UNITED STATES SECURITIES AND EXCHANGE COMMISSION

43RD ANNUAL SMALL BUSINESS FORUM
CATCHING UP WITH SMALL CAPS: LESSONS
LESSONS LEARNED GOING PUBLIC AND STAYING PUBLIC

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P R O C E E D I N G S

MR. ECHEVERRI: Hi. I'm Pablo Echeverri from the SEC Small Business Advocacy Team. Thank you for joining us today for a final day of the SEC's 43rd Annual Small Business Forum. And welcome back to those who joined us for our earlier sessions.

Tuesday, we heard from founders and funders who shared their successes and challenges in early stage capital raising. Yesterday, we heard about how we can support smaller funds and to managers and other investors as they support small businesses. Today's discussion will focus on the public markets and issues facing smaller companies as they navigate how to become and stay public reporting companies.

Before we begin, I'd like to take a moment to make clear that the views expressed today are the speaker's own and do not necessarily reflect those of the Commission, any of the Commissioners, or any of our colleagues on the Staff. In addition, nothing we share today is intended as legal advice. With that out of the way, let's dive right in.

MS. HASELEY: Thanks, Pablo. I'm Courtney Haseley from the Small Business Advocacy Office, and I am delighted to be the emcee for today's event. I add my thanks to all of you joining us here on our platform and those of you viewing via our webcast for day three of the Small Business Forum. First, I'd like to welcome Commissioner Hester Peirce to the screen to share her thoughts with us.

COMMISSIONER PEIRCE: Good afternoon, and thank you to the participants in the Commission's 43rd annual government Business Forum on Small Business Capital Formation, and thanks to today's panelists.

This annual forum gives the Commission direct insights from the companies, practitioners, and entrepreneurs that grapple with our complex regulatory regime. Before I begin, I must remind everyone that my views are my own as a Commissioner, and not necessarily those of the SEC or my fellow Commissioners.

In the past couple weeks, we experienced some unusual natural events; an earthquake in the New York City area and a total eclipse of the sun in much of the United States. No glasses will shatter and you do not need special glasses for today's event, but I expect it will be equally noteworthy. Few topics in the securities world are of greater interest than why the number of public companies has declined so sharply. Many have pondered the issue and offered solutions, but the answer to this enigma is likely multifaceted. Today's discussion will help us puzzle through it.

Small cap companies make up almost half of public companies and are vital to a healthy, growing economy. A commission that wanted to see more companies in the public markets would reduce the barriers to going public and the cost of being public. As to the former, the Commission recently did the opposite by imposing new costs on companies looking to enter the public markets using the special purpose acquisition company route.

As to the latter, the Commission has resisted tailoring regulations so that small cap companies can better afford to participate in the public markets. The Commission brushes aside the need for scaling by explaining that the rule is so important that every public company, no matter its size, should bear the rule's associated costs. Investors in these companies who have to foot the bill might not agree with us.

Welcoming small-cap companies into the public markets gives retail investors a chance to share in their growth. Recent research suggests that small-cap companies as a class, may offer greater investment returns than larger companies. Small companies are often more disruptive, operationally nimble, and dynamic than their larger counterparts. I hope that today's discussion will help the Commission identify a better path forward for our regulatory treatment of issues that affect small-cap companies.

I have a few questions. First, as I mentioned over the last few years, the Commission finalized many corporate disclosure requirements without meaningful tailoring. Which requirements are or will be the most onerous and unnecessary for small-cap companies?

Second, should the Commission tailor for small companies, other requirements that have been on the books for longer?

And third, would it help small cap companies if the emerging growth company status lasted 10 years instead of the current 5

Fourth, the 2023 annual report from the Commission's Office of the Advocate for Small Business Capital Formation recommended aligning the SRC and non-accelerated filer categories. The report argued that this would allow SRCs to enjoy all the benefits of being non-accelerated filers, namely the exemption from the auditor attestation requirement under Section 404(b) of SOX. Should the Commission adopt this change?

Fifth, I've heard reports that smaller reporting companies have lost their SRC status due to temporary variations in their public float, which governs SRC eligibility. Should the Commission calculate an SRC's public float based on a rolling average, say, over the course of a year

Six, today's discussion may touch on the sparse research coverage of small cap companies compared to larger public companies. What, if anything, could the Commission do to address this problem? For example, should the Commission revisit the withdrawn no-action letter that allowed broker-dealers to comply with European regulations by receiving separate payments for research, without having to register as an investment advisor.

Seventh, another frequently cited issue is the disappointing liquidity that some small cap companies face when they're listed on exchanges. Can we do anything to facilitate exchange experimentation with different approaches to cultivating better liquidity?

Eight, today's discussion may also cover the initial public offering process. Is going public through a SPAC still a viable path for private companies, given the Commission's recent rulemaking? And what reforms to the traditional IPO process, if any, would improve the process for smaller potential public companies?

Ninth, some evidence suggests that Reg A is underused. From July 2022 through 2023, Reg A offerings raised only $1.5 billion, compared to $17 billion for traditional IPOs and $3 trillion for Reg D offerings. Is Commission preemption of state Blue Sky laws for secondary transactions of Reg A Tier 2 securities necessary to make that a viable path? Should the commission consider other reforms?

Thank you for your answers to these questions and for the rest of your discussion and I look forward to hearing your recommendations.

MS. HASELEY: Thank you, Commissioner Peirce, for your remarks. Next up, I'd like to pass the proverbial mic to Commissioner Jaime Lizarraga to share some remarks. Commissioner?

COMMISSIONER LIZARRAGA: Good afternoon. It is a pleasure to address the 43rd Annual Small Business Forum.

In 1980, Congress required this annual forum to assess the state of play of small business capital formation, one of the three fundamental pillars of the

SEC statutory mission. With U.S. equity markets representing nearly half of the world's equity market cap, today's discussions on lessons learned from going public and staying public are timely and on point. Fulfilling our capital formation mission in as broad base to matter as possible includes promoting and facilitating robust participation by small cap companies in our equity markets.

There's a lively debate about the widening gap between capital race in private versus public markets and the possible risks and implications of this trend. As a general principle, retail investors benefit when companies go public. It results in a higher supply and greater diversity of companies to choose from when making investment decisions. Access to expanded investment choices, all accompanied by the disclosure, liability, and other protections that come with securities registration, leads to healthier, more robust, more transparent public markets.

For small cap companies, it can be more challenging to navigate a complex regulatory framework, pique a research analyst's attention, or ensure sufficient liquidity in the secondary market. If the dominant model becomes billion-dollar unicorns being backed by mini-rounds of VC funding and then going public as mega-cap companies, it would work against the goal of broad-based capital formation. At the Commission, our scaled disclosure requirements and phased-in compliance dates are two ways in which we address some of the unique challenges that smaller public companies face.

