

Greg Kramer in Law360: SEC's Plan to Spur IPOs a Boost But Not a Game Changer

February 21, 2019 Greg Kramer

PRACTICES Capital Markets and Securities, Corporate

Haynes Boone Partner [Greg Kramer](#) talked with *Law360* about the U.S. Securities and Exchange Commission's (SEC's) proposal to allow more companies to communicate with institutional investors before an initial public offering.

Kramer and other lawyers said the proposal will not significantly increase IPOs, but it will make the process of going and remaining public easier.

Here is an excerpt:

The SEC on Tuesday proposed to allow all companies regardless of size to “test the waters” before an IPO, meaning an issuer could discuss a potential offering with select large investors to get a better a sense of demand for a stock sale before fully committing to an IPO.

Various communications restrictions enacted in the 1930s currently limit what large companies can say about a prospective IPO apart from a publicly filed registration statement. The Jumpstart Our Business Startups Act of 2012 loosened some of these restrictions for “emerging growth companies” — a category of issuers with annual revenue of \$1.07 billion or less — in an effort to encourage more businesses to explore an IPO without fear of legal penalty.

Expanding this benefit to bigger companies, including many large technology companies known as “unicorns” that are considering an IPO, could marginally spur such offerings, attorneys said.

“It’s definitely an improvement in the regulatory scheme for IPOs,” Haynes Boone Partner Greg Kramer said. “But it’s probably unlikely to be a game changer. I don’t think that this, by itself, will change a company’s decision whether or not to remain private.”

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