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Securities and Exchange Commission
100 F St. NW
Washington, DC 20549-9303
Rule-comments@sec.gov

File No. S7-09-13

Dear Securities and Exchange Commission:

Here are some additional comments on the proposed crowdfunding regulations. In particular, I would like to bring to the attention of this proceeding my comments currently posted in the pre-rulemaking comments under Titles V and VI regarding the definition of shareholders "of record". [1]

Section 503 of the JOBS Act requires the Commission to update its definition of shareholders "of record" to exclude crowdfunded shares. The proposed rule does this in a rather perfunctory way.[2] It would be sad if the Commission misses this opportunity to modernize the definition of shareholders "of record" to

[1] These are posted at http://www.sec.gov/comments/jobs-title-vi/jobs-title-vi.shtml.

[2] Page 530 of the proposing release states:
Add § 240.12g-6 to read as follows:
§ 240.12g-6 Exemption for securities issued pursuant to Section 4(a)(6) of the Securities Act of 1933.
For purposes of determining whether an issuer is required to register a security with the Commission pursuant to Section 12(g)(1) of the Act (15 U.S.C. 78*l*(g)(1)), the definition of *held of record* shall not include securities issued pursuant to the offering exemption under Section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)).

reflect the technological changes in the way shareholders hold their stocks. Traditionally, many firms do not count shares held indirectly in "street name" at brokerage firms as part of the number of shareholders "of record". With the trend towards dematerialization and the increasing use of street name, eventually most public companies will be able to claim that they have so few shareholders "of record" that they are no longer required to register with the Commission. Already there are at least 1,300 exchange-listed SEC registrants that could deregister based on the number of shareholders of record they disclose in their 10-K filings. Indeed, Congress signaled its concern about evasion of registration requirements in Section 504 of the JOBS Act by requiring a study of the ability of the Commission to enforce registration requirements based on the number of shareholders. [3]

The JOBS Act also adds distinctions between accredited and unaccredited shareholders in determining the threshold for registration. This is difficult for publicly quoted companies to determine because many brokerage firms do not gather, update, or verify the accredited status of their customers.

Using the "proxy count" of the number of voting materials that firms pay to transmit to shareholders is a simple and clean method for estimating the number of shareholders of an issuer for the purposes of SEC registration requirements.[4] Issuers can easily determine this number by looking at the bill that they pay for dissemination of voting materials.

As part of this process, the SEC should encourage non-SEC registrants to adopt shareholder-friendly policies by providing a safe harbor level of the "proxy count" of 1,000 or so shareholders that will not trigger registration requirements as long as the issuers adhere to a set of best practices for disclosure and corporate governance.[5]

The SEC should not miss this opportunity to fix this problem.

Respectfully submitted,

James J. Angel, Ph.D., CFA

[3] The required study can be found at http://www.sec.gov/news/studies/2012/authority-to-enforce-rule-12g5-1.pdf.

[4] For more details see my other comment letter at http://www.sec.gov/comments/jobs-title-v/jobstitlev-16.pdf.

[5] In addition, using the "proxy count" with an appropriate safe harbor level based on shareholder-friendly policies of disclosure would prevent Florida vote-counting issues as in the case of W2007 Grace Acquisition I. See SEC File 81-939, http://www.sec.gov/comments/81-939/81-939.shtml.