

PUBLIC POLICY, MARKET-STRUCTURE & AMENDATORY COMMENT

Date:	October 2, 2026
Agency:	U.S. Securities and Exchange Commission
File No.:	4-932
Release:	Release No. 33-11446 (Sept. 30, 2026); Federal Register publication pending
Title:	Rule 501(a)(10) — Potential Designation of U.S. Certified Public Accountant License

The Native Claim Firm supports designating a U.S. certified public accountant license held in good standing under Rule 501(a)(10). It is a large, rigorously licensed, publicly verifiable population: NASBA counts 650,667 active licensees, more than three times the next-largest population in the five notices. That size is the reason the designation should issue only with the targeted amendments below. The Notice’s Rule 501(a)(10)(ii) and (iii) findings rest on exam content many licensees never took, it does not answer the three adverse comments it recites, and its good-standing test turns on a residence rule that does not fit the credential.

This comment responds to the Commission’s request for comment on whether to designate CPA licenses held in good standing and whether the designation raises investor-protection concerns unique to those who would qualify. It does not seek to exclude CPAs, require securities-specific continuing education, or add investment limits.

I. Executive request

- Rules 501(a)(10)(ii)–(iii): re-ground the findings in the sections every licensee sits, cover the legacy-exam and IQEX cohorts, and answer NASAA, the Consumer Federation of America, and the Maryland State Bar Association.
- Good standing: replace the residence-or-principal-office test in 17 CFR 210.2-01(a) with a license-status test that CPAVerify can answer.
- Rule 501(a)(10)(iv) and Rule 506(c): state that a dated public lookup is ordinarily a reasonable verification step, including for Hawaii and New Mexico.
- Independence: confirm that the designation does not change audit-independence or other professional restrictions.
- Common provisions: time-of-sale, change-notice, and severability text proposed identically in all five dockets.

II. The findings rest on exam content many licensees never took

Section II.B.2 supports Rule 501(a)(10)(ii) and (iii) with the AUD, BAR, and REG sections. BAR, however, is one of three Disciplines a candidate chooses among (BAR, ISC, or TCP); a licensee who chose information systems or tax never sat it. The Notice also records that the Exam was overhauled in 2024 and that the Business Environment and Concepts section was replaced (n.46), so every licensee admitted before then sat a legacy form the Notice never describes. And a person who passes the IQEX, which uses only the REG section (n.42), and becomes licensed “would qualify” under the Notice. For those cohorts the stated rationale does not describe the exam they took.

The Notice also recites three adverse comments: NASAA’s that the license “is not focused on investing,” the Consumer Federation of America’s that it does not “reliably and validly” demonstrate sophistication in securities and investing, and the

Maryland State Bar Association’s that accounting knowledge does not confer investment sophistication (nn.25–27). It never answers them. For the largest designation in the five notices, an unanswered adverse comment is the clearest path to remand.

The solution is not to narrow the designation. Excluding legacy-exam or IQEX licensees would be unadministrable because the licensing records the Notice describes (nn.60–62) show license status, not the exam route a licensee took. The solution is to anchor the findings on the sections every licensee sits, to designate the license rather than the route to it, and to answer the comments. The cost of the fix is one rewritten finding and one request to the AICPA for the pre-2024 content specifications, which staff should place in the record so that ¶ 1(a) rests on documents.