Under the Climate Risk Disclosure Rule finalized last month, smaller reporting companies are exempt from the greenhouse gas emissions and attestation requirements. These companies also benefit from a delayed compliance period, and recognition that additional time is helpful for them to get up to speed as they prepare disclosures for the first time. Similarly, in the Cyber Incident Reporting Rule, smaller reporting companies were provided with additional time to phase in compliance.

The Commission adopted the same approach in its reforms to insider trading rules for corporate insiders. That said, aspiring to improve how we implement our capital formation mission is a worthwhile endeavor, one that best serves the public interest. To that end, today's forum will hopefully yield new and innovative ideas that inform how the Commission can best fulfill its capital formation mission.

Thank you to Courtney and to today's panelists. I look forward to your recommendations.

MS. HASELEY: Thank you, Commissioner Lizarraga, for sharing your thoughts with us. On behalf of the SEC's Small Business Advocacy Office, we're grateful to you and to all the commissioners who addressed the forum this week, for your collective interest in and support -- (audio interference). If you have any polling questions, you can just scroll down, you'll find them below the video feed, and that way we'll be able to share some results live later on.

Note that in order to answer the polling questions and to have the ability to vote on policy recommendations, you will need to be registered for the event.

Transitioning to our main event, it is my absolute pleasure to moderate the panel today on our third and final day of the forum. Many companies have a goal of conducting an IPO, listing on an exchange, becoming public reporting companies.

And as we heard Commissioner Peirce note in her remarks, almost half of all US public companies are in fact small caps, and so they play a really important role in the markets and our economy. So today we are catching up with small caps.

I am joined by Trent Ward. He's the co-founder and CEO of Interactive Strength. It does business as FORME, a public company specializing in personal home fitness. And Davina Kaile, a corporate and securities partner at Pillsbury Winthrop Shaw Pittman. They both have great experiences to share and insights into lessons they've learned along the way. So thank you both so much for joining us today. Trent, why don't you kick us off? Please tell us a little bit about you and your story.

MR. WARD: Thanks, Courtney. I'm Trent Ward. I started my career as an investment banker in New York doing merchant acquisitions, primarily with consumer companies. From there, I joined a hedge fund and spent almost a decade investing in public equities. So I did all sectors, but got a taste of the public markets.

And about seven years ago, I left and started FORME Interactive Strength. And lo and behold, here we are at the public company. You know, unexpected, I think, when I started out. But obviously, the past handful of years have been unexpected as well, between, you know, changing cost of capital, interest rates, as well as COVID. So lots of volatility and unexpected things, and happy to be here.

MS. HASELEY: Thank you so much. Davina?

MS. KAILE: Thanks, Courtney. I'm Davina Kaile, and as Courtney said, I'm a partner in the Corporate Securities Group at Pillsbury Winthrop Shaw Pittman. As you can probably tell, my practice is focused primarily on public company representation and all kinds of capital markets transactions.

I always say, I call it the alphabet soup. You do a lot of IPOs and then you do a lot of other capital raising transactions. For some of you on the call, you'll be familiar, but RDOs, CMTOs, ATMs, ELOCs, rights offerings, similar transactions, SPACs, DSPACs. Also as part of that, SEC reporting compliance, stock exchange, corporate governance, M&A, and just day-to-day counseling for public companies.

And you know, there's a sort of joke around my firm that I live and breathe IPOs.

(Audio interference.)

MS. HASELEY: If you're going to be a public company, you should be a large company, that they're all large or that an IPO is necessarily a sizable large offering. And it's simply not the case. Micro offerings are common. And as we mentioned, and as Commissioner Peirce mentioned, small caps play a big role in vital, robust markets.

So these smaller companies, they go public for many different reasons. And I'd like us to start by talking about why. So Davina, I'll kick it to you first. From your experience as a legal advisor to many companies, including small caps, why are small cap companies so important to the public markets? And what are some of the drivers you think that lead these smaller companies to go public?

MS. KAILE: Sure. And with due apologies, I'll have to do a quick disclaimer of my own. Again, I work at Pillsbury, but any views I express on this call are definitely my own views and don't necessarily reflect those of my colleagues. And anything -- any comments I may make should not be -- and it should not be construed as legal advice and does not constitute legal advice.

So with that out of the way, in terms of why small caps are important, I would echo what Commissioner Peirce said, is they represent half of the public companies in this country. And I think there's a general consensus that small business as a whole, you often hear the term they are considered the "backbone" of the U.S. economy. So I think supporting them and supporting them in their capital formation endeavors is critically important.

I also think -- and again, I echo what Commissioner Peirce commented on -- they are, I think she used the term "nimble." I say they are very flexible or able to react or pivot very quickly to take advantage of changing economic circumstances or market opportunities. And I also think they add their drives of growth and diversity in the economy and in the market.

Obviously, the smaller companies are -- generally represent significant growth potential. Usually at the time they're getting ready to look at accessing public capital markets, they're poised for growth. That's why they're going public. That's why they're looking to raise funds at that stage and in that volume.

I also think -- and this is more anecdotal, so I don't have statistics to back this up. But my impression is the smaller cap companies also tend to represent a much broader range of industries than the mega cap companies, and it's not just tech. It's retail, et cetera. It's other -- it's other areas.

But sort of a subset of that that I think is worth mentioning is they represent a lot of innovation and represent dynamic and emerging sectors. And even more important than that, I think sometimes many of those companies are focused in areas or sectors that -- I don't know how to best characterize it -- but I think can bring a lot of value beyond just the pure economics. And the easiest example for me that comes to mind are life sciences companies. So I would throw in there, you know, med tech, biopharma. Health tech companies tend to be in that space and tend to be in the smaller -- in the smaller cap space as well.

I think on sort of the flip side of it, from an investor perspective, I also think small cap companies also offer a lot of opportunities and diversity because they might be less likely to attract what we would call the "traditional institutional investors," but I do think they offer great opportunities for, say, retail investors, family offices to invest, small tech companies.

And Trent may speak to this, but usually when they go IPO, they're going to go access the public capital markets again. They, you know, have a plan in terms of going back or follow-on offerings. And again, that brings, I think, vitality to the stock markets and additional investment opportunities for investors.

And, you know, we might touch on this later, but I think smaller companies tend to have a little bit more difficulty accessing traditional debt financing and traditional VC financing. So again, I think the IPO route is an important tool in their toolkit, from a capital formation perspective.

