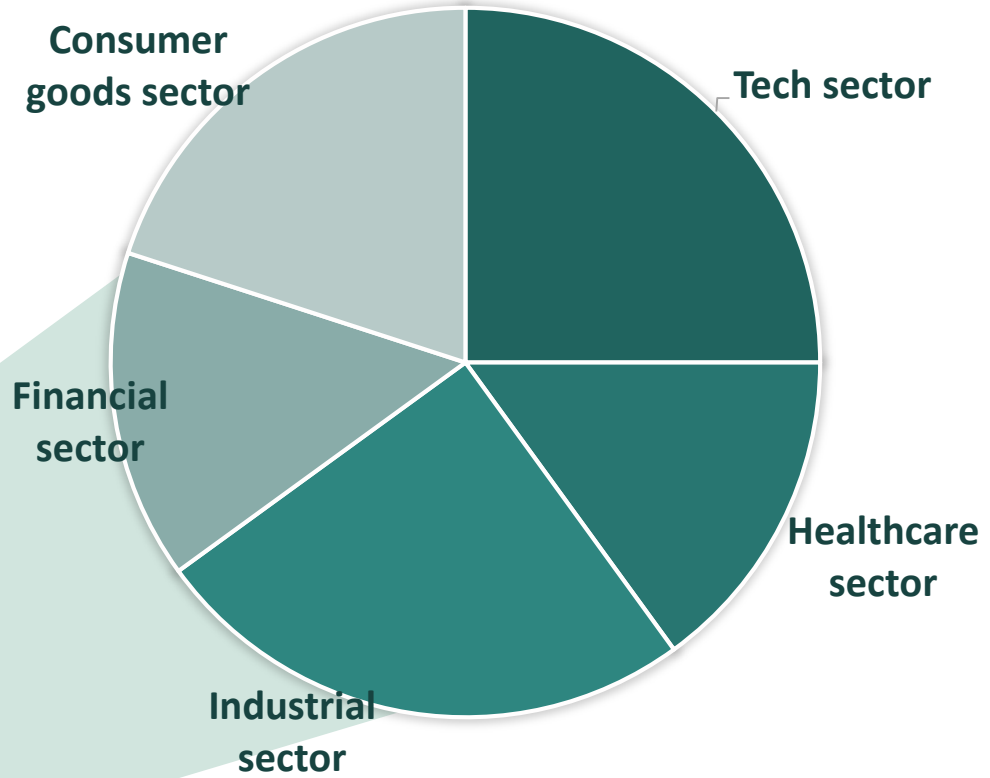
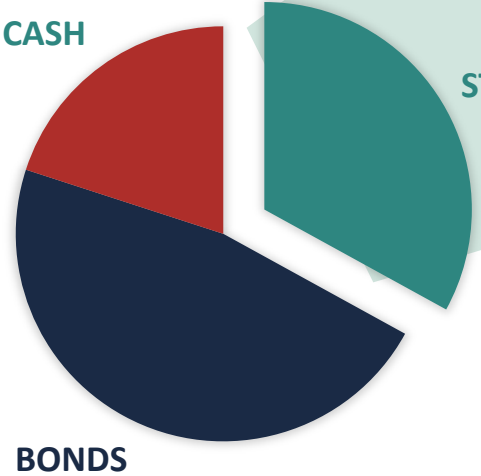


Stocks Bonds Cash

EXAMPLE OF DIVERSIFICATION

Before You Invest, [Investor.gov](https://www.investor.gov)

EXAMPLE OF ASSET ALLOCATION



Diversification



Use mouse wheel to zoom in and out. Drag zoomed map to pan it. Double-click a ticker to display detailed information in a new window. Hover mouse cursor over a ticker to see its main competitors in a stacked view with a 3-month history graph.



