

# SEC Provides Temporary Relief to Small Businesses Via Expedited Crowdfunding Offerings

The Securities and Exchange Commission has provided temporary, conditional relief for established smaller companies affected by COVID-19 that may look to meet their funding needs through a Regulation Crowdfunding offering.

The SEC said that the [temporary rules](#) provide flexibility for issuers that meet certain eligibility criteria to assess interest in a crowdfunding offering prior to preparation of full offering materials, and then once launched, to close the offering and have access to funds sooner than would be possible in the absence of the temporary relief.

The temporary rules also provide an exemption from certain financial statement review requirements for issuers offering more than \$107,000 but not more than \$250,000 in securities in reliance on Regulation Crowdfunding within a 12-month period.

To take advantage of the temporary rules, a company must meet enhanced eligibility requirements and provide disclosure to investors about its reliance on the relief. The relief will apply to offerings launched between the effective date of the temporary rules and August 31, 2020.

“In the current environment, many established small businesses are facing challenges accessing urgently needed capital in a timely and cost-effective manner,” said SEC chairman Jay Clayton. “[Yesterday’s] action responds to feedback we have received from our small business capital formation advisory committee and others about the difficulties these companies may face in conducting an offering within a time frame that

meets pressing capital needs, while continuing to provide appropriate protections for investors.”

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