

Congress of the United States
Washington, DC 20515

October 7, 2016

The Honorable Mary Jo White
 Chair
 U.S. Securities and Exchange Commission
 100 F Street, NE
 Washington, DC 20549

Dear Chair White:

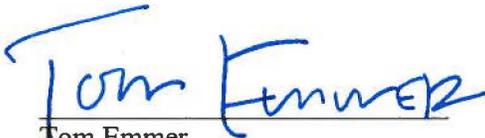
We write regarding the Proposed Rule Amendments to Facilitate Intrastate and Regional Securities Offerings, Release No. 33-9973 (“Release”),¹ which proposes revisions to Rule 147 under the Securities Act of 1993 and Rule 504 of Regulation D. We commend the Securities and Exchange Commission (“SEC” or “Commission”) for proposing amendments to these rules to enhance the capital raising efforts of small companies with appropriate investor protections.

As we are sure you are aware, an increasing number of states have proposed and enacted intrastate, or state-based, crowdfunding laws and other small securities offering exemptions tailored to small and emerging companies to facilitate capital formation. To date, thirty-four states and the District of Columbia have intrastate crowdfunding laws,² and two states are actively working on similar laws.³ We believe the proposed amendments to revising and modernizing Rules 147 and 504, which have not been updated since 1974 and 1992, respectively, will increase the usefulness of these state exemptions and further encourage growth of small business. However, we recommend a technical edit to the proposed formation opportunities afforded by the states’ securities regimes.

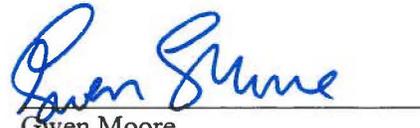
Specifically, we request that the Commission amend Rule 147 as a safe harbor under Section 3(a)(11) of the Securities Act of 1993, to avoid state legislatures from having to amend their existing crowdfunding statutes.⁴ Furthermore, we believe that the states are better positioned to determine offering and investor caps that best meet their local population and business needs. We therefore respectfully request that the SEC not limit the availability of the exemption to a state exemption with a \$5 million offering cap as proposed, but instead allow such limitations to be determined under state law.⁵ We also strongly encourage the Commission to maintain important investor protections in any new exemption, including preserving all existing state authority.

We appreciate your consideration of our comments as Congress has a long-standing interest in fostering a robust and efficient marketplace for small businesses, particularly at the local level. We encourage the Commission to finalize this rulemaking to increase the utility and efficiency of the rules, particularly in light of states’ efforts to enact intrastate crowdfunding laws.

Sincerely,



Tom Emmer
 Member of Congress



Gwen Moore
 Member of Congress



Patrick McHenry
 Member of Congress



John Carney
 Member of Congress



Scott Garrett
Member of Congress



Denny Heck
Member of Congress



Randy Neugebauer
Member of Congress



Terri Sewell
Member of Congress



Luke Messer
Member of Congress



Keith Ellison
Member of Congress



Peter T. King
Member of Congress



Robert Hurt
Member of Congress



Robert Pittenger
Member of Congress



Roger Williams
Member of Congress



Stephen Fincher
Member of Congress

¹ Proposed Rule Amendments to Facilitate Intrastate and Regional Securities Offerings, Release No. 33-9973; 34-76319 (Oct. 30, 2015) [File No. S7-22-15], available at sec.gov/rules/proposed/2015/33-9973.pdf

² AK, AL, AZ, CO, DC, DE, FL, GA, IA, ID, IL, IN, KS, KY, MA, MD, ME, MI, MN, MS, MT, NC, NE, NJ, NM, OR, SC, TN, TX, VA, VT, WA, WI, WV, WY.

³ CA and OH have pending, active legislation.

⁴ To the extent that the Commission cannot address all of the proposed modernization under existing Rule 147, we encourage the Commission to adopt a new exemption using its general exemptive authority, and amend existing Rule 147 to mirror as closely as possible the new exemption.

⁵ All current state crowdfunding exemptions include both individual investment and issuer offering limitations.