



Week in Regulation

April Reg Showers Don't Bring May Flowers (So Far)

DAN GOLDBECK, DAN BOSCH | MAY 11, 2020

The last two weeks of April brought a [one-two](#) punch in terms of some of the Trump Administration's most significant actions finally hitting the Federal Register. The first full week of May, however, was a different story. No rulemaking exceeded \$5 million in economic impact (for either costs or savings), and only one rule had a quantifiable – yet minimal – effect on the regulatory budget picture. Across all rulemakings, agencies published \$5.5 million in total net cost savings but added 193,952 hours of annual paperwork.

REGULATORY TOPLINES

- 2020 Proposed Rules: 57
- 2020 Final Rules: 69
- 2020 Total Pages: 27,606
- 2020 Final Rule Costs: -\$184.7 billion
- 2020 Proposed Rule Costs: \$3 billion

TRACKING THE REGULATORY BUDGET

The only action with a measurable effect on the fiscal year (FY) 2020 regulatory budget was a deregulatory action from the Small Business Administration (SBA). The [rule](#) removes 16 regulatory provisions concerning the “Small Disadvantaged Business Program,” a program that prioritizes the utilization of such businesses in government contracting situations. SBA estimates that, due largely to less time being spent on reviewing the regulations, such regulatory simplifications could save affected businesses a grand total of nearly \$1.1 million in present value terms, or roughly \$75,000 annually.

The Trump Administration expected to reach \$51.6 billion in cumulative net savings in [FY 2020](#). To date in the fiscal year, agencies have officially published 77 deregulatory actions and 26 regulatory actions, totaling \$186.1 billion in quantified total net cost savings.

THIS WEEK'S REGULATORY PICTURE

This week, the Securities and Exchange Commission (SEC) temporarily modifies its crowdfunding regulation in light of COVID-19.



Temporary Amendments to Regulation Crowdfunding

A Rule by the Securities and Exchange Commission on 05/07/2020



Source: <https://www.federalregister.gov/documents/2020/05/07/2020-09806/temporary-amendments-to-regulation-crowdfunding>

The SEC published a [temporary final rule](#) (TFR) amending its Regulation Crowdfunding rules on May 7, aimed at helping small businesses affected by COVID-19 get needed capital. The TFR aims to help expedite the offering process by smaller companies by “providing tailored, conditional relief from certain requirements of Regulation Crowdfunding relating to the timing of the offering and the availability of financial statements required to be included in issuers’ offering materials.”

Regulation Crowdfunding allows eligible companies to offer and sell securities through crowdfunding, which was a signature aim of the [Jumpstart Our Business Startups Act of 2012](#).

Based on feedback from an advisory committee and regulated businesses, the SEC sought to address concerns that the existing rules could prevent businesses from getting the additional capital they need in a timeframe that would allow them to continue operating. One of the two most significant pillars of the TFR allows certain issuers to gauge interest in an offering before the usual offering materials are fully prepared. Specifically, rather than such documents to be reviewed by an independent accountant, the issuer can make available certain financial statements and other information available from tax returns.

The second significant pillar waives the requirement that sales of the offering remain open for at least 21 days. Those sales can now be halted once the issuer meets its offering target.

Other modifications have been made, including restricting the period during which the investor can cancel their investment commitment and limiting eligibility of the regulatory relief to companies that have existed for more than six months. The TFR remains in effect through March 1, 2020, though the amendments only apply to offerings initiated between May 7 and August 31, 2020.

TOTAL BURDENS

Since January 1, the federal government has published \$181.7 billion in total net cost savings (with \$184.7 billion from finalized rules) and 24 million hours of net annual paperwork burden increases (with 9.3 million hours due to final rules). [Click here](#) for the latest Reg Rodeo findings.

