

Published based on [Take Your Company Public: Disclosure Obligations](#)

Take Your Company Public: Disclosure Obligations

Are you taking your company public? Here is what you need to know. Disclosure Obligations: "If my company becomes "public," what are its disclosure obligations?"

The Securities Exchange Act of 1934 requires a company to file certain periodic reports once its registration statement has been declared effective. This obligation continues indefinitely unless:

At the beginning of any subsequent fiscal year, the class of securities offered is held of record by less than 300 persons; or

At the beginning of any subsequent fiscal year (except the two fiscal years immediately succeeding the year the registration statement became effective), all securities offered are held of record by less than 500 persons and the issuer has had less than \$5 million in total assets for each of its last three fiscal years.

In these cases, the reporting obligation may be suspended. Otherwise, a company must continuously disclose certain information about:

Its operations; Its officers, directors, and certain shareholders (including salary, various fringe benefits, and inside transactions between the company and management); The financial condition of the business (including audited financial statements by an independent certified public accountant); The Public Company Accounting Oversight Board (or PCAOB) (sometimes called "Peekaboo") is a private-sector, non-profit corporation created by the Sarbanes-Oxley Act, a 2002 United States federal law, to oversee the auditors of public companies. Its competitive position, material terms of certain contracts or lease agreements; acquisitions and mergers, creation of certain financial obligations, and material impairment of assets; unregistered sales of equity securities; changes in its accountant; and changes in its board of directors and management;

In addition, a company must promptly disclose to the public any information that would be considered important to its present or prospective stockholders.

All companies with total assets exceeding \$5 million and a class of equity securities held by 500 or more persons are required by the Securities Exchange Act of 1934 to file the same supplementary, periodic, and current reports as noted above. Companies with these characteristics must also comply with the Commission's proxy rules if proxies are solicited from holders of its securities. In such a case, the company must furnish all shareholders proxy statements disclosing all material facts concerning matters on which they are being asked to vote. If the proxy solicitation by management relates to an annual meeting at which directors are to be elected, the Commission's proxy rules also require the company to furnish each shareholder an annual report disclosing certain information about the company, including audited financial statements for its latest fiscal year.

Exemptions

The Securities Act of 1933 provides several exemptions from the registration requirements; the most common are discussed below. Nonetheless, purchases or sales of securities (even in exempt transactions) are subject to the antifraud provisions of the federal securities laws. This means that issuers are responsible for false or misleading statements (whether oral or written) which may be redressed through private or government legal action, including criminal sanctions. Also, if all conditions of the exemptions discussed below are not met, purchasers may seek to have their purchase price refunded. In addition, the fact that an offending may be exempt from certain provisions of the federal securities laws does not necessarily mean that it is exempt from the notice and filing obligations of various state laws.

[Want To Go Public With Your Company](#), call Princeton Corporate Solutions at 267-233-0183 [Take Your Company Public](#) the easy way!

You can also find this article published on [Take Your Company Public: Disclosure Obligations](#), and on the tag pages [Advertising](#), [company go public](#), [corporate structuring](#), [how to go public](#), [how to take a company public](#), [how to take company public](#), [how to take your company public](#), [investor relations services](#), [princeton corporate solutions](#), [small business corporate structure](#).