MS. HASELEY: Thank you. I think that was a really good intro to some of the reasons why companies are going public. And Trent, I'm curious what you'd have to say on the same question. And in particular, not just because you're the CEO of a small company that went public, but also because of the extensive finance background that you have, which you mentioned in your introduction. Why do -- why do small caps go public?

MR. WARD: I mean, capital is a big reason. They're into -- you know, the public markets are the -- are the deepest, most efficient markets out there. Private capital is small.

I think the other aspect is that, you know, if you start a business and you're raising money for friends and family and the kind of people that you know and then at the other end of the spectrum you have big institutions, there's a lot that's missing in the middle, right? And I think the quicker you can reach more investors and a broader set, the more available capital there is.

You know, I spent a lot of my career in Europe and I moved back to the U.S. a handful of years ago. The depth of our capital markets, our access to capital, is, you know, the most important thing we have as a country, probably. And that is -- you know, and that, plus the optimism of entrepreneurs, goes hand in hand with capital availability. I mean, I meet plenty of companies that aren't from the US that can't access capital and it really restricts them and really restricts growth and employment.

So, you know, as a product that the US has and sells, i.e., you know, capital access, it makes starting a business just easier and better. And that has, you know, obviously a lot of knock-on impacts for the country.

And so we need to make that more efficient, both for people that have capital and are looking to invest it, but also, you know, companies that are looking for, you know, capital as a resource. It pays dividends across the board

So, you know, the ability to go public with a small cap, I think is pretty unique to the U.S. There isn't really that option in many other countries. I mean, in the UK, there's a smaller market, but, you know, primarily resource stocks or other things and it doesn't have the same, I'd say reputation. Canada, obviously has a market that's sort of easier to get on.

But a lot of these frontier small cap or capital markets are -- I wouldn't say -- they don't have the brand name that, you know, a NASDAQ or a New York Stock Exchange has, or even with SEC protection, and that goes a long way for everyone. And so I think -- you know, I'm certainly proud of what has been built in the U.S. from a system perspective, but it definitely can be made more efficient and easier.

And in that capital formation process that I went through -- which a lot of entrepreneurs do for the first time. You know, I've been a stakeholder or participant in other elements of capital, so I had some perspective. You start a business, you have an idea and you have resources you need to marshal -- people, capital, you know, everything to build a business.

And, you know, it's a -- it's -- you oftentimes don't know where to go and your most scarce resource is your time. And it takes a long time to meet people, to talk to investors, then actually put you into talking to bigger pools of capital, which means institutional investors. And I think the VC community and the, you know, the Deca coins and the Uni coins are -- we'll see, get all the press.

But venture capital, and as it's structured, you know, as an industry, is a very specific tool. It's not the only product for early-stage capital. It's the one that gets all the headlines and it's there, but they have a specific business model of a power law return. They're looking for specific types of companies. You know, and it's -- you know, it's demoralizing for a lot of companies that don't fit that model, because they take it as a mark on admin and they don't realize that it's just -- it's, you know, sort of different strokes for different folks, right?

The product that VC sells us is for one specific type of business, but there's a lot of other types of businesses that are -- that can be successful and generate returns for investors that need access to capital. And that's where I think a broader market and access to capital and kind of more diverse companies is the right answer. And that, I think that's the opportunity.

There is some crowding out, I think, of people -- businesses trying to fit into the VC model and assuming that's the only path. And there are unintended consequences in that, namely signaling effects of those investors. If you don't quite fit the path, you can end up off the path, and then you don't have an opportunity to raise capital.

You know, there's asymmetry in private markets in a way that it's very challenging for companies to raise capital when an existing investor is no longer raising capital. You know, Peter Lynch said, "There's lots of reasons that people sell shares or don't invest in a company. There's only one reason they buy." And it's hard for investors to decode that or if you're trying to track capital from someone else.

So it's -- I think the early-stage capital process is narrow, in terms of where most of it is. And broadening that path to allow businesses to grow and to access bigger markets is critical.

MS. HASELEY: I think there was a really positive and welcome message in what you just said to folks listening and to all the entrepreneurs out there, right? And it fits this theme of "there is no one size fits all, there is no one path." And I appreciate you bringing that to the table. I hope we'll also be able to tackle a little bit later on.

You said there were some opportunities to make capital raising a little bit more efficient. So I'm interested in your thoughts on that, once we get there.

Before I segue into the next topic, I want to make a shameless plug to the audience for submitting questions. Please, if you're tuned in and you've got a question for our panelists, I think you can see that they are ripe and ready to share their insights. So write it into the chat and we can address it later on.

I'd like to take us now into the process of going public and some IPO challenges. Trent, you and your co-founder, you grew Interactive Strength through private financing. You mentioned it wasn't a typical financing road that you -- pathway that you took, as well. And you recently went public. I don't know if everyone in the audience knows, but it's you're just shy of your one year anniversary, right?

MR. WARD: We are. Yeah.

MS. HASELEY: I think so. So kudos. It's probably been a big year. But can you tell us some of the considerations that led you and your team to take the company public, and then talk to us a little bit about that IPO experience.

MR. WARD: Going public for us was accessing a new set of investors that were a better fit. And what I mean by that is, we are a -- we're a capital-intensive business and we're also a consumer business. And in early-stage capital or pools of capital, you can find specific investors that invest in capital-intensive industries, and you can find investors that invest in consumer businesses.

There's not a lot of overlap between those two, and part of it's to do with unable to de-risk the demand side, right? You spend a lot of money building something and then you don't know if consumers will buy it. And that sort of, I'd say, payoff structure doesn't fit. You know, consumer businesses tend to spend a little bit of money and get some proof points and kind of build, you know. You sell a few stores, then a few more and then you grow. Capital-intensive businesses tend to find a reference client that de-risk some of the investment.

And so we naturally had a very narrow group of potential investors, and we weren't the first in our space. And so when we looked at that, you know, sort of the different alphabet soup -- the series A, series B, series C, of kind of private investment -- we realized their work may have success and changing to an audience that -- or investor audience that would have a bigger aperture or wider aperture of what they see as attractive, was important. We are a consumer product and visibility -- you know, there's a lot of overlap between investors who have capital to invest, as well as people that would buy our product. So there's some benefit from that as well.

And, you know, I think the -- when we decided in this spring of '22 to go public, I think we'd already had some changes in the cycle. The market was turning. We'd made it through COVID, to some extent, but we were into the rate-rising environment. And it was clear that there were a bunch of companies that were -- that had made good products. But with all the demand pull-forward and all of the, I'd say the, you know, malinvestment maybe or misallocation of capital because it was so plentiful in the private markets, there were a lot of businesses that probably were going to struggle and we had a view that we could be a consolidator in that regard. And so having access to capital markets is important when you're trying to convince another company to join you.

