JOBS Act Spillover Effects in the Syndicated Loan Market*

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Abstract

The JOBS Act directly affects access to public equity for emerging growth companies (EGCs) by lowering regulatory requirements to conduct initial public offerings (IPOs). Indirectly, improved access to equity markets may alter how other capital providers engage EGC firms, which may further accelerate EGC firm growth, *regardless of* and *prior to* IPO. Using regression discontinuity, we find syndicated loans to EGCs have lower credit spreads, less collateral, larger revolvers, and greater bank participation. Overall these results suggest the JOBS Act not only has a direct effect via IPO access, but also indirectly enhances EGCs' access to the syndicated loan market.

JEL classifications: G21, G24, G32, G38, K22

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Congress passed the JOBS (Jumpstart Our Business Start-ups) Act in April of 2012 to promote investment and new job creation, particularly in smaller emerging growth companies (EGCs)[1]. By reducing the regulatory hurdles that restrict firms from going public, the JOBS Act directly accelerates the IPO process for EGC firms (see Chaplinsky, Hanley, and Moon, 2015; Dambra, Fields, and Gustafson, 2015; Gupta and Israelsen, 2015; and Borisov, Ellul, and Sevilir 2015). In addition to its direct effect on the IPO process, the JOBS Act may have indirect effects if it causes other capital providers to change how they contract with EGC firms. We document such an effect in the syndicated loan market, likely accelerating the growth and maturation of EGC firms. Using a regression discontinuity design, we find that, post-JOBS Act, banks and other lenders extend loans to EGC firms at favorable terms, consistent with EGC firms being perceived as relatively less risky. These results suggest that the JOBS Act has both direct and indirect effects, further boosting the impact of the act regardless of whether an EGC firm ultimately undertakes an IPO.

There may be several reasons why lenders may change the way they contract with EGC firms post-JOBS Act. Lenders may be more willing to lend given the expected drop in the gestation lag to raise equity capital via an IPO for an EGC firm. This increased access to capital, particularly equity capital, should reduce the credit risk of the loan. Additionally, the lender may view its relationship with the EGC firm to be more valuable. Given the EGC firm will be rapidly maturing, the EGC firm will likely need continuing and future loans, particularly relevant for relationship oriented lenders, i.e., banks. Moreover, lenders may view the relationship as more

[1] The Jumpstart Our Business Start-ups (JOBS) act was passed by the congress and signed by President Obama on April 2012, and title I of the act on disclosure regulations for IPO firms applied immediately. An Emerging Growth Company (EGC) firm is defined as a firm whose revenue was less than a billion dollar in the previous fiscal year.

valuable when the lender also provides investment banking services given the EGC is now more likely to need equity underwriting services.

Identification of the direct effect of any regulation is always hard; let alone spillover effects of any regulation. The specific definition of EGC firms in the JOBS Act gives us a powerful identification strategy to observe such potential spillover effects in the syndicated loan market. The JOBS Act defines EGC firms as those firms with sales less than one billion dollars. Using a regression discontinuity design (RDD) we explore differences in the loan contracts for EGC firms and non-EGC firms around the one billion dollar sales cutoff.[2] Using this approach we identify that the JOBS Act results in significantly different loan characteristics and contract terms. It is expected that post-JOBS Act loans to EGC firms are relatively less risky given the firms have greater flexibility to raise public equity capital. The competition to lend to EGC firms should also increase if banks view lending relationships as beneficial to providing future underwriting services (see James 1992 and Schenone 2004 and 2010). This increased competition amongst lenders should further lower credit spreads to EGC firms. Consistent with these predictions we find that EGC firms receive loans with lower loan spreads and are less likely to be secured.

We find loan packages for EGC firms post-JOBS Act involve greater bank and less nonbank participation, consistent with the increased relationship value of EGC firms. Within the borrowing firm's loan package EGC firms have larger revolvers and similar term loan A amounts and smaller term loan B amounts. Typically banks fund revolvers and term loan A amounts and nonbanks fund term loan B amounts; thus, banks appear to become relatively more important in EGC loan packages. Moreover, the larger revolver suggests EGC firms have a greater ability to

[2] We use 10% around this cutoff and discuss this and alternative choices below.

expand operations given revolvers can support expansion of working capital. To corroborate these interpretations, we directly examine the bank versus nonbank shares of the syndicate and find that banks overall share of the loan package indeed increases.

Our work compliments the prior literature that shows a direct effect of the JOBS Act on EGCs' ability to conduct an IPO. The fact that banks appear more willing to lend at favorable terms to EGCs likely acts as an accelerant to growth for these firms and should lead to faster maturation and expansion of EGC firms; ultimately further boosting firms' abilities to surpass IPO hurdles.[3] Existing studies focus on the firms that ultimately conduct an IPO, partially since private firms that do not or have yet to conduct an IPO do not report to the SEC or common databases like COMPUSTAT. By using DEALSCAN, which has loan information for both public and private firms we can see the influence of the JOBS Act for a much broader spectrum of firms.

Our work contributes to the IPO literature that explores how bank relationships influence the IPO process. James and Wier (1990) argue private debt agreements provide a useful signal of firm quality. They show underpricing in IPOs is lower for firms with prior bank loans. Schenone (2004) argues that bank relationships may mitigate asymmetric information problems and shows that firms with bank loans from institutions that offer underwriting services experience less IPO underpricing. Our results suggest that the relation may also run in the opposite direction. Namely, banks may be more willing to lend to private firms when their prospects for IPO are higher.

[3] We are able to identify 9 firms in our sample of EGC firms with loans that have since gone public via IPO. All 9 of these IPOs were included their lender as a primary underwriter. Unfortunately this limited sample does not allow us to explore this avenue more deeply.

Finally, we contribute to the literature on externalities of financial regulation. Although the theoretical analysis of market-wide effects of disclosure has focused on information spillover externalities (Admati and Pfleiderer 2000); there is very little empirical work on how a particular disclosure regulation aimed for one market has any impact on any other market. To the best of our knowledge we are the first to document the impact of the JOBS Act, specifically designed for the IPO market, has a significant impact in the syndicated loan market.

The remainder of the paper is as follows. Section I describes the JOBS Act and develops hypotheses of its likely effects in the syndicated loan market. Section II describes our data and empirical design. Section III presents the results, and Section IV concludes.

I. The JOBS Act and access to capital

A. JOBS Act and IPO activity

The intent of the JOBS Act is to improve capital formation in the economy and improve the growth. President Obama signed the JOBS Act into law in April 2012, and Title I of the act became effective immediately. Title I of the act[4] lowered the disclosure requirements for small and emerging growth companies (EGCs) in the hope that accelerating the growth of such firms would increase employment and spur economic growth. The act defines EGC firms as those whose revenue is less than a billion dollar as of the most recent fiscal year end. Specifically, the JOBS Act allowed the EGC firms to use *scaled disclosure* provisions, where EGC firms may choose to rely on all, some, or none of these provisions when going public. The major provisions include:

[4] https://www.sec.gov/spotlight/jobs-act.shtml

- Scaled Disclosure: EGCs may disclose two years of audited statements in place of the five-year requirement for non-EGCs. EGC firms may also provide three years of financial statements (some unaudited) rather than the five years required for non EGC firms.
- The EGCs are exempt from internal controls audit.
- Testing the Waters: EGCs can "test the water" by engaging in oral or written communication with qualified institutional investors ahead of any IPO filing.
- Confidential Filing with the SEC: The EGCs may confidentially file with the SEC and withdraw from the IPO process if desired. This provision shields the EGCs from any reputational damage if the EGC later decides to return and go public.