Add Order ¶ 1: “The Commission finds that a CPA license held in good standing satisfies the attributes in 17 CFR 230.501(a)(10) considered together. (a) Every form of the Uniform CPA Examination administered to current licensees has included sections on auditing and attestation, financial accounting and reporting, and business law and regulation. The auditing and attestation section addresses investments in securities; the financial accounting and reporting section addresses financial statements prepared under the frameworks applicable to for-profit and not-for-profit entities; and the regulation section addresses business law and entity formation. These sections demonstrate comprehension and sophistication in securities and investing. (b) Licensees who selected the Business Analysis and Reporting discipline additionally sat a section covering financial-statement and ratio analysis, net present value, and comparison of acquisition and divestiture alternatives. (c) Licensees admitted under mutual recognition agreements and the International Qualification Examination hold licenses issued by a jurisdiction that applies its education, experience, ethics, and continuing-education requirements, and NASBA recognizes those routes as substantially equivalent. The Commission designates the license, not the examination route; passing the International Qualification Examination alone does not confer status. (d) A licensee must satisfy jurisdictional education and supervised-experience requirements, and continuing professional education to remain active. These requirements support a reasonable expectation of sufficient knowledge and experience under 17 CFR 230.501(a)(10)(iii). (e) The Commission has considered the comments of NASAA, the Consumer Federation of America, and the Maryland State Bar Association. This designation does not rest on accounting skill standing alone; it rests on the combination of examination, education, supervised experience, and continuing education, and on the content of the sections identified above.”

III. Replace the residence test with a status test

To define good standing, the Notice adopts 17 CFR 210.2-01(a), under which the Commission recognizes a CPA who is “duly registered and in good standing” under the laws of “the place of his residence or principal office” (nn.65–66). That standard was written for audit practice before the Commission. Applied to investor status it asks the wrong question. A CPA licensed in one jurisdiction who lives or works in another, works remotely, or lives abroad fails the literal test, though the sophistication the Commission credits is identical. An issuer cannot apply the test either: the data CPAVerify aggregates comes from the licensing jurisdictions (n.60) and nothing in the Notice indicates it records a holder’s residence or principal office, and the Notice itself observes that jurisdictions describe the requirement in different words (n.66).

The cost of the gap is false negatives among licensed CPAs and inconsistent issuer practice across 55 jurisdictions. The cost of avoiding it is a short definition that uses data NASBA already publishes. The amendment preserves the Commission’s choice in note 66 about who is excluded under 17 CFR 201.102(e)(1)(i).

Add Order ¶ 2: “A natural person holds a CPA license in good standing if the person (i) holds a license to practice as a certified public accountant issued by a State, the District of Columbia, or a territory of the United States (each, a ‘jurisdiction’); (ii) the jurisdiction’s records show the license as active, or as having the equivalent status of a current license in good standing, and not as inactive, retired, expired, lapsed, suspended, or revoked; and (iii) the person is not currently denied the privilege of appearing or practicing before the Commission under 17 CFR 201.102(e)(1)(i). The location of the holder’s residence or principal office is not relevant. A person who holds licenses in more than one jurisdiction satisfies this paragraph if any one license meets clause (ii).”

IV. Verification: say what a reasonable step is

Rule 501(a)(10)(iv) is satisfied: CPAVerify.org and jurisdiction lookups exist (nn.60–62). What is missing is the sentence issuers need under Rule 506(c): which lookup and how fresh. Hawaii and New Mexico do not feed CPAVerify (n.61), so an

issuer that checks only CPAVerify will wrongly see no record for those licensees. The cost of the gap is avoidable diligence cost across 650,667 licensees; the cost of the fix is one sentence.

Add Order ¶ 3: “Confirmation of a license’s status from CPAVerify.org or, for a license issued by Hawaii or New Mexico, from that jurisdiction’s public license search, dated no more than 30 days before a sale, will ordinarily constitute reasonable steps to verify the purchaser’s status for purposes of 17 CFR 230.506(c)(2)(ii).”

V. Independence and professional restrictions must be preserved

The Notice recognizes that a CPA may decline an offering because of audit-independence implications (n.73). A designation that is silent invites the misreading that accredited investor status overrides those limits. The cost of the fix is one clause.

Add Order ¶ 4: “Nothing in this designation modifies the auditor independence requirements of 17 CFR 210.2-01, or any requirement of a board of accountancy or professional standard governing a CPA’s investments.”

