

February 3, 2014

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

Re: File No.: S7-09-13; “Limitation on Capital Raised,” Section II.A.1; Release 33-9470

Dear Ms. Murphy:

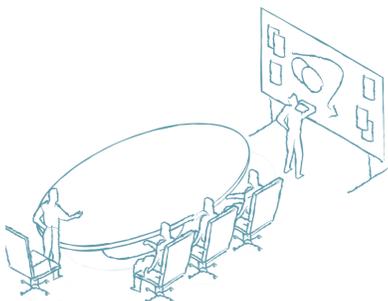
I am writing you as the Founder and CEO of Wales Capital and CrowdBureau. [Wales Capital](#) is a global strategy advisory firm headquartered in New York, NY specializing in the implementation of the Jumpstart Our Business Startups Act (Titles I – VII), the European Directive (AIFMD), Finance and Technology. Wales Capital is the trusted advisor to start-up businesses, debt and equity funding platforms, the world’s leading businesses and institutions working at the intersection of finance, innovation and entrepreneurship movements. [CrowdBureau](#) is collective market intelligence Ratings agency to the private placement market.

Thank you for giving the public an opportunity to provide comments on Regulation Crowdfunding. I believe that transparency; investor protections and fair market pricing alongside a robust set of Rules will foster market confidence, which will lead to a more balanced and healthy global financial capital market. I applaud the Commission in setting forth the Final Proposed Rules for Regulation Crowdfunding, which proposes a reasonable framework for equity and debt based crowdfunding to operate.

This letter is written in response to the Proposed Rules for “Limitation on Capital Raised,” the exemption from registration provided by Section 4(a)(6) is available to a U.S. issuer provided that “the aggregate amount sold to all investors by the issuer, including any amount sold in reliance on the exemption provided under [Section 4(a)(6)] during the 12-month period preceding the date of such transaction, is not more than \$1,000,000.” Under Section 4A(h), the Commission is required to adjust the dollar amounts in Section 4(a)(6) “not less frequently than once every five years, to reflect any change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics.”

Despite growing evidence the global economy is faring better than it has for years, the US consumer price index is up by only 1.2 percent over a year ago and the job creation crisis still lingers. Globally 200 million people remain unemployed while 75 million of those are under the age of 25.¹ Statistics show that small businesses generated 64% of net new jobs in the past 15 years.

¹ International Labour Organization, report “Global Unemployment Trends 2013,” <http://www.ilo.org/wcmsp5/groups/public/--->

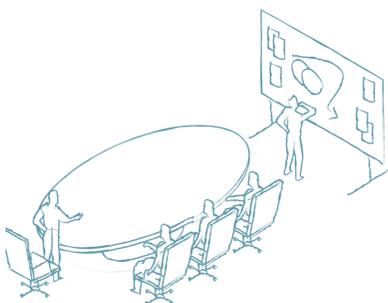


The JOBS Act was enacted to spur capital formation and job creation and to help small businesses tap into that economic power by providing entrepreneurs across the country with the resources they need to grow and create jobs. One of the most important pillars of sustainability for a small business is having enough money. Enforcing the \$1,000,000 investment limitation for non-accredited investors should remain effective and assures that investor protections are maintained. However, we strongly encourage excluding accredited investors from the investment limitations. Setting limits for accredited investments in crowdfund investments may steer them away from these types of offerings, which becomes counter-productive too bolstering early stage company growth.

I appreciate that the proposed rules allow concurrent offerings and there are many positive reasons why this should become a final rule. However, the proposed rules that apply for crowdfunding offerings versus the final rules in place for Regulation D Rule 506(c) are different and may prove problematic for the entrepreneur complying with the rules. There are two immediate concerns: 1) Crowdfunding offerings must be posted on a registered funding portal and in all instances the issuer must point investors back to the funding portal to get information about and gain insight into the deal; general solicitation and advertising is not permissible versus Regulation D Rule 506(c) deals can be advertised without limitation; 2) Crowdfunding offerings are for both accredited and non-accredited investors versus Regulation D Rule 506(c) is only for the accredited investor. Expecting an entrepreneur of a small business to adhere to and comply with the rules to effectively run concurrent campaigns could prove challenging to all involved, entrepreneurs, investors and registered funding portals.

Recognizing that the JOBS Act was enacted in early 2012 and by the time the final rules go live in late 2014 or early 2015, three of the five years under Section 4A(h), that requires the Commission to adjust the dollar amounts in Section 4(a)(6) to reflect any change in the Consumer Price Index will have passed. Henceforth, raising the limitation on capital raised from \$1 million to \$5 million offers benefits to the entrepreneur, investors, and registered funding portals as the economy strengthens:

1. Entrepreneur: a) limit expense exposure to the \$1 million limit net fees charged by the intermediary that will be inherent in running concurrent offerings; b) allows the entrepreneur greater flexibility to expand use of proceeds runway before needing to seek additional funding resulting in focus on building the business and not raising more capital in the early – mid stages; c) limits compliance exposure to entrepreneur when running a concurrent Crowdfunding and Regulation D Rule 506(c) offering.
2. Investors: a) minimize risk exposure to use of proceeds – as with a smaller raise, no sooner than the money is raised, the entrepreneur is out raising money again; b) allows accredited investor exposure to early stage companies for investment opportunities while maintaining investor protections for non-accredited investors.
3. Registered Funding Portal: a) limit requirement to partnering with Broker Dealers for offerings greater than \$1,000,000; b) increases revenue opportunity and potential for greater sustainability model.



Wales Capital strives to develop a balanced and healthy ecosystem for the crowdfunding industry alongside the Commission. We believe that this will be possible, so long as flexibility, transparency, and a comprehensive framework of industry standards and best practices are created as the industry matures. We remain available for further discussions relating to defining the final rules for Title III.

Respectfully submitted,



Kim Wales
Wales Capital, Founder & CEO