These provisions are intended to lower the cost of going public for the EGC firms, and has been associated with increased IPO activity over the post-Act period 2012-2015 (see Chaplinsky, Hanley, and Moon, 2015; Dambra, Fields, and Gustafson, 2015; and Gupta and Israelsen, 2015). This enhanced access to the public equity market may also change the behavior of the EGC firms before, or even regardless of, going public.

B. How might the JOBS Act influence syndicated lending to EGC firms?

In addition to meeting regulatory requirements, firms may need to achieve a threshold level of productivity, scale, or maturity in order to go public. If achieving such a market-driven threshold necessitates investment, then enhanced access to capital, prior to IPO, should speed up the process. Post-JOBS Act, banks may be more willing to provide such capital given the greater access to public equity via lower regulatory requirements. Moreover, if EGC firms have greater access to bank loans, the need for going public may diminish, resulting in less need to go public, but with the commensurate growth benefits associated with greater access to capital.

This is an indirect way the JOBS Act may also achieve its goals of promoting EGC firm growth regardless of whether the EGC firms engage in IPOs.

Bank loans to EGC firms may also impact the IPO process given that lenders may alleviate the negative effects of asymmetric information. James and Weir (1990), James (1992) and Schenone (2004, 2010) explore the nature of firm's pre-IPO lending relationship on IPO outcomes. James and Weir (1992) show that IPOs of firms with previously established borrowing relationships exhibit significantly less underpricing than other IPOs. Schenone (2004) finds that firms with bank loans from banks that can also provide underwriting services experience significantly lower IPO underpricing. Schenone attributes this effect to bank learning where private information is obtained by the bank during the pre-IPO lending relationship. This holds whether the firm keeps the same bank as the underwriter or switches to a different bank to underwrite the IPO.

Schenone (2010) documents a U-shaped pattern between the interest rate charged by the bank (prior to an IPO) and the relationship intensity of the borrowing firm (i.e., how dependent the firm is on the particular bank). Schenone attributes this pattern to the high switching cost of finding a new lender for a private firm. Specifically, when the intensity of the lending relationship is low and the bank has not yet securely locked in its client firm, spreads decrease in relationship intensity as the bank shares the benefits of its privileged information; but as the banking relationship intensifies, and the bank has securely locked in the firm, the relationship bank begins to extract rents, leading to increased interest rates.

We consider two ways the JOBS Act may affect interest rates to EGC firms. First, given the JOBS Act lowers the cost of going public for EGCs, banks may view the firms as having

greater access to capital and therefore less risky. Moreover, the increased regulatory restrictions on proprietary trading during this period diverted bank funds to seek returns elsewhere like the syndicated loan market. This led to greater competition for lending, especially to low risk borrowers, may further lower EGC loan rates. Second, since JOBS Act lowers disclosure requirements, EGC firms may benefit more from underwriter certification. Underwriters may economize on the information costs associated with providing certification by acting as lenders where they obtain information as an "inside" lender.[5] This greater relationship value associated with EGC firms might lead to increased competition in the syndicated loan market, resulting in lower loan spreads. These two effects lead to our main hypothesis: EGC firms, ceteris paribus, have lower loan spreads post-JOBS Act. Moreover, these same channels likely influence other dimensions of the loan including the maturity, covenant structure, and composition of the loan syndicate. We motivate and explore these aspects in greater detail, below.

II. Methodology

A firm's ability to conduct an IPO will depend on its ability to invest and mature as a business. Given bank loans may be used to finance this investment and help the firm develop, the relationship between firm's bank loan characteristics and its ability to conduct an IPO are naturally endogenous. Because of the endogenous nature of the relation between going public and bank loan contracting, we use a natural experiment to establish a causality. The JOBS Act provides a natural setting for a regression discontinuity design (RDD). The Securities Act and the Exchange Act define firms with "total annual gross revenues" of less than $1 billion during its

[5] James and Weir (1990) and Schenone (2004) showed the information production role of the bank.

most recently completed fiscal year as EGC firms.[6] We use this revenue threshold to obtain our sample of EGC firms (treated firms) and non-EGC firms (control firms) around and in close proximity to the cutoff for our RDD analysis. The necessary assumption for identification is that the relation between sales and the dependent variables, under the null hypothesis, must be "smooth" around the threshold.

For RDD to be valid, our data must satisfy a randomized assignment restriction, which requires treated and control firms to be otherwise similar. To help ensure this is the case, we use only those EGC and non-EGC firms that are close to the threshold, rather than the complete sample which surely would violate this restriction. In an RDD, the assignment to treatment – in this case, whether a firm's revenue falls below $1 Billion – is not truly random given EGC firms will be, by definition, smaller than non-EGC firms. To alleviate this concern, we use 10% cutoffs around the threshold and define treated firms as those firms with revenues between $1 billion and $0.9 billion and control firms as those firms with revenues between $1 billion and $1.1 billion. Because the relation between sales and the dependent variables, under the null hypothesis, is assumed to be "smooth" around the threshold, the discontinuity created by the treatment can be used to estimate the effect at the threshold.

Another facet of the randomized restriction is that firms do not choose their treated versus control status. One concern in using revenue based cutoffs is that firms could plausibly choose to marginally increase or decrease revenue to influence their EGC classification. We address this concern in two ways. First, the short window from introduction to passage of the JOBS Act makes it unlikely that firms influenced their EGC status, particularly in the early post-

[6] https://www.sec.gov/divisions/corpfin/guidance/cfjjobsactfaq-title-i-general.htm

act years. Second, given firms may have some ability to influence revenue, we conduct robustness checks excluding firms within 3% of the threshold which should exclude observations where the firm is able to manipulate its EGC status. We find similar results using this sample.

Using RDD we identify the local treatment effect by estimating the following regression:

$$Y = \gamma + \alpha D + \beta_0 \widetilde{X} + \beta_1 \left(\widetilde{X} * D\right) + Controls + IndFE + TimeFE \quad (1)$$

where *Y* is the dependent variable and *D* is our primary variable of interest: the treatment dummy indicating whether the firm is a private EGC. A significant coefficient on *D* suggests the JOBS Act had an impact on the dependent variable. We control for the margin, $\widetilde{X}$ (the difference between the observation's revenue and the $1billion cutoff) and the margin interacted with *D* to allow the slopes to differ below and above the cutoff (see Imbens and Lemieux, 2008). This helps alleviate concerns that the dependent variable may be nonlinear around the threshold, allowing us to more precisely isolate the true treatment effect.[7] We also include control variables and Fama-French 49 industry fixed effects, *IndFE*, as well as year fixed effects, *TimeFE*. We next discuss our data and sample.

III. Data and Summary Statistics

Our primary source of data on bank loans comes from Dealscan from Thompson Reuters LPC. We hypothesize that the JOBS Act will influence loan contracting for EGC firms that, post-JOBS Act, have lowered IPO restrictions. Thus, not only are the affected/treated firms below the

[7] For example, if the slope of the relationship between sales and loan spreads differs around the threshold, then failing to account for this may result in the appearance of a discontinuity even when such a break does not exist. That said, if we exclude the margin variable we find similar results to those reported below for all of our tests. These results are available upon request.