Having a currency that potentially is liquid for the selling shareholders is important. So that was the other strategic aspect for us. And, you know it -- I'd say, the irony is that I ran the capital markets business and IPO business in Europe for a big hedge fund for a long time. And when my sort of lead investor that had done a number of biotech deals said, "We're going public," or, "We should get ready for it," I was surprised and I didn't think it was possible.

And so I learned kind of about that, you know, the small cap market. It does exist and is more robust than I understood. But also, going through it and going through that process, there's definitely room for improvement, right? And we can make it a better process.

So that was the long answer. I would say the last part of the question was really what our journey -- you know, candid, we had a -- we had a fantastic legal team behind us that had lots of experience. And full disclosure, Davina was our lead partner for her IPO. And, you know, I think she's -- she mentioned she had done probably 200 IPOs. And so I got a -- I got a legal education kind of the way through it. But, you know, I felt I understood why we were doing things, from an SEC perspective, and what had happened to reach those conclusions and how things would be enforced. And so, candidly, our path was relatively straightforward. And I think that just goes to lots of experience.

I think our challenges were more on the NASDAQ side, because they'd had some recent strange trading with IPOs, where very concentrated books and they didn't trade properly, I would say, and they -- it was just happening right as we were going public and so they had a heightened concern around it. And we sort of got caught up in the ambiguity about how to enforce the rules at the moment, which wasn't helpful, because there wasn't case history in it. It was -- it was new. And they were trying to figure out how to maintain integrity of market, but also keep a business going.

And then I'd say the biggest challenge and the things we were least prepared with were really around audit and financials. Just the level of detail that was needed, even if it didn't really have any meaning on the numbers or kind of information for investors, but it was required under, you know, GAAP audit and that felt inefficient in a short word.

MS. HASELEY: Okay, that makes sense. And it was a surprise to you even with your finance background, yeah?

MR. WARD: Yeah. I -- you know, I had been outside the U.S. for about 10 years and so -- and I was dealing in mega caps, so I just sort of assumed -- and we were big, big fund, very focused on liquidity. Small for us was under a billion dollars and we didn't really touch those types of companies. So I had a biased view kind of from that perspective, you know. But I think that -- you know, I've started to see a number of platforms. I have a friend that started one around kind of finding capital for Main Street and small businesses and SBA stuff. And that kind of very, very nascent level of capital formation is exciting.

So I think it's incredibly helpful and it's great for people who want to invest in businesses they understand and can touch and feel. And I think public markets can be intimidating and it's great for small investors. But there's a lot of room in the middle there where companies kind of need capital that I think that's probably what we're talking about now.

MS. HASELEY: Yeah, thank you. Thank you for that. Davina, from your perspective, how, if at all, are IPOs, the IPO experience, that process, different for small caps? Are there micro-cap-specific IPO issues that you and your teams tend to run across that you don't encounter in the larger offerings?

MS. KAILE: Yeah, and sure. First, Trent, thank you for the very kind words. And I -- you know, before I address that question in terms of the -- and I guess it relates to it, then in terms of the process, for, you know, in particular, on Trent's IPO. I think one of the reasons it's very smooth is honestly, on Trent's side and his whole management team, very engaged, their engagement process, which was extremely helpful. And I honestly -- lawyers work 24/7. I think on the IPO trend also work 24/7, so, you know, obviously a kudos to him. And we wouldn't -- you know, I think he's sort of was the key in the success of this process.

But in terms of differences in the IPO process for small cap versus a mega-cap deal, I think you know two come to mind. One is more general and obvious which is time, cost, and resources. So I always, when a companies say, "I'm thinking about going public, what should we do?" And I say, "Well, you know, as an attorney and in terms of deal execution, as much as you can prepare in advance before you actually kick off the process, is great. That is very difficult for a small-cap company because they are resource-constrained they are cost-constrained.

And obviously, getting ready means necessarily investing in a lot of resources that you might not otherwise do at that time and resources you may not have. And that includes, quite frankly, outside advisors, getting lawyers involved, getting your auditors involved, getting an IR firm involved, hiring internally to the infrastructure for SEC reporting experience, if you want in-house legal with SEC reporting experience.

So I think for small cap, the -- our sort of mega-cap deals I've worked on, companies have been much more in a better position to devote and allocate those resources to getting ready ahead of time so that once we have the first "organizational meeting," they're sort of already ready. All of the stuff we could have done in advance is done, and now they're just focused on IPO execution, and they also get to still focus on running the business. They're not getting pulled in 10 million directions.

Obviously, for a small-cap company, that is a very difficult ask, because, you know, as Trent said, the most valuable asset they have is time, and they don't have a lot of it. And obviously, the next valuable asset is cash and capital. If they had a lot of that floating around, they probably, you know, wouldn't be eyeing the capital markets at that particular moment in time. So there's a bit of a tension there. So I think that makes the process harder.

Trent alluded to it. Just some of the process requirements that you go through, sometimes it's easier for a larger company because they kind of are either exempt or it's easier for them to meet certain requirements and thresholds. Trent touched on one, which, you know, is a little bit more granular, but deals with execution.

For NASDAQ, for example, I do think there were some issues maybe with some recent IPOs that did not perform well. And obviously, you know, from a stock exchange perspective it's -- you would prefer to have companies that list and then continue to maintain that listing and thrive on the stock exchange, versus having issues right off the bat.

So there were additional, I'll just say, steps that were implemented that could become, you know, additional hurdles. And I think the worst case is they can actually delay the deal. So you've got your investors, the deals allocated, but because of -- and I'll just, I want to be very general. But extra steps can sometimes actually delay your ability to price and finish your transaction.

And the other one which I think isn't as obvious, is that for a mega-cap company, remember, their materiality threshold is pretty high. For a smaller cap company, that materiality threshold is pretty low. And Trent, you and I may have discussed this, but you said, "Well, should we disclose?" "Should we not disclose?" And I said, "Well, you should assume the starting point for you is the presumption that everything is material, because it's a smaller company."

So whether it's a quantitative or qualitative threshold you're using, in a way the process is harder than it is for a mega-cap company because you have to disclose a lot more and you -- the analysis is a little bit harder and it's just honestly more work.

And we'll talk about this later, but in terms of making the process more efficient -- and Trent heard me say this a lot too -- the cost of going public is at least the same, if not inversely proportional, to the amount of dollars that you are raising. Because you still need to do the audit, you still need the lawyers, you still need to go to the SEC, and you still need to go to the stock exchange process. And as a public company, you're subject to the same reporting regime, some disclosure accommodations, but for the most part the same reporting regime as a billion-dollar market cap. So, you know, I think those are all sort of factors I think about in terms of differences between smaller cap IPOs and micro-cap IPOs and the mega-cap IPOs.

