

March 2, 2014

*Via Electronic Mail at rule-comments@sec.gov*

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

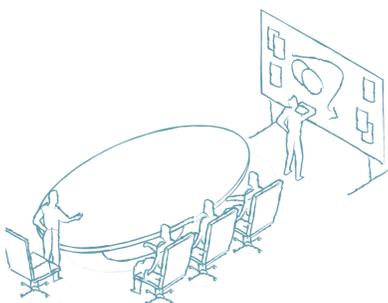
**Re: File No.: S7-09-13; Section II.C.6, “Completion of Offerings, Cancellations and Reconfirmations”;  
Release 33-9470**

Dear Ms. Murphy:

Thank you for giving the public an opportunity to provide comments on Regulation Crowdfunding. I am writing the Commission as the founder and CEO of Wales Capital and CrowdBureau because I believe that transparency; investor protections; and fair market pricing alongside a robust set of Rules will foster market confidence. These four pillars will lead to a more balanced and healthy global financial capital market. Ultimately catalyzing capital formation for small and emerging businesses and wealth creation for investors.

This letters is in response to investor and issuer rescission periods and specifically provides recommendations to questions 182 through 186 of the Regulation Crowdfunding Final Proposed Rules. The Proposed Regulation Crowdfunding, “Completion of Offerings, Cancellations and Reconfirmations,” Section 4A(a)(7) requires an intermediary to allow investors to cancel their commitments to invest, as the Commission shall, by rule, determine appropriate. Section 4A(b)(1)(G) requires issuers to provide investors, “prior to sale... a reasonable opportunity to rescind the commitment to purchase the securities.”

In response to **question 182**, Section 4A(a)(6) requires each intermediary to make available to the Commission and potential investors, not later than 21 days prior to the first day on which securities are sold to any investor (or such other period as the Commission may establish), any information provided by the issuer pursuant to Section 4A(b). The proposed rules would implement this provision by requiring each intermediary in a transaction involving the offer or sale of securities in reliance on Section 4(a)(6) to make available to the Commission and to potential investors any information required to be provided by the issuer under Rules 201 and 203(a) of proposed Regulation Crowdfunding. The proposed rules would further require that: (1) an intermediary make this information publicly available on the intermediary’s platform, in a manner that reasonably permits a person accessing the platform to save, download or otherwise store the information; (2) this information be made publicly available on the intermediary’s platform for a minimum of 21 days before any securities are sold in the offering, during which time the intermediary may accept investment commitments; and (3) this information, including any additional information provided by the issuer, remains publicly available on the intermediary’s platform until the offer and sale of securities is completed or cancelled.



**Recommendations.***Investor Rescission*

Wales Capital appreciates the Commission's decision to leave controls and reporting with respect to investor communication to the discretion of the intermediary. We support the Commission's proposed rule that allows investors the right to rescind the offering until the 48 hours offering deadline. We also support, in the interest of investor protection, the rules' requirements that intermediaries transmit notifications to investors upon investment commitment and at or before transaction closing. Properly balancing the interests of investors to include the maximum amount of crowd generated information in their investment decision, while ensuring the interests of the issuer that their funding round will be able to meet and/or exceed its target and close amount on the closing date is necessary.

*Issuer Rescission*

In the case of issuer rescission, issuers should be allowed to rescind an offering as a whole (cancel or suspend the campaign) at any time before the final sale, and should also be able to decline individual investor offers to purchase if and when a specific individual transaction would be unlawful in some way.

**Question 183.**

*Should an investor be required to reconfirm his or her commitment to invest when a material change has occurred? Why or why not? Is the five-business day period for reconfirmation after material changes appropriate? Would another time period be more appropriate? If so, what time period and why?*

***Recommendation.***

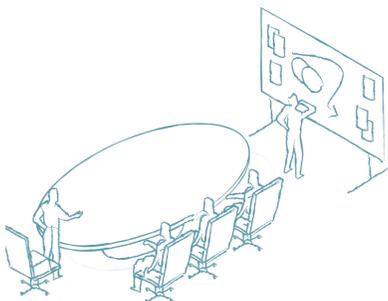
Investors should be required to reconfirm their commitment to invest when a material change has occurred within five business days of closing because the change may not be in accordance with an investor's risk tolerance. The five-business day time period is sufficient time limit for an investor to reconfirm their interest, this will provide investors with enough time to communicate with the issuer and make an individual determination regarding the change and their investment participation. Unconfirmed participations should not be counted in the amount of commitments in the offering and, at closing, the unconfirmed commitments would be refunded to investors.

**Question 184.**

*The proposed rules provide a mechanism by which existing disclosure materials can be modified in the event of a material change, with the original offering remaining open. Should the proposed rules require that an offering be cancelled in the event of a material change, and then, if the issuer desires, reopened in a new offering that includes the revised disclosure? Why or why not?*

***Recommendation.***

In the event there are any material revisions made to the offering for the posted campaign on the Intermediary site (registered Funding Portal or Broker Dealer), the clock should restart for another 21-day minimum period for the campaign. This approach would allow investors to conduct another round of due diligence before being subjected to a premature closing date that might impact their opportunity to rescind.



**Question 185.**

*Are there any other circumstances under which an investor should receive a notification? If so, under what other circumstances? Should we provide further specificity on when notifications must be provided?*

**Recommendation.**

Yes, there are several circumstances in which investors should be notified by the intermediary, a) when a material change occurs with an offering and a commitment has been made to invest; b) when an offering is oversubscribed; c) when an offering is undersubscribed and within 5 business days of the offer close date – this could incentivize the investors to increase their commitments or help to garner additional interest; d) if an issuer has sold securities illegally, and there is no way to make the sale legitimate after the fact, the issuer can be held liable to investors who bought the unregistered securities.

**Question 186.**

*Under the proposed rules, in the event of a cancellation an intermediary would be required to provide a notice to prospective investors within five business days. Is this requirement appropriate? Should the time period be longer or shorter, such as 3 business days or 10 business days? Why or why not? Should we include any other notification requirements in the event an offering is cancelled? If so, what requirement should we include and why?*

**Recommendation.**

We recommend that a five-business day notification is sufficient in the event an offering is cancelled.

Wales Capital remains available for further discussions relating to defining the final rules for Title III and we continue to be available to work with the Commission, to ensure a healthy ecosystem, capital formation, and investor protection whenever possible.

Respectfully submitted,



Kim Wales  
Wales Capital, Founder & CEO

