MASTER ADMINISTRATIVE RECORD

AND SWORN DECLARATION

Regulation A Compliance Burden — Capital Formation Reform

Sworn Pursuant to 28 U.S.C. § 1746

Submitted in All Pending and Future Matters Involving

Regulation A, Form 1-A, Rule 15c2-11, and Related Provisions

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EXECUTIVE BRIEF

For senior officials and committee staff. Two pages. Full Record begins after the Institutional Statement.

Issue.

The published Form 1-A burden estimate under OMB Control No. 3235-0286 understates real-world Regulation A Tier 2 compliance cost by approximately an order of magnitude. Sworn evidence in Exhibit A places the cumulative burden at $574,500 (low), $1,111,250 (mid-case), and $1,923,500 (high). The mid-case is submitted as the operative figure for PRA burden estimation under 5 CFR § 1320.8(a)(4).

Reconciliation Question.

The Commission's own audited mission, Chairman statements, OMB Circular A-136 attestations, GAO ICFR findings, exemptive-authority precedents (Consolidated Audit Trail), and Inspector General reports all point in one direction. The current Regulation A compliance stack points in another. The administrative record now presents a reconciliation question for the Commission to resolve.

Statutory Authority.

15 U.S.C. § 77z-3 and 15 U.S.C. § 78mm grant the Commission affirmative exemptive authority sufficient to adopt the Relief Sought without additional legislation. 15 U.S.C. §§ 77b(b) and 78c(f) impose co-equal capital formation, efficiency, and competition mandates alongside investor protection.

Three-Amendment Relief Sought (severable, narrow, scalable, conditional, investor-protection preserving).

- Amendment 1. Amend 17 CFR § 210.8 to permit independent CPA review (SSARS standard) in lieu of full audit for Regulation A Tier 2 issuers with offering size below $20 million and prior-year revenue below $10 million. Precedent: 17 CFR § 227.201(t) (Regulation Crowdfunding tiered CPA-review).
- Amendment 2. Amend 17 CFR §§ 239.90 and 229.601(b)(5) to permit officer certification under penalty of perjury (28 U.S.C. § 1746) in lieu of Exhibit 12 attorney legality opinion for offerings below $10 million. Precedent: 17 CFR §§ 240.13a-14 and 240.15d-14 (SOX § 302 officer certification).
- Amendment 3. Amend 17 CFR § 240.15c2-11 to provide express safe harbor for Tier 2 issuers current on § 230.257 filings as conclusive satisfaction of the current-information requirement.

Disclosure Standard Preservation.

No Amendment reduces any existing disclosure standard. Each Amendment substitutes an equally accountable but proportionate compliance mechanism. The Commission's own SOX § 302 framework, Reg CF tiered-review framework, and § 230.257 continuing-disclosure framework supply the operative templates.

Why Now.

Chairman Atkins, in Remarks at the 45th Annual Small Business Forum on March 9, 2026, stated that eighty-four percent of early-stage businesses struggled to secure capital last year, directed Commission staff to explore solutions to capital access barriers, identified scaling disclosure with company size as one of his highest priorities, and invited dialogue with those who operate under the rules. Executive Order 14215 (February 18, 2025) removed the historical SEC exemption from Executive Order 12866,

subjecting the Commission to OIRA cost-benefit review under OMB Circular A-4. The concurrent foreign-capital channel restrictions (EO 14105 outbound investment controls, HFCAA, CFIUS expansion, Corporate Transparency Act) make domestic Regulation A capital access a strategic resilience question, not only a small-business question.

Institutional Corroboration.

SEC OIG Report No. 588 (September 29, 2025) documents that 53 percent of SEC staff identify insufficient cost-benefit data as a quality factor; that the Office of the Chief Accountant and the Office of the Advocate for Small Business Capital Formation are documented as under-engaged in rulemaking; and that the Fifth and Eleventh Circuits have questioned Commission economic analysis in 2023–2025 matters. SEC OIG Report No. 589 (February 25, 2026) concludes that the SEC's information security program did not meet the federal effectiveness standard. SEC OIG Report No. 590 (May 4, 2026) documents 22 percent attrition at DRO and 31 percent attrition at CAO since FY 2025 began, with most positions unfilled. These findings establish, in the Commission's own internal audit record, the operational facts on which substantial portions of this Record depend.

Severability.

Each Amendment is independently severable. The Commission may adopt any one, any two, or all three. Each Amendment independently advances the § 77b(b) and § 78c(f) co-equal mandate without reducing any disclosure standard.

Requested Data Production.

The Commission is respectfully requested to produce, in connection with response to this Record: (a) the methodology and underlying data supporting the Form 1-A burden estimate under OMB Control No. 3235-0286; (b) the DERA analytical assumptions used in the most recent economic analysis cycle on Regulation A; and (c) historical Regulation A Tier 2 participation data disaggregated by issuer revenue, geography, HUBZone status, and defense-relevance, for fiscal years 2020 through 2025.

INSTITUTIONAL STATEMENT

The Commission's current Regulation A compliance structure increasingly operates in a manner inconsistent with the Commission's co-equal statutory obligations under 15 U.S.C. §§ 77b(b) and 78c(f) to consider efficiency, competition, and capital formation alongside investor protection.

As currently administered, the cumulative interaction of 17 CFR § 210.8, 17 CFR § 229.601(b)(5), 17 CFR § 240.15c2-11, Form 1-A burden assumptions under OMB Control No. 3235-0286, and Tier 2 ongoing reporting obligations under 17 CFR § 230.257 creates a compliance stack that is economically inaccessible for many small issuers, particularly rural, HUBZone-certified, defense-aligned, and nontraditional entrants attempting to access disclosure-rich public capital pathways.

The practical effect is not merely increased compliance cost. The practical effect is market exclusion. This exclusion has consequences extending beyond individual issuers, with cascading effects on retail investor participation, federal industrial policy coherence, exchange pipeline development, and the long-term resilience of U.S. capital markets.

The Commission possesses existing exemptive authority under 15 U.S.C. §§ 77z-3 and 78mm sufficient to address many of these concerns without additional legislation. The existence of this authority materially changes the policy question before the Commission. The issue is no longer whether relief mechanisms exist. The issue is whether continued inaction remains justified in light of accumulating evidence regarding small-issuer exclusion, retail-investor exclusion, and secondary-market suppression.

This Record places that evidence before the Commission in sworn form.

THESIS

The SEC's Regulation A stack excludes small issuers and retail investors while pretending to protect them.

Published burden estimate says one thing. Sworn market evidence says another.
This document places the contradiction in the administrative record.

EXECUTIVE SUMMARY

The Commission's published burden estimate for Form 1-A under OMB Control No. 3235-0286 understates real-world compliance cost by approximately an order of magnitude. Sworn market evidence in Exhibit A establishes the actual cumulative burden for a Regulation A Tier 2 offering with secondary-market liquidity at $574,500 (low), $1,111,250 (mid-case), and $1,923,500 (high).

This burden, in cumulative operation with the audit requirement under 17 CFR § 210.8, the legality-opinion requirement under 17 CFR § 229.601(b)(5), and the market-maker-quotation requirement under 17 CFR § 240.15c2-11, excludes HUBZone, rural, veteran-owned, women-owned, defense-aligned, and disability-impacted small businesses from the Regulation A pathway. The excluded issuers are pushed into Regulation D § 506(c), where non-accredited retail investors are statutorily foreclosed.

The cumulative effect is the inverse of the investor protection regime Congress enacted in the JOBS Act of 2012: the disclosure-rich pathway is inaccessible to small issuers, and the disclosure-poor pathway is closed to retail investors. The Commission's published burden estimate cannot survive the sworn evidence in this Record without correction. Continued reliance on the published estimate exposes downstream rulemaking to vacatur under 5 U.S.C. § 706(2)(A) per Business Roundtable v. SEC, 647 F.3d 1144 (D.C. Cir. 2011).

Three targeted amendments restore the JOBS Act design without compromising any disclosure standard. The Commission has affirmative exemptive authority under 15 U.S.C. §§ 77z-3 and 78mm to grant the relief.

RELIEF SOUGHT

#	Amendment	Statutory and Precedential Basis
1	Amend 17 CFR § 210.8 to permit independent CPA review (SSARS standard) in lieu of full audit for Regulation A Tier 2 issuers with offering size below $20 million and prior-year revenue below $10 million.	15 U.S.C. § 77z-3 exemptive authority; precedent at 17 CFR § 227.201(t) (Regulation Crowdfunding tiered CPA-review).
2	Amend 17 CFR §§ 239.90 and 229.601(b)(5) to permit officer certification under penalty of perjury (28 U.S.C. § 1746) in lieu of Exhibit 12 attorney legality opinion for offerings below $10 million.	15 U.S.C. § 77z-3; precedent at 17 CFR §§ 240.13a-14 and 240.15d-14 (SOX § 302 officer certification).
3	Amend 17 CFR § 240.15c2-11 to provide express safe harbor for Tier 2 issuers current on § 230.257 filings as conclusive satisfaction of the current-information requirement.	15 U.S.C. § 78mm exemptive authority; reduces duplicative diligence on Commission-qualified issuers.

These three amendments are independently severable. The Commission may adopt any one, any two, or all three. Each amendment independently advances the § 77b(b) and § 78c(f) co-equal capital-formation mandate without reducing any existing disclosure obligation.

AGENCY DECISION REQUIRED

The Commission is requested to provide written response to each of the following questions. Each question is independently answerable yes or no. Continued silence on any question is itself an answer for purposes of the administrative record and any subsequent APA review.

Q#	Question	Yes / No
1	Does the Commission accept the sworn cost evidence in Exhibit A as the operative real-world cost record for purposes of Form 1-A burden estimation under 5 CFR § 1320.8(a)(4)?	☐ Yes ☐ No
2	Does the Commission concede that the published Form 1-A burden estimate, in light of sworn contradictory evidence, requires revision or formal justification of retention?	☐ Yes ☐ No
3	Does the Commission acknowledge its affirmative exemptive authority under 15 U.S.C. §§ 77z-3 and 78mm with respect to the three amendments identified in the Relief Sought section?	☐ Yes ☐ No
4	Will the Commission initiate notice-and-comment rulemaking under APA § 553 on the three identified amendments within 180 days?	☐ Yes ☐ No
5	Will the Commission initiate RFA § 610 periodic review of 17 CFR §§ 230.251–263 and § 240.15c2-11 within 90 days?	☐ Yes ☐ No
6	Will the Information Quality Officer formally respond to the Information Quality Act correction request submitted in parallel?	☐ Yes ☐ No
7	Will the Office of the Investor Advocate include the sworn evidence in its next annual report to Congress under 15 U.S.C. § 78d(g)?	☐ Yes ☐ No
8	Will the Office of the Advocate for Small Business Capital Formation include the sworn evidence in its next annual report under 15 U.S.C. § 78pp?	☐ Yes ☐ No

WHO IS HARMED

Harmed Population	Nature of Harm	Statutory Anchor
Retail investors (non-accredited)	Foreclosed from disclosure-rich Reg A offerings; diverted into disclosure-poor private channels they cannot legally access.	15 U.S.C. § 77a; § 78d(g)
HUBZone small business issuers	Compliance stack exceeds practical capacity; structural exclusion from federal capital formation policy benefit.	15 U.S.C. § 657a; 13 CFR Part 126
Rural workers and communities	Capital concentration in coastal urban centers; rural employment growth foregone.	Stafford Act; USDA RD authorities
Veteran-owned and SDVOSB issuers	Same structural exclusion; defeats SDVOSB capital access policy.	15 U.S.C. § 657f; 13 CFR Part 128
Women-owned small businesses	Same structural exclusion; defeats WOSB capital access policy.	15 U.S.C. § 637(m); 13 CFR Part 127
Disability-impacted issuers and investors	Disproportionate burden; Section 504 and Section 508 meaningful-access failures.	29 U.S.C. §§ 794, 794d; 17 CFR Part 207; 36 CFR Part 1194
Defense industrial base small businesses	Foreign capital channels restricted; domestic capital channels inaccessible; net capital starvation.	EO 14105; 31 CFR Part 850; HFCAA Pub. L. 116-222; FY24 NDAA §§ 856–857
Public stockholders of registered exchanges	Diminished issuer pipeline; reduced competitive market discipline; listing concentration risk.	Exchange Act § 6

WHY NOW

- Foreign capital channels for defense-relevant small business issuers are simultaneously closing through Executive Order 14105 (Outbound Investment Security Program, 31 CFR Part 850), the Holding Foreign Companies Accountable Act (Pub. L. 116-222), the Corporate Transparency Act (31 CFR § 1010.380), and CFIUS expansion under the FY24 NDAA. Domestic Regulation A channels must be made economically viable to preserve defense industrial base capital access.
- The Commission under Chairman Atkins has signaled openness to capital formation reform. The current Commission posture creates an opening for reform that is consistent with stated institutional priorities.
- The Texas Stock Exchange (TXSE) and other registered exchanges depend on a functioning small-issuer listing pipeline. The current compliance stack truncates that pipeline at the source.
- Retail investor concentration in mega-cap securities and disclosure-poor speculative venues has reached levels that warrant restoration of the JOBS Act democratization pathway.
- Rural HUBZone communities face cumulative capital access barriers across federal programs. SEC-side relief is the lowest-friction federal action available.

