

**MEMORANDUM**

**FROM:** Shaheen Haji  
Attorney-Adviser  
Office of the Chief Counsel, Division of Trading and Markets  
U.S. Securities and Exchange Commission

**RE:** Meeting with representatives of RocketHub

**DATE:** July 17, 2012

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On July 17, 2012, Commission staff met with representatives from RocketHub to discuss issues regarding the implementation of Title III of the Jumpstart Our Business Startups Act.

The following Commission staff participated: Tamara Brightwell and Sebastian Gomez Abero from the Division of Corporation Finance; and David Blass, Joseph Furey, Ignacio Sandoval, Timothy White, and Shaheen Haji from the Division of Trading and Markets.

The following RocketHub representatives participated: Alon Hillel-Tuch and Brian Meece of RocketHub and Aron Izower of Reed Smith LLP.

The RocketHub meeting agenda is attached.

**Agenda for Meeting Between:**

**RocketHub Inc.  
&  
The Securities & Exchange Commission**

**Topic of Discussion:**

**Title III  
The JOBS Act**

**Tuesday, July 17, 2012**

## **1. Introductions (5 Mins)**

- a. RocketHub representatives
- b. SEC representatives

## **2. Broad Themes: RocketHub Recommendations (5 Mins)**

Regulations should be written to:

- a. Minimize upfront expense to issuers & portals
- b. Minimize hassle to investors
- c. Understand what crowdfunding is now (legislative intent)
- d. Minimize portal liability
- e. Not limit portals as service providers

## **3. Crowdfunding in Practice (5 Mins)**

- a. No upfront fees
- b. Streamlined posting process
- c. Project leader solicits first followers
- d. Project leader solicits wider networks
- e. Project leader encourages others to spread the word
- f. Project leader seeks press coverage
- g. Portals feature “trending” projects based on several factors
- h. Portals charge success based fees

## **4. Specific Recommendations (40 Mins)**

### Advertising and Publicity (10 Mins)

Communication via social media is integral to crowdfunding. Rather than “advertising,” it should be understood as “conversation in a public place.”

- a. SEC.302(b)/SEC4A.(b)(2): Advertisement By Issuers (p. 14)
- b. SEC.304(b)/SEC3(a)(80) – Funding Portals (p. 18)

### Deal Structure (10 Mins)

- a. SEC.302(b)/SEC4A.(b)(1)(G) & (H) – Method For Determining Price Of Securities (p. 13)
- b. SEC.302(b)/SEC4A.(a)(7) – Investors’ Right To Rescind (p. 7)

### Holding and Transfer of Securities (10 Mins)

- a. SEC.304(b)/SEC3(a)(80)(D) – Funding Portals (p. 20)

### Holding and Disbursement of Funds (10 Mins)

- a. SEC.304(b)/SEC3(a)(80)(D) – Funding Portals (p. 20)

## **5. Q&A (5 Mins)**