MS. HASELEY: That's good. I'm glad you finished us off with the topic of frictions in the IPO process because I wanted to go back to that. And Commissioner Peirce asked us in her opening remarks to consider, could there be any reforms made to the IPO process that would improve it, you know, from the smaller companies' perspective.

And Commissioner Lizarraga, you know, he noted that, yes, there's scale disclosures. We have delayed compliance dates. And these certainly help companies as they on-ramp. But each of you have touched upon it, so I'm curious if you have any thoughts? Could there be more to reduce IPO frictions for small caps?

MS. KAILE: -- very helpful. And, you know, I thought on this because I know he just went through it. You know, I do think the scale disclosure accomodations are very helpful. And I will say from a -- and on the legal side, not on the audit side. But from the legal side, I think the SEC process tends to be pretty smooth. Whether you're a small cap-issuer or mid-cap-issuer, the disclosure and the rules are very, very clear.

Having done this a lot, you know, the expectations of what the Staff is looking for, and you can sort of anticipate and make sure that the disclosure is there, transparent, addressing the issues, especially ones that are hot button items for the Commission at any given point in time. So that process is good.

I think, some of the things I think about may be more applicable in terms of the on-ramp for smaller cap companies once they become public and staying public. Looking at the process and making it more efficient during the IPO, but helping those companies continue to avail themselves of some of those accommodations going forward.

Commissioner Peirce touched on some. The EGC on-ramp; 5 years, 10 years, you know, obviously would be great. I suspect there will be a lot of resistance to that, but I would propose a compromise somewhere 7 -- you know, 7 years, somewhere in that time frame.

Commissioner Peirce also touched on this, and probably if there's other securities lawyers on the call, might echo this. The accelerate -- the non-accelerated filer SRC definitions and the changes there. We spend an inordinate amount of time counseling clients on that, especially right after IPO, because we know the rule is cold, but for every client we need to go through and literally pencil it out, because the exit, the entry, the thresholds. So some consistency there.

There are -- they're aligned to a significant degree, but the EGC disclosure requirements and SRC disclosure requirements, they do vary in some circumstances. And I think taking another look at that and seeing where there might be some more harmonization might be helpful. And I think also, honestly, just taking a -- taking a step back and taking a fresh look at the overall disclosures required for smaller cap companies and keeping in mind this is a different investor base that they tend to target.

So there is a need for investor protection, transparency of disclosure, but maybe taking into account that, you know, it is a very different shareholder base that -- for most micro-cap and small-cap companies. And maybe more tailored and scaled disclosure accommodations that would provide information that might be of more utility to that set of investors versus, say, the traditional investors for a large, make-a-cap company.

I also sort of -- you know, I'm always intrigued about Reg A+ and why it isn't used more. And so in my copious free time, I might take a look at Reg A+ and that process and see if there's anything that can be ported over from a small micro-cap IPO process in the course of, you know, the regulatory views and stuff.

With that, I should stop. I always talk too much. So Trent, I'm sure you have other thoughts on this, too, on the efficiency.

MR. WARD: I mean, a lot of these rules have -- you know, they're not new. They've sort of evolved over time. I think, you know, disclosure is not a bad thing. I think there's some connotation of like, you're sharing too much, but I think in the SEC context and documentation, just both is really just explanation. Like it's -- I don't think we have felt any sensitivity around disclosure. It was more just the volume of things, but it took -- I didn't -- I didn't feel that it was that burdensome.

I think the -- I think the on-ramp into being public -- you know, if you tell companies they can raise $10 million and be a $50-million business, and that's kind of more clear, I think, or whatever the smaller thresholds could be, that'd be helpful, right? And sort of what's the -- what's the roadmap to that? As opposed to, "Here's your nine-month IPO plan and our advice is this or this." It looks like a club and a process that only applies to someone, you know, to a company that's a billion dollars.

Whereas, I think if you think about capital formation and what are the other steps, in the same way, template documents, safe structures, you know, where, you know, early-stage law firms have put out templates that are now easy. And anything you can do to standardize this, both from the legal side and, you know, all the documentation, but even just the process. How do you get -- you know, how do you get anything you move to securitization, right? You know, in the same way shipping and containers made everything easy, anything you do to make it more modular would be better. And having some of those steps be a part of it.

You know, same thing with the Reg A, right? Like I think it's still seen as a complex process, as opposed to, "No, we need your numbers to be accurate and done consistently for investors to review." We need certain of these things and start to build out that framework from a -- kind of a modular information perspective and disclosure that allows companies to kind of all walk/run into it, would be helpful.

But if we do this private and then public, and it's kind of a massive step-up, and there's actually not that much in the middle, but it seems like a real chasm. So I think some of either -- whether it's something like a regular market where there are stats, or whether it's just more marketing and communication around, it's not that hard, but these are the things you need, and that'd be helpful. I mean, that would make it more efficient, I think, as well.

You know, a lot of this stuff is -- lawyers hate it, right, because they always say every case is different. But like a lot of it is boilerplate, to some extent. Let's call it boilerplate, right, you know? And make it -- and make it not look as if it's bespoke, and just say, "These are the parts that are bespoke and these need to fit in a certain basket. And those are the ones you as an investor should look at because that's what's different." That would be helpful for both the investors as well as the company.

MS. HASELEY: Understood. That's really helpful feedback, both of you. I'm going to introduce the results of one of our polling questions because I think it's particularly salient to what you both just talked about and where we're going next.

We asked the audience what the greatest challenge facing smaller public companies seeking access to capital is, and respondents indicated that cost of compliance is the greatest challenge. So I mean, you both pretty much nailed and reflected that, right? Davina, you're mentioning that these smaller companies are -- you're taking on these fixed compliance costs before -- as part of your IPO prep, and then of course constantly after. And Trent, you're feeling that as well.

So as we shift now to considering the experience of small caps once they are public and really seeking to comply with ongoing reporting and listing requirements, and in some cases struggling to stay public, Davina, I'll turn it back to you. What do you think small cap leaders need to know about the challenges of staying public?

MS. KAILE: Yeah. So, you know, obviously time, cost, resource, and expense. You know -- and, you know, and I alluded to it earlier, it's -- and it's easy to get into this mind space. But all the run up to the IPO and doing the IPO, and when it's done, everyone's exhilarated and they're exhausted. But almost immediately, your lawyers are calling and saying, "Did you do that 8-K?" "Did you do that Section 16 report?" "Did you do this?" "Did you do that?" And you suddenly realize that you are literally talking to your lawyers and auditors every single day in order to stay ahead of the compliance and reporting regime.

