

Dear Secretary and Commissioners,

I am a technology entrepreneur and employee-equity holder writing to request SEC action on a serious gap in private-market investor protections.

Today, employees at many private companies can own fully vested, purchased shares yet be unable to sell them without discretionary CEO or board approval. This can leave substantial portions of their earned compensation inaccessible for years—or indefinitely—even when a willing, qualified buyer exists and the transaction could otherwise comply with securities laws.

These decisions can have an enormous financial impact on middle-class employees, while control over their ability to realize that value rests with founders and boards who may be far wealthier.

Pursuant to Rule 192 of the SEC's Rules of Practice, I ask the Commission to consider rulemaking to improve employee-shareholder protections. Specifically, I propose that the SEC, to the extent permitted by its statutory authority:

1. Require companies issuing compensatory equity under Rule 701 to give employees clear, timely disclosure of all transfer restrictions, rights of first refusal, approval standards, and deadlines before employees purchase or exercise shares.
2. Establish or encourage objective, narrowly defined grounds and reasonable time limits for any issuer-controlled approval or right-of-first-refusal process associated with legally permissible secondary sales, rather than allowing indefinite or arbitrary denials.
3. Review ways to facilitate lawful secondary sales of employee-owned shares while preserving appropriate securities-law compliance, confidential-information protections, and legitimate company interests.

If overriding contractual transfer vetoes requires legislation beyond the SEC's authority, I ask the Commission to identify that gap and recommend a narrowly tailored statutory solution to Congress.

The goal is straightforward: companies should not be able to indefinitely block employees from selling shares they legally own without a legitimate reason.

I would welcome the opportunity to provide further background or speak with the appropriate staff member. Thank you for considering this petition.

Sincerely,
Adam Menges