

U.S. SECURITIES AND EXCHANGE COMMISSION

REPORT ON THE
44TH ANNUAL

small business

APRIL 10, 2025 | FORUM



The U.S. Securities and Exchange Commission (SEC) hosts the annual Government-Business Forum on Small Business Capital Formation (Forum). The recommendations in this report were developed by the 2025 Forum participants. The recommendations are not endorsed by the SEC and, as with the remarks of SEC Commissioners and staff published in this report, do not necessarily reflect the views of the SEC, its Commissioners, or any of the SEC's staff members.

Digital copies of the prior reports and other materials related to previous Forums, dating back to 1993, are available online.

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Forum Highlights

ABOUT THE FORUM

The SEC's annual Small Business Forum is a unique event where members of the public and private sectors gather to provide feedback to improve capital-raising policy.¹ The Forum covers a broad range of issues affecting small businesses and their investors, from early-stage entrepreneurial ventures to smaller public companies.

The SEC's [Office of the Advocate for Small Business Capital Formation](#) (also referred to as the Small Business Advocacy Office) leads the event, in collaboration with each of the Commissioners and other offices and divisions across the agency. This year, representatives from five other federal and state agencies staffed tables in the exhibitor hall to share information about their resources and programming for small businesses.

PERSPECTIVES ON SMALL BUSINESS CAPITAL-RAISING

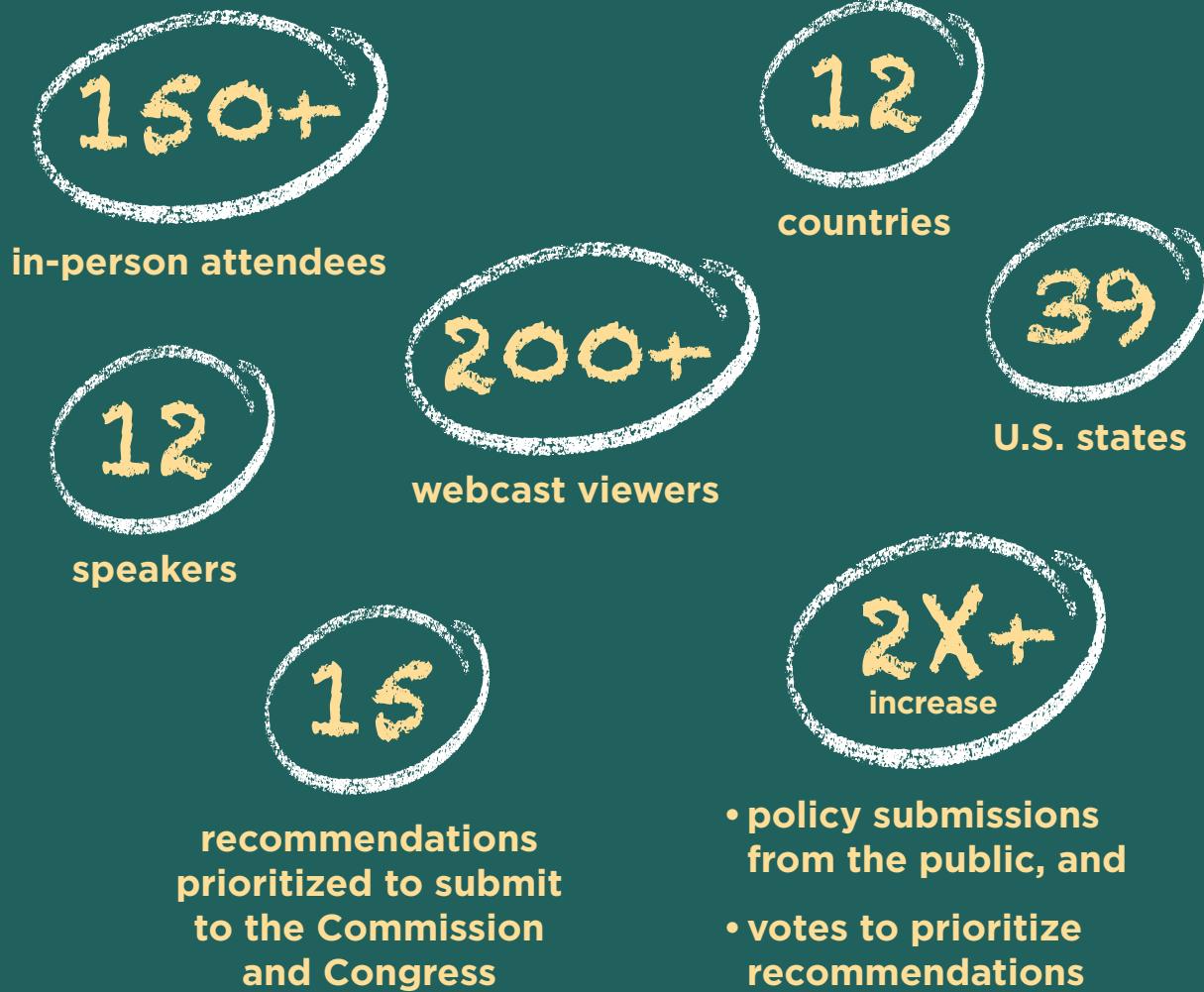
The 44th Small Business Forum took place on April 10, 2025, and featured appearances by each of the Commissioners and 12 speakers with in-depth knowledge of the issues facing small businesses and their investors across the country. As reflected in this year's theme of teamwork and collaboration, the Forum provided an opportunity for public and private sector market participants to highlight successes and challenges and to "huddle up" to strategize ways to improve capital-raising policy.