So I think, you know, in terms of leaders of small-cap, micro-cap companies and things to keep in mind in terms of the experience of going through an IPO and being public is, you -- you'll -- you can be as prepared as you can and it's still, I think, gonna be a little bit of a shock to the system once you're -- once you're there.

And I know again Trent heard this, we say you know, you want to be ready to hit the ground running as a public company, be operating as a public company. That means reporting systems, right? Closing books, end of every month, end of every quarter, having those disclosures ready, disclosure controls and procedures. There's a million 8-K triggers now. Make sure your team knows that. Your lawyers will ask, but we don't know what's going on a day-to-day basis inside the company.

Again, smaller-cap companies, threshold is low. So many things you do will trip an 8-K for you, which may not trip one for, you know, a larger company. So yeah, I always say preparation, being very well versed in what's required as a public company, not just on the reporting, but also on the liability side. We've talked about, you know, obviously 10-Ks, 10-Qs, proxies, but directors and officers, director and officer insurance, regulation of fee. There's just so many -- there's many, many corporate governance requirements. And, you know, making sure that you are aware of that in advance -- again, tight resource allocation, but having that ready in advance.

And then just don't be surprised by the fact that all that time and money and effort that went into the IPO, as soon as you're closed and the money's in the door, you're devoting almost that same level of time, resources, and expense on a day-to-day basis going forward, to stay public. And we have seen a lot of small-cap clients run into this, which is they go public, the stock price pops, everything's great, and then there's this gradual trickle down in the stock price.

So the other thing I always caution them to be aware of is the ability to maintain listings. So think about it. When you're going to go public, it's not just getting the IPO done, but your ability to stay eligible on NASDAQ or New York Stock Exchange, and recognizing there'll be a lot of stock price volatility. While you are now a public company, you're still probably going to have some limited liquidity just because it's a smaller shareholder base.

It's also more of a retail-focused shareholder base. And so you'll see volatility, you'll see less liquidity. You'll see, honestly, potentially -- at least in the short term -- maybe a stock price decline. You know, I hesitate to raise this because I don't have a good answer, but limited research coverage on small cap companies also exacerbates all of those things. So it's wonderful you're public, you have money in the door, but now you're going to be spending all that money trying to stay public.

And oh, by the way, your success as a public company hinges to a great degree on the stock price performance. But guess what? You're a small cap company. For all of those challenges in the market for small cap companies, your stock price is now, you know, potentially declining. And one of the reasons you went public was so you could be, I call it a "repeat customer." You're going to go back. The intention was to go back into the public markets. If your stock price isn't performing great, you know, that makes it harder.

And it might be a little bit off category and we may talk about it later, but I also caution them that the other thing going through an IPO process is as a small- or micro-cap company, you'll need service providers. But depending on the size of your deal, let's say the universe of, let's say, investment bankers that might be focused on that market size, may be much more limited than, say, for a mega-cap issuer.

And so, you know, similarly, legal -- you know, services, IR firms, all service providers that help during the IPO process. So, you know, if I was advising a company ready to consider going IPO, but there's a small micro-cap, I'd say factor all of those -- factor all of those things in. Just, you know, you don't know what you don't know, but be prepared.

If you have a trusted advisor, ask questions, you know. They do it for a living, right? So you're going to hopefully do this once or twice. They do it for a living and they can be very helpful in that regard and honestly, have pretty frank advice about the rules are the rules, but there are ways to make that process efficient within that framework.

MS. HASELEY: Yeah. Well, thank you. That's a heavy list of challenges, a lot of which face all companies trying to stay public.

MS. KAILE: Yes.

MS. HASELEY: But the volatility in share prices is certainly one we have seen a lot, hear a lot about. And there was a law firm report from this year that was looking historically back and 2023 was just tough for all new public companies. There was a stat I found interesting. Last year, IPO companies ended the year trading a median of 56 percent below their offering price. And this wasn't just small caps. This is all the IPO companies, right? It was a -- it was a tough year. So we hear about those challenges a lot.

Trent, I'm gonna turn to you. I know we're on like the top of the hour, but really want to hear firsthand about your experience, your company's experience during this first year being public. What do you want to share with us? What do you think other C-suite teams need to know about that environment?

MR. WARD: One of the -- I mean, one of the things about having a stock price is -- well, it can be a distraction but, you know, there's emotional volatility with it going up or down. It makes you feel good, makes you feel bad. I lived with that for a long time in my previous career, so I think I had some preparation for that.

But price action is a self-fulfilling, you know? It's -- a stock can go down, and therefore people become more pessimistic and then the stock goes down further. It's -- momentum is a real thing. In absence of information, price is the only thing that investors see. And so therefore they assume -- you know, George Soros refers to it as reflexivity. Price action itself becomes information.

So that's one of the challenges is, you don't have the ability -- you report -- as much as you're always dealing with compliance, you actually don't report that frequently, that much information. You know, it -- or maybe the path doesn't change that frequently, especially if you're sort of looking at a mid- to long-term view, but your stock price can, and that's a challenge.

Lack of buyers is -- looks the same as sellers. I mean, it's sort of, it's like the counter-intruder -- not counter-intruder, but your price may be going down just because people are selling and there's no buyers. It doesn't mean people think it's less valuable. It's just that you have a supply and demand and you have to find a place. And that's challenging because finding new buyers takes time and energy. And it's not the most efficient to go out and talk to a bunch of investors, especially because bigger pools of capital institutional investors don't traffic in small caps usually.

So finding more efficient ways for companies to -- I mean, there's not that many public companies, right? It's not -- it's not a huge universe. Yet there's not -- you know, as much as there's EDGAR for filings, like, you know, where's the town square for companies to talk about what they are? I mean, there's small private conferences and other things, but there -- I think there should be more of a marketplace for that.

And research is a big part of that, right? You know, there -- the research -- the separation of creating commissions and research that happened years ago was before my time and at least -- I don't even know what the practice was. But having published research is important. I can tell you most -- if I were on the outside looking in at our public filings, it'd be impossible to -- the picture that one would paint is very different than the reality.

And it's just, we have to wait for time to pass and those to be published reports that are looking backwards. And so there's, you know, asymmetric information from a time perspective there, that everything that people see is backwards-looking. And there isn't -- and stocks really trade on future expectations. And so you have a real mismatch between how we're communicating information to the market and how investors make decisions.

And so, you know, this is where, you know, you end up in the big institutional investors are on the gray area of selective disclosure because you have access to management and the smaller investors don't. You know, in our market cap segment, that's less of an issue, but it's still there.

