Obama Signs Law to Make it Easier to Raise Funding by Ray Smalley

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Last week President Obama signed into law the Jumpstart Our Business Startup (JOBS) Act to loosen the requirements for companies raising money from investors. This law has three main parts:

Allowing Small Business to Harness Crowd funding. Small businesses will be allowed to raise up to $1 million annually from many small dollar investors through registered web based systems. The SEC is working on rules to enable this registration.

Expanded Mini Public Offerings. This increases the ceiling on Regulation A filings from $5 million to $50 million.

Creating an IPO On-Ramp. Any form that goes public will have 2 years to comply with Sarbanes-Oxley audit requirements, or 5 years if the company is less than $1 billion in revenue.

The most exciting one for most small businesses is the first item related to crowd funding. The existing website that specialize in this area are working with the SEC to get regulations in place. We will update this as they release the rules.

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Ray Smalley - About Author:
Ray smalley is an expert analyst and writer primarily focusing on Business Plan related topics. He has written many articles for a Business Plan Template one of leading and most reputable a Free Business Plan Template based companies.

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