



Centri's Focus On: **SEC April 2017**

Rule and Form Amendments Applicable To Emerging Growth Companies

Recently, the SEC adopted technical amendments to several rules and forms to reflect securities law amendments included in the JOBS Act of 2012. Title I of the JOBS Act created the "emerging growth company" filer status, which permits reduced disclosures in an IPO registration statement and provides a temporary exemption from certain financial reporting and governance requirements thereafter. As Title I of the JOBS Act was self-executing, SEC rulemaking was not required for emerging growth companies to take advantage of the relief provided by Title I. However, the SEC's rules and forms did not reflect the Title I provisions until the technical amendments made last week. These amendments also modify the cover page of various periodic and transactional reports to include two check boxes – the first to indicate whether the issuer is an emerging growth company and the second to indicate whether the issuer has elected not to use the extended transition period for complying with any new or revised accounting standards.

In addition to the form and rule amendments, the SEC also adopted new rules to include an inflation-adjusted threshold in the definition of an emerging growth company. The JOBS Act requires the Commission to index to inflation the annual gross revenue amount to determine emerging growth company status every five years. Accordingly, the emerging growth company revenue threshold was increased from \$1,000,000,000 to \$1,070,000,000. Similar inflation adjustments were made to the offering and investment limits in the crowdfunding rules as well (e.g., the maximum amount an issuer can sell under Regulation Crowdfunding in a year increased from \$1,000,000 to \$1,070,000).

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