$1 billion cutoff, but they are also private firms. Thus our sample includes four groups comprised of our treated firms: *Private-EGC* firms – defined as private firms with less than $1 billion in revenue; and three groups of control firms: *Public-EGC* firms – defined as public firms with less than $1 billion in revenue; *Private-non-EGC* firms – defined as private firms with more than $1 billion in revenue; and *Public-non-EGC* firms – defined as public firms with more than $1 billion in revenue.

We start with the Dealscan database to obtain our sample. We only include loans with non-missing revenue data available from Dealscan. For loan covenants analysis, we require that the loan package has at least one covenant to be included in the sample, due to the fact that many loans reported to have no covenants by Dealscan actually have covenants (see page 2843 of Drucker and Puri (2009)). We restrict the sample in our main analysis to the loan facilities and packages made post-2012 that is to companies that has sales higher than $0.9 Billion or lower than $1.1 Billion in the previous fiscal year. The placebo sample is constructed to include the loan facilities and packages made during 2002 – 2006 to companies that has sales higher than $0.9 Billion or lower than $1.1 Billion in the previous fiscal year. We lose four observations by requiring that we have at least two observations for each of the Fama-French 49 industries, a necessary requirement for the inclusion of industry fixed effects. The resulting sample consists of 277 loan facilities consisting of 203 loan packages.[8]

Table 1 contains the sample broken out by the four categories and by industry. Panel A shows that we have 80 loan facilities to Private-EGC firms, similar to the 79 for Public-EGC firms. We also see we have 75 observations for the Public non-EGC firms and 43 for the Private-non-

[8] Loan facilities are individual loans such as term loans and revolvers. A loan package consists of one or more loan facilities that are jointly originated by the lead bank.

EGC firms. We also see the observations are reasonably distributed across industries. Panel B reports similar numbers at the loan package level.

Table 2 presents the summary statistics of the loan facilities included in our main analysis. Panel A reports descriptive statistics for the full sample while Panel B is restricted to Private-EGC firms. Sales for Private EGC firms are similar to that for the full sample, due to the sample being limited to near the $1 billion threshold. Comparing the loan characteristics across the two panels, we see Private EGC firms have similar loan spreads, maturity and other loan characteristics. Panel C reports figures for the full sample but at the package level and Panel D breaks out the package level descriptive statistics for the Private-EGC firms.

The RDD design requires the general relation between the dependent variable and the threshold variable to be smooth and continuous, absent treatment. To explore this, we plot loan spreads against sales for all loans on Dealscan from 2000-2015 extended to firms with sales between 0 and $2 billion. Figure 1 shows that loan spreads decline in firm sales, presumably because firms with higher revenue tend to be larger and more stable. This general relation appears consistent with the RDD assumption.

We next examine this relation for our RDD sample of 279 post-JOBS Act loans that occur within 10% of the $1 billion sales cutoff. Figure 2 shows a clear discontinuity around the cutoff with the loan spread rising sharply at the threshold. While consistent with the JOBS Act having spillover effects in the loan market, the relation in Figure 2 does not distinguish between public and private firms. If the effect on loan spreads is truly driven by the lower cost of going public, then we should see this effect only for private-EGC firms. Figure 3 further subdivides the sample into the four groups stratified by above and below the threshold *and* by private/public

status. We see the discontinuity in loan spreads at the threshold is unique to private firms. We see no stark difference around the cutoff for public firms. Finally, we conduct placebo falsification tests by exploring the relation between loan spreads and sales around the $1billion cutoff but over the period 2002-2006. We choose this period given it is relevantly uneventful, compared to the pre-JOBS Act period which encompasses the financial crises and its aftermath. We see during this period the loan spreads do not rise around the threshold, and perhaps even fall. While we need to conduct finer multivariate RDD regressions to draw clear conclusions, these preliminary results suggest a strong effect of the JOBS Act on loan spreads for private-EGC firms.

IV. Regression Discontinuity Design Results

A. The effect of JOBS Act on borrowing costs

We estimate the RDD described by equation (1) to test whether private EGC firms obtain lower loan spreads. Recall our conjecture that increased access to public equity likely reduces the risk of the loan and enhances the relationship value of lending to the firm, both which should result in lower loan spreads. Our dependent variable equals the natural log of the loan's *all-in-drawn* spread: the loan's basis point spread over LIBOR and any fees paid to the lender group. We report the results in Table 3.

Our primary variable of interest is the dummy variable *Private EGC firms*, which captures any discontinuity around the threshold revenue cutoff attributable to the JOBS Act. Columns (1) and (2) report estimates with and without controls for firm and loan characteristics. We see in both columns the coefficient on *Private EGC firms* is negative and significant at the 1% level,

consistent with Figure 3. Moreover, the magnitude of the coefficients is highly economically significant. The coefficient in column (2), -0.45, suggests that private EGC firms receive loans that have a 45% lower spread, equivalent to a reduction of 89 basis points for the median loan spread in the sample. We see in columns (1) and (2) that the coefficients on *Private* are 0.388 and 0.362, both highly statistically and economically significant. Comparing the coefficients on *Private* and *Private EGC* suggests the JOBS Act led to loan pricing for private EGC firms that is more comparable to that for public firms.

We conduct placebo tests where we re-estimate the regression in equation (1) but for a sample of loans from 2002-2006. We choose this period given we want to avoid the period just prior to the JOBS Act, which could have anticipation effects, and to avoid the financial crisis period. This sample has 747 loans and the results are reported in columns (3) and (4). The resulting coefficients on *Private EGC firms* are 0.083 and 0.024, both statistically indistinguishable from zero. Thus, the effect documented in columns (1) and (2) does not appear outside of the JOBS Act period. We see the coefficient on *Private* remains positive and significant, consistent with private firms have higher loan spreads than those for public firms. Overall the results reported in Table 3 suggest the JOBS Act significantly lowered borrowing costs for private EGC by improving their access to public equity.

B. The effect of JOBS Act on loan terms

We next explore the influence of the JOBS Act on other loan terms. The decreased loan spread for private EGC firms, documented above, could be driven by other structural changes to the loan, including changes in collateral, maturity, covenant structure, or loan amounts. We

explore these other dimensions of loan terms using various dependent variables and our RDD design.

We begin by exploring loan collateralization. Table 4 presents the results estimating the RDD described by equation (1) where the dependent variable is an indicator variable for whether or not the loan is collateralized. Columns (1) and (2) present the results for the post JOBS Act sample and columns (3) and (4) contain placebo tests using the 2002-2006 sample. We see in columns (1) and (2) that private firms and EGC firms are much more likely to be collateralized with significantly positive coefficients on both dummy variables. The interaction, *Private EGC Firms*, however, carries a significantly negative coefficient and suggests that the JOBS Act associates with lower collateral standards for the affected firms. Comparing the magnitude of the positive coefficients on *Private* and on *Emerging Grow Companies* with the negative coefficient for *Private EGC Firms* suggests that private EGC firms have similar collateral standards to public firms, post-JOBS Act. These results are consistent with our hypothesis that banks consider EGC firms to be less risky after the passage of the JOBS Act.

Next we explore loan maturity and loan amounts. We measure loan maturity as the natural log of the number of months in the loan's maturity. For loan amount, we use the natural log of the dollar amount of the loan as well as the loan-to-sales ratio. In untabulated results we find the coefficient on *Private EGC firms* is not significantly different from zero. Thus, it appears that the JOBS Act has little effect on these dimensions of the loan terms.

