

SEC Proposes Amending S-3 and F-3 Eligibility to Allow Primary Offerings Without Regard to Size of Issuer's Public Float or Debt Rating

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On June 20, 2007, the Securities and Exchange Commission ("SEC") proposed amending the eligibility requirements of Form S-3 and Form F-3 to allow domestic and foreign private issuers to conduct primary securities offerings on these forms without regard to the size of their public float or the rating of debt they are offering, so long as they satisfy the other eligibility conditions of the respective form and do not sell more than the equivalent of 20% of their public float in primary offerings pursuant to the new instructions on these forms over any period of 12 calendar months. The proposed amendments are intended to allow more companies to benefit from the greater flexibility and efficiency in accessing the public securities markets afforded by Form S-3 and Form F-3 without compromising investor protection. The Proposal would not extend to shell companies, however, which would be prohibited from using Form S-3 and Form F-3 for primary offerings until 12 calendar months after they cease being shell companies. The SEC is seeking comments on the Proposal by August 27, 2007. A brief discussion of the background of the Proposal and a summary of its provisions follows.