VI. Common provisions

The five notices were issued together and share three omissions: none says when a holder’s status is tested, none provides for changes in the credentialing body’s requirements after designation, and none says the designations are severable. We propose identical text in each docket, with the credentialing body named, so the Commission can issue the five orders on one form.

Add Common Provisions ¶ C: “(a) Time of sale. Whether a natural person holds a designated credential in good standing is determined at the time of the sale of securities to that person. A later lapse, expiration, suspension, termination, or revocation does not affect the person’s status for that sale, or an issuer’s reliance on 17 CFR 230.501(a), if the issuer reasonably believed at the time of sale that the person held the credential in good standing.

(b) Change notice and reservation. The Commission may amend or withdraw this designation by order, after notice and opportunity for comment, if the requirements on which this designation rests are materially changed by NASBA and the AICPA. The Commission requests that NASBA and the AICPA notify the Office of Small Business Policy, Division of Corporation Finance, at least 60 days before such a change takes effect.

(c) Severability; no effect on other law. Each designation in the orders issued with this order is separate, and the invalidation, stay, or withdrawal of any one does not affect the others. A designated holder qualifies only in the holder’s own right and may not rely on that status to purchase securities on behalf of another person. Nothing in this order alters Federal or State antifraud law or any restriction on a person’s participation in an offering arising under other law, rule, or contract.”

VII. Proven least-cost alternative

No licensee incurs a new filing, fee, or education requirement under these amendments. The Notice already treats exam and licensure costs, about \$1,400 on average (n.56), as incurred for professional purposes. The cost falls on Commission drafting and one record request.

Gap	Cost of leaving the gap	Cost of the fix
Findings rest on BAR and the 2026 blueprint	The largest designation (650,667 licensees) is exposed on the (ii) prong for legacy-exam, ISC, TCP, and IQEX licensees	Rewritten findings; one request to the AICPA for pre-2024 content specifications
Unanswered adverse comments	Remand risk for a record that recites opposition and does not respond	One finding paragraph (¶ 1(e))
Residence-based good standing	Exclusion of licensed CPAs who live or work in another jurisdiction; 55 inconsistent issuer determinations	Two-sentence status test using NASBA data

Unspecified verification; Hawaii and New Mexico	Rule 506(c) uncertainty; false “no record” results for two jurisdictions	One sentence
Silent on independence	Misreading that status overrides professional restrictions	One sentence

VIII. Track A / Track B alternative

Track A — preferred. Adopt Order ¶¶ 1 through 4 and Common Provisions ¶ C on issuance.

Track B — phased fallback. If the AICPA’s pre-2024 content specifications are not in the record by issuance, issue with ¶ 1(a) limited to current-form content, the ¶ 1(e) response to comments, and ¶¶ 2 through 4 and ¶ C; add the legacy-form finding by technical amendment on receipt of the specifications.

Track B is defensible because the status test, verification, and independence provisions do not depend on the legacy-form finding, and the response to comments is in place from the first day.

IX. Technical corrections

Use one defined term. The Notice defines “active CPA” and “CPA license in good standing” for itself (n.66); the order should use a single defined term.

State that the 650,667 count excludes Hawaii and New Mexico wherever the Notice cites “approximately 650,000” (Section II.C; nn.40, 76).

Carry the IQEX point from note 42 into the order text: passage of the IQEX alone does not qualify a person; qualification follows licensure. Do not elevate cosmetic punctuation or spacing to a principal rulemaking objection.

X. Conclusion

The Commission is right that licensure is a sound, verifiable proxy for financial sophistication, and a CPA designation is the one that would most change who can participate in exempt offerings. A designation of that size has to withstand the objections the Notice itself recites, work for issuers who must verify it in 55 jurisdictions, and not depend on a rule written for a different purpose. The amendments above meet that standard.

The Commission should issue the order with Order ¶¶ 1 through 4 and Common Provisions ¶ C set out above. Thank you for the opportunity to comment.

Respectfully submitted,

/s/ Shawn SN

Chief Executive Officer

The Native Claim Firm

Date: October 2, 2026