

Senate Passes Legislation To Raise the 500 Shareholder Threshold for SEC Registration and To Relax General Solicitation Prohibition in Reg D Offerings

March 23, 2012 | Client Update

Yesterday, by a vote of 73 to 26, the U.S. Senate passed the Jumpstart Our Business Startups Act, which was approved by the U.S. House of Representatives on March 8, 2012, but voted to amend the so-called “crowdfunding” section of the House-passed bill (as amended, the “JOBS Act”). Because of the crowdfunding amendment, the JOBS Act will now return to the House (a House vote is expected early next week) and ultimately, once the House and Senate reach agreement on a single version, will need to be signed into law by President Obama. If enacted, the JOBS Act would, among other things, (i) raise the equity holder threshold in Section 12(g) of the Securities Exchange Act of 1934 (the “Exchange Act”) that triggers public company reporting and (ii) relax the general solicitation and general advertising prohibition for offerings made pursuant to Rule 506 of Regulation D of the Securities Act of 1933 (the “Securities Act”). These amendments, both of which address issues that have been the focus of recent congressional and regulatory attention, would introduce significant and beneficial changes to the regulations governing the offering processes for private funds.

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.

John G. Crowley

+1 212 450 4550
john.crowley@davispolk.com

Nora M. Jordan

+1 212 450 4684
nora.jordan@davispolk.com

Leor Landa

+1 212 450 6160
leor.landa@davispolk.com

Gregory S. Rowland

+1 212 450 4930
gregory.rowland@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.

Related materials

[Read the full update](#)