

SEC Revisits Equity Compensation Offerings by Amending Rule 701 and Seeking Comment on Further Changes to Rule 701 and Form S-8

July 23, 2018 | Client Update

On July 18, 2018, the Securities and Exchange Commission (SEC) voted unanimously both to issue a final rule and to solicit public comment relating to the federal securities rules that govern the issuance of employer stock pursuant to compensation arrangements. First, the SEC amended Rule 701 under the Securities Act of 1933 to increase the dollar threshold from \$5 million to \$10 million for sales of securities which require issuers to deliver additional disclosure to service providers. Second, the SEC is soliciting public comment through a related concept release on possible ways to modernize Rule 701 and the Securities Act's Form S-8 registration statement in light of developments in compensatory offerings and labor markets, particularly the proliferation of the so-called "gig economy."

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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