

3 February 2014

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: Crowdfunding (File No. S7-09-13)**

Dear Ms. Murphy:

CFA Institute<sup>1</sup> appreciates the opportunity to comment on proposed rules by the Securities and Exchange Commission (Commission) to implement the requirements of Title III of the Jumpstart Our Business Startups Act (JOBS Act), which allow unregistered offerings through crowdfunding transactions. We commend the Commission on a proposal that overall balances the need for flexibility with that of preserving important investor protections.

CFA Institute represents the views of investment professionals before standard setters, regulatory authorities, and legislative bodies worldwide on issues that affect the practice of financial analysis and investment management, education and licensing requirements for investment professionals, and on issues that affect the efficiency, integrity and accountability of global financial markets.

**Executive Summary**

*Disclosures by Issuers.* We support the proposed disclosures that issuers must supply to potential investors about the treatment of oversubscribed shares, the investor's right to cancel an investment commitment and the need for investors to affirmatively recommit to an investment in the case of a material change to the offering.

We encourage the Commission to require issuers to provide additional disclosures about, among other things, the extent to which issuers' businesses are affected by market risk, material contracts, business backlogs and names of, and number of shares being sold by, existing shareowners.

We support the proposed legends that issuers would have to include in offering documents as to the risk of investing and the potential for loss. We suggest that the final rules suggest

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<sup>1</sup> CFA Institute is a global, not-for-profit professional association of more than 119,700 investment analysts, advisers, portfolio managers, and other investment professionals in 147 countries, of whom nearly 112,400 hold the Chartered Financial Analyst® (CFA®) designation. The CFA Institute membership also includes 140 member societies in 61 countries and territories.

a model for presenting these legends, including the type and font that should be used in order to prominently highlight them for investors.

We also support required disclosures relating to persons who promote such offerings, particularly when they are compensated by the issuers. This allows potential investors to evaluate the promotional activities and any conflicts of interest this may provide.

*Intermediary Requirements.* We support the discretion afforded intermediaries to assess if issuers or offerings pose a potential risk of fraud. The intermediaries' duties to refuse the offerings in such cases or to refund monies already received from investors provides an added layer of investor protection.

We also support the types of educational materials intermediaries must provide upon an account opening which highlight for investors the risks of investing in the particular securities offered and their rights to cancel their investments upon certain conditions. We recommend that the Commission adopt a model or format that all intermediaries must use to provide the required disclosures.

### **Discussion**

We understand that through the passage of the JOBS Act, Congress intended to provide smaller issuers and startup companies the ability to raise money without the requirements that registered securities offerings must follow. CFA Institute supports new methods and vehicles to provide capital to small and medium-sized enterprises that nurtures capital formation within the economy. We believe the careful balancing of capital formation incentives and investor safeguards is central to a workable system under our securities laws. Our initial concerns about crowdfunding, as with any new unregistered offerings, were that they could ultimately undermine important investor protections, foster a climate conducive to fraud, and further erode investor trust.

Without the traditional registration and other requirements to which investors are accustomed (and that serve to ensure that disclosures are provided that allow investors the information they need to make informed investment decisions), unsuspecting investors may be all too willing to invest money in ventures that will fail.

We applaud the Commission for presenting a package of proposed requirements that go far in addressing our concerns about this new mechanism for connecting the capital requirements of growing companies with investors. And we appreciate the Commission's commitment to monitoring the market for those relying on offerings made on the crowdfunding exemption in the future as a way to determine whether new investor safeguards are needed. We support the tone and substantive provisions that recognize the risks to investors while also trying to honor the JOBS Act objective to allow issuers easier access to investors and startup funding.

## Crowdfunding Exemption

**Capital raising and investment limitations.** Under Regulation Crowdfunding, issuers seeking an exemption from registration would be limited to raising no more than \$1,000,000 in a 12-month period and would have to include in this tabulation all amounts sold in reliance on new section 4(a)(6) of the Securities Act of 1933. The limit would not include amounts sold in reliance on other exempt offerings. Securities sold by a predecessor of issuers would, however, count toward this limit, effectively precluding use of a reorganization to bypass the \$1,000,000 capital raising limitation.

