

JOBS Act Exemption from Executive Compensation Reporting Requirements

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The JOBS Act, which was signed into law on April 5th, exempts an “emerging growth company” from certain executive compensation reporting requirements. An “emerging growth company” is an issuer with total annual gross revenues of less than \$1 billion until (1) the company has total annual gross revenues of \$1 billion or more (subject to indexing), (2) the fifth anniversary of the first sale of common equity securities pursuant to a registration statement, (3) the company has issued more than \$1 billion in non-convertible debt within a 3-year period, or (4) when the company is deemed to be a “large accelerated filer.” However, a company that first sold common equity securities pursuant to a registration statement on or before December 8, 2011, cannot be an emerging growth company. An emerging growth company is exempt from rules requiring shareholder advisory votes on executive compensation and golden parachute payments. Such a company also will be exempt from disclosure requirements regarding (i) the relationship between executive compensation paid and the financial performance of the company, and (ii) the ratio between CEO compensation and median employee compensation, once such rules have been implemented. In addition, an emerging growth company can elect to apply the reduced disclosures that are allowed for small reporting companies. The SEC is also required to review Regulation S-K to determine which requirements can be simplified for emerging growth companies. Text of the JOBS Act can be found [here](#).