

SEC Issues Proposal to Eliminate General Solicitation Ban as Mandated by the JOBS Act

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On August 29, 2012, the Securities and Exchange Commission (“SEC”) issued a proposal to permit widespread advertising and other forms of “general solicitation” in private offerings made in reliance on Rule 506 of Regulation D or Rule 144A of the Securities Act of 1933, so long as the purchasers in the offering are accredited investors (“AIs”) (in Rule 506 offerings) or qualified institutional buyers (“QIBs”) (in Rule 144A offerings). The proposal is mandated by Section 201(a) of the Jumpstart Our Business Startups Act (the “JOBS Act”) but, unlike other portions of the JOBS Act, the proposal would apply to all issuers, not just emerging growth companies.

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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