We also examine the overall number of financial covenants as well as whether the loan contains certain types of covenants. We report our findings using our RDD design in Table 5, panels A through I. Panels A through E contain results when the dependent variables are the

overall number of covenants (Panel A), the number of liquidity covenants (Panel B), the number of capital structure covenants (Panel C), the number of investment covenants (Panel D), and the number of performance covenants (Panel E). Panels F through I reports results from re-estimating the regressions using simple indicator dependent variables for whether or not the loan contains any of the particular kind of covenants. The analysis, in all cases, suggests that the JOBS Act does not lead to any significant changes in the covenant protection for private EGC firms. One important caveat, however, is that the sample size is relatively small due to the fact that many loans have missing covenant information. Thus, the lack of significant results could also be driven by a lack of statistical power.

C. The effect of JOBS Act on syndicate structure and loan package composition

In addition to the loan terms the structure of the loan package could also be influenced by the JOBS Act. For example, if the relationship value of private EGC firms increase, then perhaps more banks may be interested in lending to the firm. Given Lim, Minton, and Weisbach (2014) show that nonbank lenders have higher required rates of return than banks, one possible explanation for the lower loan spreads for private EGC firms is that relationship oriented banks make up a greater proportion of the funds for their loans.

We now explore whether private EGC firms have structural differences in their loan packages. Loan packages typically comprised of term loans and a revolver. The term loans can be broken into portions called *Term Loan A*, which are normally bank financed, and *Term Loan B* (and C and D and so forth), which are typically nonbank financed. The revolvers are also typically bank financed. To see if the components of the package change we estimate RDDs

where the dependent variable is the fraction of the loan package that is a 1) term loan A, 2) term loan B, and 3) revolver.[9] We report the results in Table 6.

We see, in Panel A of Table 6, that the share of Term Loan As is stable around the cutoff, with the coefficient on *Private EGC firms* statistically indistinguishable from zero. Panel B reports the results where the fraction of the loan package comprised of term loan B is the dependent variable. We find that the coefficient on *Private EGC firms* loads negatively and is statistically significant at the 5% level. Moreover, the size of the coefficient on *Private EGC firms*, -0.38, suggests an economically large drop in amount of the loan comprised of term loan B, which for the average loan package amounts to a decrease of $231M.

Given we found no change in term loan As, relative to the entire loan package, this decrease in term loan B is likely to be offset with an increase in revolvers, our last variable. As seen in Panel C the share of the package comprised by revolvers is much higher for private EGC firms. The coefficient on *Private EGC firms* is 0.45, significant at the 1% level. This effect is also economically large and suggests the average revolver for *Private EGC firms* increases by $274MM. Revolvers typically are used to support ongoing operations and help firms scale output and sales, suggesting these results provide indirect evidence that loans to private EGC firms may fuel growth and help the firm mature towards going IPO faster.

Overall, the reduction in term loan B and increase in revolvers indicates bank participation in the loan package likely increased (and nonbank decreased). To check if this is the case, we examine the fraction of lenders involved in the loan syndicate that are banks: *Bank Share*. In Table 7, we see that the coefficient on *Private EGC firms* is positive and significant at

[9] If additional term loans exist in the package, such as term loans C or D, we aggregate these into *Term Loan B*.

the 1% level. The coefficient is 0.29 suggesting that the JOBS Act results in loan packages where bank participation in the loan increase by 29%. This is consistent with our hypothesis that the lower spread could be due to increased bank competition to engage with private EGC firms.

V. Conclusions

We explore the effect of the JOBS Act on syndicated loans to private EGC firms. We find evidence suggesting the JOBS Act results in lower loan spreads, lower collateral constraints, greater access to revolving loans, and greater bank participation. Overall these results suggest that the JOBS Act has important spillover effects that go beyond simply easing IPO costs. Namely, we find that by improving access to public equity markets, the JOBS Act fundamentally alters the way other claimants, namely syndicate lenders, interact with the firm. Our work suggests the benefits of the JOBS Act are not limited to just the direct effects, but also likely contain large spillover effects that is likely to affect other market participants. Future work may want to explore trade credit, bond markets, and other stakeholders that contract with private EGC firms.

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APPENDIX A: Variable Definitions

Company ID: Unique Reuters system-generated identifier for a company.

Package ID: Unique Reuters system-generated identifier for a package (commonly known as a deal). A deal may have one or more facilities/tranches.

Facility ID: Unique Reuters system-generated identifier for a facility/tranche.

Year: year(DealActiveDate)

Industry: Defined as in Fama-French 49 industry classification

Sales: The financial amount by which the company's sales (revenue) is measured as of the closing date of the agreement.

EGC: Defined in the Securities Act and the Exchange Act as an issuer with "total annual gross revenues" of less than $1 billion during its most recently completed fiscal year.

Margin: the difference between the observations revenue and the $1billion cutoff

Spread (AllInDrawn): Describes the amount the borrower pays in basis points over LIBOR for each dollar drawn down. It adds the spread of the loan with any annual (or facility) fee paid to the bank group.

Log(Spread): ln(spread)

Amount (FacilityAmt): The actual amount of the facility commited by the facility's lender pool.

Log(Amount): ln(amount)

Maturity: A calculation of how long (in months) the facility will be active from signing date to expiration date.

Log(Maturity): ln(maturity)

Secured: Dummy, equal to 1 if Secured == "Yes", equal to 0 otherwise

Time on market (TOM): Number of days from the start of syndication to completion of the loan.

LoanType: Equal to Term Loan if inlist(LoanType, "Term Loan", "Term Loan A", "Term Loan B", "Term Loan C", "Term Loan D", "Term Loan E", "Term Loan F", "Term Loan F", "Term Loan H", "Delay Draw Term Loan"), equal to Revolver if inlist(LoanType, "Revolver/Line < 1 Yr.", "Revolver/Line >= 1 Yr.", "364-Day Facility", "Revolver/Term Loan", "Limited Line"), equal to "Other" for all other cases

Liquidity Covenants: Count of Min. Cash Interest Coverage, Min. Quick Ratio, or Min. Current Ratio covenants in a loan package

Capital Structure Covenants: Count of Max. Loan to Value, Max. Senior Leverage, Max. Debt to Equity, Max. Debt to Tangible Net Worth, or Max. Leverage ratio covenants in a loan package

Investment Covenants: Count of Max. Capex covenants in a loan package

Performance Covenants: Count of Min. Debt Service Coverage, Max. Senior Debt to EBITDA, Min. EBITDA, Min. Fixed Charge Coverage, Min. Interest Coverage, or Max. Debt to EBITDA covenants in a loan package

Total Amount of Term Loan A: Sum of Term Loan A Amount

Total Amount of Term Loan B: Sum of Term Loan B Amount

Total Amount of Revolver: Sum of Revolver Amount

% Amount of Term Loan A: (Total Amount of Term Loan A)/(Total Loan Amount)

% Amount of Term Loan B: (Total Amount of Term Loan B)/(Total Loan Amount)

% Amount of Revolver: (Total Amount of Revolver)/(Total Loan Amount)

Syndicate Size: Number of lenders per FacilityID

Number of Lead Banks: % of Number of Lenders with LenderRole inlist ("Agent", "Admin agent", "Arranger", "Lead bank") per Package ID (Facility ID)

% Amount by Lead Banks: Percentage of Amount by Lenders with LenderRole inlist ("Agent", "Admin agent", "Arranger", "Lead bank") per Package ID (Facility ID)

% of Bank Lenders: % of number of lenders whose institution type is “US Bank”

% Amount by Bank Lenders: % of amount by lenders whose institution type is “US Bank”

Number of League Lenders: Number of lenders whose total loan amount was in top 10 in a given year

Share of league lenders: % of number of league lenders in a loan package

% Amount by League Lenders: % Amount by League Lenders

Figure 1.