We agree with the approach taken with respect to setting this limitation. Allowing the reorganization of issuers into new entities to start anew the capital raising effort would evade the underlying intention of section 4(a)(6) and invite misuse. We also support the Commission's interpretation of the JOBS Act legislation that would allow issuers to exclude from the \$1,000,000 limitation amounts raised in exempt offerings that do not rely on section 4(a)(6), as consistent with the goal of "alleviating the funding gap faced by startups and small businesses."

We are concerned, however, that promotional activities of simultaneous offerings may not be clearly distinguishable and will lead to investor confusion or cross-selling by issuers or intermediaries. We therefore recommend that the Commission impose a "quiet period" between offerings relying on allowable exemptions, and suggest consideration of a three-month period.

As proposed, issuers would be restricted from selling shares of an offering to any investor during a 12-month period to: (a) the greater of \$2,000 or 5% of an investor's annual income or net worth, if both are less than \$100,000; and (b) 10% of annual income or net worth of an investor (not to exceed an aggregate amount sold of \$100,000) if either the annual income or net worth is \$100,000 or more. For purposes of these limitations, the Commission has decided to treat retail, institutional or accredited investors the same.

The Commission's proposal to limit the amount that any issuer can sell to an individual investor when both income and net worth of the investor are less than \$100,000 provide what we think is an appropriate means to address the ambiguity in the statutory language about limitations based on when "either" the annual income or net worth is less than \$100,000. Setting the amount that can be sold to an individual in the first category based on "both" the annual income "and net worth" helps protect investors who otherwise might risk capital they could ill afford to lose. We also support the Commission's interpretation that Congress intended the investment limitations to apply to all investors, without distinguishing between classes of investors.

The release notes that consistent with the approach for determining net worth of natural persons, the investment limitation would exclude the value of a person's primary

residence. While we support this approach, we have concerns that investors may not recognize this definition, thus increasing the size of their potential investments beyond what was intended in the law. To prevent this confusion, we suggest that investors be required to complete online questionnaires denoting the different classes of asset holdings permitted by the law, with a specific and prominent notification that the value of one's primary residence is excluded. This would better enable intermediaries to properly assess investors' resources for these types of investments and to ensure that the values of personal residences are not part of the calculations.

**Transactions through intermediaries.** Intermediaries that are allowed to conduct crowdfunding transactions will be restricted to either registered brokers or funding portals. As proposed, issuers will be confined to using one intermediary, rather than multiple intermediaries, when conducting an offerings or concurrent transactions. We believe this approach would promote more clarity, more consistency for concurrent offerings, and would allow interested investors to better communicate among themselves when addressing potential ventures. We also agree this approach will provide more accountability when assessing whether investors are adhering to their investment limitations.

Even though the enacting legislation did not require it, we believe that the Commission's determination to require crowdfunding activities to be conducted online is compatible with the intent of crowdfunding-- that being the ability of a public "crowd" of potential investors to discuss and evaluate a potential offering.

**Excluded Issuers.** Among those issuers who are precluded from relying on section 4(a)(6) are those who have no specific business plan or have a plan to engage in a merger or acquisition with an unidentified company. The intent of crowdfunding activities as contemplated by section 4(a)(6) is for issuers with early stage ideas and ventures to benefit from funding provided by investors who have the opportunity to vet such projects. Allowing issuers to raise money without specific projects in mind would defeat the underlying intent of crowdfunding by asking investors to put their capital at risk for ambiguity. We therefore support this proposal.

### **Issuer Requirements**

The Commission proposes a range of disclosures that issuers would have to make in order to rely upon section 4(a)(6). These include:

- a description of their businesses and anticipated business plans,
- their financial condition,
- intended use of proceeds,
- information about the target funding amounts (including regular updates),
- prices and methods for determining prices for securities,

- names of people holding more than 20% of the issuers' shares, and
- descriptions of the ownership and capital structures of the issuers, among other things.

The requirement to provide information about ownership and capital structure would include descriptions of how the exercise of rights by principal shareowners could negatively affect the purchasers of securities being offered. It also would require disclosure of the risks to purchasers associated with additional share issuances and with corporate actions, and descriptions of the restrictions on the transfer of securities. We have formerly commented that it is important to provide disclosures about how investor interests might be diluted by future issuances of shares and how issuers will use the proceeds of share offerings and placements.<sup>2</sup> We believe these disclosures will help investors make better decisions about companies selling their securities through this mechanism.