Tax-Advantaged Accounts

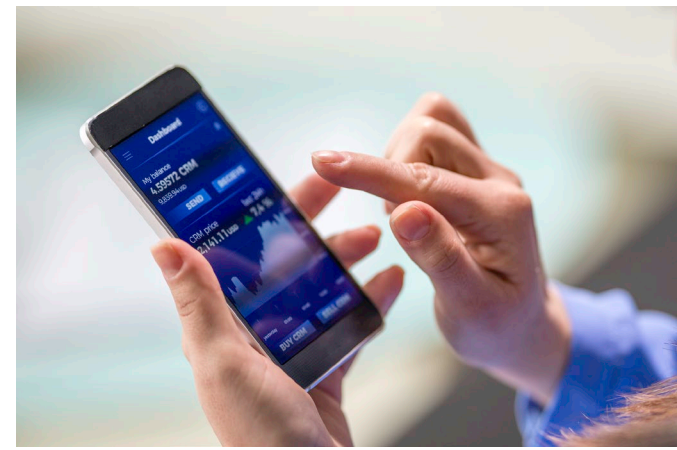
	Employer-Sponsored Plan 401(k) / 403(b) / 457(b)	Individual Retirement Account (IRA)
Maximum contribution	\$19,500 annually <i>(50+ may add \$6,500)</i>	\$6,000 annually <i>(50+ may add \$1,000)</i>
How it grows	Contributions, possible employer matches, and earnings on those contributions	Self-directed account based on contributions and earnings on those contributions
Investment options	Choice of investments, typically mutual funds	Can invest in mutual funds, individual stocks and bonds, annuities, certain real estate

Alternative Investments

- Investing outside of traditional investments; alternative investments include: cryptocurrencies, ICOs, tokens, Bitcoin, private equity/venture capital, hedge funds, commodities, and more
- Possible advantages: potential for additional portfolio diversification, hedge against inflation
- Limitations/risks: some are limited to accredited investors (high net worth/income); tend to have fewer regulations and less disclosure; liquidity (ability to sell investment) can be severely limited; can be complex and have high fees

Investing Apps

- Mobile platforms that use technology to help you save and invest at your fingertips
- Some apps allow you to buy or sell securities or get advice on investing
- Make sure your investment app is a registered investment firm – check on [Investor.gov](https://www.investor.gov).



Investing Apps

Keep in Mind That

- Fees may seem low, but find out how costs and commissions work
- Human interaction or getting help may be limited to online queries
- These apps may give new investors access to complex or high-risk products or strategies – understand before you invest
- Apps may encourage some to **over-trade** through gamification of trading and instant notifications on stock moves

Risks of Short-Term Trading Based on Social Media

- Short-term trading in a volatile market can lead to significant losses
- Margin, options or short sales may magnify these risks – you can lose more than you invested
- Keep in mind brokerage firms may be able to reject or limit your transactions
- Stock manipulation can occur on online platforms through the spread of false or misleading information

Timing the Market and Trying to Pick Winners

A Library of Congress study found that:

- Active trading generally results in underperforming the market
- Investors tend to show poor timing, follow trends, and overreact to good and bad news in the market
- Trying to pick individual stocks may leave you inadequately diversified

Studies have shown that missing the best performing days of any given time period can negatively impact your long-term returns

Consider Fees in Investing

Actively-Managed Funds



Often attempt to outperform a specific market index or benchmark

Index Funds



Attempt to track the performance of a specific market index or benchmark

FINRA Fund Analyzer

The screenshot shows the FINRA Fund Analyzer website. The background features a light blue grid with faint financial data, including a bar chart on the left and a line graph at the bottom. The main heading is "Fund Analyzer" in a large blue font, with "by FINRA" in a smaller font below it. Below the heading is the text "Analyze and compare the cost of owning funds". A search bar is positioned below this text, containing the placeholder "Search by Fund Name, Family, Ticker or Keywords" and a red "SEARCH" button. Underneath the search bar is a line of text: "By clicking SEARCH or otherwise using the Fund Analyzer, I agree to the Fund Analyzer Terms of Use." Below this are three icons with labels: a funnel for "Filtered Search", a heart for "Favorites", and a question mark for "Help". A disclaimer is centered below these icons: "Disclaimer: The future values depicted are based on the rates of return chosen by the user and are not a depiction of actual returns." At the bottom of the screenshot, the text "Why Use the Fund Analyzer" is visible.