How do we get information to all investors in a -- in a -- in a more useful way and broader distribution? I think you need intermediaries. You need -- you need research. Investment banks aren't necessarily the right people to do that because they make their money by underwriting and commissions. So I think there is a -- there's lot of room to improve in that regard from kind of communication and research about the future.

But I appreciate that can be abused as well. And so it's -- you know, I think we're in a regime where the concern or abuse is so acute, that the answer is to not talk about it and to just let people figure it out on their own. And that's not actually helpful, especially for investors who maybe have some level of experience but aren't overly sophisticated or don't have the time because they have a full-time job.

So I think there's some challenges there, but for me, it's our information distribution is a backwards-looking element that isn't necessarily as applicable for kind of future stock performance.

MS. HASELEY: And I suppose that's, I mean, true of all public reporting companies. But it sounds like the retail investor base, or your investor base and investor bases like that for small caps, make it a different kind of problem when the information isn't -- it's being transmitted that way and there's just a different level of overlaid understanding on the --

MR. WARD: Or there's a bigger disconnect between what the future looks like and the past looks like. Whereas if you're a $10-billion business, it's quarter to quarter, there's a lot more stability. Consequently, your return financial's lower because there's more stability, right? You know, there's very few companies like Nvidia

But there's also a lot of history of people having followed for a long time. We have no history. We have to teach people. It takes a long time for investors to get that confidence. That really translates into delayed buying, lack of liquidity, other things that drive up the cost of capital that make it harder to go public, right?

So how do you accelerate that comfort and familiarity and kind of information, not so much disclosure, but dissemination, in a way that allows people to feel like they do when they go into a store and they go, "I'm buying this or buying that." I think there's such a disconnect between what the future could be and what information they have access to in a consistent format that it's -- I'd say the number one piece of information that investors in this market I'd have to say would look at is price action. And so then it's just about momentum and it's just

about follow -- it's just about trading and liquidity
and that becomes self-fulfilling to the negative
often, more so than to the positive.

MS. HASELEY: Yeah, understood. Thank you both. I'm conscious of the clock here. I love what I'm hearing and I hate to cut us short, but I want to give us some time for the audience Q&A, which has been very active while we've been chatting.

So to help us with Q&A, I'm going to invite Stacey Bowers, the director of our Small Business Advocacy Team. She's been monitoring the chat and she's going to take us through some questions now. Stacey?

MS. BOWERS: Thanks, Courtney. So Trent and Davina, I've really enjoyed hearing both of your insights into why companies choose to go public, what they should consider as a part of the process, the challenges that they face.

And so as Courtney said, now I'm going to try and bring in some questions from our audience. Some of those came in via the chat. We also got some questions earlier on in the registration process. And so I'm going to start with a question that came in from the chat. And Davina, I'm going to put you on the spot a little bit here. I apologize.

MS. KAILE: Sure. That's all right.

MS. BOWERS: So Erlinda in the chat asked, "Under what circumstances or what stage of the business would you typically recommend doing a Reg A offering -- sometimes referred to as a mini-IPO -- instead of going through an IPO for small caps? Whether it's a tier one, which is up to 20 million, or a tier two, up to 75 million?" And I know you touched on this a little bit earlier, but could you add some extra thoughts here?

MS. KAILE: Yeah. You know, and it's actually -- you know, kind of saying there's private -- there's companies, and then there's the IPO, and there's not -- there's sort of this gap in between.

And, you know, and we chatted about this a little bit before we started, but Reg A and especially Reg -- what we call colloquial Reg A+. It was intended to fill that gap, right? It was sort of a mini-IP -- and, you know, there was a lower tier and the upper tier. I think there was more appetite for the upper tier because, honestly, Blue Sky exemption, that was a huge, huge burden. And but of course, there's ongoing reporting obligations, et cetera. But a more streamlined process.

So, you know, honestly, I think -- and we didn't sort of touch on this, and I know we're sort of out of time. But I actually think a lot of companies that honestly are looking at a dSPAC -- so, you know, they are -- they're, you know, obviously pre-profit, sometimes pre-revenue, but they're at an inflection point, right? Where they need a big infusion of capital in order to take the company to the next level.

And maybe they're not ready to, you know, take on, you know -- and I don't want to even throw a number out there -- but the high cost of staying public and the number of -- you know, the outside service providers and their fees. You need to pay us, you need to pay a lot of firms, et cetera. But sort of, I don't want to say "emerging growth," because we use that term a lot. But companies that are sort of poised at that inflection point need that influx of cash, understand and still have the ability to have the resources to, you know, be compliant because there is ongoing reporting -- and have kind of that significant growth potential.

And so I was thinking about this question. I said, actually, I would take a hard look at those companies that are looking -- that were looking before the new roles, looking at a potential exit via dSPAC. And Reg A+ might actually be a good avenue for them because they can access more capital, they can provide some -- you know, they need to provide some disclosure.

It is a mini-IPO, right? And that, you know, with sort of the, you know, inadvertent or intentional sort of chilling or slowdown of the dSPAC market, I think that that that might be a, you know, company -- sort of in that sweet spot. Honestly, companies that are looking at IPOs -- obviously under a 50, you know -- you know, I would say in a $10 to 20-million range -- might look at a Reg A+ transaction as well.

It is also more of a retail-based component. So companies that think that they're current target investor base, but want to diversify that investor base, I think those would be the candidates to look at Reg A+. You know, and I was joking about it earlier, but I'm actually serious about it. At some point, I would love to do a deep dive into the psychology of why Reg A+ hasn't been a more attractive option.

And the two things I've heard, and this is just anecdotal and not scientific, was still some -- I'll use the term, sort of a "stigma" attached. You know, we were Reg A+. We didn't really do an IPO. We are reporting we're on NASDAQ, but we didn't really -- we weren't good enough to do a regular IPO, which isn't necessarily the case.

And the other -- and you know -- and Trent might nod his head, is that the Reg A+ process wasn't necessarily faster, cheaper, than doing a regular IPO when all was said and done. And if you're going to do that anyway, why not? And if you can find a banker who says they can market your deal as a "regular IPO," why not just do that? But again, that's anecdotal so I -- it is a question that honestly, if I find some copious time, I would love to dig into.

But that's a long-winded answer, but hopefully that was, you know, those are my views on that.

MS. BOWERS: No, that's great. And if you find that time to dig into it, we'd love to know what you know. All right. So with that, another interesting issue that was raised in our early registrations is around shareholder engagement. And that is including understanding who your shareholders are, communicating with them effectively, managing shareholder activism.

Davina, I'm gonna come back to you first.

In your experience, how have you seen small-cap companies
managing the challenges of shareholder engagement?

