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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; Syndication - "Transactions Conducted Through an Intermediary," Section II.A.3 of Release 33-9470

Dear Ms. Murphy:

I am 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.

The Commission has solicited comments to questions on the proposed rules in Section II.A.3 for Transactions Conducted Through an Intermediary that would (1) prohibit an issuer from conducting an offering or concurrent offering in reliance on Section 4(a)(6) using more than one intermediary; (2) restrict intermediary platforms, for example, only permitting intermediaries to provide access by invitation only or only to certain categories of investors.

Request for Comment Question 12:

The proposed rules would prohibit an issuer from conducting an offering or concurrent offerings in reliance on Section 4(a)(6) using more than one intermediary. Is this proposed approach appropriate? Why or why not? If issuers were permitted to use more than one intermediary, what requirements and other safeguards should or could be employed?

Recommendations with respect to Question 12:

It's important to keep in mind that funding portals are (1) deemed to be broker-dealers that are exempt from registration as such and (2) subject to registration with the SEC and regulation by FINRA. Drawing on broker-dealer industry practice for syndication of selling efforts, it would be consistent to allow an issuer to conduct an offering in reliance on Section 4(a)(6) using one intermediary, with other intermediaries helping sell the offering that is managed by the lead intermediary. Syndication models are currently used to facilitate other private placement offerings and serve to promote the common interests of the issuer and investors while increasing the capacity of the market for investment. The wisdom of the crowd would continue to be effective in sharing information so long as communication is facilitated on channels provided by the lead intermediary.

Increasing the number of investors for deals of larger dollar value or a niche business offering could prove necessary to fostering a healthy evolving market place. Syndication of 4(a)(6) offerings will occur between intermediaries, just as they typically do in Regulation D Rule 506 and other offerings of exempt securities, and such syndications will lead to more efficient distribution for, and wider due diligence of, the offered securities due to cross-pollination of platform communication, crowd-generated information and issuer transparency. Greater distribution of opportunities through syndication means that investors will be able to find and potentially invest in a more diverse pool of investment opportunities, which would result in a broader allocation of investments by those investors.

Crowdfunding Syndication Model

The syndication model is a group of intermediaries (registered funding portals and broker-dealers) cooperatively working together to sell new offerings of equity or debt securities to investors. The lead intermediary of the syndicate is the originating intermediary for security and compliance requirements. The lead intermediary is responsible for providing a common communication channel among the intermediaries and managing the database of the disclosure documentation, offering terms, and investor book. The lead intermediary would ensure all transactions are captured, and that communication and transactional updates communicated or made available to the syndicate members. The syndicate is compensated by industry standard fee sharing arrangements between the intermediaries.

Limitation on Platform Access

Request for Comment Question 15:

Should we allow intermediaries to restrict who can access their platforms? For example should we permit intermediaries to provide access by invitation only or only to certain categories of investors? Why or why not? Would restrictions such as these negatively impact the ability of investors to get the benefit of the crowd and its assessment of an issuer, business or potential investment? Would these kinds of restrictions affect the ability of small investors to access the capital markets? If so, how?

Recommendation with respect to Question 15

Intermediaries should be able to limit users access to various data on their platforms based on their business models.

CFIRA CrowdFund Intermediary Regulatory Advocates

CFIRA respectfully submits the following comments and recommendations on each of the aforementioned proposals. The members of CFIRA remain available to further discuss the proposals and the recommendations set out in this letter. We look forward to continued dialog between all parties as the rulemaking process progresses.

Respectfully submitted,

Kim Wales

Kim Wales
Wales Capita, Founder & CEO
CFIRA, Executive Board Member
CF50, Board Member

Chris Tyrrell
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