Participants at the Forum brought a breadth of perspectives to the policy deliberations, approaching capital raising from a variety of backgrounds, geographies, and lifecycle stages.² Each speaker session focused on a different stage of the capital-raising lifecycle.



From left to right: Sebastian Gomez, Troy Henikoff, Robert Holowka, Aziz Gilani, Zachary Fallon, Keith Zittle, Jasmine Jones, Brian Belley, Commissioner Caroline Crenshaw, Stacey Bowers, Acting Chairman Mark Uyeda, Commissioner Hester Peirce, Nicole Washington, Clay Rankin, Dave Lynn, Dr. Yunhao Chen, Andrew Prystai, Julie Zelman Davis, Amy Reischauer, Sheila Mikhail, and Jenny Riegel.

Forum at a Glance



Participants represented perspectives from across the small business ecosystem.

Researcher

Academia

Non-Profit

Founder Professional Advisor

Attorney Entrepreneur

Investor

Government

Advocacy/Trade Association

POLICY RECOMMENDATIONS

A hallmark of the Forum is the opportunity for participants to develop policy recommendations to improve capital raising. Based on feedback from prior Forums, and consistent with previous events, we invited participants to submit recommendations in advance and during the live event. Doing so fostered an inclusive environment where all voices could be heard while being efficient with participants' time.

At the conclusion of the day's discussion, participants were invited to speak briefly on any of the recommendations under consideration. Afterward, participants voted to prioritize the relevant recommendations based on their perception of the positive impact each would have on capital formation across the three company lifecycle segments: early-stage, growth-stage (including smaller funds), and small cap companies and the public markets.

Early-Stage Capital Raising

- Accredited investor definition
- Regulation D and Form D
- Crowdfunding
- Micro-offerings
- Digital assets
- Barriers to accessing capital
- Finders and bridging networks to investors

Growth-Stage Companies and Smaller Funds

- Private funds
- Barriers to entry for emerging fund managers
- Exempt reporting advisers
- Angel funds
- Retail investor access
- Secondary liquidity in private markets
- Business development companies

Small Cap Companies and the Public Markets

- Disclosure
- Regulation A
- IPOs (including SPACs)
- Small cap companies
- Research coverage and liquidity
- Ownership transparency
- Proxy process and proxy advisory firms
- Depositing and clearing securities

This report includes the top five recommendations from each lifecycle segment. Alongside each recommendation is a response from the Commission, noting any corresponding policy initiatives that have been made public.³ The Commission will consider Forum recommendations as well as other public comments for relevant policy initiatives.

An aerial photograph of a rowing team in a white boat on a dark blue body of water. There are ten rowers, each holding a double-bladed oar with a red blade. They are wearing dark blue jackets with orange accents. The boat is moving from the top left towards the bottom right, creating a series of concentric arcs in the water. The background shows more ripples and waves.

Forum Proceedings

One-on-One: Finding Home Field Advantage Outside Traditional Hubs

DISCUSSION HIGHLIGHTS

- » Accelerators, incubators, opportunity zones, state grants, and similar programs are effective in helping small businesses succeed. The presence of these programs in rural or other underrepresented communities can provide opportunities for start-ups to grow and scale before seeking larger VC investments outside their region.
- » Because of the geographic variation in salaries and cost of living, accredited investor qualification thresholds based on income or net worth tend to disproportionately exclude investors located in lower cost of living areas.
- » Experienced founders suggest that entrepreneurs move fast and consider getting their product in front of customers earlier rather than waiting for it to be perfect and potentially missing valuable market feedback.

SPEAKER



If we can get more of that initial capital, especially for that critical friends and family first round, then I think you're going to see a wave of innovation coming from the Midwest.

ANDREW PRYSTAI
CEO and Co-Founder
Event Vesta
Omaha, NE

Andrew, a two-time founder, is the CEO and co-founder of Vesta, an event discovery and promotion platform he started when he was frustrated by the pain he felt organizing events in Omaha. Since Vesta's founding in 2019, it has grown to promote over 60,000 events across the country including for prominent organizations. Vesta has been recognized as the 2021 Tech Startup of the Year and recently completed the Minnesota Twins Accelerator by Techstars in 2023. In addition to building Vesta, Andrew spends time working to improve Omaha's ecosystem, including by serving on the Omaha Chamber's Board of Directors, Public Policy Committee, and City of Omaha's Charter Review Convention.

Out of the Blocks: Strategies and Trends in Early-Stage Capital Raising

DISCUSSION HIGHLIGHTS

- » Venture capital funding is not right for every business. Some small businesses will not have the return potential to appeal to angel investors or venture capital groups but will appeal to smaller investors who are customers or members of the community. Entrepreneurs should think about what motivates their investors and who comprises their potential network of investors. Turning a customer into an investor can increase the lifetime value of a customer.
- » Crowdfunding creates opportunity for investors who want to invest in or support a company but may not meet the criteria for other types of investment. However, some entrepreneurs worry that using Crowdfunding implies they could not obtain other types of investment.
- » Improving Crowdfunding requires recognizing that two different types of companies are using it: traditional small businesses and high-growth start-ups, each of which requires different solutions.
- » Tight networks within investor groups, incubators, and accelerators may tend to discourage fraud or detect it more easily when it occurs. When considering changes to capital-raising rules, policy makers should differentiate between the risk of fraud and the risk of simple investment loss.
- » Some regulations designed to protect investors are burdensome for small Main Street businesses seeking to raise smaller amounts and can discourage capital raising. On the other end of the spectrum, raising the thresholds for certain capital-raising tools to allow larger businesses and investors to use them could result in better disclosure and compliance, which may better protect investors.