MS. KAILE: And, you know, I'll start by saying the rules, right, that are applicable for shareholder and public communications are the same for smaller cap companies -- (audio interference) -- micro-cap companies, larger cap companies. And there's this thing called Reg FD, so we need to be mindful of that. So, you know, I didn't touch on and talking about -- (audio interference) -- and he's wanting to undertake the IPO process.

The one thing I didn't talk about as much was community and transparency, and that there's two things to be prepared for as a company. One is, you're just internally at the company with your employees, there's an inevitable shift in company culture for companies going public that's open and transparent, even within your employee base as you might have been used to as a private company. Again, because of all these, you know, understandable rules and regulations. So making sure your employees understand that and you bring them along during the IPO process so they're not unpleasantly surprised.

But on the external side for your outside holders, it's actually a very similar vein as a private company, a lot of open dialogue, open communication, frequent one-on-one meetings with your large shareholders so that they get the information they want, et cetera. Part of going public is that dissemination, that information flow does work in bold. And you know, Reg FD, you give out some material -- you give out material information that needs to get to certain groups of people, but it needs to get out to everybody.

So one is, you know, I -- and I -- so I'm hesitating because of the resource issue. I do strongly encourage the smaller cap companies -- it is a cost component -- get a very good IR firm. They can be invaluable in helping you in terms of shareholder engagement, planning. They also, like lawyers, know the rules. But they, unlike lawyers, can often translate those rules to something more business practical advice and how to execute and stay within the rules.

But you know, you should have open engagement. I think it's important having open engagement with the shareholders. Obviously, keep in mind the rules. But try to stay ahead of it. Try to be preemptive in anticipating what their concerns are going to be. There are many, many ways to disseminate information in a REG FDA-compliant manner. So I think people unintentionally view REG FD as a chilling effect. It's not intended to be a chilling effect. It was intended actually to increase dissemination of information, you know, to various stakeholders in the company.

So, you know, encourage companies to do it. Just make sure you understand the rules. Get a great IR. They are -- they can be very --

(Audio interference.)

MR. WARD: -- burning out -- this year, they will buy the stock, right? Like it's not an immediate thing. And so it's a lot of time, it's a lot of energy and you have to do it. But if you do it well, then you have holders and they hold for a long time, but it just takes time.

MS. BOWERS: Great, that's great advice. Well, I know we're getting close to our time today. So I've got one last question that I'm gonna ask each of you. And it is, if you had one piece -- (audio interference) -- audience carries away with them from today's session, what would it be? And Trent, I'll go to you first this time.

MR. WARD: Accessing public capital and kind of broader audiences, I think, is easier than it probably feels from the outside, even if it's not easy or cheap. But it's something that I think more companies should think about as part of their plan in the future.

MS. BOWERS: Great, thanks.

MS. KAILE: Yeah, I was sort of gonna echo the same theme. You know, I was gonna say notwithstanding sort of -- you know, we talked I think a lot about challenges and ways to smooth out the process and increase the ability of small companies to access public capital. And notwithstanding all the challenges we sort of spoke of, I would just encourage small companies, don't be dissuaded. Because as Trent said, we -- this was focused on how to make the process better so we're inevitably talking about sort of the issues that came up and how to make things better.

But again, you know, I hope Trent -- I think you thought your process -- ultimately, you're happy you went through it and relatively smooth. You know, and yeah, so don't be dissuaded. You know, if you're -- you know, the -- you know, I'm not going to speak for the SEC, but I was always taught two principles, right? Investor protection, capital formation. And yes, there's a tension, but I think as a general rule with the -- you know, the regulatory regime has done a great job of balancing both of those concerns.

So if you're a company looking to go public, Reg A+, mini-IPO, traditional IPO. Please don't be dissuaded. There is a market out there. You're a critical component of the capital markets as well as the overall US economy and the last pieces. Obviously, don't be dissuaded, also be prepared.

MS. BOWERS: Great. Well, that's great advice to leave the audience with. So it's time to wrap things up today. So I want to say thank you again to our panelists, Davina and Trent, for sharing their perspectives with us. We really appreciate both of you taking time out of your day to join the SEC's Small Business Forum. And with that, I will turn it over to my colleague, Amy Reischauer, to wrap us up.

MR. WARD: Thank you.

MS. REISCHAUER: Hi. I'm Amy Reischauer, another member of the SEC's Small Business Advocacy Team. I want to thank you all for joining us for the 43rd Annual Small Business Forum. I also want to extend our thanks to all of our speakers for sharing their valuable time, voices, and stories this week.

On Tuesday, we heard from Donald Hawkin, Erika Lucas, and Jessica Murray about the successes and challenges that founders and funders face in early-stage capital raising.

Yesterday, Angela Lee, Trish Costello, and Beto Pallares shared their perspectives on how to support smaller funds and their managers and other investors as they invest in and build supportive ecosystems for small businesses.

And today, thank you to Davina Kaile and Trent Ward for your insights on the experiences of smaller companies as they become and remain public reporting companies.

Our SEC Small Business Advocacy team is thrilled that the forum brings together so many who share our team's passion about the importance of small businesses and the innovations that they bring to the table. I hope that each of you will continue to advocate and to amplify your voices. Please, take the time to engage with our office and send in your comments on proposed rules.

We also invite you to continue to share your stories with our offices, the good and the not-so-good. Let us know your ideas about how our office can expand the resources on our capital-raising hub. And if you like what you see, there is no greater compliment to us than sharing our information and resources with your own community and network.

We now invite you to review the policy recommendations that have been submitted and vote to prioritize the recommendations that are most important to you. You'll find those just below me here on the event platform, where the polling questions appeared earlier. If you weren't able to join us for an earlier day's session, you can still vote to prioritize recommendations from earlier in the week by clicking on the Agenda tab on the left here on the platform and then clicking through to the other day's watch pages. There, you'll find the recommendations in that same voting window. Thank you again for being part of the forum.

(Whereupon, at 2:21 p.m., the meeting was adjourned.)

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PROOFREADER'S CERTIFICATE

In The Matter of: SMALL BUSINESS FORUM
File Number: OS-0001
Date: Thursday, April 18, 2024
Location: Washington, D.C.

This is to certify that I, Maria E. Paulsen, (the undersigned), do hereby certify that the foregoing transcript is a complete, true and accurate transcription of all matters contained on the recorded proceedings of the investigative testimony.

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I, CONNOR MORRIS, reporter, hereby certify that the foregoing transcript of 60 pages is a complete, true and accurate transcript of the testimony indicated, held on April 18, 2024, at Washington, D.C. in the matter of:

SMALL BUSINESS FORUM.

I further certify that this proceeding was recorded by me, and that the foregoing transcript has been prepared under my direction.

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