SYSTEM CONTRADICTION CLUSTER

The Commission's current Regulation A compliance structure produces five system-level contradictions that operate independently of any individual rule defect. These contradictions are operational, not ideological. They identify structural inconsistencies between the Commission's administered framework and federal policy as a whole. Each contradiction is independently established and independently sufficient to support Commission corrective action.

Contradiction 1 — Whole-of-Government National Security Inconsistency

The federal government has, through concurrent and consistent action across multiple agencies, declared that the United States requires more domestic defense-aligned small business entrants to strengthen the industrial base. The Department of Defense Small Business Strategy (2023) and successive National Defense Authorization Acts have identified capital access as a primary barrier to nontraditional defense entrant scale-up. Concurrently, federal policy has restricted foreign capital pathways for defense-relevant small businesses through:

- Executive Order 14105 and 31 CFR Part 850 (Outbound Investment Security Program)
- Holding Foreign Companies Accountable Act (Pub. L. 116-222)
- Corporate Transparency Act and 31 CFR § 1010.380
- CFIUS expansion under FY24 NDAA; 31 CFR Parts 800, 802
- 15 CFR Parts 730–774 (Export Administration Regulations, Entity List, MEU List, Unverified List, Foreign Direct Product Rule)
- 22 CFR Parts 120–130 (ITAR)

The Commission's Regulation A compliance architecture, however, makes domestic public capital economically unreachable for many of the small defense firms that federal policy explicitly seeks to expand. The result is a whole-of-government policy inconsistency: foreign capital channels are restricted by national security policy while domestic public-market capital channels are restricted by Commission compliance economics.

This contradiction is not theoretical. It is operational.

Maintaining domestic public-capital pathways that are economically inaccessible to many small issuers while simultaneously restricting alternative capital channels creates a national security bottleneck of the Commission's own making. The contradiction warrants Commission review under § 77b(b) and § 78c(f) co-equal mandate analysis.

Contradiction 2 — Exchange Pipeline and Market Structure Degradation

Regulation A was designed in part to function as an on-ramp into broader U.S. public-market participation. The Commission's current compliance stack truncates that on-ramp at the source. The operational chain is direct:

- Fewer Regulation A issuers reach qualification.
- Fewer qualified issuers achieve uplist candidacy.
- Fewer uplist candidates produce small-cap exchange listings.
- Fewer small-cap listings reduce exchange competition.
- Reduced exchange competition increases mega-cap concentration.

- Mega-cap concentration weakens price discovery and small-cap dynamism.
- Diminished small-cap dynamism reduces the innovation pipeline available to U.S. capital markets.

The harmed stakeholders therefore extend far beyond individual issuers. They include Nasdaq, the New York Stock Exchange, the Texas Stock Exchange, market makers, liquidity providers, small-cap investors, pension fund beneficiaries indirectly exposed to small-cap allocations, and the public stockholders of the registered national securities exchanges themselves (which are publicly traded entities).

The Commission is not regulating only an issuer-compliance question. The Commission is administering an exchange-pipeline-infrastructure question.

Continued administration without recognition of this systemic dimension is inconsistent with Exchange Act § 6 market-structure obligations and with the Commission's broader market-integrity mandate.

Contradiction 3 — Retail Investor Exclusion Inversion

The Commission's stated mission centers on investor protection through disclosure, transparency, and informed participation. The Commission's current Regulation A compliance stack, however, produces the operational opposite of that mission:

Disclosure-rich offerings have become economically inaccessible.

Disclosure-poor offerings have become comparatively favored.

Regulation A Tier 2 requires reviewed offering materials, audited financials, Commission qualification, and continuing disclosure obligations under § 230.257. Regulation D § 506(c), by contrast, requires none of these. Yet the Commission's compliance stack pushes small issuers out of the disclosure-rich Reg A pathway and into the disclosure-poor Reg D § 506(c) pathway, where non-accredited retail investors are statutorily foreclosed by 17 CFR § 230.501(a).

Retail investors are therefore systematically diverted away from the disclosure environment Congress designed for them and toward disclosure-poor speculative venues that the Commission cannot effectively reach. This is a structural inversion of the protective mission. The Commission's administrative architecture pushes investors toward the less transparent market.

Contradiction 4 — Exemptive Authority Failure

The relief sought in this Record is within the Commission's existing statutory authority. The administrative posture before the Commission therefore differs from the posture that would apply if legislative action were required.

- 15 U.S.C. § 77z-3 grants the Commission authority to conditionally or unconditionally exempt any person, security, or transaction from any Securities Act provision if the Commission finds that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.
- 15 U.S.C. § 78mm grants parallel exemptive authority for Exchange Act provisions, including 17 CFR § 240.15c2-11.

These provisions are not aspirational. They are operative statutory grants. The Commission has exercised these exemptive authorities repeatedly across the history of the Securities Act and the Exchange Act. The framework exists. The mechanism exists. The statutory power exists.

The question is therefore not whether the Commission may act. The question is whether continued inaction is justified in light of sworn contradictory evidence now in the Commission's possession.

Under arbitrary-and-capricious review pursuant to 5 U.S.C. § 706(2)(A), inaction in the face of clear statutory authority and sworn contradictory evidence is a substantially weaker administrative posture than inaction in the absence of such authority.

Contradiction 5 — Cross-Agency Institutional Entanglement

The Commission does not administer the Regulation A compliance stack in jurisdictional isolation. The administered framework interacts with the duties and authorities of numerous federal entities, each of which has independent statutory responsibilities that intersect with the harms documented in this Record. These entities include:

- Office of Information and Regulatory Affairs (OIRA) — EO 12866; 44 U.S.C. § 3507; 5 CFR Part 1320; EO 14094
- Small Business Administration Office of Advocacy — 5 U.S.C. § 612; EO 13272
- Department of Defense Office of Small Business Programs — DoD Small Business Strategy (2023); DPA Title III; FY24 NDAA §§ 856–857
- Congressional oversight committees — Senate Banking; Senate Small Business; House Financial Services; House Small Business
- Inspectors General framework — 5 U.S.C. App. 3; CIGIE Quality Standards
- Paperwork Reduction Act framework — 5 CFR § 1320.8(a)(4)
- Regulatory Flexibility Act framework — 5 U.S.C. §§ 601–612; § 610 retrospective review
- Information Quality Act framework — Pub. L. 106-554 § 515; OMB IQA Guidelines
- EO 12866 cost-benefit framework — OMB Circular A-4
- OMB Circular A-123 internal control framework
- GPRA Modernization Act performance framework
- Federal Managers' Financial Integrity Act — 31 U.S.C. § 3512

No single office can administer the Commission's existing framework without simultaneously implicating, or being implicated by, these adjacent authorities. The cumulative effect is institutional entanglement. Continued Commission inaction creates corresponding institutional pressure on adjacent offices to either validate Commission posture or independently address the underlying harms documented in this Record.

Procedural pressure compounds not through volume, anger, or politics, but through architecture.

GAO-AUDITED SEC SELF-REPRESENTATION MATRIX

This Section sets out the Commission's own published mission statements, internal control attestations, performance representations, workforce conditions, and exemptive-authority precedents, as recorded in GAO audited financial statement reports, GAO workforce reports, the Commission's Agency Financial Reports under OMB Circular A-136, the Commission's strategic plan and performance reports under the GPRA Modernization Act, statements by the Chairman, and previously granted Commission exemptive orders. The purpose of this Section is to establish, in the administrative record, that the principles the Commission is requested to apply to Regulation A are the same principles the Commission has formally adopted in audited and reportable representations.

The GAO record does not prove the Commission has already violated the law. The GAO record proves the Commission has formally adopted the mission, cost, control, burden, validation, and exemptive-authority principles this Record now asks the Commission to apply to Regulation A.

Note on Sources: Each row in the Matrix below identifies the Commission self-representation, the source category, the operational contradiction with the current Regulation A administered framework, and the required Commission action. Source citations are identified to GAO report categories, Commission Agency Financial Reports, Commission strategic and performance reports, Commission exemptive orders, and Commissioner statements. The substance of each representation is reproduced from the Commission's own publicly available record. Where Chairman statements are cited, the citation is to the Chairman's Remarks at the 45th Annual Small Business Forum (March 9, 2026), as transcribed and released by the Commission on March 10, 2026.

MATRIX I — Mission and Capital Formation Self-Representations

#	SEC / GAO Self-Representation	Source	Contradiction with Current Reg A Framework	Required Action
1	Commission mission: protect investors; maintain fair, orderly, and efficient markets; facilitate capital formation.	SEC Strategic Plan; SEC AFR; SEC.gov mission page	Current stack suppresses capital formation and excludes retail investors from disclosure-rich pathway.	Adopt the three-amendment Relief Sought.
2	Eighty-four percent of early-stage businesses struggled to secure capital last year; access to affordable capital clearly remains a challenge for entrepreneurs. The Commission staff has been instructed to explore solutions to these barriers so that our	Chairman Paul S. Atkins, Remarks at the 45th Annual Small Business Forum (March 9, 2026)	Direct Chairman acknowledgment, on the record, that 84 percent of early-stage businesses struggled with capital access — the exact population this Record addresses.	Apply Chairman's stated direction to Reg A via Amendments 1-3.

	rules work as much for the established as for the aspiring.			
3	One of my highest priorities with respect to the SEC's disclosure rules is to scale the requirements with the company's size and maturity. Balancing disclosure obligations with a company's ability to bear the burdens of compliance is particularly important where Congress has directed the SEC to promulgate a disclosure rule whose costs may have a disproportionate impact on some companies.	Chairman Atkins, Remarks at the 45th Annual Small Business Forum (March 9, 2026)	Direct Chairman statement of the scaling principle that Amendments 1, 2, and 3 of the Relief Sought operationalize.	Reg A is the most direct application of the Chairman's stated scaling priority.
4	In the first seven months of 2025, roughly forty percent of all venture capital dollars flowed to just ten companies, while the share of deals below $5 million fell to a decade low of forty-nine percent. On the fundraising side, thirty firms accounted for approximately seventy-five percent of the total venture dollars raised in 2024.	Chairman Atkins, Remarks at the 45th Annual Small Business Forum (March 9, 2026)	Chairman documents the exact venture-capital concentration pattern that the Secondary Market Lockout Doctrine and Exchange Pipeline Contradiction identify on the public-market side.	Reg A reform restores the disclosure-rich pathway as a counterweight to private-market concentration.
5	For newly public companies, the SEC should consider building upon the 'IPO on-ramp' that Congress established in the JOBS Act. Raising capital through an IPO should not be a privilege reserved for those few unicorns. Our regulatory framework should provide companies in all stages of their growth and from all industries with the opportunity for an IPO, particularly one that represents a capital raising mechanism for the company, instead of a liquidity event for insiders.	Chairman Atkins, Remarks at the 45th Annual Small Business Forum (March 9, 2026)	Direct Chairman statement that the JOBS Act on-ramp should be expanded — Reg A is the JOBS Act on-ramp.	Apply the Chairman's stated JOBS Act expansion principle to Reg A.
6	The Commission last reviewed the exempt offering framework in 2020, when it adopted rule changes intended to open those pathways to small businesses. That framework continues to	Chairman Atkins, Remarks at the 45th Annual Small Business Forum (March 9, 2026)	Chairman acknowledges, by inverse implication, that the exempt offering framework does not function as well for smaller offerings — the	Reg A reform addresses the population the 2020 framework did not fully reach.

	function well for relatively larger offerings.		exact population this Record addresses.	
7	Capital formation rarely originates in Washington, so we should look beyond city limits on how best to facilitate it. Early-stage investors are often the first to identify breakthrough innovation and to broaden the pipeline of emerging companies. So smaller, nimble investment firms must continue to have the opportunity to thrive across both industries and regions.	Chairman Atkins, Remarks at the 45th Annual Small Business Forum (March 9, 2026)	Direct Chairman statement of the regional capital diversification and small-firm thriving principle the National Resilience Layer identifies.	Apply Chairman's stated regional principle to HUBZone, rural, and defense-aligned issuers.
8	Durable rules are forged not through imposition but through dialogue — and they must be not only well-intentioned, but well-informed. Those who write the rules have an obligation to hear from those who operate under them.	Chairman Atkins, Remarks at the 45th Annual Small Business Forum (March 9, 2026)	Direct Chairman invitation to dialogue with those who operate under the rules. This Record is sworn dialogue from one such operator.	Treat this Record as the sworn dialogue the Chairman has invited.