From left to right: Keith Zittle, Andrew Prystai, Julie Zelman Davis, Nicole Washington, and Clay Rankin.

SPEAKERS



We're living in an extraordinary time where technology and finance are converging to give everyday investors a seat at the table. Thanks to forward-thinking regulations, retail investors can now participate in shaping the future, while founders gain access to more diverse sources of capital—unlocking innovation and businesses that might never have existed otherwise.



BRIAN BELLEY

*Vice President
Kingscrowd
Manchester, NH*

Brian, an aerospace engineer turned tech entrepreneur, is Vice President of Product at Kingscrowd. He founded VentureWallet and Crowdwise, acquired by Kingscrowd in 2021, and has personally made over 230 angel investments across Reg CF, Reg A+, and Reg D offerings. Brian also serves on the Board and as Vice President of the Crowdfunding Professional Association (CfPA), advocating for innovation in capital markets such as regulated investment crowdfunding.



CLAY RANKIN

*Managing Director & Founder
North Coast Ventures
Cleveland, OH*

Angel investing is primarily focused on that gap in the marketplace between friends and family funding and the institutional venture capital funding focused on companies that are really proving their business model and getting traction in the marketplace.

Clay founded North Coast Ventures in 2006 as its Managing Director to provide early-stage capital to companies in Ohio, eventually expanding their reach nationally. NCV has seven funds with a current focus on B2B SaaS companies, raising over \$100M (including member sidecar investments), investing in 95+ companies, with \$60M currently under active management. NCV is one of the largest early-stage investment groups in the United States with over 500 members. Clay also serves on the boards of the Angel Capital Association, chairing their Public Policy and Nominating & Governance Committees, TPA Stream Inc., as chair, and Hyster-Yale Materials Handling Inc. (NYSE: HY).



Sometimes people don't even realize that angels often come before VCs, and when you look at the large tech companies that are out there today, almost all of them started with angel funding.



NICOLE WASHINGTON

Founder & CEO
Boralogix, Inc; Member Ohio
TechAngels Fund and TiE DC Angels
Washington, DC

Nicole is the founder and CEO of the technology consulting company Boralogix. She has been an active angel investor for over a decade as a member of the Ohio TechAngel Fund and TiE DC Angels and is a member of the board of the Angel Capital Association. Nicole started her management consulting career with Ernst & Young, LLP and has spent time in the U.S. Intelligence Community. As Director of Innovation and Growth at the non-profit accelerator Octane, she helped small businesses identify strategies for a successful start-up.



KEITH ZITTLE

Senior Associate
Michael Best & Friedrich LLP
Denver, CO

The more you can surround yourself in similar ecosystems and similar community of people who are also startup founders, and the more you are around angels and VCs, your network will just expand.

Keith advises entrepreneurs, start-ups, and emerging companies on a range of transactional matters with a focus on funding, formation, exit, and general corporate matters. He provides practical business and legal counsel to companies at every stage, including start-ups and emerging businesses, investors, and mature companies. Keith has represented companies throughout the startup funding lifecycle and focuses on growth-stage venture capital equity rounds, convertible note and SAFE financings, non-dilutive alternative financings, and ultimately, exits and acquisitions. He represents companies in a variety of industry sectors, including SaaS, HealthTech, Life Sciences, CPG, FinTech, and Ecommerce.

One-on-One: Going the Distance from Idea to Execution

DISCUSSION HIGHLIGHTS

- » Entrepreneurial support organizations (ESOs) are not just for early-stage businesses. They can help educate entrepreneurs who already have an established business with customers but may not yet know how to access capital or interact with investors.
- » The same business can grow faster or slower at different points, and plateaus can be part of growth.

SPEAKER



JASMINE JONES

CEO

Myya

New York, NY



Accelerators have really guided me in my business. I went from zero to one hundred because of an ESO program. It's important that these programs are being funded, so they can continue to open doors for entrepreneurs like me.

Jasmine is the founder and CEO of Myya, an online, insurance-billable mastectomy bra boutique. A Techstars alumna and Forbes 30 Under 30 honoree, she raised \$2.25M in venture capital. Jasmine built Myya to transform post-mastectomy care through telehealth innovation, and her experience blending institutional and community capital offers a case study in expanding access to entrepreneurship and building healthcare solutions that center on real people.



Stacey Bowers (left) and Jasmine Jones.

