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SEC Adopts Technical Amendments to JOBS Act Rules

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On March 31, the Securities and Exchange Commission adopted technical amendments to rules adopted by the SEC under the Jumpstart Our Business Startups Act (JOBS Act). These technical amendments include, among others, an increase in the revenue cap for determining emerging growth company (EGC) status; an increase of the amount of money companies can raise through crowdfunding; and revisions to certain rules and forms to conform to amendments made to the Securities Act of 1933 (Securities Act) and the Securities Exchange Act of 1934 (Exchange Act) by the JOBS Act.

Specifically:

- The amendments increased the annual gross revenue cap for a company to qualify as an EGC from $1 billion to $1.07 billion to adjust for inflation. The JOBS Act, enacted in April 2012, requires the SEC to index to inflation the annual gross revenue cap every five years at minimum.
- The amendments increased the amount that companies can raise through crowdfunding to adjust for inflation, as described more fully in a press release issued by the SEC on April 5 (SEC Press Release). The SEC is required to make such an inflation adjustment at least every five years, as is the case with the EGC annual gross revenue cap. SEC acting Chairman Michael Piwowar stated in the SEC Press Release that “[r]egular updates to the JOBS Act, as prescribed by Congress, ensure that the entrepreneurs and investors who benefit from crowdfunding will continue to do so . . . Under these amendments, the JOBS Act can continue to create jobs and investment opportunities for the general public.”
- The amendments revised Securities Act Forms S-1, S-3, S-4, S-8, S-11, F-1, F-3 and F-4 and the Exchange Act Forms 10, 8-K, 10-Q, 10-K, 20-F and 40-F. As a result of the amendments, for example, the cover pages of Securities Act registration statements and Exchange Act reports now include a “check the box” item to indicate if the company filing the report is an EGC. Further, EGCs filing reports may check an additional box indicating “if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.”

These amendments will become effective when they are published in the *Federal Register*, which is expected to occur in the next few days.

The technical amendments are available here.

The SEC Press Release is available here.

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