



CROWDESQ.COM

JOBS ACT CLIENT ALERT

On Friday, August 17, 2012, the Securities and Exchange Commission announced further delays in adopting the new regulations to Rule 506 of Regulation D mandated by the Jumpstart Our Business Startups Act of 2012. Section 201(a) of the Act requires the SEC to adopt new regulations that would eliminate the current prohibition against general solicitation and general advertising of private securities offerings conducted pursuant to Rule 506 of Regulation D under the Securities Act of 1933. The purpose of this provision is to facilitate capital formation for small business.

The Act required the SEC to implement such rules and regulation by July 4, 2012. However, on June 28th, 2012 Chairman Schapiro stated before a U.S. House oversight panel that the July 4th deadline provided by Congress was “not feasible.” The additional comment period recently announced will result in further delays. The SEC has been accepting public comments on the various provisions of the Act since its enactments.

In a letter to Chairman Schapiro, Rep. Patrick McHenry (R.,N.C.), chairman of a House oversight subcommittee, noted that “[b]y kicking the can down the road, you are abdicating your responsibility to follow the law, failing to fulfill your sworn commitment to this subcommittee, and ignoring the will of Congress and the president.” However, Jack E. Herstein, President of the North American Securities Administrators Association, urged the SEC to “resist the pressure to act hastily, especially where ill-considered changes could have such devastating impacts on investors.”

The SEC has scheduled an open meeting to consider the general solicitation rules for Wednesday, August 22, 2012 at 10:00 a.m. The meeting will be held in the Auditorium, Room L-002 at the SEC’s headquarters in Washington, D.C.

The Corporate & Securities Group of Ellenoff Grossman & Schole LLP is closely following the developments and advising industry members, issuers and service providers across the country on the various provisions of the Act. We encourage you to take advantage of the rulemaking period and get ready to conduct business once the final rules are implemented. To learn more about the new reforms under the JOBS Act, we invite you to join our Resource Center (www.crowdESQ.com) or contact our members.

Douglas S. Ellenoff, Esq.
Ellenoff Grossman & Schole LLP
150 East 42nd Street, 11th Floor
New York, NY 10017
Phone: (212) 370-1300
Email: Ellenoff@egsllp.com
www.crowdesq.com