We encourage the Commission to consider requiring issuers to provide additional general disclosures relating to

- the extent to which issuers' businesses are affected by market risks,
- material contracts,
- backlogs of business, and
- names of selling shareowners and number of shares being sold by them.

As proposed, issuers would have to disclose their target offering amounts and the deadline to reach these amounts, whether they will accept investments that exceed the targeted amounts and, if so, the maximum amounts they will accept and how oversubscribed shares will be allocated. Requiring disclosure about the treatment of oversubscribed shares at the commencement of offerings provides investors with important basic information they need to assess an investment.

We support these provisions as well as the proposed requirement that investors be notified about their rights to cancel their investment commitments once the target amounts are met. Particularly important is the requirement that issuers must tell investors that they may cancel investment commitments until 48 hours of the deadline noted in issuers' offering materials and that when the targets are reached prior to the noted deadlines, they will provide notice at least five business days before the new deadlines.

In addition, we strongly support the requirement that investors will have to reconfirm their investment commitments should a material change to the offering occur. Otherwise, issuers will cancel their commitments and return funds to the investors.

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<sup>2</sup> See 4 September 2012 letter from Kurt N. Schacht, CFA and James C. Allen to Marcia E. Asquith re Jumpstart Our Business Startups Act; see also 1 November 2012 letter from Kurt N. Schacht, CFA and Linda L. Rittenhouse to Elizabeth M. Murphy re Eliminating the Prohibition against General Solicitation and General Advertising in Rule 506 and Rule 144A Offerings.

Given the relative novelty of crowdfunding, we believe that these requirements impose important responsibilities on both issuers and potential investors that will help to maintain the integrity of the offering process while requiring investors to pay close attention to the offering conditions as they may change.

**Additional Disclosure Requirements.** These disclosures are critical to addressing investor protection concerns and we strongly encourage adoption of these requirements. There are two disclosures relating to potential risk that we find particularly useful, namely (1) the disclosure of certain legends that issuers must include in their offering statements and (2) a discussion of material factors that would make an investment in issuers speculative or risky.

The legends that the Commission proposes to require in the offering document include the following statements:

A crowdfunding investment involves risk. You should not invest any funds in this offering unless you can afford to lose your entire investment.

In making an investment decision, investors must rely on their own examination of issuers and the terms of the offering, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority.

Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.

We believe that these two “surgeon general”-type warning labels are critical to putting investors on notice that they stand to risk the entirety of their investment and to alert them to the fact that the offering is not subject to the types of review provided registered offerings. While it is not clear from the proposal or from the general instructions for Form C whether there is a required format for these legends, we recommend a requirement that they be prominent, both in terms of placement and font, in order to highlight for the potential investors the important risks.

The required discussion of material factors that make an investment speculative or risky also is critical to drawing attention to possible risks that investors are accepting. In addition to a general warning that investments in crowdfunding ventures generally are risky, we see a discussion of the specific risks of investing in a particular venture as equally important for allowing investors to make informed investment decisions.

Under the proposed rules, issuers would have to provide disclosures on their financial condition based generally on the management discussion and analysis that is required under Regulation S-K for registered offerings. While not prescribing specific disclosures, the proposal instead relies on principles of disclosure. We generally agree with this

approach, but recommend that issuers without any operating history be required to specifically state this state of affairs so that investors are aware of the potential inexperience of those issuers. It also would help investors if issuers were to provide a brief statement regarding prior capital raising transactions and particularly of those where the target amounts were not reached.

In addition to certain disclosures about financial condition, issuers also would have to make certain disclosures based on the amounts they intend to raise. All issuers would need to file a complete set of financial statements prepared in accordance with GAAP with the Commission and make them available to investors. Issuers offering \$100,000 or less would have to provide tax returns for the most recently filed year and financial statements certified by their principal executive officers. Offerings between \$100,000 and \$500,000 would have to provide public accountant-certified financial statements. Offerings of greater than \$500,000 would require audited financial statements.

We understand that issuers that rely on crowdfunding provisions may have limited operating histories given their early stages of development and fundraising. We nevertheless believe that providing investors with relevant financial information, when accompanied with additional information about business plans serve a useful purpose. We therefore support these proposed disclosures.

