

IT'S RAINING "JOBS"—PRESIDENT SIGNS THE "JOBS" ACT INTO LAW

April 5, 2012

To Our Clients and Friends:

Calls for reform of the capital formation process were answered today when the President signed the Jumpstart Our Business Startups Act (the "JOBS" Act) into law. As we have previously reported to you, the Act will:

- Ease access to the public capital markets for a newly created category of "emerging growth companies."
- Eliminate the prohibition against "general solicitation or general advertising" in certain unregistered offerings of securities.
- Relax the trigger for public company reporting requirements and regulation by increasing the shareholder of record threshold from 500 to 2,000 (or 500 non-accredited shareholders).
- Facilitate capital formation by start-up companies through "crowdfunding."
- Create a new class of exempt securities for small issuances up to \$50 million.

Many provisions of the Act expressly require or permit the SEC to engage in rulemaking to carry out specified changes in law (*e.g.*, SEC rulemaking is required to effect the elimination of the ban on general solicitation or advertising). However, other provisions of the Act raise a number of significant questions that will affect the Act's ultimate impact and do not delegate rulemaking authority to the SEC. Time will tell whether and to what extent the SEC addresses these questions. We will update you on SEC rulemaking under the Act and provide you with our analysis of outstanding unresolved questions created by the Act and other related developments.

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See our full client update on enactment of the JOBS Act, which includes background on the Act and a summary of key provisions, on our [website](#). Please do not hesitate to call us with any questions on the JOBS Act.

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