MATRIX II — Internal Control, Data Accuracy, and Audited Representations

#	SEC / GAO Self-Representation	Source	Contradiction with Current Reg A Framework	Required Action
9	Commission financial and performance data are complete and accurate under OMB guidance.	SEC AFR (OMB Circular A-136 attestation)	Published Form 1-A burden estimate is contradicted by sworn market evidence.	Reconcile the contradiction or correct the estimate.
10	GAO has found Commission financial statements fairly presented.	GAO Financial Audit of SEC Fiscal Years (most recent annual GAO report on SEC financial statements)	Fair presentation finding cannot extend to materially understated regulatory burden estimates.	Treat PRA burden as part of complete representation.
11	GAO has found Commission internal control over financial reporting effective.	GAO audit report on SEC ICFR	If ICFR is effective, what specific control detects a materially inaccurate burden estimate? If none, ICFR is incomplete; if one exists, it failed.	Identify the control gap or activate the existing control.

12	Dodd-Frank § 963 requires Chair and CFO attestation on internal-control reporting.	15 U.S.C. § 78d-7 (Dodd-Frank § 963)	Chair and CFO attestations now coexist with sworn contradictory evidence.	Reconcile attestation with the sworn record.
13	The Commission's AFR satisfies OMB Circular A-136.	SEC AFR cover statement	A-136 satisfaction requires complete and accurate underlying data.	Demonstrate compliance includes PRA burden accuracy.
14	The AFR includes management assurances on internal controls.	SEC AFR — Management Assurances section	Management assurances cover financial controls but should extend to regulatory-burden representations the public relies on.	Extend assurance discipline to PRA representations.
15	Commission performance data are intended to support management decisions.	SEC Annual Performance Report (GPRA)	Performance data underlying the current Reg A regime do not reflect real-world cost evidence.	Update performance data with sworn cost evidence.
16	Commission verifies and validates performance data for completeness, correctness, consistency, bias, and intended use.	SEC Annual Performance Report data quality section	If verification and validation work, burden-estimate inaccuracy should already have been caught.	Apply V&V to Form 1-A burden estimate.
17	Commission divisions and offices must provide procedures, data definitions, calculations, and data sources for performance reporting.	SEC data quality / performance reporting procedures	Form 1-A burden estimate must be supported by documented procedures and data sources.	Produce the documented support or correct the estimate.
18	Performance data are approved by division directors and office heads.	SEC performance reporting governance	Named individuals — Director of CorpFin, Director of T&M, Chief Economist — approve data now contradicted by sworn record.	Named approvers must reconcile or revise.

MATRIX III — Mission-Critical Office Roles and Recommendation Duties

#	**SEC / GAO Self-Representation**	**Source**	**Contradiction with Current Reg A Framework**	**Required Action**
19	DERA provides economic analysis for Commission rulemaking.	SEC organizational description; GAO workforce report	DERA cost-benefit analysis underlying current Reg A framework does not incorporate sworn	DERA validate or revise Form 1-A cost assumptions against Exhibit A.

			real-world cost evidence.	
20	DERA manages and analyzes public and private data for Commission initiatives.	SEC AFR; SEC.gov DERA description	Sworn cost record is public data DERA is positioned to analyze.	DERA must analyze the sworn record.
21	Division of Corporation Finance reviews disclosures, interprets rules, and recommends new rules.	SEC.gov CorpFin description; SEC AFR	CorpFin has not recommended the available Reg A reform despite the sworn record.	CorpFin recommend Amendments 1 and 2.
22	Division of Trading and Markets oversees exchanges, broker-dealers, clearing agencies, and SROs.	SEC.gov T&M description; SEC AFR	T&M's continued administration of § 240.15c2-11 produces the secondary-market lockout documented herein.	T&M recommend Amendment 3 safe harbor.
23	The Office of the Advocate for Small Business Capital Formation recommends policy changes.	15 U.S.C. § 78pp; SEC Office of SBCF reports	Statutory recommendation duty unfulfilled with respect to the documented HUBZone exclusion.	Office must recommend Amendments 1-3.
24	The Office of the Investor Advocate identifies areas where investors would benefit from regulatory changes.	15 U.S.C. § 78d(g); SEC Investor Advocate reports	Statutory identification duty unfulfilled with respect to documented retail investor exclusion.	Office must identify the exclusion in next report.

MATRIX IV — Exemptive Authority, Reform Posture, and Workforce Conditions

#	SEC / GAO Self-Representation	Source	Contradiction with Current Reg A Framework	Required Action
25	The Commission is working to make being public more attractive by eliminating requirements that do not provide meaningful investor protection.	Chairman statements; SEC IPO reform initiatives	Reg A is the most direct application of this principle.	Apply the principle to Reg A via Amendments 1-3.
26	The Commission is simplifying and scaling disclosure to reduce filing costs.	SEC IPO reform initiatives; Chairman statements	Reg A Tier 2 scaled disclosure is exactly within this stated reform posture.	Include Reg A scaling in active simplification workstream.
27	The Commission used exemptive authority in the Consolidated Audit Trail (CAT) to reduce operating costs while preserving core regulatory function.	SEC CAT exemptive orders	CAT exemption establishes the operative cost-reduction-with-functionality-preserved precedent.	Apply CAT logic to Reg A § 77z-3 and § 78mm exemption.

28	The Commission is considering interpretive, exemptive, and other authorities so that old rules do not smother innovation.	Chairman statements; SEC reform releases	Reg A is an old rule (1936 origin; 2015 amendment) smothering innovation in HUBZone, defense, and rural settings.	Engage exemptive authority on Reg A immediately.
29	Approximately 18 percent of Commission employees departed during FY2025.	GAO Workforce Report on SEC (most recent GAO report on SEC workforce conditions)	Workforce reduction risks reduced rulemaking capacity at the moment Reg A reform is most needed.	Resource Reg A reform with surviving capacity.
30	Of Commission employees surveyed, 33 of 61 reported that departures caused loss of unique knowledge or expertise.	GAO Workforce Report on SEC (most recent GAO report on SEC workforce conditions)	Institutional knowledge loss exacerbates the risk that PRA burden estimates, DERA cost analyses, and rulemaking quality fail to detect the documented harm.	Compensate with sworn external evidence — this Record.

Operative Significance

The GAO-Audited SEC Self-Representation Matrix establishes that the principles underlying the Relief Sought have already been formally adopted by the Commission in audited, attested, and publicly stated form. The administrative-law consequence is a reconciliation question: the Relief Sought asks the Commission to apply, to Regulation A, the same principles the Commission has applied elsewhere.

This is not an accusation. It is an inventory. The Commission's own published record contains the operative principles. This Record assembles them and presents the application opportunity.

Where agency action appears to diverge from the agency's own prior positions, reasoned reconciliation becomes the operative administrative-law question. See Motor Vehicle Manufacturers Association v. State Farm, 463 U.S. 29 (1983).

OIG-VERIFIED INTERNAL AUDIT RECORD

In addition to the GAO-Audited SEC Self-Representation Matrix in the preceding Section, the SEC Office of Inspector General has, within the recent reporting window relevant to this Record, issued three formal audit and evaluation reports that independently corroborate substantial portions of the analytical framework set forth in this Record. Each report is a primary, signed, dated document of the Commission's own internal oversight architecture. The reports are:

- OIG Report No. 588, Observations on the SEC's Rulemaking Process, dated September 29, 2025, signed by Inspector General Kevin Muhlendorf, transmitted to Chairman Paul S. Atkins.
- OIG Report No. 589, Fiscal Year 2025 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014, dated February 25, 2026, prepared by Sikich CPA LLC under OIG contract, transmitted to Peter Gimbrere, Managing Executive, Office of the Chairman.
- OIG Report No. 590, Opportunities Exist to Strengthen Investment Management's Disclosure Review Program, dated May 4, 2026, signed by Inspector General Kevin Muhlendorf, transmitted to Brian Daly, Director, Division of Investment Management.

Each report constitutes the Commission's own admitted record on the very subjects this Record places before the Commission for reconciliation. The OIG reports are cited below by report number, page reference, and quoted finding text where the substance of the finding directly engages the Relief Sought, the analytical doctrines, the system contradictions, or the office-duty matrix in this Record.

Where the Commission's own Inspector General has formally documented the operational facts underlying this Record, those facts pass into the administrative record by reference, under penalty of perjury, as adopted by the Declarant for the purposes of this filing.

OIG Matrix V — Rulemaking Process Self-Admission (Report No. 588)

Inspector General Kevin Muhlendorf issued Report No. 588, Observations on the SEC's Rulemaking Process, on September 29, 2025. The report was transmitted directly to Chairman Atkins. SEC management, on September 19, 2025, declined to submit a formal written response. The report's substantive findings directly corroborate the operational facts underlying this Record.

#	OIG-Verified Finding	Source	Engagement with This Record	Reconciliation Opportunity
V-1	SEC rulemaking divisions consistently collaborated with DERA and the Office of the General Counsel, but did not always involve other divisions and offices in rulemakings within their subject matter expertise.	Report 588, Finding 1, p. 4	Directly supports the Office × Duty Matrix concern that mission-critical offices are unevenly engaged in rulemaking.	Engage CorpFin-equivalent investment-side offices, Office of Chief Accountant, and Office of Small Business Capital Formation Advocate on Reg A reform.

V-2	Officials from the Office of the Chief Accountant identified three rules in the OIG sample related to matters under their responsibility for which their feedback was not solicited.	Report 588, Finding 1, p. 4	OCA is the office responsible for 17 CFR § 210.8 interpretation — the precise rule Amendment 1 of the Relief Sought addresses.	Solicit OCA feedback on Amendment 1 (CPA review alternative under SSARS standards).
V-3	Officials from the Office of the Advocate for Small Business Capital Formation identified that their expertise regarding small businesses could have been beneficial, at a minimum after the 30-day draft stage, for six rules in the OIG sample.	Report 588, Finding 1, p. 4	Directly establishes the institutional admission that the Office of Small Business Capital Formation Advocate is structurally under-engaged in rulemaking affecting small business issuers — the exact population this Record addresses.	Formally engage the Office of Small Business Capital Formation Advocate on Reg A reform via the statutory recommendation mandate at 15 U.S.C. § 78pp.
V-4	Approximately 53 percent of SEC managers and staff involved in preparing, reviewing, or updating economic analyses identified insufficient cost and benefit data as a factor impacting the quality of the agency's economic analyses; approximately 48 percent identified limited time to obtain, research, and analyze relevant data.	Report 588, Finding 2, p. 5–6	Independently corroborates the Material Variance Doctrine and the Baseline Defect Doctrine. The Commission's own staff identify cost-benefit data as inadequate.	Treat sworn cost evidence in Exhibit A as remedial data input under the staff's own identified concern.
V-5	Approximately 69 percent of DERA staff with more than three years' experience in economic analysis identified time allocated to research, prepare, and update economic analyses as an increasing challenge between December 2020 and December 2023.	Report 588, Finding 2, footnote 13, p. 6	Corroborates the False Negative Capital Formation Doctrine and the Counterfactual Market Structure Doctrine: DERA itself reports it cannot adequately develop the counterfactual.	Use external sworn evidence (this Record) to supplement DERA's documented analytical constraint.
V-6	Both the Fifth and Eleventh Circuits questioned the economic analysis undertaken in conjunction with various 2023 Commission rules and an order (citing National Association of Private Fund Managers v. SEC; Am. Sec. Ass'n v. SEC; Chamber of Commerce v. SEC).	Report 588, footnote 14, p. 6	OIG itself catalogs federal appellate decisions questioning Commission economic analysis — extending the Business Roundtable line directly into 2025 administrative-law reality.	Treat current cost-benefit posture as already under judicial scrutiny; reconciliation is consistent with active circuit-court guidance.