This figure shows the binscatter plot of general relationship between loan spread and sales. The sample includes loans to firms with sales in the last fiscal year ranging from $0 to $2B, from 2000 to 2015 in Dealscan. Sales shows the dollar amount of sales of the firms in the last fiscal period. Spreads are expressed in basis points.

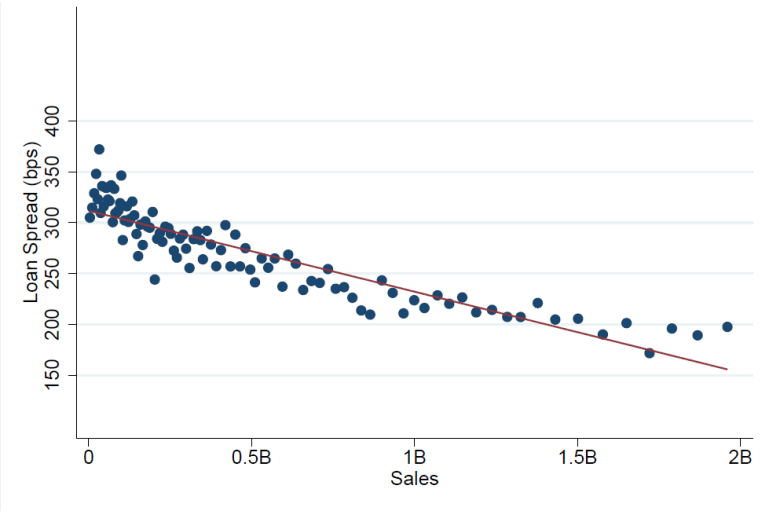

Figure 2.

This figure shows binscatter plot of the loan spread dynamics around the cutoff point ($1B) of Emerging Growth Companies (EGC) after the implementation of JOBS act. The plotted sample is restricted to loans to firms with sales from $0.9B to $1.1B, originated after April 5th, 2012. Spreads are expressed in basis points.

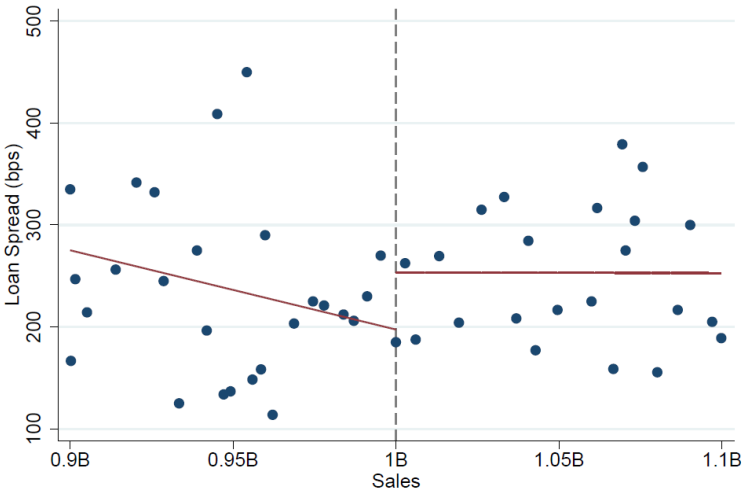

Figure 3.

This figure shows the binscatter plot of different loan spread dynamics between public and private firms around the cutoff point ($1B) of Emerging Growth Companies (EGC) after the implementation of JOBS act. The plotted sample is restricted to loans to firms with sales from $0.9B to $1.1B, originated after April 5th, 2012. The gray circles and line show loans of public firms, while black filled dots and line show loans of private firms. Spreads are expressed in basis points.

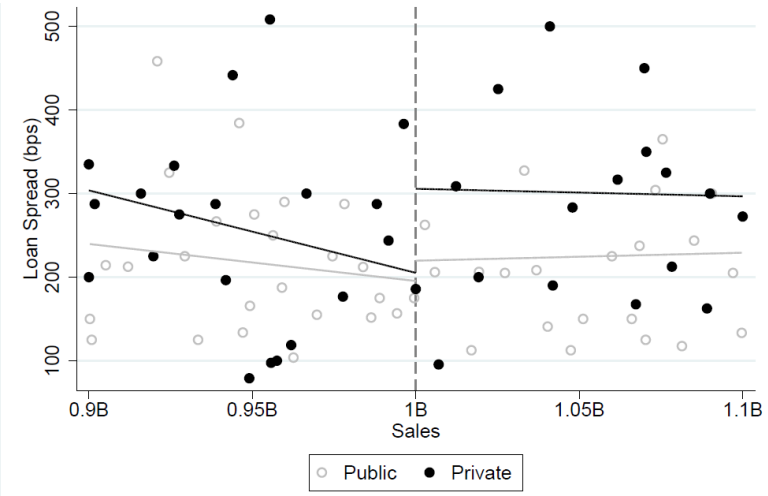

Figure 4.

Falsification Test: This figure shows the binscatter plot of loan spread dynamics around the cutoff point ($1B) of Emerging Growth Companies (EGC) during a placebo period. The plotted sample is restricted to loans to firms with sales from $0.9B to $1.1B, originated during a placebo period of 2002 to 2006. Spreads are expressed in basis points.

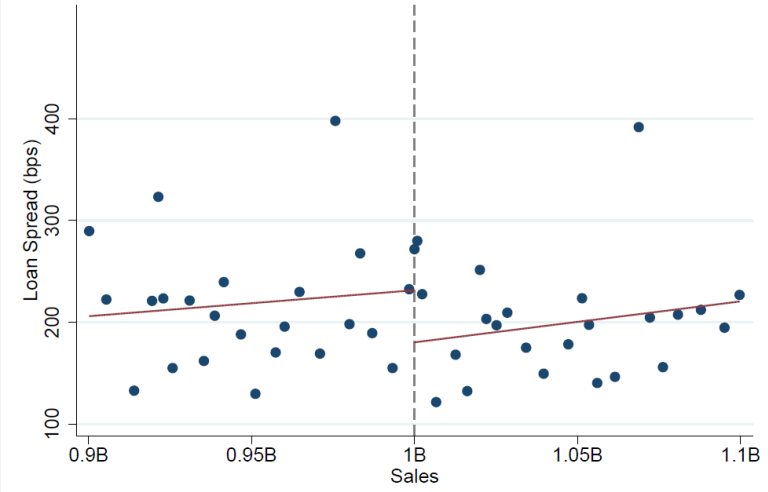

Table 1. Frequency by industry and public/private EGCs for RDD sample

Panel A shows the frequency cross tabulation of loan facilities to public/private EGC firms in Fama-French 49 industry that were included in the RDD sample. Panel B shows the frequency cross tabulation of loan packages to public/private EGC firms in Fama-French 49 industry that were included in the RDD sample.

