



December 10, 2016

VIA EMAIL

Brent J. Fields

Secretary

U.S. Securities and Exchange Commission

100 F Street, NE

Washington, DC 20549-1090

Re: File No. 4-692 *Report on the Review of the Definition of "Accredited Investor"*

Dear Mr. Fields,

On January 20, 2016, the Board of Governors of The TAN2000 International Holdings Corporation uploaded its initial comments on the SEC Staff Report entitled "Review of the Definition of Accredited Investor." Subsequent to that posting, TAN changed its name to The TAN2000 International Regulatory Corporation (TANRC) to better reflect its new purpose as the voluntary self-regulator of the early stage capital markets. Based on TANRC's experience, we believe that rulemaking is necessary but it is not the complete solution to safeguarding the interests of all early stage market participants in a manner consistent with economic growth.

TANRC commends the SEC for undertaking a review of potential methods to update and enhance its standards. Criminal activity in the early stage capital markets underscores the need to evolve regulatory basis and industry oversight.¹ Capital formation, in a trustworthy and accountable manner, is extremely important to the economic development of our nation. However, we believe that the report's recommendations, if adopted, would severely decrease the availability of early stage capital, throttling new firm formation, new jobs, exports and increased economic wealth for the U.S.² The SEC-appointed Advisory Committee on Small and Emerging Companies stressed that the proposed changes will "materially decrease the pool of capital available" as well as have a "disparate impact" on women and minority entrepreneurs.³ Industry members continue to emphasize the catastrophic and domino nature

¹ http://upstart.bizjournals.com/companies/startups/2016/10/10/startup-ethics-ipo-zenefits-theranos-lending-club.html?ana=e_ubi&u=32322357774eb2aeaa6f5871791645&t=1476127136&j=76077691;
<http://www.nbcnews.com/business/consumer/how-9-billion-blood-testing-startup-theranos-blew-n671751>;
http://mobile.nytimes.com/2016/03/20/business/dealbook/private-equity-executive-accused-fake-investments.html?_r=0&referrer=https://www.google.com/; <https://medium.com/startup-grind/i-got-scammed-by-a-silicon-valley-startup-574ced8acdff#.udwunt4uz>; <http://www.nytimes.com/2016/09/01/technology/a-silicon-valley-dream-collapses-in-allegations-of-fraud.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region®ion=top-news&WT.nav=top-news>

² https://www.sba.gov/sites/default/files/advocacy/SB-FAQ-2016_WEB.pdf;
<http://www.forbes.com/sites/williamdunkelberg/2015/06/03/small-business-is-contributing-more-to-economic-growth-and-job-creation/#46ee499b1746>

³ <https://www.sec.gov/info/smallbus/acsec/acsec-recommendations-accredited-investor.pdf>

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of such proposed changes in conversations. The Angel Capital Association (ACA) also published a document that outlines these far reaching effects.⁴ It is very important that government and industry work together to achieve a new standard.

Regarding the Proposed Financial Thresholds to Qualify as an Accredited Investor

TANRC believes that the thresholds for Accredited Investors are too restrictive. Rather than a bright line of accredited versus unaccredited investors, TANRC proposes that the Commission's staff proposal be amended to create tiers of accredited investors and specify investments in which they may materially participate. We further recommend that the proposed FINRA test be replaced with a test reflective of knowledge of early stage financing. We should not qualify Accredited Investors based on tests designed for a well regulated segment of the securities industry. We agree, in principle, that designations from other segments of the financial industry may be considered for purposes of qualifying as an Accredited Investor, provided they are paired with early stage financing experience and/or an early stage financing specific test. Our recommendation is that the industry, through openly arrived-at mutual consent, develops a test that would allow evaluation of the capability of an organization or individual to make informed judgements on high risk investments.

In summary, TANRC believes that the numbers and proposals should be adjusted to expand access to the Accredited Investor definition in a tiered manner. Such an approach would limit risk to those entities that require greater protection.

Regarding the Need for a Model Built for Early Stage Finance

TANRC previously operated a specially designed marketplace, on a trial basis, to connect disenfranchised populations with qualified and trustworthy service providers and investors. TANRC quickly discovered trust and accountability issues that its strongest sanctions as a marketplace could not prevent. There were several participants, both entrepreneurs and investors, who would take actions, not just inconsistent with trust and accountability, but that would destabilize the market itself. There were no actions TANRC could take which would allow for the reporting of such actions to other stages of start-up financing, hence the conversion to TANRC began in late 2015.

TANRC possesses the necessary technological systems and Administration and has set to work addressing industry specific issues.⁵ TANRC's leadership has previously worked in regulated companies and understand the intricacies in the process of governing. For example, the SEC regulates the securities industry, allowing FINRA to facilitate rules for the public markets to which all public markets, and by extension, investors, must adhere. TANRC's model is a synthesis of that of the North American Electric Reliability Corporation for the Utilities industry combined with the SEC/FINRA model. Our model addresses the limitations of the industry specific model. Our standards setting process is more granular, allowing the system to adapt to national and state/provincial laws (local laws) along with system standards.

⁴ <https://www.sec.gov/spotlight/acsec/sec-small-biz-committee-aca-12-17-14-final.pdf>

⁵ <http://www.tanrc.org>; <https://eservices.tanrc.org>; <http://www.tanrc.org/about>

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Further Comments

TANRC believes that a voluntary self-regulatory mechanism is required to maintain the industry's operating standards and provide a uniform approach to ascertain trust and accountability of all participants, regardless of the Commission's action or inaction to revise the Accredited Investor definition. TANRC notes that it has built such a mechanism and has drawn substantive and supportive interest from participants in the early stage capital markets.

TANRC, through its Board of Governors and its leadership, appreciates the opportunity to comment on its experience and looks forward to working with the Commission to ensure that the needs of entrepreneurs, investors, and the greater community are met. If you have any questions about these comments, or if we can provide further information, please do not hesitate to contact me at [REDACTED].

Respectfully submitted,

/s/ Sandra Potter

Sandra Potter, Ph.D.
Chairwoman of the System Board of Governors