

SEC Proposes Exemptions From Registration Requirements for Compensatory Employee Stock Options Under Section 12(g) of the Securities Exchange Act of 1934

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On July 5, 2007, the Securities and Exchange Commission ("SEC") issued two proposals aimed at exempting certain issuers from registering compensatory employee stock options pursuant to Section 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act"). If adopted, the proposals would amend Rule 12h-1 of the Exchange Act. The first proposal would exempt private, non-reporting issuers from registering compensatory employee stock options issued under employee stock option plans. The second proposal would exempt public issuers that have registered the class of equity security underlying the compensatory employee stock options under Section 12 from having to also register the stock options. Both exemptions would only apply to issuers with 500 or more holders of record of a class of equity security and assets in excess of \$10 million at the end of its most recently ended fiscal year. The exemptions would apply only to compensatory employee stock options issued under written stock option plans that are limited to employees, directors, consultants, and advisors of the issuer, its parents, or majority-owned subsidiaries of the issuer or its parents.