The IPO Issue Process: Before and After the JOBS Act

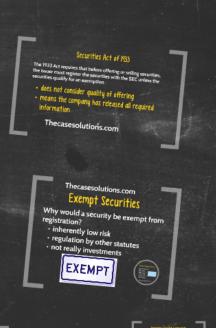














The IPO Issue Process: Before and After the JOBS Act



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Thecasesolutions.com **Exempt Securities**











Overview

- Introduction to Securities
- Securities Act of 1933
- Securities Exchange Act of 1934
- Blue Sky Laws

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Introduction to Securities

The SEC is the Securities Exchange Commission

- Federal agency to enforce security laws
- Cannot bring criminal action
 - Refers criminal action to the Justice Department

What is a Security?

- transaction when buyer invests in a common enterprise
- buyer expects to earn profit primarily by the efforts of others

Thecasesolutions.com Examples of Securities Stocks

- Stocks
 Bonds
- · More obscure text book examples
 - agricultural investment
 investment in an athlete



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Securities Act of 1933

The 1933 Act requires that before offering or selling securities, the issuer must register the securities with the SEC unless the securities qualify for an exemption

- does not consider quality of offering
- means the company has released all required information

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Exempt Securities

Why would a security be exempt from registration?

- inherently low risk
- regulation by other statutes
- not really investments



Examples of Exempt Securities Government Securities (federal or state) Bank Securities Shiort-term notes (within 9 months) Nonprofit issues Insurance policies and annuity contracts (other regulations) Thecasesolutions.com

Examples of Exempt Securities

- Government Securities (federal or state)
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- Nonprofit issues
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Exempt Transactions

Section 4(2) of the 1933 Act exempts from registration "transactions by an issuer not involving any public offering." (Private offering)

 Exempt securities stay exempt throughout their life but exempt transactions do necessarily stay exempt for subsequent sales.

Intrastate Offering Exemption

 Under SEC Rule 147, an issuer is not required to register securities that are offered and sold only to residents of the state in which the issuer is incorporated and does business.