V-7	Until February 2025, the SEC was exempted from most requirements of Executive Order 12866. In February 2025, Executive Order 14215 removed that exemption and required SEC to comply with EO 12866 requirements. During the audit, the SEC designated a Regulatory Second to coordinate regulatory actions reviewed under EO 12866.	Report 588, Finding 1, p. 4–5; citing EO 14215 (Feb. 18, 2025); OMB M-25-24 (Apr. 17, 2025)	The regulatory environment has fundamentally changed. Reg A rulemaking now operates under EO 12866 / A-4 cost-benefit discipline that did not previously apply.	Reconcile Reg A under the now-applicable EO 12866 cost-benefit framework, with sworn cost evidence as Exhibit A baseline.
V-8	A May 30 to June 26, 2024 technological error temporarily disabled the SEC's online comment form on sec.gov. The OIG noted that recurring issues with the proper functioning of the SEC's online form raise concerns about the public's ability to reliably and timely submit comments.	Report 588, Other Matters, p. 9	Corroborates the Operational Access Layer concern regarding electronic filing accessibility and reliability for public commenters.	Coordinate with U.S. Access Board and OIT on EDGAR / sec.gov comment infrastructure reliability and Section 508 accessibility.
V-9	SEC Office of Public Affairs released embargoed rulemaking information to journalists without authorization from the Commission. Until July 2023, OPA did not seek authorization before releasing embargoed rulemaking information.	Report 588, Other Matters, p. 9	OIG-documented internal control weakness in the rulemaking process itself, separate from but adjacent to the substantive findings of this Record.	Notation only; reinforces the institutional reconciliation theme.
V-10	Attrition following early retirement and buy-out offers in the first months of CY 2025 are expected to reduce the SEC's FY 2026 staffing by 447 full-time equivalents, including attrition among rulemaking staff.	Report 588, Finding 3, p. 7	Updates the GAO workforce reduction figures with the OIG-documented FY 2026 specific impact: 447 FTE reduction.	External sworn evidence (this Record) supplements documented internal capacity constraint.
V-11	On September 19, 2025, the SEC stated it would not be submitting a formal written response to Report No. 588.	Report 588, Transmittal Memorandum, p. 1	Commission silence on its own Inspector General's findings is itself part of the administrative record.	Reconciliation through this Record offers the Commission an opportunity to engage substantively with OIG findings.

OIG Matrix VI — Information Security and Operational Capacity Self-Admission (Report No. 589)

Sikich CPA LLC, under contract to the SEC Inspector General, issued Report No. 589 on February 25, 2026. The report concluded that the SEC's information security program did not meet the Fiscal Year

2025 Inspector General FISMA Reporting Metrics' definition of effective. The Sikich finding letter was transmitted to Peter Gimbrere, Managing Executive, Office of the Chairman, on February 25, 2026.

#	OIG-Verified Finding	Source	Engagement with This Record	Reconciliation Opportunity
VI-1	The SEC's information security program and practices were not effective. Overall maturity assessed at Level 3 (Consistently Implemented); effective requires Level 4 (Managed and Measurable) or above.	Report 589, Summary Evaluation Results, p. 2	Direct corroboration that the Commission's own internal control infrastructure is documented as not meeting the federal effectiveness standard — engages every internal-control representation in the GAO Matrix.	Treat sworn external evidence (this Record) as compensating data input where internal controls are documented as not effective.
VI-2	Outstanding recommendations from prior-year FISMA evaluations continued to present risk to the agency during the period evaluated. Seven prior-year recommendations remain open.	Report 589, Executive Summary, p. 3; Appendix C, p. 15–16	Documented multi-year persistence of open internal-control recommendations directly engages the Federal Statistical Integrity Doctrine and the Material Variance Doctrine.	Reconciliation through external sworn evidence becomes the lower-friction administrative path.
VI-3	Limitations on the evaluation team's ability to complete full testing of seven metrics appear linked to resource constraints and transitional adjustments within the SEC's Office of Information Technology (staffing changes, contract modifications), which may increase operational risk.	Report 589, Executive Summary, p. 3	OIG-documented OIT resource constraint directly corroborates the GAO workforce concerns and the operational capacity dimension of the National Resilience Layer.	Coordinate Reg A reform with surviving OIT and operational capacity; sworn external evidence reduces internal capacity burden.
VI-4	Nine of 993 SEC employees in the FY 2025 phishing test entered login credentials (username and password) into a malicious landing page, allowing the auditors to view those credentials in cleartext. Only one of the nine reported the phishing email.	Report 589, Finding 1, p. 5–6	OIG-verified internal security finding; relevant context for the Operational Access Layer and the broader question of the EDGAR / sec.gov infrastructure on which public commenters rely.	Notation only; reinforces that internal IT control concerns coexist with external accessibility concerns documented in this Record.
VI-5	The SEC is facing challenges in meeting Zero Trust Architecture compliance milestones, including data classification, identity management (PAM service for service accounts), and network	Report 589, Finding 2, p. 6–7; Appendix D, p. 17–18	OIG-documented architectural compliance gap at the very infrastructure layer where Commission data integrity representations operate.	Compensate with sworn external evidence where internal data architecture is documented as not yet compliant with federal standards.

	encryption (TLS 1.3 implementation).			
VI-6	Management concurred with both Sikich recommendations and the planned corrective action for phishing-related training and awareness is targeted for completion by December 2026.	Report 589, Appendix F, Management Comments, p. 22	Establishes the management-response pattern: concur, plan corrective action, target distant completion date. Same pattern is available for Reg A reconciliation.	Adopt the same concur-and-plan response posture for the three Amendments of the Relief Sought.

OIG Matrix VII — Investment Management Disclosure Review Self-Admission (Report No. 590)

Inspector General Kevin Muhlendorf issued Report No. 590 on May 4, 2026. The report was transmitted to Brian Daly, Director, Division of Investment Management. The report addresses the Disclosure Review and Accounting Office (DRAO) within IM, which functions as the IM-side analog to the Division of Corporation Finance review process applicable to Regulation A filings. The findings establish, in the Commission's own internal audit record, multiple documented operational concerns directly relevant to disclosure-review capacity, internal control adequacy, and resource constraint.

#	OIG-Verified Finding	Source	Engagement with This Record	Reconciliation Opportunity
VII-1	Since the beginning of fiscal year 2025, 10 of 46 Disclosure Review Office personnel (approximately 22 percent) and 4 of 13 Chief Accountant's Office accountants (approximately 31 percent) — along with DRAO's Chief Accountant — have left the SEC. At the conclusion of OIG fieldwork, the majority of these positions had not been backfilled.	Report 590, Introduction, p. 1	Documented operational capacity reduction at the disclosure-review level directly relevant to whether the Commission can administer the existing Reg A compliance stack at scale.	Reconcile Reg A burden with documented internal capacity constraint; the three Amendments reduce review-cycle pressure on a depleted workforce.
VII-2	DRAO did not always comply with statutory and policy requirements for timely reviews and issuance of comments. Twelve funds were not reviewed within required timeframes. DRAO self-identified 11 additional reviews missed in FY 2023 due to a coding error in its RoboSOX tracking system.	Report 590, Finding 1, p. 4–5	Documents both a statutory compliance gap and a system-level error producing missed reviews — corroborates the broader Federal Statistical Integrity and Material Variance concerns at the operational level.	Reconciliation between statutory mandate and operational reality is consistent with the framework of this Record.
VII-3	DRAO lacked written procedures for key SOX review	Report 590, Finding 2, p. 6	Documents an internal-control gap in	Reg A reform via the three Amendments

	activities, including guidance for determining when targeted reviews should be performed. The absence of documented processes increases the risk of inconsistent execution and reliance on institutional knowledge, particularly during periods of significant staff turnover and heavy workload as DRAO has recently experienced.		disclosure-review procedure architecture — engages OMB Circular A-123 internal control framework and the Federal Statistical Integrity Doctrine.	reduces the procedural surface area requiring documented procedure.
VII-4	DRAO did not consistently conduct enforcement database searches on contested proxy materials. DRAO failed to perform enforcement database searches 64 percent of the time with respect to contested proxy materials (16 of 25 instances reviewed).	Report 590, Finding 3, p. 7	Documents an internal-control gap in a function (enforcement database search) that the Commission relies upon to operationalize investor protection — illustrates that the existing process has its own gaps separate from the proposed reform.	Notation; reinforces that the existing compliance stack is not delivering uniform investor protection benefit despite its cost.
VII-5	Staff oral comments were not uploaded to the SEC's EDGAR system in approximately 32 percent of filings tested. DRAO personnel stated some oral comments were follow-ups to previous comments and there was uncertainty regarding what should be uploaded.	Report 590, Finding 4, p. 8	Documents that EDGAR — the system on which all Reg A filings depend — is itself operating with documented internal-control gaps in record management.	Coordinate EDGAR reform with broader operational accessibility considerations (Operational Access Layer).
VII-6	In FY 2024, DRO staff completed more than 2,100 reviewable filings examinations. Between FY 2022 and FY 2024, CAO staff accountants completed 14,116 SOX reviews. Approximately 31 percent of CAO accountants have left the SEC since the beginning of FY 2025; the OIG encourages DRAO to develop and implement a risk-based approach that allows for informed scoping and ensures more efficient use of the organization's limited resources.	Report 590, Other Matters, p. 9	OIG itself recommends risk-based scoping consistent with reduced operational capacity — the same logic the three Amendments apply to Reg A.	Adopt risk-based scoping for Reg A via the three Amendments, consistent with OIG-recommended approach.
VII-7	The OIG identified four SEC information technology systems relied on to perform	Report 590, Other Matters, p. 9; Final	OIG documents redundant IT infrastructure within the	Notation; consistent with reconciliation framing.

	disclosure reviews. These systems have similar functionality and store similar data, presenting a potential opportunity for consolidation, potential cost savings, and improved compliance with federal efficiency requirements.	Management Letter dated June 24, 2025	disclosure-review function itself — confirms the operational efficiency considerations the three Amendments engage.	
VII-8	Management concurred with both OIG recommendations and provided responsive corrective actions already completed. The Disclosure Review and Accounting Office revised its SOX review procedures and documented procedures for annual reconciliation and targeted reviews.	Report 590, Executive Summary, p. i; Appendix II, p. 13–14	Establishes the Commission's responsive concur-and-implement posture on recent OIG findings. Same posture is available for the three Amendments.	Adopt the concur-and-implement response posture for the three Amendments of the Relief Sought.

Consolidated Operative Significance of the OIG-Verified Record

The three OIG reports cited above are not external commentary on the Commission. They are the Commission's own internal oversight record, signed and transmitted by the Commission's own Inspector General to the Chairman and senior officials. Each report has been adopted by Commission management through either concurrence (Reports 589 and 590) or institutional silence (Report 588). Each report establishes, in primary form, the operational facts on which substantial portions of this Record depend.

Specifically, the OIG-verified record now contains:

- Inspector General confirmation that DERA cost-benefit analysis is constrained by insufficient data and time — corroborating the Material Variance Doctrine (Report 588, Finding 2).
- Inspector General confirmation that the Office of Chief Accountant and the Office of Small Business Capital Formation Advocate are documented as under-engaged in rulemaking — corroborating the Office × Duty Matrix concerns (Report 588, Finding 1).
- Inspector General confirmation that the SEC's overall information security program does not meet the federal effectiveness standard — engaging every internal-control representation in the GAO Matrix (Report 589, Summary Evaluation Results).
- Inspector General confirmation that disclosure-review capacity has been reduced by significant staff departures with positions unfilled — corroborating the operational capacity dimension of the National Resilience Layer (Report 590, Introduction).
- Inspector General confirmation that federal appellate courts have, since 2023, questioned Commission economic analysis in multiple matters — extending Business Roundtable into current administrative-law reality (Report 588, footnote 14).
- Inspector General confirmation that, under EO 14215 effective February 18, 2025, the Commission is now subject to EO 12866 — meaning Reg A rulemaking now operates under a cost-benefit framework that did not previously apply (Report 588, Finding 1).

The reconciliation question now before the Commission is therefore reinforced by the Commission's own Inspector General record. The substantive findings of the OIG reports are not contested. They are part of

the administrative record and warrant Commission action in their own right, independent of any external filing. This Record places sworn external evidence in conversation with that internal record and identifies the three-Amendment reconciliation path the combined record makes available.

ANALYTICAL DOCTRINES

The following analytical doctrines describe the operational consequences of administering a regulatory framework with a published burden estimate that diverges materially from real-world cost. The doctrines are independently established and independently sufficient to support Commission corrective action. Each doctrine sits within established administrative-law and federal-statistical frameworks; none requires new doctrine to operate.

Doctrine A — Material Variance Between Published and Operative Cost

A material variance arises where the operational burden borne by regulated entities diverges from the published agency burden estimate by approximately an order of magnitude. The sworn evidence in Exhibit A establishes such a variance with respect to OMB Control No. 3235-0286 (Form 1-A).

Once a material variance becomes part of the administrative record, continued reliance on the published estimate engages multiple adjacent review frameworks:

- APA arbitrary-and-capricious review under 5 U.S.C. § 706(2)(A), because reasoned decisionmaking presupposes accurate factual premises.
- OIRA review under EO 12866 and EO 14094, because OIRA cost-benefit clearance rests on the agency's submitted burden estimate.
- RFA small-entity analysis under 5 U.S.C. §§ 603–605, because small-entity impact analysis depends on cost premises.
- DERA cost-benefit analysis under § 77b(b) and § 78c(f), because economic analysis depends on cost-input accuracy.
- Market forecasts and policy planning by regulated entities, exchanges, and analysts, because these stakeholders rely on the published estimate.

The Material Variance Doctrine does not allege misconduct. It identifies an operational fact: when a published estimate diverges materially from real-world cost, continued reliance becomes the proper subject of reconciliation.

