

Community Banks De-Registering with SEC Pursuant to JOBS Act

Community banks continue to [take advantage](#) of new JOBS Act thresholds that now allow banks with less than 1,200 shareholders¹ to deregister with the SEC. Prior to April 2012, the deregistration threshold was 300 shareholders.

According to the SEC, [at least 35 banks or bank holding companies](#) have deregistered with the SEC since the passage of [the JOBS Act](#) on April 5, 2012. Most have been community banks not listed on a public exchange and with less than \$500M in assets, but several have exceeded \$1B in assets, including The [National Bank of Indianapolis Corporation](#), an Indiana bank holding company. In addition, at least two Nasdaq-listed bank holding companies, [FFD Financial Corporation](#) and [Jeffersonville Bancorp](#), have recently [announced an intention](#) to delist from Nasdaq and deregister with the SEC.

Some experts, including [Paul Merski](#), Executive Vice President and Chief Economist at the [Independent Community Bankers of America](#), anticipate the trend will continue, with perhaps [hundreds of banks](#) electing to deregister.

Benefits of deregistration include a reduction in compliance costs, both in professional fees and in management time, as well as the possibility of decreased D&O insurance costs and D&O liability relating specifically to being a public company. However, not all eligible community banks will choose to deregister. SEC registration increases access to equity capital, increases liquidity for shareholders and in some cases, serves as an important component of a bank's overall marketing strategy.

Attorneys at [Thompson & Thompson LLP](#) have assisted a number of companies with de-registration with the SEC and delisting with Nasdaq/NYSE. For assistance in determining your company's eligibility for de-registration, as well as a review of the pros and cons related thereto, please feel free to contact us.

¹ Eligibility to deregister with the SEC is determined by a company's number of "holders of record," a concept similar to, but slightly different from, the number of shareholders.