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September 13, 2022

SEC Adopts JOBS Act Inflation Adjustments

Last week, the SEC **announced** that it had adopted the inflation adjustments for some of its JOBS Act rules as mandated by that Act. The JOBS Act requires the SEC to make inflation adjustments to those rules at least once every five years, which it last did in April 2017. Here's the **[SEC's fact sheet](#)**.

Here are seven things to know:

- 1. EGC status:** The annual gross revenue amount used to determine EGC (emerging growth company) status increases from \$1.07 billion to \$1.235 billion, as reflected in Securities Act Rule 405 and Exchange Act Rule 12b-2.
- 2. Regulation Crowdfunding's threshold for assessing an investor's annual income or net worth:** This threshold increases from \$107,000 to \$124,000 for the investment limits under Rules 100(a)(2)(i) and 100(a)(2)(ii).
- 3. Lower threshold of Regulation Crowdfunding securities permitted to be sold to an investor:** If an investor's annual income or net worth is less than \$124,000, the lower threshold increases from \$2,200 to \$2,500 under Rule 100(a)(2)(i).
- 4. Maximum amount that can be sold under Regulation Crowdfunding to an investor in a 12-month period:** The maximum amount that can be sold to an investor increases from \$107,000 to \$124,000 under Rule 100(a)(2)(ii).
- 5. Threshold for when financial statements are required under Regulation Crowdfunding:** The three thresholds for determining when financial statements are required for an offering each increase by approximately 15% under Rule 201(t) of Regulation Crowdfunding.
- 6. Regulation Crowdfunding's offering limit stays at \$5 million:** Given that the SEC increased Regulation Crowdfunding's offering limit last year from \$1,070,000 to \$5,000,000—as part of the amendments adopted in the Exempt Offering Harmonization release—there was no need for an inflation-based increase since last year's adjustment exceeded what the increase would have been this year. So Regulation Crowdfunding's offering limit remains \$5 million.
- 7. Adjustments effective soon:** The new thresholds will become effective soon—once they are published in the *Federal Register*.

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