Panel A: Facility

	Public EGC	Private EGC	Public non-EGC	Private non-EGC	Total
Food Products	0	1	5	0	6
Entertainment	1	2	4	2	9
Printing and Publishing	3	0	0	0	3
Apparel	1	5	1	0	7
Healthcare	4	0	8	4	16
Medical Equipment	2	0	0	0	2
Pharmaceutical Products	0	6	0	0	6
Chemicals	0	3	2	0	5
Textiles	5	0	0	0	5
Construction Materials	2	7	1	0	10
Construction	0	0	6	0	6
Steel Works, Etc	2	2	0	0	4
Machinery	4	4	0	0	8
Automobiles and Trucks	3	0	2	0	5
Aircraft	0	2	0	0	2
Non-Metallic and Industrial Metal Mining	1	2	0	0	3
Petroleum and Natural Gas	4	1	2	0	7
Utilities	2	5	7	1	15
Communication	0	4	6	1	11
Personal Services	0	5	1	4	10
Business Services	7	3	10	5	25
Computer Software	3	1	2	6	12
Electronic Equipment	2	2	0	1	5
Business Supplies	0	2	3	0	5
Transportation	3	0	3	2	8
Wholesale	2	4	1	3	10
Retail	3	4	1	0	8
Restaurants, Hotels, Motels	0	0	3	2	5
Banking	4	9	1	2	16
Insurance	0	2	1	0	3
Trading	21	4	5	10	40
Total	79	80	75	43	277

Panel B: Package

	Public EGC	Private EGC	Public non-EGC	Private non-EGC	Total
Food Products	0	1	4	0	5
Entertainment	1	2	3	2	8
Apparel	1	2	2	0	5
Healthcare	3	0	3	2	8
Pharmaceutical Products	0	3	0	0	3
Chemicals	0	1	1	0	2
Textiles	2	0	0	0	2
Construction Materials	2	3	1	0	6
Construction	0	0	5	0	5
Steel Works Etc	2	2	0	0	4
Machinery	3	2	0	0	5
Automobiles and Trucks	2	0	1	0	3
Aircraft	0	2	0	0	2
Non-Metallic and Industrial Metal Mining	1	1	0	0	2
Petroleum and Natural Gas	5	1	2	0	8
Utilities	2	5	8	1	16
Communication	0	3	1	1	5
Personal Services	0	4	2	1	7
Business Services	5	2	8	4	19
Computer Software	3	1	2	4	10
Electronic Equipment	2	1	0	1	4
Business Supplies	0	1	1	0	2
Transportation	2	0	3	4	9
Wholesale	2	2	1	2	7
Retail	3	4	1	0	8
Restaurants, Hotels, Motels	0	0	2	2	4
Banking	1	4	1	2	8
Insurance	1	1	1	0	3
Trading	17	4	5	7	33
Total	60	52	58	33	203

Table 2. Summary Statistics

Panel A shows the summary statistics of loan characteristics for 277 loan facilities included in the RDD test. This sample is drawn from loans to firms from 2010 to 2015, to firms with sales of $0.9 Billion to $1.1 Billion during the last fiscal year. Panel B shows the summary statistics of the loan facilities restricted to private EGC firms in the RDD test. Panel C shows the summary statistics of loan characteristics for 203 loan packages included in the RDD test. The variable definitions are illustrated in the Appendix A. The standard deviations are expressed in parentheses.

Panel A. Facility

	All Sample	**Private EGC**	**Public EGC**	**Private non-EGC**	**Public non-EGC**
Firm Characteristics					
Emerging Growth Companies	0.57				
	(0.50)				
Private	0.44				
	(0.50)				
Private EGC firms	0.29				
	(0.45)				
Sales At Close (MM)	996	951	951	1060	1060
	(59.85)	(35.05)	(27.70)	(26.68)	(28.76)
Loan Characteristics					
Spread (bps)	243.10	254.13	217.06	301.99	225.00
	(139.38)	(156.83)	(112.47)	(138.77)	(136.87)
Log(Spread)	5.36	5.36	5.27	5.60	5.30
	(0.53)	(0.66)	(0.45)	(0.50)	(0.44)
Amount (MM)	414	422	307	537	447
	(476)	(394)	(315)	(618)	(578)
Log(Amount)	19.34	19.37	19.09	19.51	19.47
	(1.08)	(1.10)	(1.10)	(1.28)	(0.86)
Amount/Sales	0.41	0.44	0.32	0.51	0.42
	(0.47)	(0.41)	(0.33)	(0.60)	(0.54)
Log(Amount/Sales)	-1.38	-1.31	-1.59	-1.27	-1.31
	(1.07)	(1.10)	(1.09)	(1.28)	(0.86)
Maturity	57.18	59.50	55.68	56.09	56.89
	(16.37)	(15.98)	(13.18)	(19.90)	(17.60)
Log(Maturity)	3.98	4.04	3.99	3.91	3.96
	(0.42)	(0.36)	(0.28)	(0.58)	(0.48)
Secured	0.55	0.60	0.54	0.63	0.45
	(0.5)	(0.49)	(0.50)	(0.49)	(0.50)
Term Loan A	0.06	0.07	0.06	0.02	0.07
	(0.24)	(0.27)	(0.25)	(0.15)	(0.25)
Term Loan B	0.29	0.28	0.27	0.40	0.28
	(0.46)	(0.45)	(0.44)	(0.49)	(0.45)
Revolvers	0.62	0.61	0.67	0.56	0.61
	(0.49)	(0.49)	(0.47)	(0.50)	(0.49)
Count	79	80	75	43	277

Panel B: Package					
	All Sample	**Private EGC**	**Public EGC**	**Private non-EGC**	**Public non-EGC**
Emerging Growth Companies	0.55				
	(0.50)				
Private	0.42				
	(0.49)				
Private EGC firms	0.26				
	(0.44)				
Liquidity Covenants	0.02	0.10	0.03	0.00	0.00
	(0.15)	(0.32)	(0.17)	(0.00)	(0.00)
Capital Structure Covenants	0.24	0.30	0.12	0.27	0.31
	(0.43)	(0.48)	(0.33)	(0.47)	(0.47)
Investment Covenants	0.06	0.00	0.12	0.09	0.03
	(0.25)	(0.00)	(0.33)	(0.30)	(0.16)
Performance Covenants	0.86	0.80	0.94	0.91	0.79
	(0.35)	(0.42)	(0.24)	(0.30)	(0.41)
% Amount of Term Loan A	0.05	0.03	0.77	0.02	0.05
	(0.17)	(0.10)	(0.23)	(0.10)	(0.17)
% Amount of Term Loan B	0.26	0.26	0.20	0.43	0.21
	(0.40)	(0.40)	(0.36)	(0.46)	(0.37)
% Amount of Revolver	0.66	0.66	0.71	0.49	0.70
	(0.43)	(0.42)	(0.41)	(0.46)	(0.42)
% of Bank Lenders	0.67	0.62	0.71	0.50	0.76
	(0.27)	(0.24)	(0.22)	(0.33)	(0.25)
Count (Covenant)	93	10	33	11	39
Count	203	52	60	33	58

Table 3. RDD Test on Loan Spreads

This table shows the regression discontinuity due to the effect of being an EGC after the implementation of JOBS act on the spread of a loan initiated to the firm. The dependent variable is loan spread, defined as natural log of spread in basis points. Variable definitions are illustrated in Appendix A.