Teaming Up for Success: Game Plans for Growth-Stage Companies and Smaller Funds

DISCUSSION HIGHLIGHTS

- » Not every investor expects the same kind of return. Some investors want the business to thrive in their community or are motivated by being part of a successful venture. Non-financial recognition can appeal to these investors. Other investors are looking for a certain multiple of their investment. These situations call for different capital-raising paths.
- » There are tensions between expanding access to small or retail investors and addressing the risk tolerance and exit expectations of different kinds of investors.
- » Every investor wants to be able to exit at some point, but timeframes for exit have increased, and liquidity has decreased.
- » Fund managers may struggle to avoid tripping regulatory levers that determine which capital-raising or reporting paths they may use.
- » Some new businesses do fail. Limiting investors' investment options through caps does not necessarily protect them because it hinders their ability to diversify. Improving access to pooled investment opportunities and allowing investors to invest across more businesses can be a good form of investor protection.

SPEAKERS



The goal of our regulatory framework for capital raising should be to encourage and foster responsible innovation.



ZACHARY O'NEILL FALLON

Partner

Latham & Watkins LLP

San Francisco, CA

Zach represents clients navigating the intersection of federal securities laws and innovative financial technologies. He guides companies, investors, intermediaries, and other market participants on securities law compliance obligations and strategic considerations. Prior to rejoining Latham, Zach was co-founder and partner of a financial technology focused law firm and founder of a crowdfunding marketplace. He also previously served as a Senior Special Counsel at the SEC, holding roles in the Division of Corporation Finance and the Office of the General Counsel.



AZIZ GILANI

General Partner
Mercury Fund
Houston, TX

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Liquidity is top of mind for everyone in the market. If we can't find a way to make that cycle work correctly so that money goes back into our original investors' hands, then our future funds get starved of capital.

Aziz is a General Partner at Mercury, where he has been leading investments in early-stage technology companies for over 15 years. He focuses on investments in enterprise SaaS, Cloud, and data science startups. Aziz is a graduate of the Kauffman Fellows Program, a two-year program designed to accelerate the development of VC investors. Aziz also serves on the Board of the National Venture Capital Association. Outside of Mercury, Aziz is a Lecturer at Rice University's Jones Graduate School of Business where he teaches entrepreneurial finance.



Being an entrepreneur is one of the toughest paths a person can choose, but I cannot imagine a more rewarding career anywhere!



TROY HENIKOFF

Managing Director
MATH Venture Partners
Chicago, IL

Troy Henikoff is Managing Director of MATH Venture Partners and a Senior Advisor for Techstars. Troy was a Co-founder of Excelerate Labs in 2010, which became Techstars Chicago in 2013. He also helps manage the FireStarter Fund, teaches Entrepreneurship at Northwestern University's Kellogg School of Business, and is on the board of the Chicago-land Entrepreneurial Center—better known as 1871. Prior to Techstars Chicago, Troy was the CEO of OneWed.com, the President of Amacai, and co-founder and CEO of SurePayroll.com. Troy built the technology for Jellyvision (creators of “You Don’t Know Jack!”) and was the President of Systemetrics. His first company was Specialized Systems and Software.

One-on-One: Highlights from a Serial Entrepreneur Championing Innovation

DISCUSSION HIGHLIGHTS

- » Some mature or later-stage companies eschew traditional venture capital and angel models, accessing creative funding sources, like venture philanthropy grants, investments from family offices, technology bartering, Small Business Innovation Research programs, and international sources.
- » An IPO is not the only exit for a mature or later-stage company—merger with or acquisition by another company, that provides a longer-term horizon for development and growth, might be right for some companies.

SPEAKER



“

Be passionate about what you're doing. If it's hard to get up in the morning, do something else.

SHEILA MIKHAIL

Founder & CEO

Jurata Thin Film

Chapel Hill, NC

Sheila Mikhail has nearly 25 years of biopharmaceutical leadership experience. She co-founded and led companies such as AskBio, Bamboo Therapeutics, Chatham Therapeutics, and Viralgen VectorCore, all of which were later acquired by larger pharmaceutical companies, including Bayer, Pfizer, and Baxter. In further pursuit of expanded global access to healthcare, Sheila recently co-founded Jurata. In 2017, she co-founded Columbus Children's Foundation, supporting children with rare neurological diseases. After her 2022 breast cancer diagnosis, she formed BC-Ruckus to advocate for early breast cancer detection.

Small Cap Playbook: Entering and Advancing in the Public Market Arena

DISCUSSION HIGHLIGHTS

- » Acting like a public company in advance of going public—focusing on compliance, internal controls, how the company will interact with investors, how to communicate the company story—helps to prepare for going public and will often lead to answering the question “Why am I going public in the first place?”
- » Going public can enhance a smaller company’s profile and give it a level of credibility and transparency that the private market doesn’t offer. It can also unlock the ability to invest in research and development and scale growth.
- » The market infrastructure is no longer ideal for smaller IPOs. Smaller issuers often struggle to find quality advisors and secure institutional capital even when there is interest. While there is not necessarily a regulatory fix for this, policy makers can consider improving other on-ramps to the public markets that are better suited for smaller companies.
- » After going public, small cap companies face significant annual compliance costs related to quarterly and annual reporting, which can range from \$1-2 million annually.
- » Disclosure is paramount to a new public company. Rightsizing and scaling disclosure—allowing a small company to file semi-annual reports during the first 3-5 years—would level the playing field and make sense.

SPEAKERS



Going public is very important to enhance the company's profile, especially for companies in the consumer product industry...[However,] as soon as you become public, the compliance work starts, and then the quarterly reporting starts, and it's an endless loop for small companies.



