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VIA ELECTRONIC MAIL (smallbusiness@sec.gov)

Marcia Dawood, Chair
Members of the Small Business Capital Formation Advisory Committee
Office of the Advocate for Small Business Capital Formation
U.S. Securities and Exchange Commission
100 F Street, NE, Washington, DC 20549

Re: Written Statement for the July 21, 2026 Committee Meeting — The IPO Pipeline Begins in the Exempt Markets: Data on Regulation Crowdfunding's Scaling Constraints

Dear Chair Dawood and Members of the Committee:

Thank you for the opportunity to submit this statement in connection with the Committee's July 21 meeting on modernizing access to the public markets. It complements our January 26, 2026 written statement to this Committee, "Shedding Light on the Private Secondary Market," which addressed the exit side of the capital lifecycle — the liquidity gap facing more than two million retail investors in crowdfunded securities. This statement addresses the entry side, with the same premise connecting both: the IPO pipeline the Committee is working to rebuild does not begin at the registration statement. It begins years earlier, in the exempt markets, where companies first learn to operate under standardized disclosure. If the Commission wants more companies prepared for public life, the on-ramp that trains them — Regulation Crowdfunding — needs room to scale, and the investors who fund it need a path to exit.

Who We Are

CCA's principals co-authored the framework that became Title III of the JOBS Act and have tracked the market it created ever since. Our CCLEAR database records every Regulation Crowdfunding offering and investment since May 2016 at the transaction level — 10,899 offerings, $2.95 billion in committed capital, and 2.4 million investor transactions as of this month. The data below draw on that record; every figure reproduces against a locked snapshot, and we are glad to provide the underlying analysis to the Committee or staff.

Regulation Crowdfunding Works — and Is Hitting Its Ceiling

A decade in, the experiment Congress authorized has matured: 9,300+ issuers across all 50 states, a 78.8% completion rate among launched offerings, 25.8% women-owned issuers, and companies whose post-raise operations have contributed an estimated $42.5 billion to the U.S. economy since 2016 (estimated as revenue minus net income across 6,043 funded issuers' own Form C and C-AR filings, adjusted for confirmed closures). Fraud has remained de minimis. The framework's standardized disclosure is precisely the discipline that prepares companies for eventual public reporting.

But the $5 million cap now functions as a binding constraint on the market's most successful participants:

- 94 offerings have raised $4.5 million or more — effectively at the ceiling.

- 107 repeat issuers have raised $5 million+ cumulatively across multiple offerings — issuers who did not need multiple offerings; they needed a higher cap. Each redundant offering adds Form C filings, audits, and annual reports without commensurate investor-protection benefit.
- 323 offerings ran contemporaneous Rule 506(c) raises totaling $422.6 million — capital pushed from a standardized, transparent disclosure framework into a less-transparent one, solely because of the cap.
- 40.3% of near-cap issuers return for follow-on offerings, a median of 20 months later, raising a median $3.1 million more — over $214 million in aggregate post-cap capital.

Raise the Cap — and Fix the Vehicles That Must Come With It

CCA has petitioned the Commission to raise the Reg CF offering limit to $20 million with automatic inflation indexing (petition resubmitted to the Office of the Secretary July 13, 2026; a complementary petition, File No. 4-889, is already docketed). But the cap increase must be paired with functional crowdfunding vehicles, or success will push issuers into the Exchange Act Section 12(g) registration cliff:

- Investor counts scale at roughly 40 investors per $100,000 raised. A maximum raise at $20 million predicts approximately 8,200 investors on the cap table.
- 279 issuers have already crossed 2,000 holders of record; 11 currently meet both 12(g) triggers. 73% of issuers at both triggers got there through repeat offerings — that is, through exactly the success the regulation was designed to enable.
- Rule 3a-9 crowdfunding vehicles were built to solve this, but their operational requirements — individual voting instructions, individual disclosure pass-through, individual claim rights — replicate the burden of direct ownership. They are vehicles in name only, and the market does not use them.

We recommend the Committee consider recommending that the Commission (1) raise the Reg CF cap to $20 million, indexed to inflation; (2) streamline Rule 3a-9 by permitting default voting mechanisms with notice, designated lead investors or managers under standardized operating agreements, and consolidated disclosure delivery; and (3) simplify ongoing reporting by retaining the financial-statement update while standardizing the balance of Form C-AR into a concise annual update with a material-changes section. Each is achievable through rulemaking; none requires Congressional action. The Commission's pending "Updating the Exempt Offering Pathways" rulemaking (RIN 3235-AN42) is the natural vehicle.

The Connection to July 21's Agenda

The Committee's focus on public-market access and the Commission's recent proposals for emerging growth companies share a premise: regulation should scale with company size and maturity. The same principle, applied one stage earlier, argues for letting the exempt framework grow with its issuers. A company that raises $20 million under standardized Reg CF disclosure, with thousands of investor-customers and years of annual reporting behind it, is a better IPO candidate than one that assembled the same capital across fragmented, less-transparent private placements. The pipeline is already producing: 257 companies that raised through Regulation Crowdfunding have gone on to attract $5.04 billion in institutional follow-on funding. Scaling Reg CF is public-market preparation.

We thank the Committee for its work — its February recommendation on finders, now reflected in the Commission's regulatory agenda, demonstrates how effectively this body moves ideas into rulemaking. We would welcome the opportunity to present the underlying data at a future meeting.

Respectfully submitted,

/s/ Sherwood Neiss

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