www.finra.org/fundanalyzer

Recent Investor.gov Bulletins:

- Leveraged Investing Strategies
- Understanding Margin Accounts
- Environmental, Social and Governance Funds (ESG Funds)
- Social Isolation and the Risk of Investment Fraud
- How to Read an 8-K
- SPACs: What You Need to Know
- Publicly Traded Business Development Companies (BDCs)

IV. Investment Fraud

Financial Fraud Prevalence

**MORE THAN 8
IN 10
SOLICITED FOR
POTENTIALLY
FRAUDULENT
OFFERS**



**\$50 BILLION
PER YEAR
LOST TO
FRAUD**

Source: Financial Fraud Research Center. Scams Schemes & Swindles: A Research Review of Consumer Financial Fraud (2011).

Persuasion Tactics of Fraudsters

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Phantom Riches

Dangling the prospect of wealth, enticing you with something you want but can't have.



Source Credibility

Trying to build credibility by claiming to be with a reputable firm or to have a special credential or experience.



Social Consensus

Leading you to believe that other savvy investors have already invested.



RED FLAGS OF FRAUD

Reciprocity

Offering to do a small favor for you in return for a big favor.



Scarcity

Creating a false sense of urgency by claiming limited supply.



Pump-and-Dumps

- Involve the hyping (“pump”) of a company’s stock through false or misleading statements
- Typically involve “penny-stock” or “microcap” companies
- Pitch to buy stock quickly
- Once fraudsters “dump” their shares at the pumped-up price, the price falls and investors lose their money

Ponzi Schemes

- Scammer pays existing investors with funds from new investors
- Often promises high returns with little or no risk, or overly consistent returns
- Secretive, complex strategies
- Unregistered sellers and investments

Pyramid Schemes

- Emphasis on recruiting others to join, rather than on selling a genuine product or service
- Promises of easy money, passive income, or high returns quickly
- No demonstrated revenue from retail sales
- Complex commission/compensation structure

Investment Newsletters

- While legitimate newsletters may contain useful information, others are tools for fraud
- Fraudsters may lie about the payments they receive and their track records
- They may claim to offer unbiased recommendations when they stand to profit
- Newsletters advertised on legitimate websites may also be fraudulent

Beware of Government Impersonators

- Scammer may pose as SEC or other government employee
- SEC does not endorse investment offers, assist in purchase/sale of securities or participate in money transfers
- SEC does not make unsolicited communications seeking detailed personal and financial information

Affinity Fraud

- Affinity frauds target members of identifiable groups
- Fraudsters often are members of the group or pretend to be
- Always “Ask and Check” even if you know the person making the investment offer
- Remember: the person telling you about the investment might have been scammed



Groups Targeted



Includes:

Seniors/Retirees

Ethnic Communities

Military Personnel

Professional Athletes

Federal Employees

Religious Groups

V. Tips to Avoid Fraud

Red Flags of Fraud

- Sounds too good to be true, such as promises of high returns with little or no risk
- Pressure to buy **RIGHT NOW**
- Lack of documentation, such as:
 - No public filings
 - No statements
 - No prospectus
- Unlicensed or unregistered salesperson