DR. YUNHAO CHEN
CFO
Massimo Group
Plano, TX

Dr. Chen is CFO of Massimo Group, a manufacturer and distributor of powersports vehicles and recreational watercraft. Massimo Group completed its IPO in 2024. Prior to joining the company, Dr. Chen was CFO of another Nasdaq-listed company, where she led the company through its initial public offering process, directed and managed the company's financial reporting and accounting functions, and oversaw the company's investor relations and capital markets functions. Dr. Chen holds a PhD in Accounting and an MBA in Finance, has taught at several universities, and has presented and published research results in accounting and finance journals.



DAVE LYNN

Partner

Goodwin Procter LLP

Washington, DC

“

Act like a public company before you become a public company. You really have to build that muscle by focusing on your compliance program and your internal controls, thinking about how you will interact with investors and how you communicate the company's story.

Dave is a partner in Goodwin's Capital Markets group and chair of the firm's Public Company Advisory practice. His law practice is focused on advising companies, boards of directors, and underwriters on regulatory matters, capital markets transactions, and corporate governance. Dave previously served as Chief Counsel of the SEC's Division of Corporation Finance, and he is Senior Editor of TheCorporateCounsel.net. Dave also serves as an Adjunct Professor of Law at the Georgetown University Law Center, where he teaches a course on exempt securities offerings.



From left to right: Sebastian Gomez, Dr. Yunhao Chen, Dave Lynn, and Stacey Bowers.



We asked participants...

What are the biggest barriers to accessing capital?

#1

"Network and connections to investors"

"Information, education, and knowledge" and **"Laws, policies, and regulations"** were the next biggest barriers.

How have you raised capital?

63%
(of respondents)

"Friends and family investors"

55% of respondents reported **"Grants, loans, or other non-dilutive funding."**

38% of respondents reported **"Venture capital investors or other private funds."**

What are the greatest challenges facing small cap companies?

#1

"Liquidity"

The next greatest challenges were **"Cost of compliance,"** **"Reporting requirements,"** **"Research coverage,"** and **"Volatility."**



Forum Recommendations

Early-Stage Capital Raising



Expand regional, federal, and state options available for non-dilutive funding or debt forgiveness to support the earliest stages of entrepreneurship.

COMMISSION RESPONSE

The Commission supports efforts to provide and improve accessibility of resources to support entrepreneurs and their investors. In 2021, the SEC's Office of the Advocate for Small Business Capital Formation, in partnership with other SEC offices and divisions, launched and continues to update and expand a centralized hub of [Resources for Small Businesses](#)⁴ on SEC.gov, which serves as a portal for educational resources to support entrepreneurs and their investors, including the [Funding Roadmap](#),⁵ illustrating various dilutive and non-dilutive funding sources for small businesses. The [Additional Resources](#)⁶ section of the hub includes links to tools and information for small businesses and their investors from other agencies on non-dilutive capital.

Through the SEC's work overseeing investment products and services available to investors, staff often receive recommendations and comments from investors and other stakeholders on ways to improve the available investment opportunities. The Commission will consider this Forum recommendation in connection with its various initiatives. Expansion of federal, regional, and state options for non-dilutive funding, such as grants and loans, and the implementation of debt relief or debt forgiveness programs, would require action by federal, state, and local governments, as well as other institutions and entrepreneurial support organizations.



Expand collaboration among federal and state organizations, entrepreneurial support organizations, non-dilutive funders, and early-stage investors.

COMMISSION RESPONSE

The Commission regularly evaluates ways to improve its capital-raising rules.

The SEC's Office of the Advocate for Small Business Capital Formation, in partnership with other SEC offices and divisions, routinely collaborates with other federal and state organizations, entrepreneurial support organizations, early-stage investors, and other actors and thought leaders in the small business ecosystem. The SEC's Office of the Advocate for Small Business Capital Formation will continue to seek engagements with a wide array of audiences across the country. A number of these events have already included collaboration with staff from other federal agencies, including the Small Business Administration, the U.S. Department of Commerce, the U.S. Department of the Treasury, and the U.S. Patent and Trademark Office.

In addition, the Commission welcomes ideas for how our federal securities laws can support entrepreneurial ecosystems across the country. The Commission will consider this Forum recommendation in connection with its regulatory initiatives and other strategic efforts.



Expand the accredited investor definition to include additional measures of sophistication, including through an investor test.

COMMISSION RESPONSE

In 2020, the Commission adopted amendments to the definition of “accredited investor” under Regulation D of the Securities Act of 1933 (Securities Act) that added ways for individuals to qualify as accredited investors and participate in private offerings.⁷ This included amendments allowing natural persons to qualify as accredited investors based on certain professional certifications, designations, or credentials.⁸ The amended rule includes a nonexclusive list of attributes that the Commission will consider in determining which professional certifications and designations or other credentials qualify a natural person for accredited investor status.⁹ In a related order, the Commission designated holders in good standing of the Series 7 (Licensed General Securities Representative), Series 65 (Licensed Investment Adviser Representative), and Series 82 (Licensed Private Securities Offerings Representative) licenses as accredited investors.¹⁰ The Commission may designate additional qualifying professional certifications, designations, and other credentials by order.

