

## President Signs Jumpstart Our Business Startups Act; SEC to Make Rules to Implement

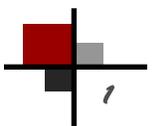
On April 5 the President signed the Jumpstart Our Business Startups Act [P.L. 112-106]. That act is intended to reduce the cost of capital for small businesses by easing regulations associated with both public offerings and private placements.

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- The SEC is directed to amend Rule 506 of Regulation D relating to private placements of securities to allow for general solicitation or general advertising of a prospective placement as long as all purchasers are accredited investors.
- The SEC is also directed to amend Rule 144 to allow offers to non-qualified institutional buyers as long as the securities are ultimately sold only to qualified institutional buyers.
- A new exemption from registration is created for “crowdfunding:” Where small individual investments are aggregated together not to exceed \$1 million in any twelve month period.
- The amount of registered securities offered under Regulation A is increased from \$5 million to \$50 million in any 12 month period.
- A new category of business, the Emerging Growth Company, is established. Such companies can, in initial public offerings and for five years thereafter as a public company, “test the waters” of interest in investment without being subject to the existing “gun jumping” regulations. Such a company can also submit its registration statement for SEC comments on a confidential basis, and is required to submit only two years of audited financial statements as opposed to the three years currently required.
- The SEC reporting requirement is changed from businesses having assets in excess of \$10 million and 500 shareholders to businesses having assets in excess of \$10 million and securities held by 2,000 shareholders (or 500 who are not accredited investors).

The majority of rules implementing the new law are to be implemented within 90 days (270 days for crowdfunding) and the SEC is actively seeking comments from interested and affected parties.



## Minnesota Small Business Assistance Office Publishes New Guide on Technology Transactions

DEED's Small Business Assistance Office, in collaboration with the law firm of Gray Plant Mooty, has published "A Legal Guide to Technology Transactions." Intended to be a primer on identifying and minimizing the risks of contracting for information and systems technology, the Guide is written for businesses that are in the process of buying systems to run their financials, supply chain management, inventory control, human resources, or other critical business functions.

This free publication is available in hard copy or on CD-ROM from the Small Business Assistance Office. Telephone 651-259-7476 | (800) 310-8323 or email [deed.mnsbao@state.mn.us](mailto:deed.mnsbao@state.mn.us).

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