



U.S. Securities and Exchange Commission

Small Business Capital Formation Advisory Committee

April 14, 2026

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 February 24, 2026, where the Committee discussed "finders"—natural persons who assist companies with limited capital-raising activities in the private markets from accredited investors without registering with the Commission as a broker-dealer.

In an effort to promote small business capital formation, including access to capital for founders who are building businesses outside of prominent entrepreneurial hubs or without robust capital-raising networks, the Committee explored potential improvements to the rules governing finders.

The Committee's discussion of finders, which encompassed member deliberation on this topic during the Committee meeting on July 22, 2025, was informed by (i) review of the Commission's 2020 [proposed exemptive order](#) regarding finders and (ii) several industry practitioners, who shared with the Committee a range of views and experiences regarding finder activity, both in-person and through written correspondence. The Committee found that early-stage capital markets lack appropriate intermediaries, particularly for smaller capital raises, and that, despite ambiguity surrounding broker-dealer registration requirements, finders continue to operate and often provide critical network-building support to those with limited alternatives.

The Committee's discussion included consideration of potential principles, frameworks, conditions, and safeguards that could permit certain finders to engage in limited capital-raising activities. Among other things, the Committee discussed (i) how regulatory ambiguity regarding finders creates additional barriers to capital-raising by discouraging individuals who might otherwise provide finder services permitted under current rules; (ii) the structural mismatch between early-stage capital needs and the existing broker-dealer ecosystem, where many broker-dealers may be unwilling to engage in transactions below a certain size threshold; (iii) how finders often possess valuable market and deal knowledge, including familiarity with investor interests and investment expectations; (iv) the existence of bad actors and potential for abuse; (v) proposed limitations on finder activity; and (vi) the need for transparency, including certain disclosure about material

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aspects of finder involvement. While the Committee debated the specific parameters of a potential finders exemption, members overwhelmingly supported the general concept of a framework to permit certain finders to engage in capital-raising activities involving accredited investors.

After extensive Committee discussion:

The Committee recommends the following principles when considering a potential regulatory framework for finders:

1. Finders play an important role in facilitating the flow of capital to small and emerging businesses, and the current regulations discourage finder activity.
2. There is a strong need for regulatory clarity to distinguish finder activity from broker-dealer services, and a limited exemption from broker-dealer regulations for finders who assist companies should be adopted.
3. Federal preemption of state regulations should be considered when evaluating the effectiveness of any potential regulations or exemptions.
4. Past Commission proposals/non-finalized rulemaking limiting a finder's ability to contact investors or provide any commentary on the terms of investment was overly restrictive, and any regulation that gets re-proposed should permit finders to communicate with potential investors about the nature of the issuer and the terms of the financing.
5. Regulations requiring disclosure of the identity of any finders, fees paid to finders, and any relationships between the finder and the issuer or other investors would be appropriate if not overly burdensome.
6. Any registration process with which finders are required to comply should be minimal and open to non-professional participants to complete without needing assistance from professional advisors.
7. Regulations requiring oversight of, or responsibility for, finder activity by issuers could be appropriate if not overly burdensome.


The Committee further reaffirms the following recommendations of the Committee issued on [November 9, 2020](#):

1. The framework should be kept simple.
2. The framework should keep out bad actors.
3. The Commission should consider requiring a notice filing for all finders, which includes information on fees charged for finders' services.
4. The Commission should work with state securities regulators to provide additional certainty for market participants with coordination among the states and the Commission.
5. It is important that finders and issuers know the rules on how finders can assist with capital formation for small businesses.
6. The Commission should consider a blanket exemption for finders for offerings under a certain size.
7. The Commission should consider the issue of fees to finders, including the reasonableness around finders' fees and/or limits on the amount of finders' fees.
8. The Commission should add clarity on prohibited and permissible activities.

Respectfully submitted on behalf of the Advisory Committee¹,



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Committee Chair



Rose Standifer
Committee Vice Chair



Bart Dillashaw
Committee Secretary



Herbert Drayton III
Committee Assistant Secretary

CC: Commissioner Hester M. Peirce
Commissioner Mark Uyeda

¹ Following the meeting, the Committee's non-voting NASAA representative specifically requested a note that she does not support the recommendations.