The Honorable Jay Clayton Chair & SEC Commissioners
U.S. Securities and Exchange Commission
100 F Street, NE Washington, DC 20549

Dear Chairman Clayton & Associates:

We appreciate the opportunity to express our thoughts and feedback on the established private securities exemption framework and are writing to you as a unified voice that represents issuers, investors, and entrepreneurs that are supporting the function of US capital markets. We want to open this letter by congratulating the SEC for doing an exemplary job of fostering capital formation, competition, and market efficiency while creating proper investor protections for sustainable private market growth. The results have allowed the US to become the largest and most efficient capital market in the world. Over the last fifty years, the fragmented private markets have matured into a robust and sophisticated capital market that has grown to more than double the issuance size of its public market counterpart. The regulations that monitor and support this side of the capital market are still driven by outdated rules established in the 1930s, and despite the 2012 JOBS Act's best efforts to modernize these rules, it has been criticized by many in the financial services industry for its failure to increase capital formation and accessibility for retail investors in private markets due to the difficulty of adopting the newly-created exemptions in comparison to the traditional fundraising methods these exemptions sought to replace. It is clear that the SEC recognizes the global market changes that modern technology is creating and we commend its request for open comment from the public to attempt to harmonize private securities exemptions, resulting in a clearer, fairer financial system for all participants.

We have done our best to unify our voice as a representation of the industry to better assist the SEC in its collection of feedback regarding the harmonization of the private exemption framework. Those who advocate for the same message have signed this letter below.

To summarize our individual responses to the 19 questions that were proposed in the initial release (detailed below), we believe the following changes need to be implemented:

1. **Create wider access for retail investors to participate in exempt offerings by expanding the accredited investor definition to support specific professional licenses that have the expected capacity to understand the risks of investing. In addition, the Reg D exemption should be expanded to enable an opt-in for non-accredited investors who prove a similar level of understanding**
2. **Regulation A+ should be streamlined further in order to reduce friction for issuers considering the exemption by implementing a fast-track program or a safe harbor enabling faster response and approval from the SEC**
3. **Increase the fundraising limit for the Reg CF exemption to $5,000,000 in order to enable a more efficient capital formation process for small and first-time issuers**
4. **Increase the limit of shareholders in a private company before requiring registration with the SEC under 12(g) to support up to 10,000 shareholders before needing to register. The current 2,000 shareholder limit contradicts the 'crowdfunding' ideology that the JOBS Act seeks to promote. This limit has already once been increased and a further amendment must be made**
5. **The SEC should define digital or tokenized securities as regulated securities consistent to their traditional counterpart the same way that**

securities regulators around the world, like the FCA and FCS have already proposed or implemented in their regional jurisdictions

We hope the SEC considers our thoughts and welcome any continued form of communication regarding this matter. Below you will find our extended responses to each of the proposed questions from the initial release.

1. Does the existing exempt offering framework provide appropriate options for different types of issuers to raise capital at key stages of their business cycle? For example, are there capital-raising needs specific to any of the following that are not being met by the current exemptions: small issuers; start-up issuers; issuers in a particular industry, such as technology, biotechnology, manufacturing, or consumer products; issuers in different geographic regions, including those in rural areas or those affected by natural disasters; or issuers led by minorities, women, or veterans? What types of changes should we consider to address any such gaps in the exempt offering framework? Would legislative changes be necessary or beneficial to address any such gaps?

We believe that all small issuers, particularly in the startup and SME category, independent of minority status, gender, or military experience, currently struggle to access proper capital formation using today's exemptions. Minorities, women, and veterans, experience a compounded challenge as a result.

Improving the Regulation CF exemption to allow for a larger capital fundraise (we suggest a limit of $5,000,000 annually) would increase the capacity for small issuers to utilize this exemption to properly scale their businesses past early-stage ventures. We also believe legislative initiatives such as a tax exemption for those investing in early-stage businesses or even more specifically in early-stage businesses that are majority-owned by minorities, women, and

veterans would also help incentivize such activity and we advise the SEC to advocate for such legislative change.

2. Do the existing exemptions from registration appropriately address capital formation and investor protection considerations? If so, should we retain our current exempt offering framework as it is? Are there burdens imposed by the rules that can be lifted while still providing adequate investor protection?

As mentioned in the response to [1], the current framework fails to be sufficient for certain stages of capital formation. Specifically, the burden of being restricted to a $1,070,000 cap under Reg CF is does not provide the capacity of investment of issuers to meet their current demands.

