

Securities and Exchange Commission
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26 September 2012

- **17 CFR Parts 230 and 239**
- **File No. S7-07-12**
- **Eliminating the Prohibition Against General Solicitation and General Advertising in Rule 506 and Rule 144A Offerings**

Dear Sir.

Thank you for giving us the opportunity to comment on your Proposed rule on Eliminating the Prohibition Against General Solicitation and General Advertising in Rule 506 and Rule 144A Offerings.

You are proposing amendments to Rule 506 of Regulation D and Rule 144A under the Securities Act of 1933 to implement Section 201(a) of the Jumpstart Our Business Startups Act (JOBS Act). The proposed amendment to Rule 506 would provide that the prohibition against general solicitation and general advertising contained in Rule 502(c) of Regulation D would not apply to offers and sales of securities made pursuant to Rule 506, provided that all purchasers of the securities are accredited investors. The proposed amendment to Rule 506 would also require that, in Rule 506 offerings that use general solicitation or general advertising, the issuer take reasonable steps to verify that purchasers of the securities are accredited investors. The proposed amendment to Rule 144A(d)(1) would provide that securities may be offered pursuant to Rule 144A to persons other than qualified institutional buyers, provided that the securities are sold only to persons that the seller and any person acting on behalf of the seller reasonably believe are qualified institutional buyers.

I support your proposed amendments, which will broaden an issuer's potential investor base, and therefore facilitate more efficient capital formation at lower cost, and thus support the requirements of the JOBS Act. I support the flexible and non-prescriptive approach that you have taken regarding the "reasonable steps to verify" and "reasonably believe" requirements under the proposed rules.¹ This flexible approach should ensure an objective treatment

¹ See Section 201(a)(1) and Section 201(a)(2) of the JOBS Act.

Please note that the comments expressed herein are solely my personal views

based on the facts and circumstances of each case. It would also promote issuers to maintain complete documentation and records supporting their verification processes and determinations. This is an additional benefit above a simple, prescriptive box-ticking type of exercise that will further increase the transparency and integrity of Rule 506 and Rule 144A offerings, and improve internal due diligences processes in issuers.

Yours faithfully

C.R.B.

Chris Barnard