**GUARANTEED
RETURNS!**

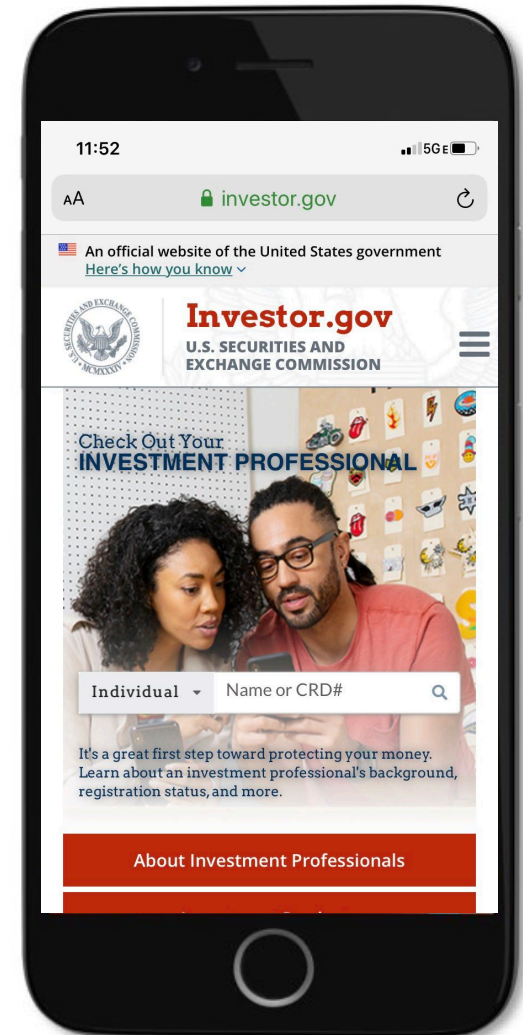


**HUGE UPSIDE,
NO RISK!**

Check Any Investment Professional

Check on **Investor.gov**:

- License/registration
- Employment history
- Important disclosures

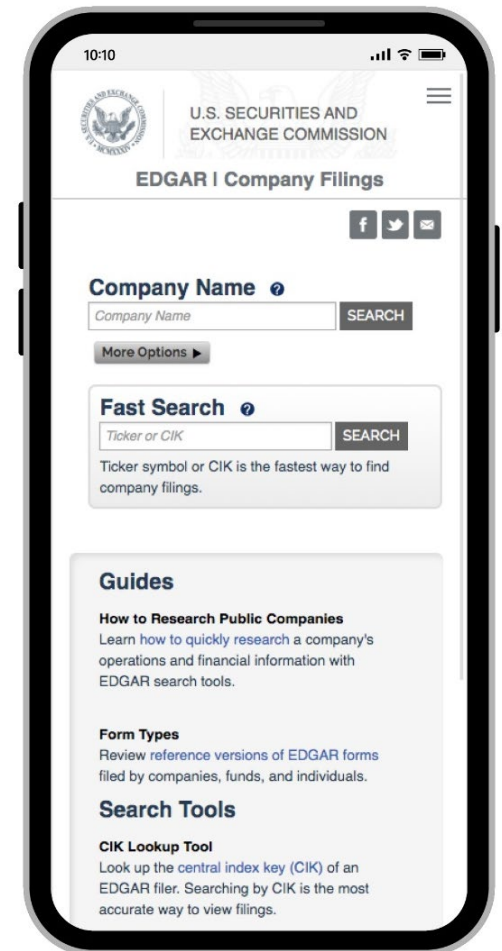


Research Any Investment Product

Check EDGAR:

Is the product registered with the SEC?

- Scams often involve unregistered companies
- EDGAR has important information about companies



Other Steps to Protect Yourself

- Verify anyone claiming to be from the government (call the agency)
- Don't pay for investments with credit cards, gift cards, or wires sent overseas
- Don't speak to unknown salespeople – and if you do, never share any personal information
- Don't pay an upfront fee in order to claim proceeds, stock, or winnings

Secure Your Online Account

Before You Invest, [Investor.gov](https://www.investor.gov)

The infographic features a dark grey header with the SEC logo in a yellow speech bubble on the left. The text 'U.S. SECURITIES AND EXCHANGE COMMISSION' is centered above a row of stars. To the right is a red circle with a black silhouette of a hacker and a red slash through it. Further right is the text 'PROTECT YOUR ONLINE ACCOUNT' in large yellow letters. The background of the header includes a faint eagle emblem. Below the header is a yellow background with three white circular icons. The first icon shows a padlock above a password field with asterisks. The second icon shows a computer monitor and a smartphone, both displaying '010101' and 'CONFIRM', with a green checkmark in a circle. The third icon shows a hand holding two keys, one red and one green, with a red padlock and a green padlock below.

