October 26, 2026

Submitted electronically via rule-comments@sec.gov

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Petition for Rulemaking to Amend the Regulation Crowdfunding Offering Limit; File No. 4-914

Dear Ms. Countryman:

I write in support of the petition in File No. 4-914, which asks the Commission to amend Rule 100(a)(1) of Regulation Crowdfunding to raise the maximum offering amount in any 12-month period from $5 million to $20 million and to index that amount to inflation.[1] I support the offering-limit increase and indexing as petitioned.

I am a securities lawyer. My practice involves exempt offerings under Regulation Crowdfunding (Reg CF), Regulation A (Reg A+), and Regulation D (Reg D). My clients are founders seeking investment from the people who use and own the products they create. Last week, I filed a comment on File No. S7-2026-27 on proposed Regulation Crypto Assets.[2]

Congress and the Commission entered bold territory when they opened the private markets to all Americans last decade. Reg CF has not, nor could it be, perfect. Currently, it is working through post-COVID growing pains with fewer, but overall, more sophisticated companies raising.[3] The Commission should buoy the exemption rather than let it sink under an outdated cap.[4] Reg CF's

[1]Petition of Crowdfund Capital Advisors, LLC, to Vanessa A. Countryman, Sec'y, SEC, File No. 4-914 (July 13, 2026), https://www.sec.gov/files/rules/petitions/2026/petn4-914.pdf.

[2]Letter from Paul H. Jossey, Principal Attorney, Jossey PLLC, to Vanessa A. Countryman, Sec'y, SEC, File No. S7-2026-27 (Oct. 16, 2026), https://www.sec.gov/comments/S7-2026-27/s7202627-1096119-3851507.pdf.

[3]Jossey PLLC, *Reg CF Outlook Bright for 2026*, The Crowdfunding Lawyers (Jan. 3, 2026), https://www.thecrowdfundinglawyers.com/reg-cf-outlook-bright-for-2026/ (describing "fewer raises, but more successful companies, with more loyal customers, and organic marketers," and citing Crowdfund Capital Advisors data that 85.1 percent of 4,358 curated companies remain operating).

[4]Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Markets, Securities Act Release No. 33-10884, 86 Fed. Reg. 3496 (Jan. 14, 2021) (adopted Nov. 2, 2020, effective Mar. 15, 2021), https://www.sec.gov/files/rules/final/2020/33-10884.pdf (raising the Reg CF offering limit from $1.07 million to $5 million).

relevance will continue to grow as the private markets open, investors and users become indistinguishable, and the economy becomes more decentralized.[5]

I. No Exemption Serves the $5 Million to $20 Million Range

A company seeking $20 million has Reg A+ and Reg D. Reg A+ Tier 1 permits $20 million offerings but its structure renders it unworkable. In the JOBS Act remake, the Commission proposed preempting state review for all Regulation A offerees, then narrowed that relief to Tier 2 and retained Tier 1 state review. Whatever compromises the Commission thought necessary, state review has killed Tier 1.

Reg A+ Tier 2 is overall a much more demanding exemption. It requires audited financial statements and ongoing annual, semiannual, and current reporting. Tier 1 mandates neither. Yet issuers still chose Tier 2 for roughly 91 percent of reported Regulation A proceeds from June 2015 through 2019,[6] and the staff found they did so even when they offered within Tier 1's limit:

> The larger Tier 2 offering limit does not appear to be the sole factor for issuers' decision between tiers, given that approximately 43% of filed Tier 2 offerings and 41% of qualified Tier 2 offerings sought amounts not exceeding the Tier 1 offering limit of $20 million. . . . Blue sky law preemption, facilitating nationwide solicitation and solicitation over the Internet, may have contributed to the popularity of Tier 2 offerings among issuers seeking the lower amount.[7]

Issuers accept audits and years of reporting to escape state review. An estimate in the Commission's own record puts 50-state registration at "$80,000 to $100,000 in legal fees," and the Commission warns full compliance in every jurisdiction "could increase costs significantly and could deter issuers from otherwise using the proposed exempt offerings."[8]

Reg D combines smoother compliance with other shortcomings. Rule 506(b) forbids general solicitation, and Rule 506(c) has a clunky accredited verification process. Rule 504 reaches $10 million, but like Tier 1 it is not preempted from state registration and permits general solicitation

[5]This is particularly true of cultural products such as entertainment, media, and technology. *See* Crowdfunding Prof'l Ass'n, *Beyond Equity: Novel and Emerging Investment Types for Investors*, YouTube (Mar. 15, 2026), https://www.youtube.com/watch?v=1wSWPoV5z5w (webinar examining creator-economy revenue share offerings, music royalties, film and entertainment deals, and other non-traditional security types appearing under Reg CF and Reg A+). I expand on these topics in a forthcoming book.