In addition, the overall limit to the number of shareholders before requiring registration impedes the crowdfunding methodology. Ideally, in an effective crowdfunding model, an issuer is able to raise small sums of money from a large group of investors. This allows participation from a wider range of investors without forcing them to incur excessive capital risk. With a low cap on the Reg CF exemption and a small shareholder limit, issuers have struggled to use this option effectively.

We believe non-accredited investors who are already appropriately restricted from investing too much have sufficient investor protections in place.

3. Is the existing exempt offering framework too complex? Should we reduce or simplify the number of exemptions available? If so, should we focus on having a limited number of exemptions based on the amount of capital sought (for example, a micro exemption, an exemption for offerings up to $75 million, and an unlimited offering exemption)? Or *should we focus our exemptions on the type of investor allowed to participate? Would legislative changes be necessary or beneficial if we were to replace the current exempt offering framework with a simpler offering framework?*

In order to not disrupt existing capital markets infrastructure or rely on outside legislative approval to create change, we believe the SEC should focus on functions and controls that it can directly change within its purview. This includes expanding the accredited investor definition to a wider audience for Reg D, increasing the fundraising limit for Reg CF, and creating a more efficient approval process for Reg A+. These focused solutions provide clarity and an inclusive investor framework to allow for efficient capital markets.

4. Are the exemptions themselves too complex? Can issuers understand their options and effectively choose the one best suited to their needs? Do any exemptions present pitfalls for small businesses, especially for issuers that may be unfamiliar with the general concepts underlying the federal securities laws?

We always recommend the SEC to invest in education and to provide clarity on complex issues in regards to the different exemptions whenever possible. Since it is always a best practice for any issuer to consult an attorney, we believe the exemptions are sufficiently clear for an attorney to navigate and advise their clients appropriately with proper repercussions in place (getting barred or fined) if they do not.

However, when considering cases where securities have become digitally represented via tokenization on the blockchain, we do recommend that the SEC provides a definition for tokenized securities with the same level of clarity that traditional securities are defined with today. Jurisdictions around the world,

including but not limited to the United Kingdom, Germany, Taiwan, Japan, and Malta have all - at the time of this writing - clearly defined a security token as a digital representation of a real asset, and recognize their legal ownership as such. The purpose of this is to remove any confusion for issuers who are looking to properly use this technology to issue securities in the US and gives certainty and legal protection to investors investing in these new instruments.

In regard to secondary transactions, the SEC should also clarify the rules for each of the exemptions and their respective lock-up periods. The current lock-up periods are not consistent with each other and will result in compliance-enforced market inequality (See Reg D vs. Reg S investor lock-up).

5. In light of the fact that some exemptions impose limited or no restrictions at the time of the offer, should we revise our exemptions across the board to focus consistently on investor protections at the time of sale rather than at the time of offer? If our exemptions focused on investor protections at the time of sale rather than at the time of offer, should offers be deregulated altogether? How would that affect capital formation in the exempt market and what investor protections would be necessary or beneficial in such a framework? Would legislative changes be necessary or beneficial if we were to focus on the sale of a security, rather than the offer and sale?

In order to not disrupt existing capital markets infrastructure or rely on outside legislative approval to create change, we believe the SEC should focus on functions and controls that it can directly change within its purview. If the SEC determines there to be a benefit for amending exemptions to focus on the sale instead of the offer, then it should implement them where it is immediately possible within its reach.

6. What metrics should we consider in evaluating the impact of our exemptions on efficiency, competition, capital formation, and investor protection? In particular:

• How should we evaluate whether our existing exemptions appropriately promote efficiency, competition, and capital formation? For example, in evaluating our exempt offering market, should we consider whether investors have more opportunities to participate in exempt offerings? To appropriately evaluate the market, should we consider the cost of capital for a variety of issuers? What other indicators should we consider?

When it comes to evaluating exempt offerings, we believe the SEC should always implement best efforts to share data with the public regarding efficiency, competition, capital formation, and investor protection. In order to evaluate whether the exemptions themselves are efficient, competitive, promoting capital formation, and protecting investors, we recommend the SEC to track key metrics such as the time to maturity for each issuer from inception to completion in order to create a benchmark for various exemptions regarding the length of time of the average sale.