On an ongoing basis, issuers who have completed a crowdfunding transaction would be required annually to file with the SEC and provide investors with reports of the results of operations and financial statements. The requirement to provide investors with this information would be met by issuers posting their annual reports on their web sites. This proposal is based on the theory that investors engaging in crowdfunding activities would most likely be electronic media savvy. While issuers thus would not have to physically deliver the reports or even provide notice to investors about the posting of the reports, such reports would have to be posted on issuers' websites.

Given that the types of information provided through annual reports are important for investors, we recommend that these reports be "prominently" posted on issuer websites and that prior to posting issuers provide advance notice of when and where their annual reports will be available. While crowdfunding investors may very well be electronic-media savvy, they also may not be sophisticated in the types of information they can expect to receive from issuers' websites or be accustomed to checking such websites on a frequent basis. We also recommend that issuers be required to retain these reports on their websites for a proscribed period of time, and in any event, for not less than 90 days.

**Amendments to offering statement.** We strongly support the proposed requirement that issuers amend disclosures for any material changes in the offer terms or previously-provided disclosure and that investors be provided business five days after receipt of such amended disclosures to reconfirm their investment commitments. The revised disclosures

by issuers would have to be filed with the SEC, given to investors and made available to potential investors. While using the “reasonable investor” test regarding what would constitute a “material” change, the proposal notes that a material change to an issuer’s financial condition or to its intended use of proceeds would be the types of changes that would trigger the requirement to amend the disclosures.

We support the proposed requirements for issuers to file amended disclosure statements with the SEC and make those amended disclosures available to investors. It also is important that investors affirmatively indicate their recommitment to investing after receiving amended disclosures, as this requirement places a shared responsibility on both issuers and investors to take affirmative steps when material changes are made to their deals.

**Disclosure about persons promoting the offering.** Under the proposed rules, issuers would need to take reasonable steps to ensure that any person who is compensated for promoting the offering through communication channels provided by the intermediary clearly disclose both past and prospective compensation “upon each instance of such promotional communication.” The Commission indicates that this requirement would apply broadly to persons acting on behalf of issuers, even if they are not compensated specifically for the promotional activities. Thus, people who are employed by, or acting on behalf of issuers, as well as those hired specifically to promote the offerings, would be included.

This type of disclosure would enable investors to weigh the independence of various parties commenting on such offerings. Part of the theory of crowdfunding is that investors would vet offerings through online communications and, through this process, make informed investment decisions. To that end, it is important that investors know the sources of information they receive, and especially when those promoting offerings specifically are acting on behalf of issuers.

**Oversubscriptions.** The Commission has proposed to allow issuers to go above their targeted subscription amounts as long as they do not exceed a total offering of \$1,000,000, and so long as they provide investors with notice at the beginning of the offering of this possibility. Oversubscriptions would not be prohibited as long as issuers inform potential investors how much over the targeted amount they will accept, how the oversubscriptions will be allocated and how the additional funds would be used.

We agree with this approach. Given the nature of crowdfunding, issuers may not be able to gauge the interest in an offering until the crowd has had ample time to vet a venture. Disclosing these basics will allow investors to weigh the potential impact of oversubscriptions on their investments before contributing capital.



**Changes in offering price.** The proposed rules also would allow flexibility in crowdfunding offerings by allowing changes in the pricing of shares, as long as issuers disclose the changes and the methods used to determine share prices. We believe these disclosures, along with investors' rights to cancel their investment commitments, are reasonable safeguards against last-minute changes in the terms and conditions of such offerings.

**Types of securities offered.** The proposal declines to restrict the types of securities that may be offered through crowdfunding. The release said it wished to preserve flexibility for issuers and to enable a variety of offerings that may be appropriate, in particular noting that debt securities may be bought and sold. We support this approach because a single type of security is unlikely to meet the needs of issuers in every case. Moreover, offering types of securities that meet the needs or desires of investors – for instance that might provide investors with current income through a dividend or interest, or that might pass issuers' tax liability through to investors – may increase the likelihood of success for an offering and, ultimately, for investors.

There also is no restriction on the valuation of securities that must be used, as long as the offering materials provide a description of the valuation methodologies and the terms of securities.

