



Consumer Federation of America

September 24, 2019

Vanessa Countryman, Director
Office of the Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

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

Although CFA was not able to make today's deadline for commenting on the Concept Release on Harmonization of Securities Offering Exemptions, we do expect to submit an extensive comment letter in the coming days. In the meantime, I wanted to bring to your attention the attached press statement released today by CFA, Americans for Financial Reform (AFR), Better Markets, the Center for American Progress (CAP), and AFL-CIO. Please include it in the comment record.

Thank you for your assistance.

Respectfully submitted,

Director of Investor Protection
Consumer Federation of America

**Consumer Federation of America
Better Markets
Americans for Financial Reform
The Center for American Progress
AFL-CIO**

FOR IMMEDIATE RELEASE

September 24, 2019

CFA Link; Facebook Post and Tweet this

Contact: Barbara Roper, CFA, [REDACTED]

Christopher Elliott, Better Markets, [REDACTED]

Marcus Stanley, AFR, [REDACTED]

**SEC SHOULD CALL A HALT TO PRIVATE OFFERING
PROPOSALS THAT PUT INVESTORS AND THE ECONOMY
AT RISK, INVESTOR AND PUBLIC INTEREST GROUPS
WARN**

Washington, D.C. – Pro-investor and public interest groups are sounding the alarm that the Securities and Exchange Commission is rushing to judgement on issues that are critical to the nation’s economy without collecting adequate data, conducting a thorough analysis, or allowing sufficient time for public comment. On issues of vast importance to all investors and our economy, not allowing sufficient time for the public to offer considered input is a gross disservice to investors and threatens the health of public markets on which our nation’s economy depends.

The comment period on the SEC’s sweeping concept release on exempt securities offerings closes today. In the name of “harmonizing” the complex web of securities law exemptions, the SEC lays out a framework that would actually further expand the ability of companies to raise capital from the general public without meeting the basic transparency and accountability requirements of the federal securities laws. As such, it threatens to recreate conditions that led to the stock market crash of 1929 and contributed to the 2008 financial crisis.

Consumer Federation of America (CFA), Americans for Financial Reform (AFR), Better Markets, the Center for American Progress (CAP), and AFL-CIO called on the SEC to:

- Call a halt to any expansion of the private offering exemptions, such as those outlined in the Concept Release, until the Commission can conduct a careful analysis of the impact of the proliferation and expansion of exempt offerings on the health of our public markets, investor protection generally, and other impacts on the economy and the public interest.
- Identify gaps in the Commission’s knowledge of private markets, including the significant lack of data regarding the Regulation D market, that prevents it from analyzing the impacts of its policy proposal and develop a plan for closing those information gaps before proceeding with further rulemaking.

- Re-issue the Concept Release disclosing the information learned from the above and provide an additional, ample comment period of no less than 90 days to allow for thoughtful public input into the Commission’s policy proposals.

“Despite mounting evidence of declining public markets and increased problems in private markets, the Commission hasn’t given serious attention to either issue in its concept release,” said CFA Director of Investor Protection Barbara Roper. “With its focus on harmonizing the existing exemptions, the Commission is rearranging deck chairs on the Titanic instead of fixing the hole in the boat. Worse, its proposals to expand retail investor access to private markets threaten to make that hole much, much bigger.”

“While the SEC bemoans the size and vitality of the public markets, it continues to enable the expansion of dark private markets, bleeding public investors of opportunities, transparency and accountability, and our economy of much-needed capital formation,” said Dennis Kelleher, President and CEO of Better Markets. “Many of these problems are of the SEC’s own creation. Jamming through this far-reaching and ill-considered release will just make them worse. The SEC should hit the pause button, collect and analyze the data, and provide the public with a meaningful opportunity to comment.”

“Under the original New Deal mandate of the SEC, the U.S. system of public markets became the deepest, most liquid, and most efficient securities markets the world had ever seen,” said AFR Policy Director Marcus Stanley. “But in recent decades, rather than building on this success, regulators have created a system of exemptions that has allowed the private offering market to expand to the point where it now accounts for much more capital than the public markets. Private markets do not have the disclosure requirements, corporate governance features, or liquidity of public markets, and their expansion has been harmful to both investors and the broader economy. But instead of re-examining and limiting private markets, the SEC concept release appears to point the way to still further ill-considered expansion of private markets. The Commission needs to turn back from this path, do the research to measure the actual effects of private markets, and act to limit their risks.”

“Why the SEC would aim to make corporations even less transparent and accountable to shareholders and the public is hard to fathom,” said Andy Green, Managing Director of Economic Policy at the Center for American Progress. “The yawning gap between corporate profits and worker wages, along with enormous challenges like climate change, shows that working families need companies to be paying more attention to environmental, social and governance matters. Instead of deregulating, policymakers should be boosting transparency, accountability, and oversight across all large companies.”

[The Consumer Federation of America](#) is a national organization of more than 250 nonprofit consumer groups that was founded in 1968 to advance the consumer interest through research, advocacy, and education.

Better Markets is a non-profit, non-partisan, and independent organization founded in the wake of the 2008 financial crisis to promote the public interest in the financial markets, support the financial reform of Wall Street and make our financial system work for all Americans again.

Better Markets works with allies – including many in finance – to promote pro-market, pro-business and pro-growth policies that help build a stronger, safer financial system that protects and promotes Americans’ jobs, savings, retirements and more. To learn more, visit www.bettermarkets.com.

Americans for Financial Reform is a coalition of more than 200 national, state, and local groups who joined together in the wake of the 2008 financial crisis to advocate for stronger and more effective financial regulation. Members of AFR include consumer, civil rights, investor, retiree, community, labor, faith based, and public interest groups.

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) is the democratic, voluntary federation of 55 national and international labor unions that represent 12.5 million working men and women. We strive to ensure all working people are treated fairly, with decent paychecks and benefits, safe jobs, dignity, and equal opportunities. Our work is anchored in making sure everyone who works for a living has family-supporting wages and benefits and the ability to retire with dignity.