

SEC VOTES TO ADOPT THREE RULES TO IMPROVE REGULATION OF SMALLER BUSINESSES

November 16, 2007

On November 15, 2007, the Securities and Exchange Commission (SEC) voted to adopt three measures to modernize and improve its capital-raising, reporting, and disclosure requirements for smaller companies. These measures address some of the key recommendations made by the SEC's Advisory Committee on Smaller Public Companies in its final report.

The final rules:

- Make scaled disclosure regulations available to an additional 1,500 smaller companies;
- Shorten the holding periods under Securities Act Rule 144 for restricted securities of public companies from one year to six months to reduce the cost of capital and to increase access to capital; and
- Create two new exemptions for compensatory employee stock options so that the Exchange Act registration requirements will not be triggered solely by a company's compensation decisions.

The effective date for the scaled disclosure regulations will be 30 days after their publication in the Federal Register. The amendments to Securities Act Rule 144 will be effective 60 days after their publication in the Federal Register. The effective date for the two new exemptions for compensatory employee stock options will be effective as soon as they are published in the Federal Register.

The full text of the detailed final rule release concerning these items will be posted to the SEC Web site soon.

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