



Securities and Exchange Commission

Government-business forum on small business capital formation

November 17, 2016

SeedInvest is a leading equity crowdfunding platform

Operate a wholly-owned broker-dealer to facilitate private placements.

Have launched ~1% of applicants historically. ⁽¹⁾

Perform independent due diligence on issuers before presenting on platform.

Utilize four different securities exemptions (506(b), 506(c), Reg A+ and Reg CF).

140,000

TOTAL INVESTORS

22,000

ACCREDITED INVESTORS

8,500

COMPANY APPLICATIONS

3,500

INVESTMENTS IN Q3

(1) SeedInvest's selection criteria does not suggest higher quality investment opportunities nor does it imply that investors will generate positive returns in investment opportunities on SeedInvest. You can learn more about our vetting and due diligence processes on www.seedinvest.com.

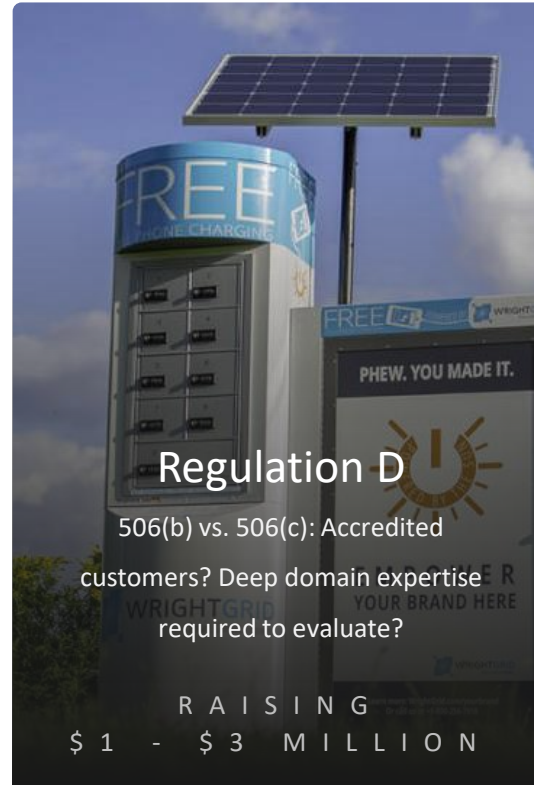
We recommend different paths for different companies



Regulation CF

Consumer facing and easy to understand; looking to build awareness about product or service.

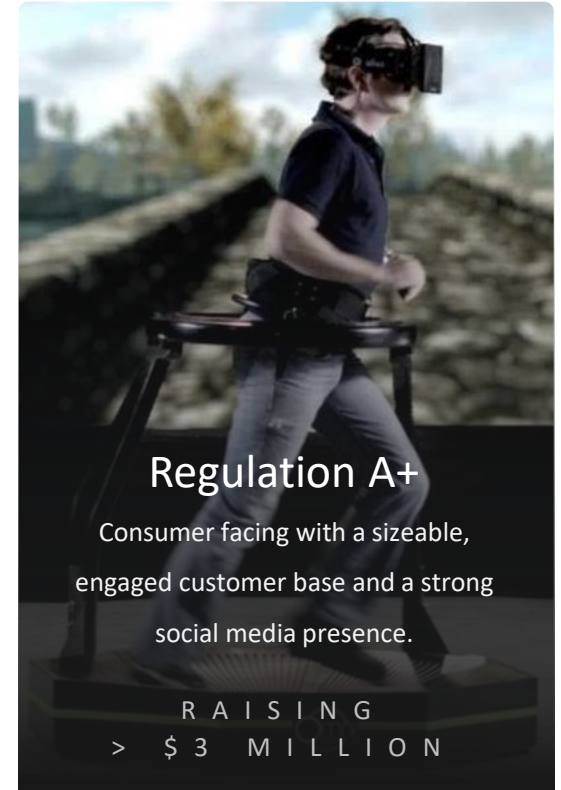
RAISING
< \$1 MILLION



Regulation D

506(b) vs. 506(c): Accredited customers? Deep domain expertise required to evaluate?

