



## ALERTS

### SEC Adopts New Rules Expanding Use Of Regulation A+

December 31, 2018 | [Indianapolis](#)

On Dec. 19, 2018, the Securities and Exchange Commission (SEC) adopted final rules allowing public reporting companies to use what is commonly known as the “Regulation A+” exemption for securities offerings of \$50 million over a 12-month period. Regulation A provides an exemption from the registration requirements of the Securities Act of 1933 for offers and sales of securities up to \$20 million for Tier 1 offerings, or up to \$50 million for Tier 2 offerings. Prior to the adoption of the recent rule amendments, Regulation A was not available to companies subject to the ongoing reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (Exchange Act).

The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 (Economic Growth Act) required the SEC to revise Regulation A to allow public reporting companies to use the Regulation A+ exemption. In this regard, the final rules amend Securities Act Rule 251 to permit companies subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act to use Regulation A+. In addition, under Rule 257(b), an issuer that has filed an offering statement for a Tier 2 offering that has been qualified pursuant to Regulation A+ must file specified periodic and current reports with the SEC. The Economic Growth Act required that the SEC amend Rule 257, with respect to Tier 2 offerings, to deem a reporting company issuer as having met the periodic and current reporting requirements of Rule 257 if such issuer meets the reporting requirements of Section 13 of the Exchange Act. The final rules also implement these directives.

The adoption of the final rules comes after a public comment period that began after President Trump signed the Economic Growth Act on May 24,

## RELATED PEOPLE



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2018. The final rules give public companies another mechanism to raise capital, in addition to registered offerings and private placements, which have been available to public companies for decades. The expansion of the availability of Regulation A+ provides public companies with expanded flexibility to meet their capital raising needs.

The final rules will take effect upon publication in the Federal Register, which is expected to occur in early to mid-January 2019.

To obtain more information regarding this alert, contact the Barnes & Thornburg attorney with whom you work or [David P. Hooper](#), chairman of the [Securities and Capital Markets Practice Group](#), at (317) 231-7333 or [dhooper@btlaw.com](mailto:dhooper@btlaw.com).

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