• How should we evaluate whether our exemptions provide adequate investor protection? For example, is there quantitative data available that shows an increased incidence of fraud in particular types of exempt offerings or in the exempt market as a whole? If so, what are the causes or explanations and what should we do to address it? What other factors should we consider in assessing investor protection?

The SEC should coordinate with the Investor Advisory Committee to determine if new metrics should be tracked to determine if there are adequate investor

protections in place. The SEC should seek public feedback about proposed changes to exemptions intended to increase investor protection and prevent fraud before their implementation.

7. How has technology affected an issuer's ability to communicate with its potential and current investors? Do our exempt offering rules limit an issuer's ability to provide disclosure promptly to its potential and current investors? Are there technologies or means of communication (e.g., online chat or message boards) that would effectively provide updated disclosure to potential and current investors that are currently not being used due to provisions in our rules or regulations? If so, what rules are limiting this disclosure and what changes should we consider? Given the transformation of information dissemination that has occurred since our rules were adopted and particularly over the last two decades, should we consider any rule changes to enhance an issuer's ability to communicate with investors throughout the exempt offering framework? How would such changes affect capital formation in the exempt market and what investor protections would be necessary or beneficial in such a framework? Would legislative changes be necessary or beneficial to make such changes?

We do not believe new disclosure requirements are needed beyond the current requirements that exist in each exemption. Over time, technology will be recognized as a best practice for investor communication, but requiring its use outright will create additional friction for private issuers in the form of education and cost — such as the cost of using technology and the accounting costs of disclosure requirements.

8. Are there rule changes we should consider to ease issuers' transition from one exempt offering to another as their businesses develop and grow?

The SEC should consider making a change to the Reg A+ exemption. The ability for an issuer to use Regulation A+ is currently too complex. Many issuers are left without guidance on the process and their application status while lacking clarity on the means of evaluation for approval by the SEC.

By streamlining this exemption with a safe harbor that clarifies what would guarantee an approved offering, or at the very least by developing "fast track" guidelines, the overall ease of using this new option would increase tremendously, allowing the Reg A+ exemption to successfully fulfill its role of providing a bridge for growing private companies to fundraise before going public.

We do not recommend any other changes to the other exemptions regarding this topic.

9. Would rule changes that simplify, harmonize, and improve the exempt offering framework have an effect on the registered public markets? For example, would a more streamlined exempt market encourage more issuers to remain private longer or forgo registered offerings, and result in less capital being raised in the registered market over time? Are there changes to the current exempt offering framework that we should consider to help issuers transition to a registered public offering without undue friction or delay? Are there changes to the exempt offering framework that we should consider to encourage more issuers to enter the registered public markets? Would these changes increase the costs to issuers? Would these changes benefit investors or particular classes of investors? Would legislative changes be necessary or beneficial to address any such changes?

The SEC should recognize that any changes made to the private market will have a rippling effect on the public market. Regarding the suggested changes we advocate for, we believe it will lead to a more robust and efficient private capital market, preparing more companies for eventual public offerings at the appropriate time due to an increased flow of early-stage capital driven by the aforementioned fundraising exemptions.

Companies that have a chance to develop longer in the private markets build a stronger balance sheet and are more attractive public companies when they reach that stage in their life cycle. Companies that leverage crowdfunding often have better investor relations infrastructures and are better prepared to manage the additional requirements and responsibilities demanded from the public markets.

10. Which conditions or requirements are most or least effective at protecting investors in exempt offerings? Are there changes to these investor protections or additional measures we should implement to provide more effective investor protection in exempt offerings? Are there investor protection conditions that we should eliminate or modify because they are ineffective or unnecessary? Would legislative changes be necessary or beneficial to address any changes to investor protection conditions?

We believe that the current exemptions adequately provide investor protection.

11. In light of the increased amount of capital raised through the exempt offering framework, should we consider rule changes that will help make exempt offerings more accessible to a broader group of retail investors than those who currently qualify as accredited investors? If so, what types of changes should we consider? For example, *should we expand the definition of accredited investor to take into account characteristics other than an individual's wealth? Should we allow investors, after receiving disclosure about the risks, to opt into accredited status? Should we amend the existing exemptions or adopt new exemptions to accommodate some form of non-accredited investor participation such that these exemptions may be more attractive to, or more widely used by, issuers?*

We believe the SEC should implement changes to make exempt offerings more accessible to retail investors. By expanding the accredited investor definition to allow for individuals who have a CPA, have passed the BAR, or are registered with FINRA, a larger number of qualified investors can participate in exempt offerings that were not previously considered accredited under the current definition. These licensed individuals all show sufficient knowledge to understand and consider the risks of private offerings compared to a public company.

