



U.S. Securities and Exchange Commission

Small Business Capital Formation Advisory Committee

September 15, 2025

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

Dear Chairman Atkins:

On behalf of the SEC Small Business Capital Formation Advisory Committee, we are pleased to submit the below recommendations approved at the Advisory Committee's meeting on July 22, 2025, where the Committee discussed Regulation A.

Recognizing the importance of expanding access to early-stage capital raising, the Committee considered practical market considerations and regulatory challenges of Regulation A. Specifically, the Committee reviewed data about the relatively small share of small business securities offerings relying on the Regulation A pathway when compared to other pathways available to small businesses and then considered whether potential changes to Regulation A could facilitate increased use of, and thereby increased small business capital formation pursuant to, Regulation A.

The Committee's discussion of Regulation A, which encompassed member deliberation on this topic during the Committee's meeting on May 6, 2025, included consideration of current Tier 2 offering limits, costs and burdens associated with a Regulation A offering and ongoing reporting requirements, and challenges in terms of secondary trading.

Among other things, the Committee discussed (i) whether current Tier 2 offering limits and disclosure requirements are creating frictions that are resulting in the low usage of Regulation A, (ii) the interplay among Regulation A and other capital-raising pathways and exemptions, including the use of Regulation A versus a registered initial public offering or a Regulation D offering and the impact of state securities regulations on secondary transactions, (iii) the types of issuers that tend to rely on Regulation A, and (iv) the costs associated with Regulation A offerings, including costs associated with financial statement requirements and state and federal reporting requirements.

Members also considered exit opportunities for investors in Regulation A offerings and whether secondary market liquidity challenges may be a deterrent to issuers otherwise considering Regulation A. The Committee concluded that costs and secondary market liquidity challenges, and not the offering limits, were likely the main drivers for the limited use of Regulation A.

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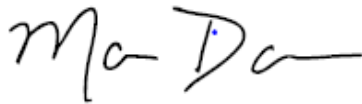
Nonetheless, there was considerable discussion as to whether substantially increased Regulation A offering limits would make a material difference on the ability of small businesses in certain sectors to raise capital.

After extensive Committee discussion:

The Committee recommends that the Commission increase the Tier 2 offering limit in Regulation A from \$75 million in a 12-month period to at least \$100 million in a 12-month period, and consider increasing such offering limit to a higher threshold if there is a demonstrated need (as supported by a Commission study or data, including data available to other governmental agencies such as the Small Business Administration).

The Committee further recommends federal preemption from state regulation for secondary sales by investors of securities initially sold pursuant to Tier 2 of Regulation A.

Respectfully submitted on behalf of the Advisory Committee,



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Committee Chair



Rose Standifer
Committee Vice Chair



Bart Dillashaw
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Committee Assistant Secretary

CC: Commissioner Hester M. Peirce
Commissioner Caroline A. Crenshaw
Commissioner Mark Uyeda