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

RE: File No.: S7-09-13; Requirements for Issuers, Section II.B.; Release 33-9470

Dear Ms. Murphy:

We are writing you on behalf of the Crowdfund Intermediary Regulatory Advocates ("CFIRA"), a crowdfunding trade organization that lobbies and advocates for regulations that will support the crowdfunding industry in connection with Title II and Title III of the Jumpstart Our Business Startups Act of 2012. CFIRA's role is to protect the interests of investors and issuers, and advance the common business interest of intermediaries and third party service providers in the securities industry. Our members are comprised of intermediaries (broker-dealers and funding portals), issuers, investors, and third party service providers who are engaged in, or who intend to engage in, business under Titles II and III.

CFIRA agrees that the statute imposes important disclosure requirements for issuers accessing capital under Section 4(a)(6). We commend the SEC on the creation of the Form C process and leveraging EDGAR to facilitate reporting. Creating a completely new system could be difficult for issuers because service providers would be unfamiliar with the system and procedures and this may impede issuers planning Section 4(a)(6) offerings. We also agree with the need for education but not solely for investors -- education should be available for issuers also.

CFIRA has submitted a separate letter on the questions for financial statement attestation under Proposed Rule 227.201(t) and therefore this letter addresses the remaining questions raised by the Proposing Release under Section II.B. - Requirements for Issuers.

CFIRA respectfully submits the following comments and recommendations on each of those questions.

20. Does the exclusion of issuers that do not have a specific idea or business plan from eligibility to rely on Section 4(a)(6) strike the appropriate balance between the funding needs of small issuers and the information requirements of the crowd? Why or why not? Are there other approaches that would strike a better balance among those considerations? If the proposed approach is appropriate, should we define "specific business plan" or what criteria could be used to identify them? How would any such criteria comport with the disclosure obligations described in Section II.B.1.a.i.(b) (description of the business) below?

We agree with excluding issuers that do not have a specific idea or a written business plan because the crowd needs a minimum amount of information for informed decision making. A "specific business plan" definition and some examples or a template would be helpful as education to issuers who are first-time entrepreneurs. However, we agree that public disclosure should be limited to providing an executive summary with a high level financial summary for the business rather than a full business plan because we believe providing too much detail to the public is not a reasonable request for issuers who may risk disclosing unprotected intellectual property, including trade secrets.

22. Rule 306 of Regulation S-T requires that all electronic filings made with the Commission, including the filings that would be required under the proposed rules, be in English. Some startups and small businesses, and their potential investors, may principally communicate in a language other than English. Should we amend Rule 306 to permit filings by issuers under the proposed rules to be filed in the other language? Why or why not? If we retain the requirement to make filings only in English, will this impose a disproportionate burden on issuers and potential investors who principally communicate in a language other than English? What will be the impact on capital formation for such issuers?

We do not believe that Rule 306 of Regulation S-T should be amended. English is the standard business language for the US. If filings are done in any other language other than English that would require English-speaking issuers and potential investors to translate the non-English filings, placing an additional burden on those issuers.

31. Are these proposed disclosure requirements appropriate? Why or why not? Should we require any additional disclosures, including specifying items required to be disclosed? Is the proposed standard sufficiently clear such that it would result in investors being provided with an adequate amount of information? If not, how should we change the disclosure requirement? Should the rules include a non-exclusive list of examples that issuers should consider when providing disclosure, similar to the examples discussed above?

We have concerns about excessive public disclosure at an early stage when issuers may not have properly identified and adequately protected all intellectual property: trademarks, copyrights, trade secrets and patents. Educating the issuers with a non-exhaustive list of potential public disclosures would be helpful to improving the quality of deal flow for investors.

32. Under what circumstances, if any, should an issuer be required to update the use of proceeds disclosures?

The use of proceeds should only be updated if there is a material deviation such as business structure and strategy. It is important to recognize that all businesses evolve during the development life cycle and require necessary pivot points in the operating model, product development, staffing, etc. that may not have been disclosed at the time of capital raising. Requiring the issuers to update the use of proceeds for all of the aforementioned situations could result in confusion to investors and an unnecessary time burden on issuers. Separately, issuers should include a discussion of any changes to the use of proceeds in their mandatory annual reporting.

48. Should we exempt issuers with no operating history from the requirement to provide a discussion of their financial condition? If so, why? Should we require such issuers to specifically state that they do not have an operating history, as proposed? Why or why not?

We believe that if issuers are at the idea or concept stage that there should be a clear statement made that there is no operating history and an explanation why and when they anticipate that operations will commence in order to be exempt from disclosure of requirements for the financial condition of the company. However, allowing an exemption for idea-phase or concept stage companies seeking to raise $500K or more could prove a contradiction to the proposed Financial Disclosure requirement for audited financial statements.

52. If we were to exempt issuers with little or no operating history from the requirement to provide financial statements, should we require additional discussion of the fact that the issuer does not have an operating history? If so, what additional discussion should we require?

The exemption from providing financial statements should only be given if there are no operations. However, again allowing an exemption for idea phased or concept stage companies seeking to raise $500K or more could prove a contradiction to the proposed Financial Disclosure requirement for audited financial statements.

54. Should we allow issuers to prepare financial statements using a comprehensive basis of accounting other than U.S. GAAP? For example, should issuers be allowed to provide financial statements prepared on an income tax basis, a cash basis or a modified cash basis of accounting? Why or why not? If so, should we allow all issuers to use a comprehensive basis of accounting other than U.S. GAAP, or only issuers seeking to raise $100,000 or less, or $500,000 or less? Why or why not?