Doctrine B — Reliance Interest Distortion

Federal agencies, issuers, investors, exchanges, broker-dealers, securities counsel, auditors, policy researchers, and Congressional committees rely on Commission burden estimates for planning, analysis, and decisionmaking. Reliance is the operational currency of regulatory information.

Where a published estimate materially understates real-world cost, downstream reliance becomes distorted in measurable ways:

- Market expectations regarding small-issuer participation are calibrated to an understated cost premise.
- Policy analysis at adjacent agencies (SBA Advocacy, OIRA, GAO, CRS) incorporates the understated premise into derivative work product.
- Rulemaking foundations elsewhere in the Commission's regulatory architecture inherit the understated premise where they cross-reference Form 1-A burden.
- Congressional oversight and budget allocation decisions reference Commission burden representations.

- Issuer-level decisionmaking about whether to pursue Regulation A is anchored to the understated public benchmark.

The Reliance Interest Distortion Doctrine identifies a cascading administrative concern: an inaccurate burden estimate is not only a PRA matter; it is a distortion in the broader administrative record on which numerous parties depend. Correction is consistent with the Commission's stated commitment under OMB Circular A-136 to complete and accurate data.

Doctrine C — Baseline Defect

OMB Circular A-4 requires that regulatory cost-benefit analysis identify and characterize a defensible baseline against which the costs and benefits of regulatory action are measured. The Commission's current baseline assumptions with respect to the Regulation A compliance stack warrant reconciliation with the following elements not adequately incorporated into the existing baseline:

- Real secondary-market costs imposed by post-2020 § 240.15c2-11 administration (see Secondary Market Lockout Doctrine).
- Opportunity costs documented in Exhibit A § A.2 (CEO, CFO, COO, and internal staff time diverted from operations during the 12–18 month preparation cycle).
- Liquidity suppression effects on secondary-market quotation and price discovery.
- Defense-capital channel restrictions concurrently imposed under EO 14105 and 31 CFR Part 850, HFCAA, CTA, and CFIUS expansion.
- Bridge-financing costs imposed during the preparation window.
- Year-one and year-two ongoing compliance tail under § 230.257.

A baseline that omits these elements understates the regulatory cost of the existing framework relative to the alternative scenarios the Commission would compare. Under OMB Circular A-4, baseline correction becomes available where omitted cost elements are documented in the administrative record. The sworn cost evidence in Exhibit A provides that documentation.

Doctrine D — Federal Statistical Integrity

Federal statistical and data-quality standards establish that information underlying agency decisionmaking is expected to meet defensible standards of accuracy, objectivity, utility, and integrity. These standards operate across multiple frameworks:

- Paperwork Reduction Act — 44 U.S.C. § 3506(c)(1)(A)(iv); 5 CFR § 1320.8(a)(4) (burden estimates based on actual respondent time, effort, and resources).
- Information Quality Act — Pub. L. 106-554 § 515; OMB Government-Wide IQA Guidelines (quality, objectivity, utility, integrity).
- GPRA Modernization Act — 31 U.S.C. §§ 1115–1125; OMB Circular A-11 Part 6 (performance data verification and validation).
- OMB Circular A-123 — internal control over reporting, including data integrity supporting management decisions.
- OMB Circular A-4 — defensible analytical baselines for regulatory analysis.
- Foundations for Evidence-Based Policymaking Act — Pub. L. 115-435 (federal data quality, transparency, and evidence-building principles).

Together, these standards establish that federal regulatory decisionmaking is expected to rest on data of demonstrable quality. Where sworn external evidence diverges materially from published agency data, the

federal statistical integrity framework provides multiple, mutually reinforcing pathways for reconciliation. The reconciliation is not adversarial. It is the operational expression of the data-quality discipline the federal government has formally adopted.

Doctrine E — False Negative Capital Formation

Regulatory frameworks calibrated against participation data risk a specific analytical failure: the false-negative inference. The pattern is as follows.

If the Commission observes that Regulation A Tier 2 offerings remain a small fraction of total small-business capital formation activity, one available interpretation is that small issuers are not interested in the Regulation A pathway. The interpretation is, however, defeated by the sworn cost evidence in this Record. The alternative interpretation — that small issuers are economically excluded before they enter the dataset — is consistent with the cost evidence and with the documented diversion into Regulation D § 506(c).

Where two interpretations of participation data exist and only one is consistent with the sworn evidence in the record, reasoned decisionmaking under § 706(2)(A) calls for the consistent interpretation. The Commission cannot calibrate Regulation A reform decisions against an interpretation that is inconsistent with the record before it. The False Negative Capital Formation Doctrine identifies the analytical step required to avoid that error: distinguish low participation from economic exclusion.

Doctrine F — Suppressed Participation Is Invisible

A second, related analytical concern arises from the structure of regulatory data itself. Regulatory frameworks generate visibility only into entities that enter the regulatory system. Entities deterred before entry are not represented in the data.

This produces a category of invisible non-participants: small issuers who would have pursued Regulation A absent the cumulative compliance stack, but who never appear in EDGAR filings, never appear in Commission qualification statistics, never appear in DERA analysis, and never appear in OIRA review records. Their absence is not data. It is the absence of data.

Under the standard data-quality framework set out in Doctrine D above, the absence of data on suppressed participants creates an analytical gap that warrants attention. Sworn external evidence — including this Record — provides one mechanism for surfacing what the regulatory dataset does not contain. The Commission may treat Declarant as one such surfaced participant, and may consider that other similarly situated HUBZone, rural, defense-aligned, and disability-impacted issuers remain in the invisible category.

Doctrine G — Counterfactual Market Structure

OMB Circular A-4 contemplates the use of counterfactual analysis to evaluate the consequences of regulatory action. Applied to the Regulation A compliance stack, the relevant counterfactual question is: what would the issuer-participation landscape look like if the cumulative burden documented in Exhibit A were reduced to a level proportionate to the offering size and investor protection benefit?

A defensible counterfactual analysis would consider:

- Increased issuer participation by HUBZone, rural, veteran-owned, women-owned, defense-aligned, and disability-impacted small businesses currently economically excluded.
- Increased secondary-market liquidity for Regulation A Tier 2 issuers under the Amendment 3 safe harbor.
- Increased exchange listing pipeline depth feeding NYSE, Nasdaq, and TXSE.
- Increased retail investor participation in disclosure-rich offerings, with corresponding reduction in retail capital concentration in disclosure-poor speculative venues.
- Increased innovation entry, including in defense-relevant technology categories where foreign capital channels are concurrently restricted.
- Increased competitive market formation, with measurable benefits to price discovery and small-cap market dynamism.

The Counterfactual Market Structure Doctrine identifies the analytical exercise OMB Circular A-4 contemplates. Sworn cost evidence becomes available as the input. The output — a description of the suppressed participation landscape — becomes available as the basis for reasoned cost-benefit analysis under § 77b(b) and § 78c(f).

OFFICER CERTIFICATION SUBSTITUTION DOCTRINE

The Commission's existing regulatory philosophy already establishes that personal officer certification, supported by federal liability statutes, is sufficient to satisfy material disclosure-accuracy obligations in materially larger contexts than Regulation A. Continued requirement of third-party attorney legality opinions for small Regulation A issuers under 17 CFR § 229.601(b)(5) is inconsistent with that established philosophy.

The Established Commission Philosophy

Sarbanes-Oxley § 302, implemented through 17 CFR §§ 240.13a-14 and 240.15d-14, requires the principal executive officer and principal financial officer of every public reporting company to personally certify, under penalty of federal law, the accuracy and completeness of the company's periodic disclosures. The Commission has accepted this officer-certification framework as the operative accountability mechanism for billion-dollar public-company disclosures.

The accountability architecture supporting officer certification consists of:

- 17 CFR §§ 240.13a-14, 240.15d-14 — SOX § 302 certification requirements
- 18 U.S.C. § 1001 — False Statements Act, imposing federal criminal liability for materially false statements in matters within executive branch jurisdiction
- 18 U.S.C. § 1519 — Falsification of records in federal investigations
- 28 U.S.C. § 1746 — Unsworn declarations under penalty of perjury, with federal legal force equivalent to sworn affidavit
- 15 U.S.C. § 78ff — Exchange Act criminal penalties

The Inconsistency

Where the Commission accepts officer certification as the operative accountability mechanism for billion-dollar public-company disclosures, maintaining a different accountability standard for Regulation A offerings of $5 million or $10 million presents a consistency question. The asymmetry surfaces several administrative-law considerations simultaneously:

Defect Category	Description
Consistency Problem	The Commission applies divergent accountability standards to materially similar disclosure-accuracy contexts without articulated rational basis.
Rational-Basis Problem	Requiring more procedural protection for smaller offerings than for larger offerings inverts the proportionality that animates the Commission's broader rule framework.
Proportionality Problem	Imposed cost on smaller issuers exceeds, as a percentage of offering size, the analogous cost on larger reporting companies.
Small-Entity Burden Problem	RFA § 603 small-entity alternatives analysis is inadequate where an analogous accountability mechanism (officer certification) exists and has been accepted by the Commission elsewhere.
APA Arbitrary-and-Capricious Problem	Inconsistent application of accountability frameworks across contexts is the paradigmatic § 706(2)(A) defect. See Motor Vehicle Mfrs. Ass'n v. State Farm, 463 U.S. 29 (1983).

Cost-Benefit Problem	The Commission cannot establish, under § 77b(b) and § 78c(f), that the marginal investor protection benefit of requiring third-party legal opinion exceeds the documented cost-benefit imbalance in the small-offering context.

The Reform Implication

Declarant does not request the Commission to abolish accountability. Declarant requests the Commission to apply its established accountability doctrine consistently across analogous contexts. The Commission's own regulatory system has already proved that officer-certification accountability is operationally sufficient for federal disclosure-accuracy purposes. Refusal to extend the doctrine to small Regulation A offerings, in light of sworn evidence of the cost burden imposed by the alternative, is administratively inconsistent and warrants correction.

SECONDARY MARKET LOCKOUT DOCTRINE

17 CFR § 240.15c2-11, as amended in 2020, is conventionally administered as a broker-dealer quotation rule. The conventional administration understates the rule's operational function. The rule operates as a market-access gate that determines whether a Regulation A issuer can sustain post-offering secondary-market liquidity. Without functional secondary-market liquidity, primary issuance is capital formation in name only.

The Operational Reality

Capital formation is not completed by the qualification of an offering circular. Capital formation depends on the entire ecosystem that surrounds an offering: primary issuance, secondary trading, broker-dealer engagement, market-maker quotation, price discovery, retail investor access, and the orderly transition from initial allocation to ongoing market participation. Each of these components must function for capital formation to occur in any operationally meaningful sense.

The Commission's 2020 amendments to § 240.15c2-11 narrowed the piggyback exception and tightened broker-dealer current-information obligations for non-SEC-reporting issuers. The amendments have been administered in a manner that imposes duplicative attorney-opinion or IDS-submission costs on Regulation A Tier 2 issuers who are already producing the disclosure (Forms 1-K, 1-SA, 1-U) under 17 CFR § 230.257 that the rule's current-information requirement is designed to ensure.

The Cascading Effect

The Commission's public mission and Congressional design include promoting capital formation, democratizing investment access, and supporting small-issuer participation in U.S. public markets. The administered operation of § 240.15c2-11, however, produces the following operational chain:

- § 240.15c2-11 imposes duplicative diligence cost on Regulation A Tier 2 issuers post-qualification.
- Duplicative cost suppresses secondary-market quotation by broker-dealers.
- Suppressed quotation eliminates post-offering liquidity for the issuer's securities.
- Eliminated liquidity reduces retail investor participation in primary offerings (because investors cannot exit positions).
- Reduced investor participation suppresses primary offering capacity.
- Suppressed offerings reduce the issuer pipeline available to registered national securities exchanges.
- Reduced exchange pipeline harms small-cap market dynamism, mega-cap concentration, and national capital market competitiveness.

The Doctrinal Reframe

17 CFR § 240.15c2-11 is not a technical dealer rule. It is a market-access gate.

Properly understood, § 240.15c2-11 functions simultaneously as:

- A liquidity suppression mechanism

- A capital formation bottleneck
- An exchange pipeline restriction
- A retail investor exclusion engine

The systemic consequences of this rule extend to:

- Nasdaq, the New York Stock Exchange, and the Texas Stock Exchange — all of which depend on functioning issuer pipelines
- Small-cap market liquidity, currently in measurable decline
- Initial public offering pipeline activity, currently the subject of national policy attention
- Mega-cap concentration risk in U.S. capital markets
- Defense industrial base capital access — particularly for nontraditional defense entrants
- Retail investor participation in disclosure-rich offerings
- National capital market competitiveness relative to international venues

The Reform Implication

Evaluation of § 240.15c2-11 in technical isolation may understate the rule's operational consequence. Evaluation in its systemic context surfaces the operational reality that the rule, as administered, indirectly affects the broader market ecosystem Congress designed Regulation A and the JOBS Act to support. The express safe harbor relief sought in Amendment 3 of the Relief Sought section offers a targeted correction that restores systemic coherence while preserving the current-information protection the rule was designed to provide.

