September 11, 2013

Ms. Elizabeth M. Murphy
Secretary, Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Amendments to Registration D, Form D and Rule 156 under the Securities Act (File No. S7-06-13)

Dear Ms. Murphy,

Return on Change ("RoC" or "we") appreciates the opportunity to comment in response to the proposed amendments to Regulation D under the Securities Act of 1933. Return on Change is an investment platform for startup companies in the cleantech, medtech, technology, edtech, and social venture industries. RoC has long been an avid supporter of responsible early stage investing while actively promoting regulatory compliance among founders of startup businesses. It is with the mutual goals of facilitating startup finance and ensuring investor protection that we submit this comment letter for review.

The passage of the JOBS Act heralded a step forward in fostering entrepreneurship, and while full implementation of the law is taking longer than anticipated, we appreciate the recent strides the SEC has made by lifting the ban on general solicitation. Startup companies in the aforementioned sectors experience difficulty accessing capital through traditional financing mechanisms, and Rule 506(c) represents a powerful new tool for an otherwise resource-starved community of entrepreneurs.

Although we commend this initiative, we cannot help but echo the concerns expressed by others regarding the proposed amendments. These new rules compromise the ability of the entrepreneur to leverage general solicitation to the extent that it is rendered near obsolete. Lifting the ban on general solicitation was intended to make a difference, producing visible transformations in the way startup companies build capacity and raise capital. Instead, the onerous requirements and drastic punitive measures set forth by the proposed changes discourage many entrepreneurs from even considering the option. The status quo of relying on traditional Rule 506 private placements will move forward more or less unobstructed.

It is this unintended abrogation of Title II of the JOBS Act that we seek to prevent. The emerging nature of the online fundraising sector requires us to be vigilant about enforcing proper protective measures, but stifling the innovative nature of the JOBS Act and precluding its potential benefits to startup companies are just as unacceptable as letting the practice run unsupervised. Outlined herein are our concerns and recommendations.

1. Proposed Rule 510T

Proposed Rule 510T, which temporarily requires all companies to submit written general solicitation materials within the first date of use, severely underestimates the accelerated and dynamic realm of modern capital-raising, where changes are made to investor presentations on a frequent basis. Startup business models are not static, and neither are the digital marketing strategies entrepreneurs will likely employ once general solicitation is fully implemented. One can only imagine the frequency with which

issuers will update their presentation materials and subsequently have to submit new SEC filings. Proposed Rule 510T inundates entrepreneurs with burdensome filing procedures that will disrupt normal fundraising and business operations. Furthermore, we are doubtful that the infrastructure and manpower required to sufficiently store and track the anticipated volume of submissions are in place. The cost of compliance is much too high, as is the likelihood of startups failing to regularly follow this requirement.

2. Advance Filing of Form D

Amending Rule 503 of Regulation D to require the filing of Form D 15 calendar days in advance of the first use of general solicitation unduly burdens issuers that seek to rely on Rule 506(c). Whether the information gathering purpose of the advance filing requirement will be fulfilled is questionable, since the data requested in the initial Form D is minimal at best. No information provided during the pre-filing stage would raise any flags indicating potentially fraudulent offerings, and we are skeptical that the proposed timing of the filing of Form D would achieve its intended purpose.

Moreover, an entrepreneur's decision to begin a capital raise is often contingent on fluctuating market conditions and investor leads. As such, entrepreneurs need to be flexible and reactive to ever changing conditions that may necessitate the commencement of a funding round in a short period of time. The imposition of a 15-day waiting period may result in lost investment opportunities, which severely undermines the efficacy of general solicitation. Given the nominal informational benefits this proposed amendment would provide and the significant disadvantage it poses to potential issuers who seek to rely on Rule 506(c), we suggest removing the pre-filing requirement altogether.

3. Proposed Rule 507(b)

A one-year disqualification from future reliance on Rule 506 offerings is a disproportionate penalty for startups that fail to comply with what are mostly technical legal requirements. The severity of the penalty does not take into account the probability that many instances of noncompliance will result from ignorance rather than willful delinquency. Early stage startups without the cognizance and legal expertise to parse these requirements will unknowingly violate some of these regulations by mimicking what other companies are doing. The inability to raise capital for such an extended period of time is a death sentence for well-meaning companies; startups always need to conduct offerings, and prohibiting them from doing so effectively deprives them of their lifeline.

4. Proposed Rule 509 of Regulation D

Requiring issuers to include prominent cautionary language on all written general solicitation materials is a prudent measure insofar as the media outlets that entrepreneurs typically use support such legending. It has recently come to our attention that solutions like CMP.LY can be used to facilitate compliance with this requirement. As long as such applications are readily available and not overly costly to the entrepreneur, we do not see much harm incurred by requiring the inclusion of prescribed legends. We do, however, suggest limiting the scope of the proposed rule so that legends are required only if the terms of an offering are communicated.

5. Verification Standards for Accredited Investors

Several of the suggestions set forth are invasive and may further prevent investors from engaging in the activities of early stage capital formation. Additionally, it seems unnecessary to require accredited investors to go through further hoops in order to support small businesses while they are already engaging

in activities that require increased due diligence in comparison to other public investments. We believe that self-verification of accredited status as it currently stands should be sufficient. To the extent appropriate, a short questionnaire reflecting the understanding of risks associated with an early stage investment can be used to further vet the self-recognizance of an accredited investor.

Closing

We respectfully submit this letter with the hope that it will deepen the SEC's capacity for realizing the full transformative power of the JOBS Act. Once again, we understand the validity of establishing firm regulations around proper disclosure and investor protection. But the expense and time required to comply with the abovementioned amendments will dissuade entrepreneurs from relying on general solicitation, and prompt a situation of disuse that is incongruous with the original intent and potential utility of the JOBS Act.

Return on Change is at your disposal to provide further insights during your deliberations and rulemaking process.

Sincerely,

Sang Lee
CEO
Return on Change