We recommend that issuers be permitted to prepare financial statements using either U.S. GAAP or OCBOA (Other Comprehensive Basis of Accounting). The ACIPA recently recommended Financial Reporting Framework for Small and Medium sized businesses that allows for non-GAAP but still accrual reporting. If using OCBOA companies should include the comprehensive disclosures as outlined in the article below.
(http://m.journalofaccountancy.com/CurrentIssue/Article/2013%247%24sep%247%2420137921.jofa)

The purpose of requiring adherence to these two standards is to provide investors comparable statements. Or in other words, allowing investors to rely on the financial statements as being in accordance with a known set of accounting principles under an accrual method will allow investors to compare companies and their financial performance.

56. Should we require some or all issuers also to provide financial statements for interim periods, such as quarterly or semi-annually? Why or why not? If so, which issuers and why? Should we require these financial statements to be subject to public accountant or auditor involvement? If so, what level of involvement is appropriate?

Annual statements should be adequate for investors. If interim statements are required, they should not be subject to audit because this is placing an undue burden on issuers for ongoing costs.

73. As proposed, issuers would have five business days from the time they reach the relevant threshold to file a progress update. Is this time period appropriate? Why or why not? If not, what would be an appropriate time period? Please explain. Should issuers be allowed to consolidate multiple progress updates into one Form C-U if multiple progress updates are triggered within a five-business-day period, as proposed? Why or why not?

The five-business day period is an appropriate period of time and issuers should be allowed to consolidate multiple progress updates into filings for efficiency.

75. Should we exempt issuers from the requirement to file progress updates with the Commission as long as the intermediary publicly displays the progress of the issuer in meeting the target-offering amount? Why or why not? If so, should the Commission establish standards about how prominent the display would need to be?

The issuer should file progress updates with the Commission on a regular basis to allow for consistency across all issuers and intermediaries.

80. Should we require ongoing annual reports, as proposed? Why or why not? Should we require ongoing reporting more frequently than annually? Why or why not? If so, how often (e.g., semi-annually or quarterly)?

Annual reporting should be adequate.

82. Should we require that the annual reports be provided to investors by posting the reports on the issuer's Web site and filing them on EDGAR, as proposed? Should we require issuers also to directly notify investors of the availability of the annual report, such as by email or other electronic means? Should we instead require issuers to deliver the annual reports directly to investors? If so, should we specify the method of delivery (e.g., email or other electronic means, U.S. mail or some other method)? Would investors have an electronic relationship with the issuer after the offering terminates? If not, how would an issuer notify or deliver a copy of the annual report to the investor? Would issuers continue to have an ongoing relationship with intermediaries once the offering is completed? If so, should we also require that the issuer post its annual report on the intermediary's platform? Why or why not?

Annual reports could be available on the issuers website for investors or intermediaries or a third party provider could provide this service. The costs of producing a hard copy including design, printing and U.S. mail would place an undue burden on issuers.

93. Should issuers be required to file the Form C with the Commission in electronic format only, as proposed? Alternatively, should we permit issuers to file the Form C in paper format? What are the relative costs and benefits of permitting the filing of the Form C in paper format? Should issuers be precluded from relying on the hardship exemptions in Rules 201 and 202 of Regulation S-T? (fn255) Why or why not?

Form C should only be filed electronically because the use of the Internet is a fundamental requirement for the scalability and success of offerings under Section 4(a)(6).

94. In what format would the information about an issuer be presented on an intermediary's platform? Will there be written text, graphics, charts or graphs, or video testimonials by the founder or other key stakeholders? Will the information be presented in a way that would allow for the filing of the information as an exhibit to Form C on EDGAR? If not, how should the rules address these types of materials?

We believe that all types of information, delivered in a variety of ways as listed above, should be on intermediary's platform. Our understanding is that EDGAR does not allow for filing of videos and

graphics; however, we do not believe that everything on the intermediary site needs to be filed on EDGAR.

95. Should we require different forms for each type of required filing? Would the use of one form with different EDGAR tags for each type of filing create confusion among investors who review the issuer's filings? Would it create confusion for issuers that are filing the forms? Please explain.

Many other government agenices have different forms, for example the IRS forms are named differently. We think that creating multiple forms will be helpful in minimizing the length of the form.

114. Is it anticipated that issuers might want to conduct crowdfunding offerings of securities under Section 4(a)(6) alongside non-securities-based crowdfunding, such as a crowdfunding campaign for donations or rewards? If so, please describe how these offerings may be structured. Are there any issues in particular that our rules should address in the context of such simultaneous crowdfunding offerings? Please explain.

We do not anticipate a problem with conducting a donation or rewards based crowdfunding campaign in parallel to a Section 4(a)(6) offering. The systems are completely different but that fact should be disclosed in the description of the business plan and consideration should be given to disclosing on the intermediaries' websites.

286. How would securities issued in reliance on Section 4(a)(6) be valued? Would issuers and/or investors have sufficient financial sophistication or methods available to accurately assess the intrinsic risks associated with the issuance? If so, what mechanisms would help assure accurate pricing? If not, what specific challenges or issues would prevent issuers and/or investors from arriving at a price that reflects the intrinsic value of the offering?

Issuers must use a credible valuation system and disclose how valuation was achieved to allow for comparability.

CFIRA is available to further discuss the recommendations and concerns expressed in this letter. We look forward to continue support working with the Staff and to making crowdfund investing a success for investors, small businesses and entrepreneurs.

Respectfully submitted,

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