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	-0.542***	-0.446***	0.083	0.024
	(-3.072)	(-2.676)	(0.639)	(0.205)
Margin * Private EGC	-3.593	-2.621	-0.369	-0.187
	(-1.530)	(-1.171)	(-0.216)	(-0.122)
Margin	-0.010	-0.114	-0.451	-0.295
	(-0.008)	(-0.091)	(-0.437)	(-0.332)
Private	0.388***	0.362***	0.165**	0.180***
	(3.783)	(3.690)	(2.209)	(2.650)
Emerging Growth Companies	0.041	0.018	-0.151	-0.070
	(0.295)	(0.132)	(-1.222)	(-0.632)
Log(Amount/Sales)		-0.090**		-0.181***
		(-2.570)		(-7.632)
Term Loan A		0.063		0.266***
		(0.687)		(2.856)
Term Loan B		0.352***		0.464***
		(4.633)		(9.093)
Observations	277	277	747	747
Adjusted R-squared	0.195	0.294	0.239	0.377
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Table 4. RDD Test on Loan Collateral

This table shows the regression discontinuity due to the effect of being an EGC after the implementation of JOBS act on the collateral of a loan initiated to the firm. The dependent variable is loan collateralizatio n, defined as 1 if the loan is secured and 0 otherwise. Variable definitions are illustrated in Appendix A.

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	-0.902***	-0.854***	-0.033	-0.050
	(-5.556)	(-5.350)	(-0.349)	(-0.562)
Margin	1.567	1.550	-2.155***	-2.016***
	(1.241)	(1.232)	(-3.325)	(-3.246)
Margin * Private EGC	-8.498***	-8.030***	-1.561	-1.374
	(-4.508)	(-4.384)	(-1.242)	(-1.133)
Private	0.346***	0.331***	-0.006	-0.016
	(4.099)	(3.976)	(-0.121)	(-0.322)
Emerging Growth Companies	0.470***	0.465***	-0.299***	-0.263***
	(3.221)	(3.181)	(-3.709)	(-3.370)
Log(Amount/Sales)		-0.052**		-0.018
		(-2.163)		(-1.018)
Term Loan A		-0.046		0.150**
		(-0.449)		(2.090)
Term Loan B		0.175***		0.258***
		(2.916)		(7.139)
Observations	277	277	747	747
Adjusted R-squared	0.354	0.381	0.227	0.278
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Table 5. RDD Tests on Loan Covenants

This table shows the regression discontinuity due to the effect of being an EGC after the implementation of JOBS act on the existence and count of covenants on loan packages of a loan initiated to the firm. Panel A - E shows the effect on the number of covenants in the category. Panel F - I show the effect on the existence of covenants in the category. Variable definitions are illustrated in Appendix A.

Panel A: Number of Covenants

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	0.197	0.231	-0.547*	-0.531*
	(0.359)	(0.414)	(-1.942)	(-1.900)
Margin	2.250	2.022	-1.601	-1.583
	(0.714)	(0.649)	(-0.696)	(-0.687)
Margin * Private EGC	5.570	6.001	-9.962**	-9.922**
	(0.631)	(0.672)	(-2.335)	(-2.382)
Private	-0.285	-0.277	0.041	0.001
	(-1.320)	(-1.301)	(0.238)	(0.005)
Emerging Growth Companies	0.414	0.402	-0.108	-0.111
	(1.099)	(1.061)	(-0.408)	(-0.413)
Log(Amount/Sales)		0.057		0.095
		(0.571)		(1.317)
Observations	91	91	296	296
Adjusted R-squared	0.212	0.203	0.310	0.313
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel B: Liquidity Covenants

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	0.094	0.102	-0.033	-0.031
	(0.872)	(0.906)	(-0.709)	(-0.688)
Margin	-1.021	-1.075	0.193	0.195
	(-1.059)	(-1.079)	(0.484)	(0.487)
Margin * Private EGC	1.574	1.677	-0.254	-0.249
	(1.256)	(1.260)	(-0.513)	(-0.501)
Private	0.026	0.028	-0.023	-0.028
	(0.965)	(1.007)	(-0.966)	(-1.232)
Emerging Growth Companies	-0.047	-0.050	0.058	0.058
	(-0.765)	(-0.793)	(1.004)	(1.002)
Log(Amount/Sales)		0.014		0.010
		(0.846)		(0.864)
Observations	91	91	296	296
Adjusted R-squared	0.132	0.123	-0.065	-0.066
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel C: Capital Structure Covenants

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	-0.077	-0.025	-0.111	-0.112
	(-0.428)	(-0.139)	(-0.999)	(-1.011)
Margin	2.775**	2.431*	1.330	1.329
	(2.244)	(1.925)	(1.541)	(1.537)
Margin * Private EGC	-9.034***	-8.383***	-0.015	-0.018
	(-3.965)	(-3.608)	(-0.011)	(-0.012)
Private	-0.051	-0.039	0.009	0.011
	(-0.472)	(-0.362)	(0.112)	(0.142)
Emerging Growth Companies	0.162	0.143	0.201**	0.202**
	(1.139)	(1.036)	(2.067)	(2.069)
Log(Amount/Sales)		0.086		-0.005
		(1.437)		(-0.178)
Observations	91	91	296	296
Adjusted R-squared	0.620	0.638	0.389	0.387
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel D: Investment Covenants

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	-0.305	-0.275	-0.260*	-0.252*
	(-1.601)	(-1.368)	(-1.803)	(-1.745)
Margin	1.412	1.210	-0.131	-0.122
	(1.344)	(1.183)	(-0.120)	(-0.111)
Margin * Private EGC	-2.171	-1.788	-3.015	-2.996
	(-1.211)	(-0.942)	(-1.326)	(-1.321)
Private	0.057	0.064	0.215***	0.195**
	(0.530)	(0.625)	(2.835)	(2.521)
Emerging Growth Companies	0.273**	0.262**	0.034	0.033
	(2.122)	(2.069)	(0.274)	(0.262)
Log(Amount/Sales)		0.051		0.046
		(1.034)		(1.201)
Observations	91	91	296	296
Adjusted R-squared	-0.021	-0.013	0.252	0.255
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel E: Performance Covenants

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	0.401	0.349	-0.144	-0.136
	(0.758)	(0.677)	(-0.555)	(-0.531)
Margin	-0.364	-0.018	-2.994*	-2.985*
	(-0.133)	(-0.007)	(-1.663)	(-1.657)
Margin * Private EGC	14.050*	13.397	-6.677	-6.659*
	(1.678)	(1.641)	(-1.648)	(-1.663)
Private	-0.286	-0.298	-0.159	-0.177
	(-1.531)	(-1.556)	(-1.113)	(-1.241)
Emerging Growth Companies	0.099	0.118	-0.402*	-0.403*
	(0.339)	(0.416)	(-1.847)	(-1.842)
Log(Amount/Sales)		-0.087		0.043
		(-1.098)		(0.797)
Observations	91	91	296	296
Adjusted R-squared	0.542	0.541	0.399	0.398
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel F: Liquidity Covenants - Dummy

