

Audit Alert: SEC adopts Regulation Crowdfunding

On October 30, the SEC adopted the [Final Rule, Crowdfunding](#), mandated by Title III of the JOBS Act (Jumpstart our Business Startups Act), to allow smaller companies to raise a maximum of \$1 million through crowdfunding offerings in a 12-month period and to exempt those companies from registration requirements under the Securities Act of 1933 and the Securities Exchange Act of 1934 (Exchange Act). The Final Rule also limits investments made by individuals in crowdfunding offerings.

Companies that conduct a crowdfunding offering are required to file and disclose certain information to the SEC and their regulated intermediary (either a broker-dealer or a funding portal). That information includes, among other things, financial statements either reviewed by an independent accountant or audited by an independent auditor, depending on the amount offered. Reviewed financial statements will be permitted for first-time filers under the Final Rule, unless audited financial statements are available.

The exemptions under the Final Rule are not available to certain companies, including non-U.S. companies, companies already subject to Exchange Act reporting, certain investment companies, companies that are considered disqualified under Regulation Crowdfunding or that have not complied with the annual reporting requirements during the most recent two years, or companies with no business plan or current operations.

The Final Rule will become effective 180 days after publication in the *Federal Register*.



With the adoption of this Final Rule, the Commission has completed all major rulemaking mandated by the JOBS Act.

Source: Grant Thornton, *On The Horizon*, November 5, 2015

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