

## EGC revenue cap raised to \$1.235 billion

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The higher dollar threshold for EGCs reflects inflation adjustments required under the JOBS Act.

Last week, the SEC [revised](#) the annual gross revenue cap for a company to qualify as an “emerging growth company” (EGC) from \$1,070,000,000 to \$1,235,000,000. The upward revision reflects the requirement under the JOBS Act that the SEC must index to inflation the annual gross revenue amount used to determine EGC status every five years.

The higher threshold will allow more companies to take advantage of EGC status. For up to five years, an EGC can take advantage of JOBS Act accommodations including submission of two (rather than three) years of audited financial statements in an IPO registration statement, exemption from Sarbanes-Oxley Act requirements for auditor attestation of internal control over financial reporting, and reduced disclosure of compensation-related information for executive officers.

The new threshold will become effective when it is published in the Federal Register.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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