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	0.094	0.102	-0.033	-0.031
	(0.872)	(0.906)	(-0.709)	(-0.688)
Margin	-1.021	-1.075	0.193	0.195
	(-1.059)	(-1.079)	(0.484)	(0.487)
Margin * Private EGC	1.574	1.677	-0.254	-0.249
	(1.256)	(1.260)	(-0.513)	(-0.501)
Private	0.026	0.028	-0.023	-0.028
	(0.965)	(1.007)	(-0.966)	(-1.232)
Emerging Growth Companies	-0.047	-0.050	0.058	0.058
	(-0.765)	(-0.793)	(1.004)	(1.002)
Log(Amount/Sales)		0.014		0.010
		(0.846)		(0.864)
Observations	91	91	296	296
Adjusted R-squared	0.132	0.123	-0.065	-0.066
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel G: Capital Structure Covenants - Dummy

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	-0.077	-0.025	-0.083	-0.084
	(-0.428)	(-0.139)	(-0.798)	(-0.815)
Margin	2.775**	2.431*	1.368	1.366
	(2.244)	(1.925)	(1.594)	(1.590)
Margin * Private EGC	-9.034***	-8.383***	-0.026	-0.030
	(-3.965)	(-3.608)	(-0.018)	(-0.021)
Private	-0.051	-0.039	-0.019	-0.015
	(-0.472)	(-0.362)	(-0.289)	(-0.235)
Emerging Growth Companies	0.162	0.143	0.200**	0.201**
	(1.139)	(1.036)	(2.062)	(2.068)
Log(Amount/Sales)		0.086		-0.009
		(1.437)		(-0.327)
Observations	91	91	296	296
Adjusted R-squared	0.620	0.638	0.408	0.406
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel H: Investment Covenants - Dummy

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	-0.305	-0.275	-0.260*	-0.252*
	(-1.601)	(-1.368)	(-1.803)	(-1.745)
Margin	1.412	1.210	-0.131	-0.122
	(1.344)	(1.183)	(-0.120)	(-0.111)
Margin * Private EGC	-2.171	-1.788	-3.015	-2.996
	(-1.211)	(-0.942)	(-1.326)	(-1.321)
Private	0.057	0.064	0.215***	0.195**
	(0.530)	(0.625)	(2.835)	(2.521)
Emerging Growth Companies	0.273**	0.262**	0.034	0.033
	(2.122)	(2.069)	(0.274)	(0.262)
Log(Amount/Sales)		0.051		0.046
		(1.034)		(1.201)
Observations	91	91	296	296
Adjusted R-squared	-0.021	-0.013	0.252	0.255
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel I: Performance Covenants - Dummy

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	0.040	0.039	-0.018	-0.024
	(0.503)	(0.490)	(-0.179)	(-0.240)
Margin	0.089	0.091	-0.757	-0.764
	(0.568)	(0.574)	(-1.328)	(-1.364)
Margin * Private EGC	4.853	4.850	-1.032	-1.047
	(1.186)	(1.173)	(-0.755)	(-0.757)
Private	0.011	0.011	-0.043	-0.027
	(0.689)	(0.668)	(-0.820)	(-0.529)
Emerging Growth Companies	0.005	0.005	-0.101	-0.100
	(0.267)	(0.271)	(-1.564)	(-1.583)
Log(Amount/Sales)		-0.000		-0.037**
		(-0.082)		(-2.059)
Observations	91	91	296	296
Adjusted R-squared	0.938	0.938	0.202	0.211
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Table 6. RDD Tests on Loan Package Shares

This table shows the regression discontinuity due to the effect of being an EGC after the implementation of JOBS act on the constitution of loan packages of a loan initiated to the firm. Panel A shows the effect on the shares of term loan As. Panel B shows the effect on the shares of term loan Bs. Panel C shows the effect on the shares of revolvers. Variable definitions are illustrated in Appendix A.

Panel A: Term Loan A

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	-0.018	-0.017	-0.020	-0.019
	(-0.357)	(-0.333)	(-0.828)	(-0.756)
Margin	0.166	0.128	0.133	0.134
	(0.388)	(0.298)	(0.656)	(0.658)
Margin * Private EGC	0.043	0.100	-0.170	-0.146
	(0.084)	(0.196)	(-0.530)	(-0.453)
Private	-0.013	-0.018	0.017	0.015
	(-0.465)	(-0.636)	(1.112)	(0.949)
Emerging Growth Companies	0.081	0.082	0.007	0.006
	(1.358)	(1.377)	(0.302)	(0.278)
Log(Amount/Sales)		0.023		0.004
		(1.635)		(0.685)
Observations	203	203	566	566
Adjusted R-squared	0.014	0.022	-0.009	-0.009
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel B: Term Loan B

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	-0.382**	-0.382**	0.106	0.114
	(-2.354)	(-2.344)	(1.314)	(1.416)
Margin	1.274	1.273	-0.308	-0.302
	(1.081)	(1.077)	(-0.533)	(-0.523)
Margin * Private EGC	-3.682*	-3.681*	-0.753	-0.609
	(-1.848)	(-1.836)	(-0.628)	(-0.509)
Private	0.213**	0.213**	0.019	0.010
	(2.166)	(2.151)	(0.407)	(0.218)
Emerging Growth Companies	0.079	0.079	-0.115*	-0.118*
	(0.541)	(0.539)	(-1.659)	(-1.709)
Log(Amount/Sales)		0.000		0.027
		(0.010)		(1.289)
Observations	203	203	566	566
Adjusted R-squared	0.092	0.087	0.185	0.187
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Panel C: Revolver

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	0.455***	0.451***	-0.105	-0.116
	(2.812)	(2.820)	(-1.190)	(-1.307)
Margin	-1.971*	-1.879	0.238	0.230
	(-1.670)	(-1.624)	(0.388)	(0.373)
Margin * Private EGC	3.955**	3.820**	0.539	0.344
	(2.111)	(2.098)	(0.398)	(0.253)
Private	-0.216**	-0.206**	-0.054	-0.042
	(-2.263)	(-2.145)	(-1.072)	(-0.831)
Emerging Growth Companies	-0.196	-0.199	0.128*	0.132*
	(-1.308)	(-1.348)	(1.684)	(1.739)
Log(Amount/Sales)		-0.054		-0.036
		(-1.305)		(-1.638)
Observations	203	203	566	566
Adjusted R-squared	0.164	0.170	0.159	0.164
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Table 7. RDD Tests on Bank Share

This table shows the regression discontinuity due to the effect of being an EGC after the implementation of JOBS act on the constitution of loan packages of a loan initiated to the firm. Panel A shows the effect on the shares of term loan As. Panel B shows the effect on the shares of term loan Bs. Panel C shows the effect on the shares of revolvers. Variable definitions are illustrated in Appendix A.

	JOBS Sample		Placebo Sample	
VARIABLES	(1)	(2)	(3)	(4)
Private EGC firms	0.295***	0.292***	0.057	0.034
	(2.846)	(2.818)	(0.816)	(0.492)
Margin	0.418	0.496	-0.921*	-0.940*
	(0.525)	(0.619)	(-1.776)	(-1.828)
Margin * Private EGC	1.859	1.744	1.410	0.970
	(1.492)	(1.409)	(1.490)	(1.057)
Private	-0.249***	-0.240***	-0.058	-0.031
	(-3.424)	(-3.266)	(-1.500)	(-0.824)
Emerging Growth Companies	-0.003	-0.006	-0.069	-0.060
	(-0.032)	(-0.063)	(-1.076)	(-0.960)
Log(Amount/Sales)		-0.045*		-0.081***
		(-1.712)		(-4.866)
Observations	203	203	566	566
Adjusted R-squared	0.184	0.201	0.063	0.121
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES