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Client Alert: House Passes Legislation that Includes Important SEC Relief for Community Banks

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In a long-awaited move, the U.S. House on Thursday passed, as part of the JOBS Act, proposed legislation that includes raising the threshold for SEC registration for banks and bank holding companies from 500 shareholders to 2,000 shareholders. The threshold for deregistration would be increased from 300 shareholders to 1,200 shareholders.

The president has indicated his support of the bill assuming the Senate approves it.

The legislation would provide an important opportunity for banks and bank holding companies seeking, and needing, to raise capital without the initial and ongoing expense involved in becoming an SEC registrant. It will be one of the tools to help banks bolster their capital at a critical time when additional capital may make the difference between survival and sale. The bill also provides for expanded “advertising” of investment opportunities by small companies and increases the offering threshold for companies exempt from SEC registration from \$5 million to \$50 million.

Vorys will keep you informed as this important matter progresses. Should you have any questions, please contact any attorney in the Vorys banking group.