

Regulation A+: The SEC Approves Long-Awaited Alternatives for Capital Raising

June 19, 2015 Bruce Newsome, Brent Beckert

PRACTICES Capital Markets and Securities, Emerging Companies and Venture Capital, Corporate, Private Equity

Recently adopted regulations from the Securities and Exchange Commission (the “**SEC**”) came into effect on June 19, 2015, facilitating qualifying companies’ access to capital and providing investors with additional investment choices. Commonly referred to as Regulation A+, the regulations amend and expand the exemption for smaller public offerings under Regulation A (Rules 251 to 263 under the Securities Act of 1933, as amended (the “**Securities Act**”). Depending on the size and particular goals of the company, Regulation A+ may offer issuers with an attractive and more cost-effective method to raise capital. A link to the rule may be [found here](#).

Background

Since 1992, companies have been able to rely on Regulation A for small public offerings under \$5 million during a 12-month period. Regulation A issuers were exempt from the registration requirements of Section 5 of the Securities Act, and securities sold in these offerings were generally freely transferable. However, the relatively low offering limits, a myriad of state securities laws that applied to these offerings and high transactional costs discouraged issuers from relying on the exemption. In an effort to bolster the effectiveness of Regulation A and incentivize investments in small businesses, Congress passed the Jumpstart Our Business Startups Act (the “**JOBS Act**”) in April 2012. Title IV of the JOBS Act directed the SEC to create a new exemption for public offerings whereby up to \$50 million of qualifying securities could be offered by an issuer in a 12-month period.

To read the full alert, click on the PDF linked below.

[Regulation-A-Plus.pdf](#)

If you are considering raising capital under Regulation A+ or have any questions about this topic, please contact any of the following lawyers:

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