In addition to expanding the overall definition, we recommend the SEC create an opt-in status for non-accredited investors participating in Reg D exemptions based on certain disclosures or proof of substantial knowledge of the risks in the investment opportunity. If an investor can prove they have substantial knowledge of capital markets, substantial knowledge of the underlying investment, and/or substantial knowledge of the risks of investing, we believe they should be given opt-in accredited status. In either of these 3 events, the investor is recognizing they understand the investment opportunity and that they are comfortable with the risk of the investment. The SEC could consider implementing a ceiling for this type of opt-in investor in order to increase investor protection.

We also recommend that the SEC considers increasing the shareholder limit before having to publicly register and file certain disclosures. A flat 2,000 shareholder cap is not scalable and a tier system may be effective in allowing additional investors to participate while allowing an issuer to scale properly. The new reality is digital technologies have increased access to private offerings and have allowed for lower minimum investment requirements allowing for more participation and demand leading to fairer and more efficient capital formation. More participation means more shareholders which could lead to triggering registration before a company is mature enough to do so. The JOBS Act already attempted to increase the threshold to a proper level. We believe that a graduating scale system is the best approach.

For example, once a company surpasses a 2,000 shareholder threshold, the business might be required to begin disclosing yearly-reviewed financials. At 5,000 shareholders, it may be required to disclose quarterly-reviewed financials. In turn, the SEC can increase the maximum shareholders for a private company to 10,000 before having to register under 12(g) of the exchange act and can allow a business to grow and transition into the later stages of its lifecycle. The SEC should also consider the fact that companies dealing with this issue are exploring workarounds to prevent registration. If the SEC were to use a tiered system or make similar changes, there would be increased transparency into seeing who are beneficial owners.

12. When the current exemptions from registration include offering limits or limits on the amount an individual investor may invest, what should we take into account to determine whether the limits and amounts are appropriate? Should the amounts of all offering limits or investment limits be subject to periodic inflation adjustments? If so, *what inflation measure should we use for such adjustments and how often should the adjustments occur? Should we use dollar limits, or some other measure? For example, should individual investment limits be based on a percentage of the investor's income or investment portfolio? Do these limits impose any particular challenges, for example, by having different effects in different parts of the country due to regional differences? Should any investors be limited in how much they can invest?*

We believe that current limitations imposed on Reg CF are insufficient and prevent capital formation. This is not an issue relating to inflation but relating to issuer needs for startup capital. We recommend the SEC increase the Reg CF fundraising limit to $5,000,000 to meet this startup demand. Moving forward, the SEC should continue to also adjust for inflation as it has.

In regard to investor limitations, we believe the current limitations are sufficient but can still be improved by simplifying the limit to one single yearly limit, ie. each investor is limited to $25,000 a year to invest in Reg CF deals. Another option is to use the investor's income from the previous year to allow for a tiered investment cap. An example might be that investors who earned less than $50,000 the previous year can only invest up to $5,000, while investors who earned less than $100,000 can only invest up to $10,000, and finally, any investor who earned more than $100,000 can invest up to $25,000 in Reg CF offerings.

13. Many of the existing exemptions from registration require issuers to provide specified disclosure to investors at the time of the offering and, in some cases, on an ongoing basis following the offering. The type of information required to be provided, and the frequency with which the disclosures are required, vary from exemption to exemption. Should we harmonize the disclosure requirements of the various exemptions? If so, how? Should we focus on making the requirements more uniform or *more scaled to the characteristics of the issuer or of the offering? Could changes to the various disclosure requirements of the exemptions help to facilitate issuers' transition from one exempt offering to another or to a registered offering? Would legislative changes be necessary or beneficial if we were to replace the current exempt offering framework with such a framework?*

In order to not disrupt existing capital markets infrastructure or rely on outside legislative approval to create change, we believe the SEC should not make any changes to the current disclosure requirements other than in the case of amending the maximum number of shareholders outlined in [7].

14. Should the availability of any exemptions be conditioned on the involvement of a registered intermediary, such as the registered funding portal or broker-dealer in crowdfunding offerings, particularly where the offering is open to retail investors who may not currently qualify as accredited investors?

