

U.S. Securities and Exchange Commission
SMALL BUSINESS CAPITAL FORMATION ADVISORY COMMITTEE

August 26, 2020

The Honorable Jay Clayton
Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1070

Dear Chairman Clayton:

On behalf of the SEC Small Business Capital Formation Advisory Committee, we are pleased to submit the below findings approved at the Committee's August 4, 2020 virtual meeting, during which we discussed how our capital markets are serving underrepresented founders and investors, and in particular how minority- and women-owned businesses and funds face barriers to entry due to less access to capital than their peers:

- The Committee acknowledges that the country is at an inflection point with respect to confronting matters of racial equity and inclusion, and access to capital is a powerful tool to help achieve racial and economic equity.
- Inclusion in the development of new business and economic growth is important to our national well-being, particularly for minorities and women.
- As evidenced by the statistics presented to the Committee in this meeting, including that minority-owned and women-owned businesses have significantly less capital when starting a business compared with new white-owned businesses, the Committee acknowledges that the capital formation rules may include impediments for minorities and women to access the capital markets.
- Regulatory action to improve the current capital-raising system – in which minorities and women have been underrepresented and inadequately supported – is critical.
- The Committee supports regulatory revisions to the capital-raising rules and ecosystem that promote increased opportunities for diverse entrepreneurs and investors, particularly minorities and women, and asks the SEC to take leadership in the area.

Respectfully submitted on behalf of the Committee,



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