On December 14, 2023, the Commission published a staff report regarding the accredited investor definition.¹¹ The report was published in connection with the requirement under the Dodd-Frank Wall Street Reform and Consumer Protection Act for the Commission to review such definition as it pertains to natural persons every four years. The report focused on changes in the composition of the accredited investor pool since the definition was adopted, considered recommendations of prior Small Business Forums, among other sources, and solicited feedback from the public.

The Spring 2025 Regulatory Agenda of Federal Regulatory and Deregulatory Actions (Spring 2025 Regulatory Agenda) includes initiatives to consider further updates to the Commission’s rules related to exempt offerings to simplify the pathways for raising capital for, and investor access to, private businesses.¹² The Commission will consider this Forum recommendation in connection with its regulatory initiatives.



Revise Regulation Crowdfunding to ease the requirements for issuers (such as advertising and financial statement requirements) and compliance with non-accredited investment limits.

COMMISSION RESPONSE

The Commission regularly evaluates ways to improve its capital-raising rules. In 2020, the Commission adopted amendments to Regulation Crowdfunding that were designed to improve the workability of that exemption for efficient capital raising by issuers while continuing to provide important investor protections.¹³ The Spring 2025 Regulatory Agenda includes initiatives to consider further updates to the Commission’s rules related to exempt offerings. The Commission will consider this Forum recommendation as well as the effects of the recent rule amendments in connection with its regulatory initiatives.



Support entrepreneurs, including underrepresented founders such as those in rural and natural disaster areas, with technical assistance to understand how to access capital from investors.

COMMISSION RESPONSE

The Commission supports efforts to provide and improve accessibility of educational and technical resources to support entrepreneurs and their investors. As noted above, in 2021, the SEC's Office of the Advocate for Small Business Capital Formation, in partnership with other SEC offices and divisions, launched a centralized hub of [Resources for Small Businesses](#) on SEC.gov,¹⁴ which serves as a portal for educational resources for entrepreneurs and their investors on how to comply with securities laws when raising capital. The resources are tailored to be accessible for various levels of familiarity with capital-raising rules and regulations, from very early entrants to the capital-raising framework to more experienced users seeking guidance on specific rules. They are regularly expanded in response to feedback from small businesses and their investors. The resources available from the hub have received over 2 million visits since its launch and include:

- [Funding Roadmap](#)¹⁵ that illustrates various funding sources for small businesses;
- [Glossary](#)¹⁶ of key terms that makes the language of capital raising more accessible to small businesses and their investors;
- [Navigate Your Options](#)¹⁷ interactive tool that explores regulatory pathways available to raise capital, through which users answer a series of questions to identify the most relevant pathways to raise capital based on their specific needs;
- [Capital Trends Maps](#)¹⁸ that provide data on where capital is being raised across the country under various offering pathways; and
- Capital-Raising [Building Blocks](#)¹⁹ that provide a suite of educational materials that break down fundamental securities law concepts into plain language.

The SEC's Office of the Advocate for Small Business Capital Formation, in partnership with other SEC offices and divisions, has engaged with small businesses, investors, and other thought leaders in the market to highlight these new educational resources and will continue to seek engagements with a variety of audiences across the country. In addition, the Office of Small Business Policy in the SEC's Division of Corporation Finance lists its number and has an “interpretive advice and other assistance” request form on the Division’s public website and responds to questions regarding the application of the federal securities laws to small businesses, including questions regarding “[s]maller public companies and limited, private and intrastate offerings of securities.”²⁰ The Commission welcomes continued engagement and ideas to improve the resources.

Growth-Stage Companies and Smaller Funds



Expand retail investor access to private investments, including access to registered funds that invest in private offerings.

COMMISSION RESPONSE

The Commission and its staff have heard from market participants interested in expanding retail investor access to funds seeking to invest in earlier-stage exempt offerings. In addition, the SEC's Asset Management Advisory Committee and the Small Business Capital Formation Advisory Committee have both weighed in on this topic.²¹ The Commission and its staff are making private fund exposure more accessible to retail investors. For example, at the Chairman's direction, the staff recently published guidance stating that it would no longer provide comments requesting registered closed-end funds that invest more than 15 percent of their assets in private funds to limit their shares to accredited investors.²²



Expand regional, federal, and state programs and funding to support emerging fund managers.

COMMISSION RESPONSE

The Commission supports efforts to enhance support for and improve resources available to fund managers and entrepreneurs who raise capital. As described above, in 2021, the SEC's Office of the Advocate for Small Business Capital Formation, in partnership with other SEC offices and divisions, launched a suite of educational resources to support entrepreneurs and their investors, including content to help support emerging fund managers, their investors, and their portfolio companies.

Through the SEC's work overseeing investment products and services available to investors, staff often receive recommendations and comments from investors and other stakeholders on ways to improve the available investment opportunities. The Commission will consider this Forum recommendation in connection with its various initiatives. Expansion of federal, regional, and state programs and funding to support emerging managers would require action by federal, state, and local governments, as well as other institutions and entrepreneurial support organizations.



Bolster and expand tax incentives to encourage capital commitments to small businesses and emerging fund managers and promote equity ownership in order to drive investment in the startup and small business ecosystem.

COMMISSION RESPONSE

One prong of the Commission's mission is to facilitate capital formation. The Commission regularly engages with businesses, investors, and other thought leaders in the small business ecosystem to gather feedback and identify ways to facilitate capital formation. The Commission and staff will consider this Forum recommendation in connection with these efforts. Changes to Title 26 of the United States Code, the Internal Revenue Code, would require Congressional action.