RAISING
\$1 - \$3 MILLION



Regulation A+

Consumer facing with a sizeable, engaged customer base and a strong social media presence.

RAISING
> \$3 MILLION

Reg CF: Early days but issuers showing increased interest

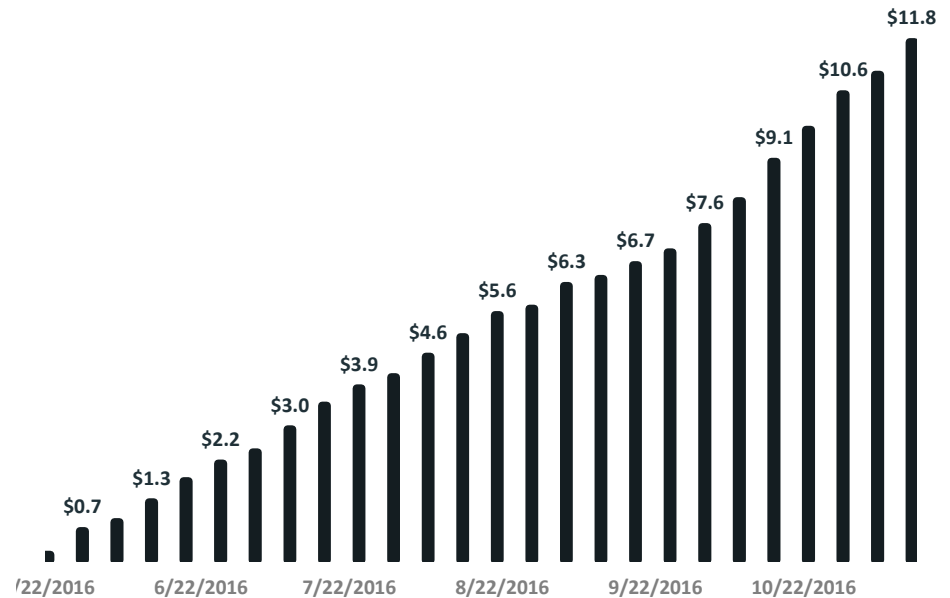
Reg CF has gotten off to a fairly slow start but that's to be expected (similar adoption in the UK).

More issuers utilizing Reg CF but we question what will ultimately play out with "listing service" platforms.

Ongoing public reporting requirements, cap table management, and overall cost/complexity remain the largest blockers to company adoption.

The "Fix Crowdfunding Act" would address some key obstacles to small business acceptance.

Total Regulation CF Investment Commitments



Source: NextGen Crowdfunding. Figures only include issuers who have met their minimum fundraising target.

Reg D: Declining usage of 506(c) but new possibilities

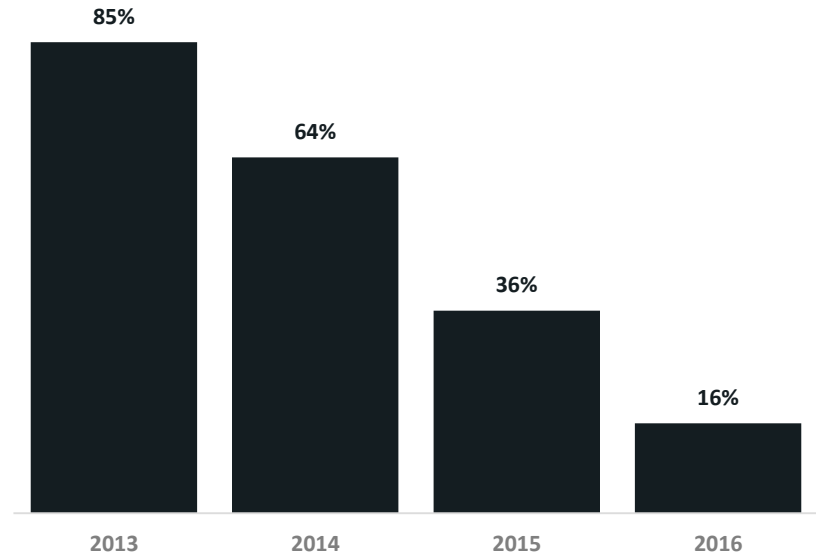
Percentage of companies utilizing 506(c) on SeedInvest has declined precipitously since 2013.

