



LEX Markets
23 West 39th St. Floor 7
New York, NY 10018

October 10, 2019

Director Brett Redfearn
Division of Trading and Markets
Securities and Exchange Commission
100 F Street NE
Washington DC 20549

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

Dear Director Redfearn,

We are a recently-founded company* seeking to create a marketplace for issuing and trading Reg A Tier 2 equity interests in individual commercial real estate properties.

We believe that, for too long, the best investment opportunities in commercial real estate--which provide stable income and the advantageous tax treatment of pass-through ownership--have been reserved for only the wealthiest insiders. Our vision is to provide an avenue for "Mr. & Mrs. 401(k)" to enjoy those opportunities as well. We hope to make shares of thousands of individual properties available for retail investors to create their own customized income-producing commercial real estate portfolios.

Unfortunately our goal is needlessly hindered by Reg A in its current form. Reg A allows retail investors to freely **buy** new asset classes such as the securities we offer, but it does not allow them to freely **sell**, because Reg A's preemption of state Blue Sky laws does not extend to secondary market trading. Issuers wishing to enable secondary market trading are forced to navigate a hodge-podge of inconsistent state law exemptions and/or pay high annual state registration fees. Few Reg A issuers are willing to bear that cost, leaving investors with limited exit options and driving away many would-be investors who are not willing to buy an asset that is difficult to sell. The net effect is a substantial headwind facing firms like ours seeking to create liquid markets for Reg A securities.

This headwind is needless because the policy goals of state regulation of secondary market trading--providing investors with current information about issuers--are already achieved by the ongoing reporting requirements of Reg A Tier 2. The current reporting regime on Forms 1-K, 1-SA, and 1-U ensures that more current information about issuers is publicly disclosed than under any state Blue Sky law. Those disclosures are readily available on EDGAR (and are linked directly from the order entry screen in our platform), which is of course free for both issuers and investors to use. By contrast, the "manual" publication option available under most state Blue Sky laws requires less detail, is updated less frequently, and currently costs

issuers \$4,700 to post to (for the first year, \$1,100 annually thereafter), and costs investors \$7,500 per year to read.**

The fix for this problem is simple. We urge the Commission to extend Reg A's preemption of state Blue Sky laws to cover all trading, both primary and secondary.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael J. Friedman".

Michael J Friedman
Head of Trading

* LEX Markets LLC is currently applying for FINRA membership. Pending approval, certain employees of its parent company LEX Markets Corp. are conducting securities-related work on behalf of the LEX Markets entities as registered representatives of SDDCo Brokerage Advisors, LLC ("SDDCo-BA"), member FINRA/SIPC. The LEX Markets entities are independent from and unaffiliated with SDDCo-BA.

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