OPERATIONAL ACCESS LAYER

Administrative Accessibility Architecture Under Section 504 and Section 508

The cumulative procedural complexity of the Regulation A pathway creates disproportionate operational burden for disability-impacted small issuers requiring assistive technologies, thereby implicating meaningful-access principles under Section 504 of the Rehabilitation Act, 29 U.S.C. § 794, and Section 508 of the Rehabilitation Act, 29 U.S.C. § 794d. The Commission's own § 504 implementing regulations at 17 CFR Part 207, the Department of Justice's federal agency framework at 28 CFR Parts 39 and 41, and the U.S. Access Board's ICT Accessibility Standards at 36 CFR Part 1194 together establish that federal agencies are responsible not only for formal nondiscrimination, but for operational accessibility of the administered framework.

The administrative accessibility considerations engaged by the current Regulation A compliance stack include:

- EDGAR filing system accessibility for users requiring screen readers, voice navigation, or alternative input modalities — the federal filing infrastructure through which Form 1-A and continuing-disclosure obligations are satisfied.
- Legal-review density of the Form 1-A offering circular requirements under 17 CFR § 230.253, including narrative disclosure obligations whose cognitive accessibility has not been formally evaluated against current ICT accessibility benchmarks.
- Document complexity of the audited financial statement requirements under 17 CFR § 210.8 and the Exhibit 12 legality opinion requirement under 17 CFR § 229.601(b)(5), which presume access to and navigation of specialized professional service workflows.
- Inaccessibility of financial and legal workflows for issuers whose disability status affects the practical capacity to manage multi-party engagements across securities counsel, independent auditors, transfer agents, EDGAR filing agents, broker-dealers, and state Blue Sky filing counsel within the 12–18 month preparation window.
- Disproportionate navigation burden imposed by the cumulative procedural architecture, where the same compliance requirements that are challenging for an able-bodied small business issuer become functionally prohibitive for an issuer with cognitive, mobility, sensory, or chronic-illness limitations.

This framing is procedural, not personal. The administrative accessibility architecture is a property of the regulatory framework, not of any individual. The Commission is in a position to evaluate the cumulative compliance stack against meaningful-access principles under Section 504 (Alexander v. Choate, 469 U.S. 287 (1985)) and Section 508 ICT accessibility standards. The three-amendment Relief Sought reduces the procedural burden uniformly, with disproportionate benefit to disability-impacted issuers and investors.

The Commission also has standing to coordinate with the U.S. Access Board on a formal ICT accessibility audit of EDGAR and Form 1-A electronic filing systems under 36 CFR Part 1194, and with the Department of Justice on a § 504 program access review under 28 CFR Part 39.

NATIONAL RESILIENCE LAYER

Beyond the individual-issuer and individual-investor frameworks, the cumulative Regulation A compliance stack engages a set of operational resilience considerations that integrate Commission rulemaking with broader federal industrial and economic policy. These considerations are operational, not geopolitical. They identify capacities the United States benefits from maintaining and that current Commission administration affects.

Operational Resilience Considerations

- Domestic capital access redundancy. A resilient capital formation architecture provides multiple economically viable pathways for small-issuer access to public capital. Where one pathway (foreign capital) is restricted by concurrent federal policy, the resilience benefit of an accessible second pathway (domestic Regulation A) increases.
- Distributed innovation base. National innovation capacity benefits from a geographically distributed innovation base rather than a coastally concentrated one. The current compliance stack's cost profile concentrates Regulation A participation in coastal urban centers with deep professional service infrastructure, foreclosing rural, HUBZone, and regional innovators.
- Regional capital diversification. Capital formation diversification across regions, sectors, and issuer types reduces systemic capital-market fragility. The current compliance stack reduces this diversification by economically narrowing the population of eligible issuers.
- Nontraditional defense entrants. The Department of Defense Small Business Strategy (2023) and successive National Defense Authorization Acts (FY24 NDAA §§ 856–857) identify nontraditional defense entrants as a strategic priority. The current compliance stack constrains the capital access available to this strategic priority.
- Supply chain resilience. Defense and critical-technology supply chain resilience benefits from a deep, diversified, well-capitalized small-business industrial base. The current compliance stack affects the capital-formation foundation of that industrial base.

Inter-Agency Coordination Opportunity

The National Resilience Layer integrates the operational interests of the Securities and Exchange Commission, the Department of Defense (Office of Small Business Programs, Defense Innovation Unit, OUSD(A&S)), the Small Business Administration (HUBZone Program, Office of Capital Access, Office of Advocacy), the Office of Information and Regulatory Affairs, and broader federal industrial policy as set out in the National Defense Strategy and successive industrial-base assessments. The Commission's adoption of the three-amendment Relief Sought becomes a measurable inter-agency contribution to operational resilience without compromising any disclosure standard the Commission has established for investor protection.

ANTICIPATED CONCERNS AND RESPONSES

The Commission and adjacent reviewing officials will reasonably consider whether the three-Amendment Relief Sought introduces risk to investor protection, market integrity, or the accountability framework Congress designed. This Section addresses the principal anticipated concerns directly.

Concern 1 — Fraud and Penny-Stock Abuse

The Regulation A pathway has, in the past, been associated with concerns about issuer quality. The Relief Sought does not reduce the bad-actor disqualification framework at 17 CFR § 230.262, does not reduce the qualification standards at 17 CFR §§ 230.251–253, does not reduce the ongoing disclosure obligations at 17 CFR § 230.257, and does not reduce the Commission's enforcement authority under §§ 17(a) of the Securities Act and 10(b) and Rule 10b-5 of the Exchange Act. The Amendments substitute proportionate accountability mechanisms (SSARS CPA review; SOX § 302 officer certification; § 230.257 current-information safe harbor) that the Commission has already accepted as operationally sufficient in analogous contexts.

Concern 2 — Audit Integrity

Amendment 1 replaces the full audit requirement with SSARS CPA review for offerings below $20 million with prior-year revenue below $10 million. SSARS standards are AICPA-promulgated professional standards governing review engagements, including SSARS 21 (Statements on Standards for Accounting and Review Services). The Commission has already accepted SSARS CPA review as sufficient for Regulation Crowdfunding offerings between $107,000 and $1.235 million under 17 CFR § 227.201(t). The Amendment extends the same accepted accountability framework to scaled Regulation A offerings, with the CPA still subject to independence requirements and professional discipline.

Concern 3 — Attorney Accountability

Amendment 2 substitutes officer certification under 28 U.S.C. § 1746 for the Exhibit 12 attorney legality opinion at 17 CFR § 229.601(b)(5) for offerings below $10 million. The substituted accountability rests on a multi-layer federal liability framework: 18 U.S.C. § 1001 (False Statements Act); 18 U.S.C. § 1519 (Falsification of Records in Federal Investigations); 15 U.S.C. § 78ff (Exchange Act criminal penalties); and the SOX § 302 framework at 17 CFR §§ 240.13a-14 and 240.15d-14, which the Commission has accepted as sufficient for billion-dollar public-company disclosures. Officer certification does not eliminate counsel review; it converts mandatory third-party opinion into officer-attested accountability where the issuer chooses to bear personal certification liability.

Concern 4 — Secondary Market Quality

Amendment 3 provides a safe harbor under 17 CFR § 240.15c2-11 for Tier 2 issuers current on § 230.257 filings. The safe harbor does not reduce the substantive current-information requirement; it specifies that compliance with § 230.257 (Forms 1-K, 1-SA, 1-U) conclusively satisfies the current-information requirement, avoiding duplicative diligence. The 2020 amendments to § 240.15c2-11 expressly intended to ensure that current information is available; § 230.257 Tier 2 filings deliver exactly that current information. Amendment 3 aligns rule administration with rule purpose.

Concern 5 — Slippery Slope

The Relief Sought is narrow, scalable, conditional, and severable. Each Amendment applies only to specifically identified small-issuer categories (below specified offering and revenue thresholds). Each Amendment is independently severable. None of the Amendments affect non-Regulation-A frameworks, registered offerings under § 5 of the Securities Act, or Regulation D § 506(c) offerings. The Amendments restore the JOBS Act design within the framework Congress enacted; they do not extend reform beyond that framework.

Concern 6 — Litigation Survivability

The Amendments are adopted under the Commission's express exemptive authority at 15 U.S.C. §§ 77z-3 and 78mm. Each Amendment uses an accountability substitute the Commission has accepted in another rule (Reg CF SSARS review; SOX § 302 officer certification; Tier 2 § 230.257 current information). Each Amendment is supported by sworn cost evidence (Exhibit A), Inspector General-corroborated documentation of analytical capacity constraints (OIG Matrix V–VII), Chairman-stated policy priorities (GAO Matrix Row 2–8), and the now-applicable Executive Order 12866 cost-benefit framework. The reasoned-decisionmaking record warrants reconsideration under 5 U.S.C. § 706(2)(A) and survives the standard set out in Business Roundtable v. SEC and Motor Vehicle Manufacturers Association v. State Farm.

OBSERVED VS ACTUAL

The Material Variance Doctrine and the Baseline Defect Doctrine engage the divergence between the Commission's published assumptions and the sworn real-world evidence. The following table distills the divergence for ready reference.

Element	Commission Published Assumption	Sworn Real-World Evidence (Exhibit A)
Form 1-A direct out-of-pocket cost (low to high)	Form 1-A burden estimate under OMB Control No. 3235-0286 (Commission to produce methodology)	$149,500 (low) to $522,000 (high); mid-case $294,000
Indirect and opportunity cost (low to high)	Not separately quantified in published estimate	$330,000 (low) to $1,097,500 (high); mid-case $641,250
Year-one ongoing compliance tail (low to high)	Not separately quantified for compounded basis in published estimate	$95,000 (low) to $304,000 (high); mid-case $176,000
Cumulative burden per issuer (mid-case)	**Operative baseline used in DERA and OIRA analysis**	**$1,111,250**
Per-issuer investor and public loss (mid-case good-faith estimate)	Not present in published cost-benefit analysis	$54.5 million in foregone revenue, contract capture, patent commercialization, and HUBZone employment growth
Cost-benefit data adequacy	Commission represents data as complete and accurate under OMB A-136	53 percent of SEC staff identify insufficient cost-benefit data as a quality factor (OIG Report 588)
Rulemaking workforce capacity	Commission represents adequate workforce in performance reports	Projected FY 2026 reduction of 447 FTEs; 22 percent DRO attrition; 31 percent CAO attrition; majority unfilled (OIG Reports 588, 590)
Information security effectiveness	Commission attests under Dodd-Frank § 963 to effective internal control	FY 2025 FISMA evaluation: not effective; Level 3 of required Level 4 (OIG Report 589)
Office engagement in rulemaking	Commission represents that all relevant offices participate in rulemaking	OCA: 3 rules where feedback not solicited; OSBCFA: 6 rules where expertise could have been beneficial (OIG Report 588)
Cost-benefit analysis under EO 12866	Historically not applicable to SEC (independent agency exemption)	Effective February 18, 2025: EO 14215 removed exemption; SEC now subject to EO 12866 and OMB A-4 (OIG Report 588)

Each row identifies a divergence that constitutes part of the Material Variance Doctrine record. Each row, independently and cumulatively, supports the reconciliation question now before the Commission.

HISTORICAL TIMELINE

The current Regulation A compliance posture is the product of a documented sequence of legislative, regulatory, judicial, executive, and operational events. The timeline below establishes the causal sequence for purposes of reasoned decisionmaking under 5 U.S.C. § 706(2)(A).

