

# \$75 Million: Reg A+ Cap Expansion Could See More ICOs File in the US

<https://hk.finance.yahoo.com/news/75-million-reg-cap-expansion-172129944.html>

We've written in the past about the [various methods](#) companies in the United States can go about raising money via an ICO/token offering. One of the main methods we mentioned was the use of Regulation A+, something traditionally utilized by smaller companies to IPO that's been embraced by cryptocurrency companies in the U.S. The problem is as IPO's have gotten bigger, the cap set up by Regulation A+, \$50 million, has severely limited the number of companies which can actually raise under it. It's also made it harder for smaller companies to IPO in the current economic atmosphere of long-term bullishness and constant inflation.

This is why the U.S. House of Representatives passed the "Regulation A+ Improvement Act" which allows for a 50% increase in the cap under which companies can do a securities offering while still being governed under RegA+.

## What is RegA+?

RegA+ is a regulation passed under the [JOBS Act](#) which allows for a more streamlined process than the traditional IPO and allows non-accredited investors to invest. In addition to allowing medium-sized businesses to raise money more easily, RegA+ allows for retail investor participation: a hallmark of cryptocurrencies. It also allows for broader marketing to investors, something which has been and continues to be utilized by ICOs.

Despite its limited scope, RegA+ has been well utilized with companies raising over \$600 million since October using the regulation. This trend has not been ignored by the crypto markets either.

## The Reg A+ ICOs:

The trend of Reg A+ securities offerings is only expected to expand upon the passage of this new regulation. The following ICO's have already used Reg A+ for their offerings.

- [Gab ICO](#): An ad-free social network for creators who believe in free speech, individual liberty, and the free flow of information online
- [RideCoin ICO](#): A decentralized ride-sharing marketplace built on the blockchain.

- [WeDemand ICO](#) – Allows fans to bid on concerts with smart contracts and tools to track live events

All of the aforementioned ICO's are featured on a site called [StartEngine](#) which now advertises the ability to "Launch an ICO". Start Engine's founder said last month in a [post](#) on HACKERNOON that Reg A+ is "the future of ICOs", especially considering regulation crowdfunding limit of \$1.07 million per year.

## Still Regulated

Despite the fact that RegA+ reduces the regulations on securities offerings and makes it easier for ICO's to occur in the U.S. this is not a replacement for the unregulated ICO market of early 2017. Here's why:

- SEC approved exchanges must be used exclusively. This is a bit of a hindrance, and as far as crypto goes [tZERO](#) is the only high profile exchange which would qualify
- Reg A+ requires Anti Money Laundering checks for all investors, which increases overhead for ICOs
- Reg A+ requires "Offering Circulars" which are quite a bit more detailed than the traditional white paper

There are also two types of Reg A+ offerings, Tier 1 and Tier 2. In a Tier 2 offering companies must undergo an audit upfront and annually and post financial performance information biannually. The alternative is a Tier 1 Reg A+ which is limited to \$20 million but dramatically reduces regulatory requirements.

SEC regulation still has a long way to go before it is viable for ICOs and these changes are helping to pave the way. I have no doubt that at least some ICOs will embrace these regulations going forward.

*Featured image from Shutterstock.*

The post [\\$75 Million: Reg A+ Cap Expansion Could See More ICOs File in the US](#) appeared first on [CCN](#).