



September 18, 2019

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

Re: Concept Release on Harmonization of Securities Offering Exemptions
File Number: S7-08-19

Dear Ms. Countryman:

Bridgeport Financial Technology welcomes the opportunity to provide comments on the SEC concept release to explore potential improvements to the existing securities offering exemptions under the federal securities laws.

We view the SEC's engagement as a timely and positive sign for private investments, given the industry's accelerating capital inflow trajectory, and the importance of providing sensible access to a broader group of investors.

We believe the SEC should seek to revise the dated investor eligibility requirements to place more focus on qualitative, knowledge-based factors as a measure of *actual* investor sophistication, rather than just the existing income or wealth thresholds as a *presumed* measure of sophistication.

While most existing accredited investors are generally aware of the merits and risks of private investments, we believe it is imperative for all accredited investors to *better* understand the nature and key elements of risk that are simply inherent to private investments as a whole. Too often, we presume investors will be adequately apprised of such risks by the respective issuers, given that issue-specific risks are clearly and adequately delineated in the offering documents of a respective private entity. However, our experience has taught us otherwise, in that a) many investors fail to read these documents carefully, if at all, and b) many investors, whom today are in fact "accredited", fall short of truly understanding the inherent risks in private investments as a whole. Such risks may include, but are not limited to, single-entity investment risk, high-business failure rates, key-person concentration, lack of diversification (in the case of single entity vs. pooled structures), potential funding shortages, valuation complexity and lack of liquidity (e.g. many venture capital funds and private equity funds, for example, contain lockup periods from 7 to 10 years).

Accordingly, if the SEC were to move forward to expand access to a broader group of investors, and the conditions for such are knowledge-based, as an alternative to or an option in place of the existing wealth-based presumptions, we believe it is essential to ensure such investors will have had the opportunity to acknowledge and *prove* their understanding of the inherent risks in private fund investing. More specifically, if investors simply assert their level of sophistication by way of, for example, listing their education and related investment experience, it's probably not safe to assume they are immune to unanticipated or excessive risks, and can therefore avoid such risks through their review of the disclosures made by a respective issuer.

Our view is that in the case of a potential knowledge-based eligibility requirement, investors should be required to pass a basic online examination whereby they prove their understanding and acknowledge their mindfulness of the inherent risks of private investments, as noted and outlined above. Upon completion of such, they are issued the digital equivalent of a "passport", which proves their accreditation, can be shared with respective issuers by way of an online database, and can thereby be tangibly proven by key interested parties, such as attorneys, auditors and regulators.

As we know, the potential upside for these products is often glamorized, where wealthy investors were given access in early phases of what are now multi-billion dollar companies- and those less fortunate folks "missed out". However, along with the excitement of potentially expanded access to private investment "home runs", we believe there needs to be a sensible and tangible underpinning of appropriate awareness and acknowledgment of the *inherent risks and frequent losses* that are very much a part of the normal course in this industry.

Our view is that technology and further "digitization" of private investments are essential components to support the transparency, fluidity and efficiency necessary in providing expanded access to investors, in such a way where the SEC can leverage data to ensure the public's best interest remains intact, and issuers can continue to raise capital in an expanded market.

If in fact this important effort is approached sensibly, efficiently, and effectively, we believe the outcome is much more likely to crystalize as it was intended, where an expanded population of appropriately-suited investors will gain access to a broader range of investment opportunities, yet with a keen awareness of the inherent risks.

Sincerely,

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CEO, Bridgeport Financial Technology
Former SEC Examiner- Division of Investment Management, "Class of 1991 - 1995"