Date	Event
2012	Jumpstart Our Business Startups Act (JOBS Act) enacted, Pub. L. 112-106. Section 401 directs Commission to expand Regulation A to allow offerings up to $50 million.
2015	Commission adopts Regulation A+ amendments at 17 CFR §§ 230.251–263, including Tier 1 (up to $20 million) and Tier 2 (up to $50 million, since increased to $75 million). The compliance stack subsequently administered includes Article 8 audit at 17 CFR § 210.8, Exhibit 12 legality opinion at 17 CFR § 229.601(b)(5), and continuing disclosure at 17 CFR § 230.257.
2020	Commission amends 17 CFR § 240.15c2-11. The amendments tighten broker-dealer current-information obligations for non-SEC-reporting issuers. As subsequently administered, the amendments impose duplicative diligence costs on Tier 2 issuers already producing § 230.257 disclosure.
2020	Commission last reviews the exempt offering framework as a whole (per Chairman Atkins, March 9, 2026 Remarks at the 45th Annual Small Business Forum).
2021	Executive Order 14028, Improving the Nation's Cybersecurity, issued May 2021. Establishes Zero Trust Architecture compliance milestones subsequently documented as challenging for SEC (OIG Report 589).
2022	Commission rulemaking activities increase materially. OIG identifies associated risks and challenges in October 2022 management challenges statement.
2023	Chamber of Commerce v. SEC, 85 F.4th 760 (5th Cir. 2023), vacates Commission Share Repurchase Disclosure Modernization rule. National Association of Manufacturers v. SEC litigation initiated. Department of Defense issues Small Business Strategy identifying capital access as primary barrier to nontraditional defense entrants.
Aug. 2023	Executive Order 14105 issued, establishing the Outbound Investment Security Program. Subsequently implemented at 31 CFR Part 850.
2024	Holding Foreign Companies Accountable Act (Pub. L. 116-222) implementation matures. Corporate Transparency Act beneficial ownership reporting at 31 CFR § 1010.380 takes effect. CFIUS expansion under FY24 NDAA §§ 856–857 implemented.
May–June 2024	SEC online comment form experiences technological error temporarily disabling public submissions (OIG Report 588, Other Matters).
Feb. 18, 2025	Executive Order 14215, Ensuring Accountability for All Agencies, issued. Removes SEC exemption from Executive Order 12866. SEC rulemaking now subject to OIRA cost-benefit review under OMB Circular A-4.
Apr. 17, 2025	OMB M-25-24 issued, implementing Section 3 of Executive Order 14215. SEC designates Regulatory Second to coordinate regulatory actions under EO 12866.
First seven months 2025	Approximately 40 percent of all venture capital dollars flow to ten companies. Share of VC deals below $5 million falls to decade low of 49 percent (per Chairman Atkins, March 9, 2026 Remarks).

Aug. 25, 2025	National Association of Private Fund Managers v. SEC decided (5th Cir.), questioning Commission economic analysis on 2023 rules. Am. Sec. Ass'n v. United States SEC, 147 F.4th 1264 (11th Cir. 2025), questioning Consolidated Audit Trail amendment economic analysis.
Sept. 29, 2025	SEC OIG Report No. 588 issued. SEC declines to submit formal written response on September 19, 2025.
Feb. 25, 2026	SEC OIG Report No. 589 issued. SEC information security program assessed as not effective.
Mar. 9, 2026	Chairman Atkins delivers Remarks at the 45th Annual Small Business Forum. Identifies 84 percent of early-stage businesses struggled to secure capital; directs staff to explore solutions; identifies scaling disclosure with company size as one of his highest priorities; invites dialogue with those who operate under the rules.
May 4, 2026	SEC OIG Report No. 590 issued. DRO attrition at 22 percent, CAO attrition at 31 percent since FY 2025 began; majority of positions unfilled.
May 24, 2026	Present Master Administrative Record and Sworn Cost Declaration submitted by Obelisk Tech Systems Inc., HUBZone-certified, ITAR-registered, defense-aligned Delaware C-corporation.

THE CONTRADICTION

The Commission's published Form 1-A burden estimate says one thing.

Sworn market evidence in Exhibit A says another.

Both statements cannot stand. One must yield.

Continued reliance on the published estimate, in light of sworn contradictory evidence now in the administrative record, presents a reconciliation question. Under Motor Vehicle Manufacturers Association v. State Farm Mutual Automobile Insurance Co., 463 U.S. 29 (1983), and Business Roundtable v. SEC, 647 F.3d 1144 (D.C. Cir. 2011), reasoned reconciliation between agency positions and the record before the agency is the operative inquiry under 5 U.S.C. § 706(2)(A).

EXHIBIT A — COST PROOF

The following figures constitute Declarant's sworn evidence of cumulative compliance cost for a Regulation A Tier 2 offering with contemplated secondary-market liquidity, based on actual quotations and engagement letters from securities counsel, independent auditors, transfer agents, EDGAR filing agents, broker-dealers, and other service providers.

Operative Mid-Case Figure: $1,111,250

Declarant submits the mid-case figure of $1,111,250 as the operative real-world cost for purposes of OMB Control No. 3235-0286 burden estimation under 5 CFR § 1320.8(a)(4).

A.1 Direct Out-of-Pocket Professional Service Costs

Item	Low	Mid	High
Securities counsel — Form 1-A and offering circular	$45,000	$75,000	$120,000
Exhibit 12 legality opinion	$8,000	$15,000	$25,000
Independent auditor (Article 8 audited financials)	$35,000	$55,000	$95,000
15c2-11 attorney opinion or IDS submission	$10,000	$18,000	$30,000
State Blue Sky counsel — 50-state coordination	$8,000	$15,000	$25,000
State notice filing fees (aggregate)	$5,000	$10,000	$15,000
EDGAR filing agent and fees	$3,500	$6,000	$10,000
Financial printer	$3,000	$6,000	$12,000
Transfer agent setup and first-year service	$4,000	$8,000	$15,000
Escrow agent	$3,000	$6,000	$10,000
D&O insurance increment	$15,000	$30,000	$55,000
Independent director compensation (where required)	$0	$25,000	$60,000
Broker-dealer engagement and FINRA filing	$10,000	$25,000	$50,000
SUBTOTAL — Direct Out-of-Pocket	**$149,500**	**$294,000**	**$522,000**

A.2 Indirect and Opportunity Costs

Item	Low	Mid	High
CEO time diverted (400–800 hrs at $200/hr)	$80,000	$120,000	$160,000
CFO time diverted (500–1,000 hrs at $150/hr)	$75,000	$112,500	$150,000
COO time diverted	$25,000	$43,750	$62,500

Internal staff time on disclosure preparation	$15,000	$30,000	$50,000
Delayed product development	$50,000	$125,000	$250,000
Delayed defense contract capture	$40,000	$100,000	$200,000
Lost capital deployment time	$30,000	$75,000	$150,000
Bridge financing during preparation window	$15,000	$35,000	$75,000
SUBTOTAL — Indirect and Opportunity	**$330,000**	**$641,250**	**$1,097,500**

A.3 Year-One Ongoing Compliance Tail

Item	Low	Mid	High
Form 1-K annual preparation	$25,000	$45,000	$70,000
Form 1-SA semiannual preparation	$8,000	$15,000	$25,000
Form 1-U current reports	$6,000	$12,000	$24,000
Ongoing counsel — 15c2-11 current information	$10,000	$18,000	$30,000
Year-two audit fees	$30,000	$50,000	$85,000
Internal control documentation and testing	$8,000	$20,000	$40,000
Transfer agent ongoing	$5,000	$10,000	$18,000
EDGAR ongoing	$3,000	$6,000	$12,000
SUBTOTAL — Year-One Ongoing	**$95,000**	**$176,000**	**$304,000**

A.4 Cumulative Burden

CUMULATIVE TOTAL	**$574,500**	**$1,111,250**	**$1,923,500**

A.5 Per-Issuer Investor and Public Loss

The following figures are submitted as Declarant's good-faith estimate of investor and public loss per Regulation A issuer excluded by the cumulative compliance stack, based on projected revenue, contract capture, enterprise value, patent commercialization, and HUBZone employment growth.

Component	Low	Mid	High
Retail investor access foregone	$2.0M	$5.0M	$10.0M
Delayed product revenue	$3.0M	$8.0M	$20.0M
Delayed defense contract capture	$2.0M	$6.0M	$15.0M
Patent portfolio commercialization delay	$1.5M	$4.0M	$12.0M
HUBZone employment growth foregone	$0.5M	$1.5M	$4.0M

Long-term enterprise value foregone (5-year)	$10.0M	$30.0M	$75.0M
TOTAL PER EXCLUDED ISSUER (good-faith estimate)	**$19.0M**	**$54.5M**	**$136.0M**

OFFICE × DUTY MATRIX

Each office below operates within independent statutory duties relevant to the record now presented. The same operational consideration may engage multiple offices simultaneously, because the statutory accountability framework establishes overlapping responsibilities. The framing below reflects reconciliation opportunities, not accusations. Offices designated mission-critical in the GAO-Audited SEC Self-Representation Matrix are noted; their stated roles, as recorded in the Commission's own public role descriptions, become operative reference points for review.

Office	Statutory Duty	Reconciliation Opportunity
SEC Chairman	FMFIA annual assurance under 31 U.S.C. § 3512; § 77b(b) and § 78c(f) co-equal mandate; § 77z-3 and § 78mm exemptive authority	Continued certification posture coexists with sworn contradictory evidence in the record; exemptive authority remains available
SEC Chief Financial Officer	31 U.S.C. § 902; OMB A-123, A-127, A-136	Reconciliation between published burden estimate and sworn cost evidence implicates internal-control representations
SEC COO / Performance Improvement Officer	31 U.S.C. §§ 1115–1116; OMB A-11 Part 6	Variance between stated capital formation goal and operational outcome becomes available for performance-report reconciliation
SEC Information Quality Officer	Pub. L. 106-554 § 515; SEC IQA Guidelines	Disseminated Form 1-A burden estimate becomes subject to IQA correction-request review in light of sworn contradictory evidence
Office of the Investor Advocate	15 U.S.C. § 78d(g); § 78d-1	Documented retail investor exclusion presents an identification opportunity under the statutory annual report mandate
Office of the Advocate for Small Business Capital Formation	15 U.S.C. § 78pp	Documented small-issuer exclusion presents an identification, recommendation, and annual-report inclusion opportunity
Director, Division of Corporation Finance (mission-critical)	Administration of 17 CFR §§ 230, 239, 229; SEC self-representation duty to review disclosures, interpret rules, and recommend new rules (GAO Matrix #21)	Documented operational outcome becomes available for the Division's statutory recommendation function
Director, Division of Trading and Markets (mission-critical)	Administration of 17 CFR § 240.15c2-11; SEC self-representation duty to oversee exchanges, broker-dealers, clearing agencies, and SROs (GAO Matrix #22)	Documented secondary-market consequence (see Secondary Market Lockout Doctrine) becomes available for safe-harbor recommendation under Amendment 3
Chief Economist / DERA (mission-critical)	§ 77b(b), § 78c(f); OMB A-4; SEC self-representation duty to provide economic analysis for rulemaking and	Sworn real-world cost evidence becomes available for incorporation

	manage data for Commission initiatives (GAO Matrix #19-20)	into cost-benefit analysis and Form 1-A cost assumption validation
Office of the Chief Accountant (mission-critical)	17 CFR § 210.8 interpretation and oversight; audit standard oversight	De facto PCAOB-registered auditor expectation presents a reconciliation question with rule text; Reg CF § 227.201(t) precedent becomes available for tiered audit alternative analysis
SEC Inspector General	5 U.S.C. App. 3; CIGIE Standards (Silver Book, Blue Book); GAGAS; QSDF	Formal complaint, when filed, places the record before the Office for review under its statutory mandate
OIRA Administrator	EO 12866; 44 U.S.C. § 3507; 5 CFR Part 1320; EO 14094	OMB Control No. 3235-0286 burden estimate becomes available for renewal-cycle reconciliation in light of sworn contradictory evidence
SBA Chief Counsel for Advocacy	5 U.S.C. § 612; EO 13272	Documented small-entity impact becomes available for Advocacy comment under existing RFA monitoring authority
SBA HUBZone Program Director	15 U.S.C. § 657a; 13 CFR Part 126	Documented HUBZone capital-access barrier becomes available for inter-agency coordination with the Commission

RULE × DEFECT MATRIX

Each rule below is independently arbitrary and capricious under 5 U.S.C. § 706(2)(A). Each rule must be independently defended by the Commission. Severability is asserted: the defect as to any one rule does not depend on any other.

