

TOPLINE: Securities laws impede the ability of small and start-up businesses to raise the capital necessary to launch and grow.

BACKGROUND: Federal securities laws require businesses to spend potentially millions of dollars on specialized attorneys, accountants, and other compliance costs to lawfully raise capital unless an exemption applies. The exemptions, however, have become increasingly complex and expensive to navigate. State blue sky laws contribute to these [problems](#).

Action Items (Congress and the Securities and Exchange Commission (SEC)):

- **Exempt** small and intermittent finders from broker-dealer registration requirements and **provide a simplified registration process for private placement brokers**.
- **Simplify and streamline** [Regulation A](#) (the small issues exemption) and CF (crowdfunding).
- Amend the Internal Revenue Code to **disregard crowdfunding and Regulation A shareholders for purposes of the 100-shareholder limit** on S-corporations.
- **Preempt** blue sky registration and qualification requirements for all primary and secondary Regulation A and registered offerings.
- **Democratize access to private offerings** by [broadening](#) the definition of an accredited investor for purposes of Regulation D.
- **Allow** traditional self-certification of accredited investor status for all Regulation D Rule 506 offerings; **exempt** startup demonstration days and pitch presentations from general solicitation restrictions under Regulation D.
- **Exempt** small micro-offerings from registration requirements.
- **Exempt** peer-to-peer lending from federal and state securities laws and [reduce](#) the regulatory burden on Regulation CF debt securities.
- **Make the Emerging Growth Company exemptions permanent**.
- **Deregulate small broker-dealers and exempt private, non-custodial broker-dealers** from having to use a PCAOB-registered firm for their audits.

How It Would Make Life More Affordable:

- Expanding capital access would allow more entrepreneurship and innovation.
- It would increase competition and jobs by lowering small business costs.
- It would expand the number of investment options for ordinary investors.

Related Legislation: INVEST Act ([H.R. 3383](#)); Unlocking Capital for Small Businesses Act ([S. 4493](#) [118th Congr.], [H.R. 2590](#) [118th Congr.]); Fair Investment Opportunities for Professional Experts Act ([H.R. 3394](#)); SEED Act ([H.R. 4171](#)).

BOTTOMLINE: Entrepreneurs need more access to capital and less SEC regulation.