NATIONAL VENTURE CAPITAL ASSOCIATION
Funding innovation. Empowering entrepreneurs.

August 25, 2016

BY EMAIL

Brent J. Fields, Secretary
U. S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
rule-comments@sec.gov.

Re: File No. S7-12-16: *Amendments to Smaller Reporting Company Definition*

Dear Mr. Secretary:

As the voice of the venture industry, the National Venture Capital Association (NVCA) appreciates the Commission's initiative in addressing the regulatory burden facing startups and small-cap companies.

NVCA represents nearly 400 venture capital firms across the U.S. Our members invest in thousands of startup and early-stage companies each year. These companies are on high-growth trajectories with the goal of someday going public through an IPO or being acquired by a larger company. Venture capital backing allows start-ups to develop, produce and sell innovative products in the marketplace.

NVCA strongly supports the Securities and Exchange Commission's (SEC) proposal to increase the thresholds of the smaller reporting company (SRC) definition, including increasing the public float cap from the current $75 million up to $250 million, and in the absence of public float, moving the revenue test cap from the current $50 million up to $100 million. In addition, NVCA recommends that the SEC follow the logic of this proposal and apply similar higher thresholds to the non-accelerated filer definition. This would provide consistency amongst the agency's rules and increase the beneficial impact of the SEC's action on the entrepreneurial ecosystem.

The proposed amendments to the SRC definition will mean scaled disclosure under Regulation S-K and S-X for more startups and small cap companies. The benefits of this action will be more capital available to startups to invest in hiring and innovation as our nation's entrepreneurs work to build the next generation of American companies. In the face of the fact that the total number of public companies in America has dropped by half in only twenty years, new company formation should be a national priority. Anything the SEC can do to make it easier to build a company and take it public here in America will be critical to our economic growth, job creation and international competitiveness.

For the same reasons, NVCA also supports expanding the proposed changes to include the non-accelerated filer definition, as recommended by the Advisory Committee on Small and Emerging Companies. An exemption from SOX Section 404(b) in particular would enhance the above-mentioned benefits by freeing up more capital for productive use in growing businesses, which is currently going to unnecessary compliance costs.

In conclusion, we commend the Commission's efforts to improve the regulatory climate for our nation's small cap companies. The public markets remain a very difficult place to grow emerging companies due to liquidity issues and regulatory burdens facing small businesses. Decreasing the regulatory costs is an important step forward in encouraging the creation and growth of more American companies. Thoughtful and tailored regulatory changes are a critical element of our continued economic success.

Sincerely,

Bobby Franklin

Bobby Franklin
President and CEO