Rule (17 CFR)	Subject	§ 706(2)(A) Defect
§ 210.8	Article 8 audited financial statements	Cost-benefit fails § 77b(b); Reg CF § 227.201(t) precedent unaddressed; RFA § 603 small-entity alternatives inadequate
§ 229.601(b)(5)	Exhibit 12 attorney legality opinion	Officer Certification Substitution Doctrine: SOX § 302 precedent unaddressed; 28 U.S.C. § 1746 substitute not analyzed; consistency, rational-basis, and proportionality defects
§ 240.15c2-11	Broker-dealer quotation requirements (2020 amendments)	Secondary Market Lockout Doctrine: duplicates § 230.257 disclosure; 2020 IRFA/FRFA inadequately considered small-issuer impact; ripe for RFA § 610 review; market-access-gate function unaddressed
§ 239.90	Form 1-A	OMB Control No. 3235-0286 burden estimate violates 5 CFR § 1320.8(a)(4); IQA failure
§ 230.257	Tier 2 continuing disclosure (Forms 1-K, 1-SA, 1-U)	No scaling for issuer size; Reg S-K smaller reporting company precedent unaddressed
§ 230.262	Bad actor disqualifications	Diligence cost disproportionate to small-issuer risk profile; RFA inadequacy
§§ 230.251–263	Regulation A framework as a whole	Aggregate burden defeats JOBS Act democratization purpose; aggregate cost-benefit per Business Roundtable inadequate

EXHIBIT B — CFR BACKBONE

B.1 Target Rules

- 17 CFR §§ 230.251–263 — Regulation A framework
- 17 CFR § 210.8 — Article 8 audited financial statements
- 17 CFR § 229.601(b)(5) — Exhibit 12 legality opinion
- 17 CFR § 239.90 — Form 1-A
- 17 CFR § 240.15c2-11 — Broker-dealer quotation
- 17 CFR § 230.257 — Tier 2 continuing disclosure
- 17 CFR § 230.262 — Bad actor disqualifications
- 17 CFR § 201.192 — Petition for rulemaking procedure
- 17 CFR Part 207 — SEC § 504 disability nondiscrimination
- 17 CFR §§ 240.13a-14, 240.15d-14 — SOX § 302 officer certification (precedent for Doctrine 35)
- 17 CFR § 227.201 — Regulation Crowdfunding (precedent for Amendment 1)

B.2 Accountability Implementing Regulations

- 5 CFR Part 1320 — PRA implementation (especially § 1320.8(a)(4))
- OMB Circular A-4 — Regulatory analysis cost-benefit standard
- OMB Circular A-11 Part 6 — GPRA implementation
- OMB Circular A-123 — Internal control / FMFIA
- OMB Circular A-127 — Financial management systems
- OMB Circular A-136 — Financial reporting
- OMB Information Quality Act Guidelines (67 Fed. Reg. 8452)
- SEC Information Quality Guidelines
- 36 CFR Part 1194 — Section 508 ICT accessibility
- 28 CFR Parts 39, 41 — Federal agency § 504 framework
- 13 CFR Part 126 — HUBZone Program
- 13 CFR Part 127 — WOSB Program
- 13 CFR Part 128 — Veteran Small Business Certification
- 13 CFR Part 124 — 8(a) Program
- 31 CFR Part 850 — Outbound Investment Security Program (EO 14105)
- 31 CFR Parts 800, 802 — CFIUS
- 31 CFR § 1010.380 — Corporate Transparency Act beneficial ownership
- 15 CFR Parts 730–774 — EAR / BIS Entity List / FDPR
- 22 CFR Parts 120–130 — ITAR

B.3 Statutory Anchors

- 15 U.S.C. § 77a — Securities Act purpose
- 15 U.S.C. § 77b(b) — Co-equal capital formation mandate (Securities Act)
- 15 U.S.C. § 77c(b)(2) — Reg A statutory authority
- 15 U.S.C. § 77z-3 — Securities Act exemptive authority

- 15 U.S.C. § 78c(f) — Co-equal capital formation mandate (Exchange Act)
- 15 U.S.C. § 78d(g) — Investor Advocate
- 15 U.S.C. § 78ff — Exchange Act criminal penalties
- 15 U.S.C. § 78mm — Exchange Act exemptive authority
- 15 U.S.C. § 78pp — Small Business Capital Formation Advocate
- 15 U.S.C. § 657a — HUBZone Act
- 18 U.S.C. § 1001 — False Statements Act
- 18 U.S.C. § 1519 — Falsification of records
- 28 U.S.C. § 1746 — Unsworn declarations under penalty of perjury
- 31 U.S.C. §§ 901–903 — CFO Act
- 31 U.S.C. §§ 1115–1125 — GPRA Modernization Act
- 31 U.S.C. § 3512 — FMFIA
- 44 U.S.C. §§ 3501–3521 — PRA
- 5 U.S.C. § 553(e) — APA petition for rulemaking
- 5 U.S.C. § 555(e) — APA prompt notice
- 5 U.S.C. §§ 601–612 — RFA
- 5 U.S.C. § 706(2)(A) — APA judicial review
- 29 U.S.C. § 794 — Rehabilitation Act § 504
- 29 U.S.C. § 794d — Rehabilitation Act § 508
- Pub. L. 106-554 § 515 — Information Quality Act
- Pub. L. 112-106 — JOBS Act
- Pub. L. 114-284 — SEC Small Business Advocate Act
- Pub. L. 116-222 — HFCAA

B.4 Executive Orders

- EO 12866 — OIRA regulatory review
- EO 13272 — SBA Advocacy coordination
- EO 14094 — Modernizing regulatory review
- EO 14105 — Outbound investment security

B.5 Controlling Precedent

- Business Roundtable v. SEC, 647 F.3d 1144 (D.C. Cir. 2011)
- Chamber of Commerce v. SEC, 412 F.3d 133 (D.C. Cir. 2005)
- Chamber of Commerce v. SEC, 85 F.4th 760 (5th Cir. 2023) (Share Repurchase Disclosure Modernization rule, vacated)
- Chamber of Commerce v. SEC, 115 F.4th 740 (6th Cir. 2024) (Proxy Voting Advice rule, upheld)
- National Association of Manufacturers v. SEC, 105 F.4th 802 (5th Cir. 2024) (Proxy Voting Advice rule, vacated in part)
- National Association of Private Fund Managers v. SEC, No. 23-60626 (5th Cir. Aug. 25, 2025) (Reporting of Securities Loans rule; Short Position rule)
- Am. Sec. Ass'n v. United States SEC, 147 F.4th 1264 (11th Cir. 2025) (Consolidated Audit Trail amendment)

- American Equity Investment Life Insurance v. SEC, 613 F.3d 166 (D.C. Cir. 2010)
- Motor Vehicle Manufacturers Association v. State Farm, 463 U.S. 29 (1983)
- Alexander v. Choate, 469 U.S. 287 (1985)

B.6 SEC Inspector General Audit Record

- SEC OIG Report No. 588, Observations on the SEC's Rulemaking Process (September 29, 2025), signed by Inspector General Kevin Muhlendorf, transmitted to Chairman Paul S. Atkins. SEC management declined to submit a formal written response on September 19, 2025.
- SEC OIG Report No. 589, Fiscal Year 2025 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014 (February 25, 2026), prepared by Sikich CPA LLC, transmitted to Peter Gimbrere, Managing Executive, Office of the Chairman. Concluded SEC information security program is not effective.
- SEC OIG Report No. 590, Opportunities Exist to Strengthen Investment Management's Disclosure Review Program (May 4, 2026), signed by Inspector General Kevin Muhlendorf, transmitted to Brian Daly, Director, Division of Investment Management.
- SEC OIG Final Management Letter, Potential Opportunity to Consolidate the SEC's Disclosure Review Information Technology Systems (June 24, 2025).
- Executive Order 14215, Ensuring Accountability for All Agencies (February 18, 2025) — removed SEC exemption from EO 12866.
- OMB M-25-24, Interim Guidance Implementing Section 3 of Executive Order 14215, Titled 'Ensuring Accountability for All Agencies' (April 17, 2025).

EXHIBIT C — SWORN DECLARATION

I, James Hunter Poole, declare the following under penalty of perjury under the laws of the United States of America pursuant to 28 U.S.C. § 1746:

1. I am the Executive Chairman and Chief Executive Officer of Obelisk Tech Systems Inc., a Delaware C-corporation headquartered at 875 Helicopter Road, Thomasville, Georgia 31792 (Thomas County). Obelisk Tech Systems Inc. is HUBZone-certified under 15 U.S.C. § 657a and 13 CFR Part 126, is registered under the International Traffic in Arms Regulations (22 CFR Parts 120–130), and holds CAGE Code 9S0L8 and UEI U34MSJ6A6413.
2. I have personal knowledge of the factual statements set forth in this Master Administrative Record and Sworn Cost Declaration.
3. The cost figures set forth in Exhibit A are based on my professional evaluation of actual quotations and engagement letters from securities counsel, independent auditors, transfer agents, EDGAR filing agents, broker-dealers, and other service providers, and on industry-standard cost benchmarks for Regulation A Tier 2 offerings with secondary-market liquidity. The mid-case figure of $1,111,250 represents my good-faith estimate of the cumulative real-world burden for a HUBZone-certified, defense-aligned small business issuer.
4. The investor and public loss figures set forth in Exhibit A § A.5 are submitted as my good-faith estimate based on projected revenue, contract capture, enterprise value, patent commercialization timeline (Obelisk's 14-provisional-patent portfolio), and HUBZone employment growth in Thomas County, Georgia.
5. The system contradiction analyses set forth in the System Contradiction Cluster, the GAO-Audited SEC Self-Representation Matrix, the OIG-Verified Internal Audit Record (citing SEC OIG Report Nos. 588, 589, and 590), the Analytical Doctrines (Material Variance, Reliance Interest Distortion, Baseline Defect, Federal Statistical Integrity, False Negative Capital Formation, Suppressed Participation Is Invisible, and Counterfactual Market Structure), the Officer Certification Substitution Doctrine, the Secondary Market Lockout Doctrine, the Operational Access Layer, the National Resilience Layer, and the Reconciliation Required section reflect my analytical assessment of the operational interaction between the Commission's Regulation A compliance architecture, the Commission's own published self-representations (as recorded in GAO audit reports, the Commission's Agency Financial Reports under OMB Circular A-136, the Commission's strategic plan and performance reports under the GPRA Modernization Act, Commission exemptive orders, statements by the Chairman including the Chairman's Remarks at the 45th Annual Small Business Forum dated March 9, 2026, and reports of the Commission's own Inspector General including SEC OIG Report No. 588 dated September 29, 2025, SEC OIG Report No. 589 dated February 25, 2026, and SEC OIG Report No. 590 dated May 4, 2026), and adjacent federal policy frameworks. The factual representations regarding the Commission's published self-representations and the Commission's Inspector General findings are based on the Commission's publicly available record.
6. This Declaration is intended to be incorporated by reference into all pending and future matters involving Regulation A, Form 1-A, Rule 15c2-11, and related provisions submitted by me to the Securities and Exchange Commission, the Office of Information and Regulatory Affairs, the Small Business Administration Office of Advocacy, the Office of Inspectors General, and congressional committees.
7. This Declaration may be relied upon by any federal official, congressional committee, judicial body, or other interested party as my sworn statement under penalty of perjury concerning the matters set forth herein.

8. To the best of my knowledge, information, and belief, the statements set forth in this Declaration are true and correct.

Executed this 26th day of May, 2026, at 875 West Helicopter Road Thomasville, Thomas County, Georgia 31757 USA

Date: 05/24/2026

Signature: James H Poole

James Hunter Poole

Executive Chairman and Chief Executive Officer

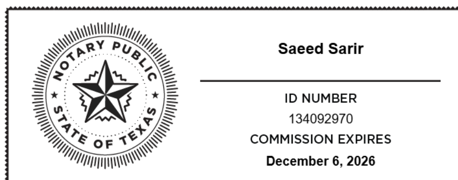
Obelisk Tech Systems Inc.

Notary Public

State of Texas

County of Harris

Sworn to and subscribed before me on 05/24/2026 by James H Poole.



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(NOTARY SEAL)

Electronically signed and notarized online using the Proof platform.

The Record is now before the Commission.

The reconciliation question is now part of the administrative record.

RECONCILIATION REQUIRED

The Commission's current operational administration of the Regulation A compliance framework now appears difficult to reconcile with the Commission's own:

- audited mission statements (capital formation, investor protection, fair and orderly markets)
- burden principles (no needless friction; rule overlap matters; burdens accumulate)
- modernization posture (simplification, scaled disclosure, reduced filing costs, IPO reform)
- exemptive-authority precedents (Consolidated Audit Trail cost-reduction-with-functionality-preserved framework)
- internal-control representations (Dodd-Frank § 963 attestation; GAO ICFR effectiveness finding; A-136 management assurances)
- performance-data validation procedures (completeness, correctness, consistency, bias, intended use)
- co-equal capital-formation obligations under 15 U.S.C. §§ 77b(b) and 78c(f)
- statutory exemptive authority under 15 U.S.C. §§ 77z-3 and 78mm
- Section 504 and Section 508 meaningful-access obligations
- Section 78d(g) Investor Advocate identification mandate
- Section 78pp Small Business Capital Formation Advocate recommendation mandate

> **This Record does not ask the Commission to abandon investor protection. This Record asks the Commission to reconcile investor protection with operational accessibility, disclosure coherence, retail participation, and the Commission's own formally adopted burden principles.**

Reconciliation is consistent with the Commission's stated mission. Reconciliation is consistent with the Chairman's stated principle that the Commission should unlock, rather than undermine, capital raising. Reconciliation is consistent with the Commission's exemptive-authority precedents and modernization posture. The three-amendment Relief Sought, severable and incrementally adoptable, becomes the operational vehicle for reconciliation.

The administrative record now presents a reconciliation problem. The Commission is in the best position to resolve it.