

PETITION FOR RULEMAKING

Regarding Retail Investor Access to Diversified Early-Stage Venture Capital Vehicles

September 17th, 2026

Via email to rule-comments@sec.gov
Office of the Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Petition for Rulemaking Regarding Diversification Safeguards and Fund Eligibility Under Any Expansion of Retail "Basic Access" to Private Market Assets

To the Office of the Secretary:

I respectfully submit this petition pursuant to Rule 192 of the Commission's Rules of Practice (17 C.F.R. § 201.192) to request that, in connection with any Commission rulemaking implementing the September 18, 2025 recommendations of the SEC Investor Advisory Committee ("IAC") on Retail Investor Access to Private Market Assets, the Commission adopt two specific safeguards tailored to early-stage venture capital as an asset class distinct from the private credit and buyout products that have thus far dominated the Commission's retail-access discussion.

I. Background

The IAC's report recommends, among other things: (a) reconsidering the longstanding staff position limiting closed-end funds to a 15% allocation of net assets in privately offered funds absent accredited-investor-only, \$25,000-minimum share classes; and (b) a "basic access" framework permitting investors who do not meet accredited investor income, wealth, or sophistication tests to directly invest the greater of 10% of income, 10% of net worth (excluding primary residence), or 10% of securities holdings in private offerings, modeled on existing Regulation Crowdfunding and Regulation A+ investment limits.

I support both recommendations in principle. I write to flag a gap: every registered or contemplated product discussed in the IAC's report and in recent fund filings cited therein — private credit funds, buyout-focused interval funds, pre-IPO late-stage equity vehicles — has a materially different risk and loss profile than genuinely early-stage (pre-seed, seed, and Series A) venture capital. Early-stage venture is widely documented to follow a power-law return distribution in which a substantial share of individual investments return less than invested capital, and outsized fund-level returns depend on a small number of positions performing exceptionally well. This is a fundamentally different risk profile than the private credit and buyout products the Commission's recent registered-fund activity has focused on, and it warrants a fundamentally different set of guardrails if retail "basic access" capital is to be directed toward it.

II. Requested Action

1. Clarify that pooled, diversified vehicles satisfy "basic access" limits.

The IAC's "basic access" examples and its Regulation Crowdfunding/Regulation A+ precedents are framed around direct, single-issuer investment. I request that the Commission clarify, through rulemaking or interpretive guidance, that an investor's use of "basic access" capacity to purchase an interest in a professionally managed, diversified pooled vehicle investing across multiple early-stage companies satisfies the same investment limit calculation as a direct single-issuer investment. Diversification across a professionally sourced portfolio is materially more protective of unsophisticated investors than single-company selection, and the rule should not inadvertently disadvantage the safer structure relative to the riskier one.

2. Adopt a minimum-diversification guardrail for early-stage-focused registered funds accepting non-accredited "basic access" capital.

For any registered closed-end fund, interval fund, or tender-offer fund that (i) relies on a relaxed Section 12(d)(1)-adjacent or 15%-cap framework to invest in early-stage venture capital funds or directly in early-stage companies, and (ii) accepts capital from non-accredited investors under a future "basic access" provision, I request that the Commission require, at minimum: (a) a maximum single-portfolio-company concentration limit (for example, no more than 5-10% of net asset value in any one early-stage position); and (b) a minimum portfolio size (for example, no fewer than 20-25 distinct early-stage positions) before the fund may accept non-accredited investor capital. These thresholds are illustrative; I would welcome the opportunity to work with Commission staff and outside researchers to calibrate them against historical venture return data.

III. Rationale

The Commission and the IAC have both recognized that unsophisticated investors lack the resources to lower risk through diversification and face acute information asymmetry in private markets. These concerns are most acute, not least acute, in early-stage venture capital, where individual company failure rates are highest and portfolio-level outcomes are the most concentrated in a small number of positions. A retail-facing product that offers "access" to early-stage venture without enforceable diversification requirements would expose the very investors the basic-access framework is meant to protect to the segment of the private markets with the least predictable individual-company outcomes. Conversely, a properly diversified, professionally managed vehicle is a comparatively prudent way to extend this asset class to investors who could not otherwise achieve diversification at their available check size.

IV. Conclusion

I respectfully request that the Commission consider these two points as it develops rulemaking implementing the IAC's September 2025 recommendations, and I would welcome the opportunity to submit further data, comment during any future public comment period, or participate in a future Investor Advisory Committee panel on this topic.

Respectfully submitted,

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