### **Intermediary Requirements**

In accordance with implementing section 4(a)(6), an intermediary in a crowdfunding transaction must register with the Commission as a broker or as a "funding portal" and effectively be a member of FINRA. In the release, the Commission notes that the regulatory oversight framework of FINRA should play an important role in regulating the activities of these funding portals. FINRA has proposed its own requirements for funding portals.<sup>3</sup>

The Commission has proposed a number of requirements relating to these intermediaries that we believe serve important functions to shore up investor protections. First, intermediaries, including their directors, officers and partners, or those serving in similar positions, cannot have a financial interest in an issuer that is using their services, including the receipt of any financial interest as compensation. "Financial interest" would be defined to include "direct or indirect ownership of, or economic interest in, any class of the securities of an issuer." We support these proposals as a way to reduce the potential for conflicted interests on the part of intermediaries.

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<sup>3</sup> See 3 February 2014 letter from Kurt N. Schacht, CFA and Linda L. Rittenhouse to Marcia E. Asquith re Jumpstart Our Business Startups (JOBS) Act—Proposed Funding Portals (Regulatory Notice 13-34).

In addition, intermediaries must take actions aimed at reducing the risk of fraud in crowdfunding transactions. These would include, among other things, conducting background checks on those holding more than 20% of the outstanding equity securities of a prospective issuer. The purpose given for such checks would be to provide a reasonable assurance that issuers are complying with regulations, including those requiring an accurate roster of securities holders. Intermediaries could meet this latter responsibility by relying on issuers' representations, unless the intermediaries have reason to question those representations. The checks also are intended to deny access to issuers or offerings that pose a potential for fraud. Given the reduced reporting requirements afforded companies through this funding vehicle, such checks performed by the intermediaries may provide a very important safeguard for investors against undetected fraud.

Furthermore, the proposed rules make clear that when intermediaries have information leading them to believe that an issuer or an offering presents a potential for fraud or otherwise raises concerns, they do not have to meet a "reasonable belief" standard and can instead deny issuers access to their platforms. To encourage such prudence, the Commission is proposing to give intermediaries discretion for making such decisions, even if they feel "unable to adequately or effectively assess the risk of fraud." Should an intermediary gain such information after an issuer has gained access to the intermediary's platform, it must cancel the offering and return the money to investors. We support these provisions as a means of protecting unsuspecting investors from potentially fraudulent offerings.

**Account opening.** As part of opening an account, potential investors would need to consent to having materials delivered electronically. Intermediaries then would have to provide educational materials, written in plain language, regarding, among other things, the types of securities available, the risks of those securities, limitations on the amounts investors may invest, and whether the intermediaries will or will not continue a relationship with the issuers after the offerings are completed.

Additional materials would include information about restrictions on the resale of the securities, the types of information included in annual reports, the circumstances under which issuers can cancel investment commitments, when investors may cancel investment commitments, and materials noting that investors should consider whether investing in an offering offered in reliance on section 4(a)(6) is appropriate for them. While the Commission is not proposing a particular format for these materials, it would require that all notices, confirmations and other information be sent through electronic means, in keeping with the expectation that crowdfunding activities will occur primarily through electronic communication channels.

While the flexibility that these proposed rules seek to provide for intermediaries is likely to prove useful for issuers, we question whether investors who use different intermediaries for different offerings would benefit from a presentation format that does not provide some

uniformity and comparability of information. On the contrary, we recommend that the Commission adopt a basic format or model that intermediaries should use when providing this information. Such a model should call for standardized presentation and categorization of certain information to allow investors to compare information across different offerings and become familiar with how information will be provided on a consistent basis. We believe this will allow investors to perform a more thorough assessment of the particulars of any particular offering as they become more educated about the crowdfunding investment process.

Finally, we support the proposed rules that require intermediaries to disclose how they will be compensated for their work in connection with an offering. This information is needed to make investors aware of other potential conflicts of interest that may affect the intermediaries. We also support proposed rules that prohibit issuers from compensating offering promoters through intermediaries (broker or funding portal) unless each promotional communication is accompanied by disclosure of the receipt—past or prospective—of the compensation.

**Requirements with respect to transactions.** The proposed rules impose upon intermediaries a responsibility for ensuring that investors do not exceed their investment limitations. They would do so by having a reasonable belief that investors satisfy those limitations. To comply with these requirements, intermediaries may rely on investors' representations as to their annual income, net worth and amount of other investments in 4(a)(6) offerings, but only if they have no reason to question those representations. The release notes that intermediaries could choose to satisfy this responsibility by using their platforms to prompt investors to enter the required information.

