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JOBS Act Becomes Law: Reduced Compensation Disclosure for Many IPO Companies and Exchange Act Relief for Private Companies with Significant Equity Compensation

April 5, 2012 | Client Update

Today President Obama signed the Jumpstart Our Business Startups Act (the “JOBS Act”), which was passed by the House of Representatives on March 27, 2012 in the same form passed by the Senate on March 22, 2012. Our March 26, 2012 client memorandum addressed the general capital markets implications of the JOBS Act. This memorandum focuses on those provisions of the JOBS Act that impact compensation, specifically:

- reduced executive compensation disclosure obligations for “emerging growth companies” (“EGCs,” or companies with less than $1 billion in total annual gross revenues in the most recently completed fiscal year) that completed an IPO after December 8, 2011 or would like to IPO; and
- increased flexibility for issuance of equity compensation by private companies, without triggering public company reporting requirements.

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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