[6]SEC Staff, *Report to the Commission: Regulation A Lookback Study and Offering Limit Review Analysis* 9–10 (Mar. 4, 2020), https://www.sec.gov/files/regulationa-2020.pdf.

[7]*Id.*

[8]Regulation Crypto Assets, Securities Act Release Nos. 33-11434; 34-106150, at 255, 256 (Aug. 18, 2026) [hereinafter Proposing Release], 91 Fed. Reg. 54510 (Aug. 21, 2026), https://www.sec.gov/files/rules/proposed/2026/33-11434.pdf. Page citations are to the release as posted on the Commission's website.

only in limited circumstances.[9] Reg D has essentially ignored retail investors since its 1982 inception.

II. Reg CF with a $20 Million Offering Cap Fills the Gap

Reg CF can fill the gap created by Reg A+ and Reg D deficiencies. It has produced 8,492 offerings by 7,134 issuers from May 2016 through 2024, with a median target of $25,000 and a median maximum of $800,000.[10] Most campaigns do offer and raise well below the cap. First-time issuers unsure of success have little incentive to offer above $1,235,000 and incur an audit. More confident issuers cluster at the offer cap. But current numbers mask Reg CF's potential.

Just because most Reg CF companies don't hit the current target doesn't mean the SEC should sit. As Reg CF matures, more sound companies will emerge with successful raises and sturdier companies will seek its advantages. Smart founders will use follow on rounds to keep rewarding loyal customers/investors instead of running to Reg D. It is these second and third rounds where eight-figure Reg CF raises reside.

Issuers previously bunched at $1 million while the ceiling stood near $1 million. They bunched at $5 million once the ceiling became $5 million. Issuers adjust to the rules. The market will correct overexuberant companies that misread their investor appeal. But companies with successful second and third retail-infused rounds raise brand loyalty along with capital and will more likely survive economic downturns.

III. The Limit Does Not Reduce Retail Risk. It Reduces Disclosure

A proffered argument against raising the limit is investor protection. Form C disclosure, it is said, is built for small offerings. Accepting for the moment the dubious assertion that disclosure is an adequate proxy for investor protection,[11] Form C disclosures already warn investors of the risk of losing their often-meager individual investment. While not non-existent, fraud has not plagued offerings as some worrywarts predicted.[12]

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[9] 17 C.F.R. §§ 230.502(c), 230.504(b)(1), 230.506(b)(1), (c)(2)(ii). The Commission's own overview of the exemptions lists Rule 504 as carrying no exemption from state Blue Sky registration. Proposing Release at 195 tbl.1.

[10] Angela Huang & Vladimir Ivanov, SEC Div. of Econ. & Risk Analysis, *Analysis of Crowdfunding under the JOBS Act* 4, 5 tbl.1, 7, 9 fig.2b (May 2025), https://www.sec.gov/files/dera-reg-cf-2505.pdf (covering May 16, 2016 through Dec. 31, 2024). The staff found that "[m]ost maximum offer amounts in the sample were initially set around $0.9-$1.1 million, and then around $4.9-$5 million, consistent with the original Regulation Crowdfunding limit of $1 million (subsequently adjusted for inflation to $1.07 million and then amended to $5 million)." *Id.* at 7.

[11] Stuart R. Cohn & Gregory C. Yadley, *Capital Offense: The SEC's Continuing Failure to Address Small Business Financing Concerns*, 4 N.Y.U. J.L. & Bus. 1, 72 (2007), https://scholarship.law.ufl.edu/facultypub/248/ ("[E]xamination of the securities violations that are of principal concern reveals that no amount of technical exemption requirements will hinder the fraud artists from their endeavors. . . . Fraudulent and deceptive schemes have unfortunately continued unabated and independent of formal registration or exemption requirements.").

[12] *See* Letter from Mary L. Schapiro, Chairman, SEC, to Hon. Tim Johnson, Chairman, and Hon. Richard C. Shelby, Ranking Member, S. Comm. on Banking, Hous. & Urban Affairs (Mar. 13, 2012), *reprinted in* 158 Cong. Rec. S1714, S1722–23 (daily ed. Mar. 15, 2012), https://www.govinfo.gov/content/pkg/CREC-2012-03-15/html/CREC-

When successful Reg CF companies see Reg D as their only logical next step, not only do retail investors lose opportunity, but overall less disclosure happens and none of it is public.

