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United States: Recent Changes In U.S. Securities Law May Allow More Financing Options For U.S.-Based Subsidiaries

Lexology

April 6, 2021

On August 26, 2020, the U.S. Securities and Exchange Commission (SEC) adopted final amendments expanding the definitions of “accredited investor” and “qualified institutional buyer” (QIB) under U.S. securities laws, which amendments became effective on December 8, 2020. Each definition pertains to the eligibility to participate in private capital markets without the issuer filing registration statements. The foregoing expansion could positively impact financing activities of small and medium-scale U.S. subsidiaries of Japanese companies which traditionally have been financing their operations through intercompany debt or capital contributions without outside debt or equity financings.