A way to promote the use of Reg A+ and streamline SEC approval efforts is to grant companies using a registered crowdfunding portal and or Broker-Dealer a fast track program to get approval for the offering. We do not recommend making any other changes to the other exemptions or requiring the use of an intermediary for those offerings in order to avoid creating crippling friction in the market.

15. Should the availability of any exemptions be conditioned on particular characteristics of the issuer or lead investor(s)? For example, in an offering to non-accredited investors where there is one or more lead investors, should we require that the lead investor(s) hold a minimum amount of the same security type (or a junior security) sold to the nonaccredited investors?

We do not recommend that the SEC make any changes in regards to conditioning any exemptions based on the number of investors or any other form.

16. Should we consider a more unified approach to the exempt offering framework that focuses on the types of investors permitted to invest in the offering and the size of the offering, tailoring the additional investor protections and conditions to be applied based on those characteristics? For example, should we consider changes to the requirements for any or all of the existing exemptions from registration so that specific requirements (such as disclosure requirements or individual investment limits) will not apply if participation in the offering is limited to accredited investors? Would legislative changes be necessary or beneficial if we were to replace the current exempt offering framework with a more unified approach?

In order to not disrupt existing capital markets infrastructure or rely on outside legislative approval to create change, we believe the SEC should focus on functions and controls that it can directly change within its purview. Therefore, we do not recommend the SEC pursue any major changes to the exemptions framework unless one is presented by legislation. We believe adequate investor protections and limitations are in place for the current exemptions framework.

17. Should we consider rule changes that would allow non-accredited investors to participate in exempt offerings of all types, subject to conditions such as a limit on the size of the offering, a limit on the amount each non-accredited investor could invest in each offering, across all offerings, or across all offerings of a certain type, a decision by the investor — after receiving disclosure about the risks — to opt into the offering, and/or specific disclosure requirements? If so, should we scale the type and amount of information required to be disclosed to non-accredited investors based on the *characteristics of the investors or the offering, such as the net worth or sophistication of the non-accredited investors, or whether the offering amount is capped, individual investment limits apply, or an intermediary is involved in the offering? What benefits would be conferred by such an approach? What would be the investor protection concerns? Would legislative changes be necessary or beneficial if we were to replace the current exempt offering framework with such an approach?*

We recommend that non-accredited investors have access to exempt offerings of all types. Disclosures can be an effective way to enforce credibility and build investor confidence in a specific offering but can prove to add friction for early-stage companies or family businesses seeking a relatively small investment. We recommend the changes to the accredited investor definition be implemented as outlined in response to [11].

18. Should we move one or more current exemptions into a single regulation, such as currently provided by Regulation D with respect to the exemptions under Rules 506(b), 506(c), and 504? What, if any, current exemptions should be included in a single set of regulations? Would a new single set of exemptions be overly complicated and obscure any possible benefits of coordination and harmonization?

We do not recommend that the SEC make any changes to attempt to streamline the current exemptions into one.

19. Are we effectively communicating information about the exempt offering framework, including the requirements of each exemption, to the issuers seeking to raise capital and investors seeking investment opportunities in this market? What types of communications have worked best? How can we improve our communications to issuers and investors about the exempt offering framework? Are there additional *technologies or means of communication that we should use to convey information about exempt offerings to issuers and investors?*

We do not recommend any other changes or communications about the other exemptions and applaud the SEC for its current use of technology and proactive feedback requests from the public to participate and have their voices heard.

The individuals and organizations that support this feedback are listed below:

Herwig Konings Founding Partner, Security Token Group	Kyle Sonlin Founding Partner, Security Token Group	Jonah Schulman VP of Marketing Security Token Market
Adrian E. Alvarez, Esq. CEO, InvestReady	John Marbach CEO, Concorde Cheaps, LLC	Gautam S. Garjal Co-Founder and General Counsel, Vertalo SEZC
Darren Marble CEO, Issuance, Inc.	Kadeem Clarke Founder, Clarke Global Marketing	Harish D. Gupta CEO and CoFounder, Polybird LLC
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Peter Martinez CTO, InvestReady	Andrew Lee An Accredited Investor	Ryan Poole CEO, Real Trade
Andrew Houge An Accredited Investor	Dymtro Karaban President and COO Security Token Cap, LLC	Don Sonlin An Accredited Investor
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Noemie Marcoux
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Matthew Head
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End of Signatures