February 1, 2021

IMPACT AMERICA FUND

VIA EMAIL: Rule-comments@SEC.gov

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: Temporary Rules to Include Certain "Platform Workers" in Compensatory Offerings under Rule 701 and Form S-8; File Number S7-19-20

Ladies & Gentlemen:

As a social impact oriented venture capital firm, Impact America Fund appreciates the opportunity to submit comments in response to the Securities and Exchange Commission's request for comment. Our comments are rooted in anticipating the perspectives of workers from low income communities of color, and startup businesses aiming to positively improve their economic well-being.

I. Securities as vehicles for retirement and management as well as compensation.

From brief time spent in the world of Employee Stock Ownership Plans, we have become aware of four views of equity ownership: as management, as retirement, as compensation, and as investment. The proposed rules focus primarily on securities as compensation, and take pains to separate that from capital raising activity for the issuing companies, and investment decisions for the gig worker. In doing so though, there is less room allocated for distinguishing and encouraging scenarios where issuers and workers can enter into agreements where the securities represent strategies for retirement, mechanisms for management, and forms of investment. That platform workers are not employees should not exclude them from these benefits, especially given that this proposal already acknowledges the changing nature of "employment".

In this respect, we suggest that incentives be considered for companies that provide structures of compensation where the securities are explicitly a vehicle for retirement — for e.g. through tax treatment. This is a reflection of the comments, already made by Commissioners Peirce and Roisman, that gig work can be both a source of income and a base for longer-term investments. What might incentivize these issuance and management of these securities as nest eggs for retirement or to be passed to future generations?

Incentives might also be provided for companies who provide these securities through arrangements that allow workers to choose to participate in collective decision-making, thus also giving them more of a voice in shaping the platforms where they spend many hours of their day. This might be a critical element in helping the company meet conventional business objectives, while encouraging good stewardship, and addressing the uneven impacts felt by historically marginalized companies as industries shift and gig work continues to replace traditional forms of employment.

Similarly, how might the rules incentivize companies to build programs for the financial literacy and planning of workers? The ability to hold these securities will be novel for many workers.

II. Application to early-stage, venture-backed startup businesses.

Along with other commenters, we believe that this rule will allow smaller companies to be more competitive with larger public or private ones. However it remains unclear how the compensation limits will be applied for early-stage, venture-backed companies. The current proposal sets an upper limit for the total value of securities at 15% of annual compensation and $75,000 over three years. At what frequency is the dollar values of these securities to be determined?

Early-stage but quickly-growing private companies are only valued at irregular rounds of funding, at which there may be significant step increases in valuation. How will the value of the security be determined in between those rounds in order to be evaluated under the suggested 15% limit? How would the limit of $75,000 over 3 years be impacted by significant re-pricing events?

III. Individual Bargaining.

Subject to reasonable limits, we believe that workers should be able to make individual choices on securities vs cash at the frequency of each compensation period. As noted above re early-stage companies, the value of the equity might change significantly over 3 years, as might any worker’s life situation, influencing their choices for how they wish to be compensated.

That limiting individual bargaining and elective allocations between cash and equity would prevent recipients from making an "investment decision" appears unrealistic. All compensation decisions are investment decisions, particularly as workers balance work between platforms where they can provide similar services (for e.g Uber and Lyft) yet participate in different systems of compensation. As platforms evolve, so do workers' lives and needs, and workers should be able to rebalance their compensation accordingly, as they consider retirement, or where securities represent an opportunity to have a voice in the direction of the platform.

IV. Limits on the scope of services that can be done in exchange for these securities.

We do not believe that securities should be unavailable on the basis of tangible goods, as echoed in the sentiments of Commissioners Peirce and Roisman. These limitations on activities will limit the innovation and adaptation of companies at early stages.

V. What businesses should benefit? What is a platform?

As similarly noted by Commissioners Lee and Crenshaw, we believe that the current proposal separates, untenably, internet or technology based workers from what they describe as other forms of "alternative workers": "freelancers, temporary help agency workers, on-call workers, contract workers, and other types of informal paid activities". These businesses remain a significant source of employment, particularly for marginalized communities, and should be considered for an expansion of the proposal, perhaps post-pilot. Otherwise, we may punish, in relative terms, older, community-focused institutions that do not fit the gig platform model but have the same basic relationship between company, customers, and contingent workers.

Respectfully,

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Title General Partner