

# JOBS ACT

## SMALL COMPANY CAPITAL FORMATION

Summary comparing the existing requirements of Regulation A and of the new Section 3(b)(2) exemption. For a full list of requirements, please refer to the full text of Regulation A and Section 401 of the JOBS Act.

Subject	Regulation A	New Section 3(b)(2) Exemption
<b>Limit on Amount of Securities Sold</b>	Up to <b>\$5 million</b> of issuer's securities in the prior 12-month period	Up to <b>\$50 million</b> of issuer's securities in the prior 12-month period; SEC must consider raising limit every 2 years
<b>Qualification Requirements for Use</b>	<ul style="list-style-type: none"> <li>Not currently subject to Section 13 or 15(d) of the Exchange Act</li> <li>Not a development stage company</li> <li>Not an investment company under the Investment Company Act of 1940</li> <li>Not disqualified under "bad boy" provisions (Securities Act Rule 262)</li> </ul>	<ul style="list-style-type: none"> <li>SEC rulemaking to determine what qualifications to be required of companies using new 3(b)(2) exemption</li> <li>Not disqualified under "bad boy" provisions (Section 926 of the Dodd-Frank Act)</li> </ul>
<b>Solicitation of Interest before Filing (Testing the waters)</b>	After first submitting a written document or broadcast script to the SEC, companies may communicate with prospective purchasers to "test the waters" and determine if there is adequate interest in an offering before filing an offering statement with the SEC	Companies may solicit interest in an offering prior to filing any offering statement, but terms of such communications to be determined by SEC rulemaking
<b>Offering Statement</b>	No sale may be made until qualification of the offering statement on Form 1-A  Offering statement submitted by hard-copy to SEC	SEC rulemaking to determine requirements of offering statement, if any  Offering statement submitted by electronic filing, likely available to the public via EDGAR
<b>Financial Statements</b>	Audited financial statements not required, but if company's financial statements were audited, it must include those audited financial statements in its Form 1-A filing	SEC rulemaking to confirm if audited financial statements are required to be included in offering statement  After sale of securities, companies must file audited financial statements with SEC on an annual basis
<b>Blue Sky Preemption</b>	Did not explicitly preempt states from imposing registration, notice filing, filing fees or other requirements	Securities treated as "covered securities" exempt from blue-sky regulation if (a) listed on a national securities exchange or (b) sold to a qualified purchaser
<b>Period Reporting Obligations</b>	Issuer is not required to register under the Exchange Act and does not become subject to reporting requirements under Sections 13 or 15(d) of the Exchange Act	Audited financial statements must be filed with the SEC on an annual basis.  The SEC, through rulemaking, may impose periodic reporting requirements, including information regarding a company's business operations, financial condition, corporate governance principles, use of investor funds and other appropriate matters

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