SEC
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U.S. SECURITIES AND EXCHANGE COMMISSION

PROTECT YOUR ONLINE ACCOUNT

Pick a **“strong”** password,
keep it secure,
and change it regularly.

010101
CONFIRM
010101

Use two-step verification,
if available.

Use different passwords for
different online accounts
(i.e., brokerage, banking, retirement,
or other similar financial accounts).

SEC Resources



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U.S. SECURITIES AND
EXCHANGE COMMISSION

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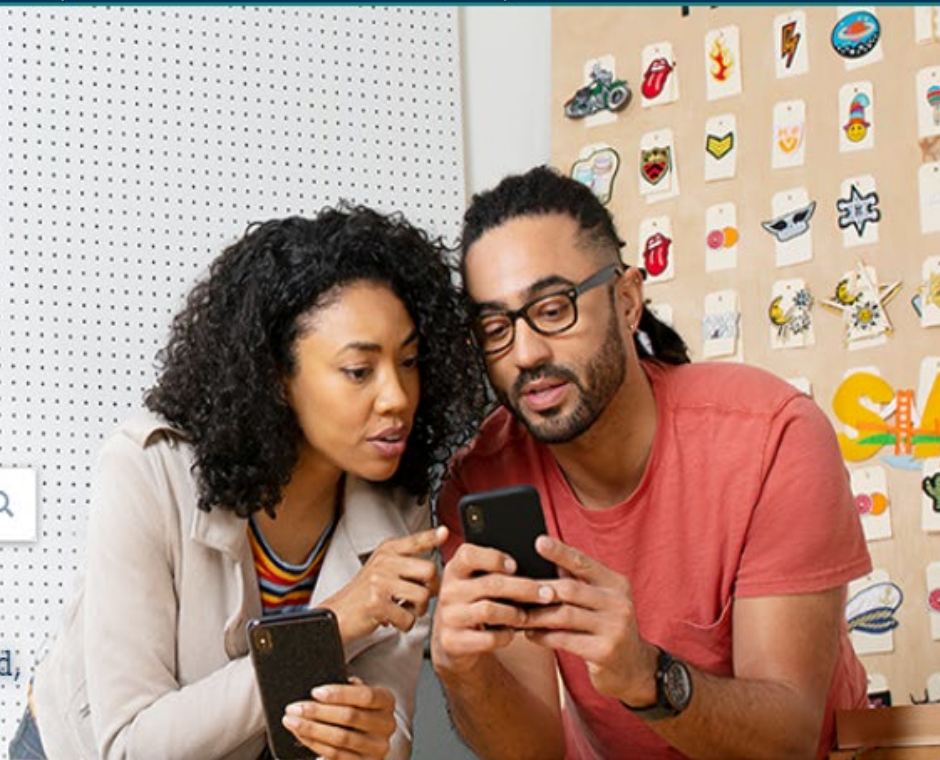
[Additional Resources](#)

Check Out Your **INVESTMENT PROFESSIONAL**

Individual ▾



It's a great first step toward protecting your money. Learn about an investment professional's background, registration status, and more.



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Investor.gov Alerts

- Frauds Targeting Main Street Investors
- Social Isolation and the Risk of Investment Fraud
- How to Use the Investor Professional Search Tool on Investor.gov
- Excessive Trading at Investors' Expense
- Investment-Related Radio Programs Used to Defraud
- Five Red Flags of Investment Fraud

Report Suspected Investment Fraud to the SEC

Use the SEC's online tip, complaint, and referral system at www.sec.gov/tcr



Let's Stay in Touch...

**Office of Investor Education and Advocacy
U.S. Securities and Exchange Commission**

Investor Assistance: 800-732-0330 | help@sec.gov



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Outreach@SEC.gov