

# [Business formation and securities law](https://assignbuster.com/business-formation-securities-law/)

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Business Formation and Securities Law Legally, business formation and securities in the United s is guided by the H. R. 1070 Bill which contains two Acts in two sections. Section one of the bill is the Small Company Formation Act, 2011 and the second is the Securities Act, 1933. Another important law for business securities is the Securities Exchange Act of 1934 (U. S. Securities and Exchange Commission, 2011). Other regulations that companies are supposed to comply with include: environmental laws as well as taxation laws. The Securities Act of 1933, which is simply referred to as the Securities Act requires that all businesses should hide any decision based facts from investors. The same act also requires all businesses to file registration statements with the Securities and Exchange Commission. This registration should include full material facts for investors (HG Legal Directories, 2011). This means that WiDgets &GaDgets has to disclose any important information to realtors who are an important part of their business. The realtors need to know all relevant information about ownership and finances before they make any decision to work with the company.
The Small Company Formation Act of 2011 Different states in the U. S. have differing legal requirements for business formation. However, they are all similar in that proper registration of the business must be done before a company is given the go ahead and commence operations in a certain area. WiDgets & GaDgets have to go through the proper registration channels before they are allowed by law to form a business in any one state. Then they also required to comply with the real estate requirements for organizations planning to form businesses in particular areas (HG Legal Directories, 2011). This means that they have to consider the insurance and tenancy laws of the state they want to set up business. It is also important for the organizations to look carefully at the tax requirements for businesses that are situated in certain areas. In some states, businesses located in prime locations are likely to be taxed more than those in other areas (Cox, Hillman and Langevoort, 2009). While looking for the perfect location for business, WiDgets & GaDgets may have to think about the kind of place which will enable the company to make maximum returns while maintaining manageable taxation and expenditure.
The securities Exchange Act of 1934 is the legislation that governs the secondary trading of business securities. As an organization that multiple chain stores in different states, WiDgets & GaDgets must familiarize themselves with the various securities requirements for each state (HG Legal Directories, 2011). The Exchange Act requires that directors, owners or managers of companies to file periodic any kind of disclosure documents with the SEC (U. S. Securities and Exchange Commission, 2011). This means that companies should continually disclose information regarding their financial conditions, management and business operations. This makes it possible for investors, including the realtors that he companies are working with to keep an eye on the operations of the business. However, there are some instances when it is not necessary to file the reporting requirements or carry on with the registration process (HG Legal Directories, 2011). WiDgets & GaDgets should consider setting up business in areas where the SEC regulations are flexible to the company’s own needs, goals and business objectives.
References
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