

SEC Proposes Amendments to Exchange Act Rules Governing Registration Requirements

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On December 17, 2014, the SEC proposed [rule amendments](#) intended to make it easier for private companies to raise capital, by relaxing existing requirements that would otherwise force them to enter the public-company reporting system before an IPO. The proposals are the latest in the SEC's efforts to respond to the JOBS Act of 2012, which [significantly loosened](#) regulatory obligations imposed on pre-IPO companies and companies entering the IPO process.

The proposed amendments would provide companies with the flexibility to stay private for a longer period of time and develop a larger shareholder base before conducting an IPO. The proposals would also permit companies enhanced flexibility to offer equity compensation without triggering public-company reporting requirements. As equity-based compensation is a popular practice for pre-IPO companies, the proposed amendments will be welcome.

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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