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By Electronic Submission

February 3, 2014

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

Re: Securities and Exchange Commission Release Nos. 33-9470 and 34-70741
File Number S7-09-13, Proposed Crowdfunding Rules

Dear Ms. Murphy:

Computershare appreciates the opportunity to comment on the proposed rules to implement the crowdfunding provisions of the Jumpstart Our Business Startups Act (the "JOBS Act") and Section 4(a)(6) (the "Crowdfunding Exemption") of the Securities Act of 1933 (the "1933 Act") (the "Proposal"). Computershare is one of the largest transfer agents in the United States, servicing more than 60% of the S&P 500 Companies, as well as many small issuers, and twenty-five million registered shareholder accounts.

Computershare agrees with and supports the position of the Securities Transfer Association ("STA") in its comment letter to the Commission dated December 18, 2013. Computershare would like to offer its comments primarily related to the sections of the Proposal related to recordkeeping.

As one of the largest transfer agents registered with the Commission, Computershare services thousands of equity issuers, the majority of which have less than 1,000 registered shareholder accounts. It has been our experience that the same care, controls and recordkeeping standards are required regardless of the size of the file being kept. Safe and accurate recordkeeping is crucial to protect investors and issuers, and prevent fraud, misappropriation of shares, and data security breaches. This is especially important in the Crowdfunding context as the investors are likely to be unsophisticated and more vulnerable to fraud. Although the Proposal doesn't require Funding Portals to engage registered transfer agents, broker-dealers or other regulated entities to maintain records of shareholders, such professional record keepers are in the best position to be able to handle this function. Computershare has concerns about the ability of issuers or other non-regulated record keepers to perform the functions necessary to protect investors and ensure the integrity of the system for issuers relying on the Crowdfunding Exemption.

Proposed Rule 301(b) - Accurate Recordkeeping

There are two proposed rules regarding recordkeeping that impose due diligence obligations and restrictions on the Funding Portal.

Rule 301(b) provides that the Funding Portal must:

(b) Have a reasonable basis for believing that the issuer has established means to keep accurate records of the holders of the securities it would offer and sell through the intermediary's platform. In satisfying this requirement, an intermediary may rely on the representations of the issuer concerning compliance with this requirement unless the intermediary has reason to question the reliability of those representations.

This proposed rule allows the Funding Portal to rely on representations from the issuer concerning it having “established means to keep accurate records.” Reliance on a Crowdfunding issuer’s representations may not truly yield its intended objective, as such issuer, while making such representations in good faith, may not know the complex nature of shareholder recordkeeping. Maintaining accurate shareholder records involves much more than just recording names, share amounts and dates of issuance. The entity performing the recordkeeping, in addition to accurate real-time tracking of ownership with the Funding Portal, should also be knowledgeable regarding the following:

- Proper account registrations to ensure ownership of the shares is clearly identified and in accordance with applicable legal ownership types
- Transfer requirements under Article 8 of the Uniform Commercial Code and industry standards
- State and federal law regarding restricted stock and removal of restricted legends
- State laws regarding escheatment of unclaimed property
- IRS withholding (e.g., for dividends and interest payments) and reporting rules, including cost basis reporting
- Procedures for the reporting and replacement of lost or stolen certificates
- State and federal privacy and data security laws
- Information security standards for shareholder records to prevent unauthorized access or security breaches
- Balancing and reconciliation of shares and payments
- Disaster recovery and business continuity procedures to ensure protection of records

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- OFAC and PATRIOT ACT requirements
- Processing of legal items regarding shares, such as subpoenas, tax levies, and garnishments
- State corporate laws regarding stock certificates and other shareholder related matters

The failure to adhere to applicable laws and industry standards would call into question the accuracy and integrity of the records and the ability of the recordkeeper to assure investor protection. Computershare has had significant experience with taking over records maintained by private issuers. It has encountered a number of problems with such records including, without limitation: inaccurate certificate detail, such as certificate numbers or share amounts; improper or incomplete registrations; failure to properly record transfers; failure to properly record each corporate action or restructuring events; failure to cancel certificates that are surrendered, transferred or lost; out of balance conditions; and failure to follow abandoned property reporting requirements.

Transfer agent regulations in place today protect against these problems as well as address many of the other legal requirements that need to be addressed when acting as a recordkeeper for securities. For non-regulated record keepers, the ability to maintain accurate records for potentially large numbers of holders with small share amounts and process transfers for such holders over time will become even more of a challenge, especially as there is no expectation that account statements or other information about their shareholdings will be required, which could bring accountability to the recordkeeping function.

In order to ensure some standards are applied to non-regulated record keepers, as suggested by the STA, Computershare would support the Commission's identification of areas that Funding Portals should review to ensure such recordkeepers or the issuer have sufficient capability to maintain accurate records. These standards should include at a minimum, balancing and reconciliation of share balances, uniform account registration information, transfer requirements, back up of systems and disaster recovery plans, procedures for reporting lost certificates, and adherence to tax and privacy laws with respect to investor accounts.

Proposed Safe Harbor for Issuers Using Registered Transfer Agents

Computershare believes that it would be appropriate, at a minimum, to include in the proposed rules a provision that states if a Funding Portal or the issuer engages a regulated entity, such as a registered transfer agent to perform shareholder recordkeeping services, it will be deemed to have met the requirements in Section 301(b). As registered transfer agents are subject to regulations intended to protect investors and issuers, and are subject to examination by the Commission, it would be reasonable for Funding Portals or issuers to believe that transfer agents would properly maintain the records. This would also apply to other regulated entities, such as broker-dealers or banks that are subject to similar regulatory structures aimed at protecting investors and safeguarding records and assets. Such entities are also subject to regulatory examinations ensuring that they are complying with regulatory requirements. As Computershare has a bank entity also registered as transfer agent, we have experience with the many regulations that apply to banks such as information security, disaster recovery, anti-money laundering, authentication, and privacy that would provide investor protection. Including this safe harbor for regulated entities may encourage more issuers to hire professional regulated recordkeepers, thus enhancing the overall protection to the Crowdfunding Exemption system.

Escrow Requirements under Proposed Rule 303(e)(2)

Computershare supports the Proposal's inclusion of a requirement that Funding Portals use a qualified third party, which is a bank, to hold investor funds as escrow agent and transmit the funds to the issuer once the offering requirements are met. Bank escrow agents have the necessary experience to administer the processing of such funds in accordance with specific conditions and to ensure the protection of the investor's assets.

Form of Shares Issued under Crowdfunding Exemption

Computershare has long been a proponent of the move towards dematerialization of stock certificates. We suggest that the Commission permit issuers to issue shares under the Crowdfunding exemption in un-certificated form, similar to the Direct Registration System, subject to appropriate safeguards for investor protection.

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If recordkeeping for shares issued by companies under the Crowdfunding exemption is done by non-regulated record keepers, we would recommend that standards be in place, as noted above, for Funding Portals to verify such record keepers have the capability to maintain accurate records. Standards should apply as appropriate for both certificated and un-certificated recordkeeping. In addition to the issues that we identified above in relation to formulating such standards, Computershare would strongly recommend that any issuer maintaining its own records (or using a non-regulated entity to maintain records) be required to have the capability for investors to confirm their shareholder at any time, preferably on-line. Further, for any un-certificated shareholdings, the issuer should be required to issue a periodic statement of ownership to investors, showing any transactions since the prior statement.

Computershare thanks the Commission for the opportunity to comment on the Proposal and would be glad to discuss our comments further.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin (Jay) J. McHale Jr.", written in a cursive style.

Martin (Jay) J. McHale Jr.
President, US Equity Services
Computershare