Of all initiated Reg CF offerings, 10.5 percent were followed by a Regulation D filing, rising to 14.2 percent among offerings that reported proceeds.[13] The petitioner reports 323 Reg CF offerings that ran contemporaneous Rule 506(c) raises totaling $422.6 million.[14]

The cap doesn't protect investors or deter capital. What disappears is the publicly available Form C, mandated accounting scrutiny, progress reports, registered intermediaries, per-investor limits, and resale restrictions. A Rule 506(c) round replaces all of it with a Form D notice. Retail investors are shut out. They keep their exposure to the company and lose the disclosure that came with it. The cap does not reduce their risk. It strands it.

If disclosure should scale with offering size, scale it inside Reg CF rather than push the offering to Reg D. The exemption already scales as far as it goes.[15] Audited financial statements, the costliest and slowest item in the framework, are required for every offering over $1.235 million. Raising the cap adds no burden and spreads the existing one across more capital, which would make Reg CF enticing against a dead-letter Tier 1 offering.

The Commission should fill the gap between $5 million and $20 million with an exemption whose trajectory, while uneven, has proved viable.[16]

The petition also asks the Commission to index the limit, and that request is overdue. The $5 million figure has not moved since March 15, 2021. Absent an express adjustment mechanism the limit will erode. Indexing spares the Commission from revisiting it.

2012-03-15-pt1-PgS1714-2.htm ("Too often, investors are the target of fraudulent schemes disguised as investment opportunities."; the crowdfunding exemption "needs additional safeguards to protect investors from those who may seek to engage in fraudulent activities"); Press Release, NASAA, *The JOBS Act an Investor Protection Disaster Waiting to Happen* (Mar. 22, 2012), https://www.nasaa.org/11548/nasaa-the-jobs-act-an-investor-protection-disaster-waiting-to-happen/ (NASAA President Jack E. Herstein stating that the legislation "will needlessly expose Main Street investors to greater risk of fraud" and that crowdfunding offers "are likely to receive little regulatory scrutiny until after a fraudulent sale has been committed"). The safeguards Chair Schapiro asked for, Commission oversight of intermediaries serving "a critical gatekeeper function, running background checks," and mandatory basic issuer disclosure, are the funding portal regime and Form C that Congress and the Commission went on to adopt. The petition leaves both in place.

[13]Huang & Ivanov, *supra* note 10, at 17 tbl.6.

[14]Supplemental Submission of Crowdfund Capital Advisors, LLC, File No. 4-914, at 1 (July 15, 2026), https://www.sec.gov/files/rules/petitions/2026/petn4-914-supplement.pdf. That figure comes from the petitioner's proprietary dataset rather than from Commission filings.

[15]17 C.F.R. § 227.201(t).

[16]Tim Draper, *Tim Draper on Venture Capital, Bitcoin & the Future of Investment Crowdfunding*, ICW 2026 Keynote, Kingscrowd, YouTube (posted Apr. 19, 2026), https://www.youtube.com/watch?v=G9olAKQTS0c (opening session of Investment Crowdfunding Week 2026, in conversation with Kingscrowd chief executive Chris Lustrino).

IV. Conclusion

The petition offends no investor protection. The funding portal requirement stays. Form C stays. The financial statement ladder stays. The retail investment limits stay. The progress and annual reports stay. Section 4A(c) liability and the bad actor disqualifications stay. And it's all public. The petition changes one number and adds a mechanism to keep that number from decaying. It also de facto replaces a failed exemption with a successful one in an offer range that needs it.

I urge the Commission to grant the petition, or to include the relief in the exempt offering rulemaking now on its agenda.[17] Reg CF's growing pains are the pains of a market that found its footing and then ran into a ceiling. A regulator that opened this door should not be the one standing in it.

Respectfully submitted,

/s/ Paul H. Jossey

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cc: Chairman Paul S. Atkins; Commissioner Mark T. Uyeda; Office of the Advocate for Small Business Capital Formation

[17] Regulatory Flexibility Agenda, 91 Fed. Reg. 53164 (Aug. 14, 2026) (listing at sequence No. 486 *Updating the Exempt Offering Pathways*, RIN 3235-AN42, Div. of Corp. Fin., proposed rule stage, with an estimated notice of proposed rulemaking in October 2026), https://www.federalregister.gov/documents/2026/08/14/2026-16619/regulatory-flexibility-agenda.