Companies which have sizeable, engaged customer bases have benefited significantly from utilizing 506(c).

However, for other companies, the friction of accreditation verifications has historically outweighed the benefits.

We expect Reg CF/Reg D “side-by-side rounds” to lead to a revival of 506(c) rounds.

% Of Seedinvest Issuers Utilizing 506(c) vs. 506(b)



Note: figures above include all issuers which have launched campaigns under Regulation D on SeedInvest since September 23, 2013.

Reg A+: Has shown significant promise thus far

Reg A+ has been powerful for consumer-facing companies to turn their customers into investors.

We have worked with companies in a wide array of industries: virtual reality, robotics, e-commerce, streaming music and internet of things.

We have seen a healthy blend of activity from both accredited and non-accredited investors.

The two primary obstacles to issuer adoption are ongoing reporting and audited financial requirements.

SeedInvest Regulation A+ Stats

8,500

TOTAL INVESTMENTS

83%

NON-ACCREDITED

\$1,150

Average Investment

55%

\$ NON-ACCREDITED

Note: figures above illustrate the number of investments initiated in each opportunity and do not necessary denote closed investments.

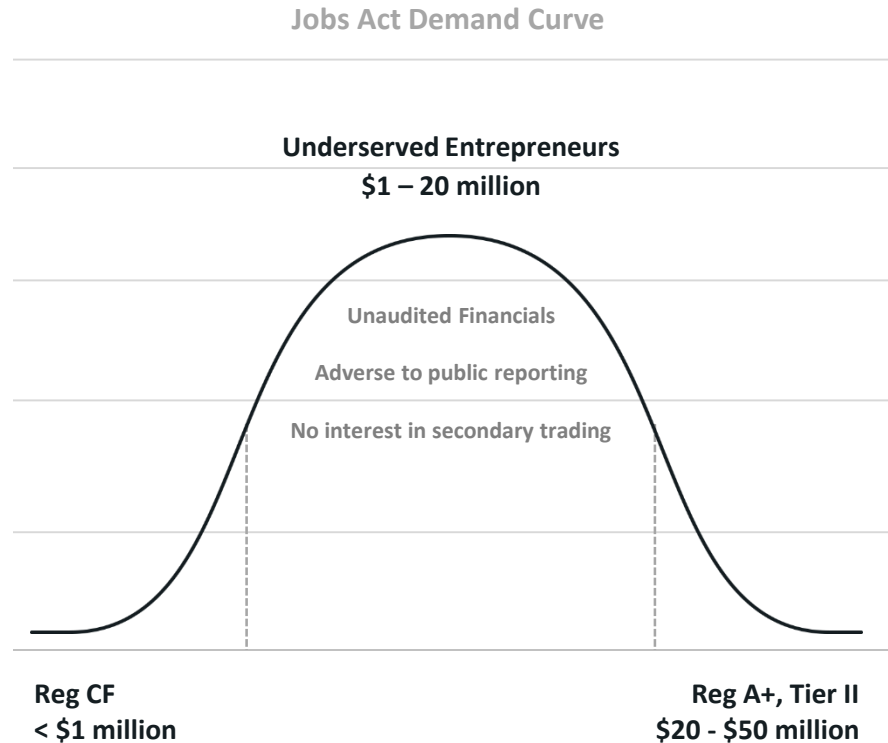
Reg A+: Substantial untapped potential remains

Reg A+ could dramatically improve small business capital formation with a few tweaks.

There would be large demand from companies looking to raise \$3-\$20 million if it were not for ongoing reporting and audit requirements.

Tier I does not require ongoing reporting requirements and audits but the Coordinated Review process has not been coordinated.

We propose either preempting state review from Tier I or amending Tier II to only require audits and ongoing public reporting if companies permit their shares to trade on a secondary market.



seedinvest

Ryan Feit

CEO & CO-FOUNDER

ryan@seedinvest.com | www.seedinvest.com