WHITE PAPERS

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New Regulation A+ Rules Provide Access to Capital Markets and Alternative IPO Route to Smaller Issuers

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Tier 1 of the new Regulation A+ provides smaller issuers with the ability to raise up to $20 million through sales to an unlimited number of accredited and non-accredited investors, with no limits on the amount that non-accredited investors may invest. With no requirement to file audited financial statements or ongoing periodic reports, Tier 1 can be an efficient alternative to Regulation D for many issuers.

Tier 2 of the new Regulation A+ allows issuers with a need to raise larger amounts of capital to access the capital markets without being subject to all of the costs of conducting an IPO and the associated ongoing Exchange Act reporting obligations. Like Tier 1 offerings, Tier 2 issuers may offer and sell securities to an unlimited number of accredited and non-accredited investors; however, non-accredited investors in Tier 2 offerings may only invest 10 percent of the greater of their annual income or net worth. While Tier 2 issuers are required to have their financial statements audited and must file some ongoing periodic reports, the Regulation A+ disclosure requirements do not rise to the level of Exchange Act reporting.

Tier 2 issuers also have the ability to voluntarily list their securities for trading on a national securities exchange, but thereafter, the issuer would be subject to the Exchange Act's more detailed reporting requirements.

Read the full **white paper** for more information.

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