

Alerts & Publications

JOBS Act Approved by the US Congress

March 28, 2012



The US Senate version of the “Jumpstart Our Business Startups Act” (the “**JOBS Act**”) was approved by the US House of Representatives on March 27, 2012, and President Obama is expected to sign the legislation into law in the near future. The JOBS Act will significantly reduce the regulatory requirements for public and private securities offerings in the United States. Further, for many issuers with annual revenues of less than \$1 billion the JOBS Act will reduce the burden of on-going reporting in the United States.

The JOBS Act has the potential to:

- Increase the number of initial public offerings from so-called emerging growth companies, including by phasing in reporting requirements for these companies and by enabling both foreign and domestic companies to file confidentially without the potential adverse competitive considerations that can result if a publicly filed initial public offering is either withdrawn or delayed;
- Transform the way private companies raise money from angel investors, venture capitalists and others, by expanding private offering exemptions and capital-raising options;
- Re-orient the role of research analysts of investment banks in initial public offerings and increase the amount of information available about emerging growth companies, by rolling back some of the restrictions on the involvement of research analysts in initial public offerings; and
- Provide private companies with extra flexibility to grow privately, by increasing the thresholds that trigger the requirement to register as a reporting company under the Securities Exchange Act of 1934.

The JOBS Act draws no distinction between US and non-US issuers, other than with respect to the crowdfunding provisions; however, the Securities and Exchange Commission rules to implement certain parts of the JOBS Act may include such a distinction. We set forth below key highlights of the JOBS Act, followed by a more detailed discussion of the individual provisions.

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