We believe that the intermediaries, second only to the investors involved, are in the best position to determine whether investors comply with the limitations on crowdfunding offerings as provided in the law. Permitting intermediaries to satisfy these responsibilities through their offering platforms is likely to be an efficient means of achieving this goal, though to be successful we suggest that the Commission require such intermediaries to cross check each investor's information against other files on record with the Commission to ensure compliance with the law's limitations.

Likewise, we support steps that intermediaries must take to ensure potential investors understand the terms, conditions and accompanying risks of different offerings before accepting investors' investment commitments. Proposed rules would allow intermediaries to satisfy this requirement by having investors sign a statement that they have reviewed the educational materials, understand that the entire investment may be lost, and are in a financial condition that could bear such a loss.

The proposed rules also require intermediaries to ensure that investors have answered questions regarding their understanding that restrictions exist on the right to cancel

investment commitments, that the resale of securities may be difficult, and that investors should not invest unless they are able to lose all of their investments. The proposed rules do not suggest a particular model for doing this but instead would give intermediaries flexibility to develop their own format. We support these proposed provisions.

Intermediaries also would have to develop communication channels on their platforms to allow investors and issuers' representatives to converse with each other about the offering. An intermediary that is a funding portal, however, would not be allowed to participate in these conversations, or provide investment advice; in contrast, intermediaries who are brokers but do not operate a funding portal could provide investment advice and recommendations, in accordance with current regulations.

We support the proposals to let funding platforms develop communication channels to allow issuers and investors to converse. And we agree with the proposal to prevent intermediaries that are funding portals to participate in such communications. Nevertheless, we believe communications from issuers or intermediaries should be made transparent to investors to alert them to potential conflicts of interest in the comments of such parties.

Along similar lines, we encourage the Commission to provide an investor "hotline", where investors can report concerns relating to crowdfunding communications or transactions, and that intermediaries be required to provide notice on their platforms of how to access this hotline. We suggest that this responsibility be housed within the Office of Investor Education and Advocacy.

While intermediaries would have to allow the public to view communications, only those who have opened accounts would be allowed to post comments. Those posting comments would have to provide prominent disclosure of an employee or founder relationship with issuers, or if the commenter is otherwise compensated by the issuer for promoting the offering. Although the crowdfunding legislation requires issuers to disclose compensation paid to promoters, the Commission further proposes to require this disclosure by intermediaries. The reason for this expansion is that intermediaries would be in a position to know of such activity that should be disclosed to investors. We support this requirement as an added investor protection.

Upon receiving an investment commitment, intermediaries would be required to provide investors with confirmatory information, including the date and time for cancelling their investment commitments. We agree that sending such information to the investors not only establishes a record of the terms of the agreement but also puts investors on notice of their rights to cancel their investment commitments. Similarly, intermediaries would have to send confirming information at or before the completion of a transaction with basic information, including the type, price and number of securities being purchased by the investors, the number of securities sold, and other specific information relating to the

securities. This also serves as a record to investors and allows them to review and confirm the terms of the transactions, which in turn serves to deter fraud.

Beyond these provisions, investors could cancel their commitments for any reason up until 48 hours before the deadlines in the offering materials. In the event of a material change to the terms of the offering or to the information that issuers have provided about the offering, investors must be notified of the change by the intermediary and told that their investment commitments will be cancelled unless they reconfirm their commitments within five business days. The Commission reasons that investors should have a reasonable amount of time to review the material changes and decide whether to continue with their investments. We agree with this approach and particularly support the requirement that investors must explicitly recommit to their offerings under the changed circumstances. We believe that placing this responsibility on investors help avoid oversights or inadvertent continuances of investments that they otherwise would have rescinded.

### **Conclusion**

CFA Institute shares concerns about any weakening of investor protections and the potential for fraud that crowdfunding activities may provide. However, we believe that in proposing these requirements, the Commission has taken a balanced approach to meet the intent of the crowdfunding legislation while recognizing the need for substantial investor protection provisions.

Should you have any questions about our positions, please do not hesitate to contact Kurt N. Schacht, CFA at [REDACTED] or [REDACTED]; or Linda L. Rittenhouse at [REDACTED] or [REDACTED].

Sincerely,

/s/ Kurt N. Schacht

/s/ Linda L. Rittenhouse

Kurt N. Schacht, CFA  
Managing Director, Standards  
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