Encourage venture capital and institutional investors to invest in underrepresented founders.

COMMISSION RESPONSE

One prong of the Commission's mission is to facilitate capital formation. Pursuant to the statute that created the SEC's Office of the Advocate for Small Business Capital Formation, that Office identifies problems small businesses have with accessing capital.²³ As described above, in 2021, the SEC's Office of the Advocate for Small Business Capital Formation, in partnership with other SEC offices and divisions, launched and continues to update and expand the centralized hub of Resources for Small Businesses on SEC.gov, which serves as a centralized portal for educational resources to support entrepreneurs and their investors. It includes content to help support emerging fund managers and founders. The Commission will consider this Forum recommendation in connection with this and other initiatives.



Preempt state blue sky laws for off-exchange secondary trading in companies that make available robust, publicly accessible, and timely public information, such as information required by Regulation A Tier 2.

COMMISSION RESPONSE

The Commission previously solicited public comment on whether federal preemption should be extended to additional offers and sales of securities, in both the June 18, 2019, concept release that requested comment on ways to simplify, harmonize, and improve the exempt offering framework to promote capital formation and expand investment opportunities while maintaining appropriate investor protections;²⁴ and in the March 4, 2020, proposed rule proposing amendments to harmonize and streamline the Commission's rules for exempt offerings under the Securities Act to enhance their clarity and ease of use.²⁵

The Commission will continue to consider the comments received and this Forum recommendation in connection with ongoing initiatives.

Small Cap Companies and the Public Markets



Streamline the SEC registration process for smaller businesses.

COMMISSION RESPONSE

In 2018, the Commission adopted amendments to the “smaller reporting company” definition that expanded the number of companies that qualify for scaled disclosure accommodations.²⁶ In addition, in 2020, the Commission amended the accelerated filer definition to reduce unnecessary burdens and compliance costs for smaller issuers.²⁷

The Spring 2025 Regulatory Agenda includes initiatives on the enhancement of Emerging Growth Company accommodations and simplification of filer status for reporting companies as well as shelf registration modernization. The Commission will consider the Forum recommendation in connection with its various initiatives.



Clarify that the definition of a dealer does not include investors in small and microcap markets.

COMMISSION RESPONSE

SEC staff regularly engages with market participants, including the types of market participants named here, regarding issues related to the application of the dealer definition and the associated registration requirements. The Commission welcomes continued dialogue with investors in small and microcap markets on this issue and will consider this Forum recommendation in connection with its various initiatives.



Revise Regulation A to increase the Tier 2 offering limit from \$75 million to \$150 million and improve companies’ access to capital.

COMMISSION RESPONSE

The Commission raised the Tier 2 Regulation A offering limit from \$50 million to \$75 million in 2020. In addition, the Commission is required to review the offering limit in Regulation A biannually. The Spring 2025 Regulatory Agenda includes initiatives to consider further updates to the Commission’s rules related to exempt offerings. The Commission will consider this Forum recommendation in connection with this review and other initiatives.



Collaborate with clearing firms, transfer agents, and broker-dealers to improve the clearing and settlement process for small public companies and securities traded over the counter.

COMMISSION RESPONSE

SEC staff regularly engage with market participants, including the entities and types of market participants named here, regarding issues related to the national clearance and settlement system. The Commission welcomes ideas to improve the clearance and settlement process for small public companies.



Revise Regulation A to allow for a permanent exemption from registration under Exchange Act Section 12(g) to allow a Regulation A issuer to continue to report under Regulation A.

COMMISSION RESPONSE

Currently, securities issued in a Tier 2 Regulation A offering are conditionally exempt from the provisions of Section 12(g). Generally, the conditional exemption is available for smaller issuers that are current in their Regulation A reporting obligations and use a transfer agent. In adopting the conditional exemption, the Commission considered feedback from public commenters, the intent of Section 12(g), investor protection, and the intent behind Title IV of the JOBS Act, which was enacted to facilitate smaller company capital formation. The Commission was also concerned that the lack of an exemption could undermine the utility of Regulation A. The Commission will consider this Forum recommendation in connection with its capital formation initiatives.





Forum Advisory Planning Group

The SEC's Small Business Advocacy team convened a Forum Advisory Planning Group to provide strategic input on the Forum.²⁸ Members brought additional perspectives to the Forum planning process, weighing in on improvement opportunities from prior Forums, identifying emerging issues impacting access to capital, highlighting potential speakers, and promoting the event within their networks.

