

SEC Proposes Amendments and Temporary Rules to Modernize Rule 701 and Form S-8 and Allow for “Platform Worker” Participation

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On November 24, 2020, the SEC released proposed amendments and proposed temporary rules relating to the federal securities laws that govern the issuance of equity securities to service providers pursuant to compensatory arrangements.

First, the SEC proposed amendments to modernize the framework for securities offerings and sales to workers under Rule 701 of the Securities Act of 1933 and registration statements on Form S-8.

Second, the SEC proposed temporary rules to facilitate limited participation by certain gig workers—“platform workers” who provide services through the company’s internet-based marketplace platform or through another widespread, technology-based marketplace platform or system—in compensatory offerings under Rule 701 and Form S-8.

This memo provides:

- An overview of Rule 701 and Form S-8;
- A summary of the proposed amendments to modernize Rule 701 and Form S-8 and of the proposed temporary rules for platform workers;
- A series of Q&As relating to key topics addressed by the two proposals; and
- A complete list of the SEC’s requests for additional comments on each proposal.

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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