



Executive ALERT

Updates on issues vital to the practice of investor relations

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Jumpstart Our Business Startups Act Approved

President Obama today signed into law the Jumpstart Our Business Startups (“JOBS”) Act, a set of amended SEC regulatory requirements primarily related to private and small-cap IPO companies.

The Act consists of several elements:

- (1) Creates “Emerging Growth Companies” – The Act amends the Securities Act of 1933 and the Securities Exchange Act of 1934 creating a new “Emerging Growth Company” category defined as an issuer with total annual gross revenue of less than \$1 billion before going public. Companies remain in this category until they reach \$1 billion in revenues, have been public for five years or become large accelerated filers. These companies are exempt from certain public company financial disclosure and corporate governance rules for up to five years. The Act also relaxes certain offering related restrictions concerning analyst research and communications for these companies.
- (2) Increases Regulation A Offering Threshold – The Act amends SEC Regulation A permitting offerings of up to \$50 million, an increase from \$5 million.
- (3) Raises Public Company Reporting Thresholds – Amends Section 12(g) of the Securities Exchange Act of 1934 increasing the number of shareholders that may invest in a private company from 500 to 2,000, and raising the asset threshold from \$1 million to \$10 million, before a company must begin public reporting.
- (4) Permits “Crowdfunding” – Permits private companies to raise limited amounts of capital (generally through the Internet) without Securities Act registration. Intermediaries that provide this service to companies *are* required to register with the SEC.
- (5) Removes Regulation D General Solicitation Ban – Amends Regulation D permitting advertising or general solicitation in offerings to accredited investors.
- (6) Removes Rule 144A General Solicitation Ban – Amends Rule 144A permitting advertising or general solicitation in offerings to qualified institutional buyers.

This Executive Alert only summarizes several key JOBS Act measures. NIRI recommends companies review the full text of the law and consult with securities counsel to determine the applicability of any JOBS Act element.

Resources

- JOBS Act: [http://thomas.loc.gov/cgi-bin/query/z?c112:H.R.3606:](http://thomas.loc.gov/cgi-bin/query/z?c112:H.R.3606)
- Skadden, Arps, Slate, Meagher & Flom LLP, Corporate Finance Alert: http://www.skadden.com/newsletters/Corporate_Finance_Alert_March_23_2012.pdf

About NIRI

Founded in 1969, NIRI (www.NIRI.org) is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts and other financial community constituents. NIRI is the largest professional investor relations association in the world with more than 3,500 members representing 2,000 publicly held companies and \$5.4 trillion in stock market capitalization.

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