Business and Professional Organization Representatives

Brian Belley

Vice President, Board of Directors

Crowdfunding Professional Association

Alexis D'Amato

Government Affairs Director

Small Business Majority

Patrick Gouhin

Chief Executive Officer

Angel Capital Association

Holli Heiles Pandol

Policy Counsel

Carta

Emily Pollack

Deputy Managing Director, US Marketplace

Republic

Ashlyn Roberts

Senior Director of Government Affairs

National Venture Capital Association

Bonnie J. Roe

Chair of the Small Business Issuers

Subcommittee, Business Law Section's

Committee on Federal Regulation of Securities

American Bar Association

Eli Velasquez

Co-Founder and Managing Partner

Investors of Color

Chad Wessel

Director, Industry Analysis

Biotechnology Innovation Organization

Non-Profit and Academia Representatives

Katie Allen

Senior Vice President

Center for American Entrepreneurship

Victor Hwang

Founder and CEO

Right to Start

Gregory Brown

Research Director

Institute for Private Capital,

UNC at Chapel Hill

Rodney Sampson

Executive Chairman, Opportunity Hub; SSBCI

VC Fund of Funds Manager, North Carolina

and Alabama; Nonresident Senior Fellow

Brookings Institution

Kristen Fanarakis

Associate Director,

Small Business Policy & Innovation

Milken Institute

Jennifer J. Schulp

Director of Financial Regulation Studies,

Center for Monetary and Financial Alternatives

Cato Institute

Jennifer Garcia

Chief Operating Officer

Latino Business Action Network

Bill Woodrum

Senior Program Officer

Claude Worthington Benedum Foundation

Government and Regulatory Representatives

Erin M. Houston

Dep. Secretary of State for
Securities/Securities Administrator,

Nevada Secretary of State

*National Association of State Securities
Administrators*

Heath Morris

National Director, Investment Company
Exams; CCO & Chief Fraud Risk Officer,
Office of Patient Capital Investments & Office
of Investment & Innovation

U.S. Small Business Administration

Prior Forum Participants

Brian Hollins

Director Capital Markets and Financial

Founder & Managing Partner

Collide Capital

Greg Yadley

Partner

Shumaker, Loop & Kendrick, LLP

Jordan Walker

Co-Founder

Yac and Backtrack



Did you know?

94%

of Americans report that it is **important to have a fair opportunity to start** and grow a business.

80%

of **net new jobs** have been created by small businesses since 2011.

77%

of small business owners are concerned about their **ability to access capital**.

A dynamic photograph of a relay race on a red track. An athlete in a white and blue uniform is in the foreground, leaning forward to pass a blue baton to the next runner. The runner in the middle ground, wearing a red and blue uniform, is captured mid-stride, holding the baton. A third runner in a red and blue uniform is visible in the background. The scene is filled with motion blur and strong shadows.

SEC Officials' Remarks

Opening Remarks

STACEY BOWERS, DIRECTOR, SEC OFFICE OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION



Good afternoon and welcome to the SEC's 44th annual Small Business Forum. I'm Stacey Bowers, Director of the SEC's Small Business Advocacy Office, and we are thrilled to welcome you to this important event and to be doing so in person here at the SEC's headquarters. I want to extend a warm welcome to all of our attendees and exhibitors for joining us this afternoon, whether here in the auditorium or online.

The Forum provides a venue for small businesses, entrepreneurs, small public companies, and their investors to come together and collaborate as a team on ideas to improve small business capital formation. If you haven't noticed already from the agenda titles, knowing that the Forum would be just days after the NCAA March Madness finals, we have had fun with this year's theme of sports and teamwork. And while this auditorium can't hold those kinds of crowds, the Forum does create an opportunity for the small business community to come together with the Commissioners, Commission staff, other government agencies, and thought leaders as loyal fans.

Before I say more, on behalf of myself, the Commissioners, and my colleagues here at the SEC, I want to state that the views expressed today are each speaker's own—in my case in my capacity as the Director of the Small Business Advocacy Office—and do not necessarily reflect those of the Commission, any of the Commissioners, or any of our colleagues on the staff.

We all know the importance of small businesses to our economy and our country, but were you aware that small businesses created 80% of net new jobs since 2011?²⁹ Many of these businesses need support from others to build and grow their companies. You may know that entrepreneurial support organizations, like incubators and accelerators, play a key role in supporting and mentoring early-stage companies, but did you know that entrepreneurs who work with those organizations are likely to raise more capital and generate more revenue?³⁰ Later-stage companies are also finding support. More than 62% of VCs engage with their portfolio companies at least one time a week.³¹ However, 77% of small businesses are concerned about accessing the capital they need.³² And, while VC ecosystems are growing across the country outside of the traditional hubs, many areas do not have a strong community to support small businesses.³³

“I continue to be amazed at what I learn from our stakeholders and others who play a role in the vital small business ecosystem.”

Turning to the public markets, IPOs ticked up in the first half of 2024—101 as compared to 83 in the first half of 2023—but they were still well below their 2021 peak.³⁴ Looking specifically at smaller company IPOs, they accounted for 40% of the number of IPOs since 2022, but only 4% of the deal value.³⁵ So, we continue to see challenges across small business lifecycles.

The SEC’s Small Business Forum is designed to bring together a wide range of voices from both the public and private sectors, so we can huddle up to discuss different ideas and perspectives and to strategize about ways to support small businesses raising capital from investors. During our time together today, we will have the opportunity to hear insights from our Commissioners, as well as the voices and stories of our speakers—founders, investors, industry specialists, small public company executives, and lawyers. Equally as important, is hearing from all of you who took time out of your busy schedules to attend. The shared experiences from participants in the small business community often provide the impetus to reevaluate our playbook and consider ideas in different ways or from different points of view.

A key purpose of the Forum is to provide a pathway for the public to shape policy recommendations to improve capital formation for small businesses and their investors to the Commission and Congress. At the end of the program today, we will invite participants here and online to vote through the portal to prioritize the recommendations. Recognizing that companies and investors have different needs at various points in their lifecycle, we have grouped the recommendations into three lifecycle sections: “Early-stage,” “Growth-Stage” (which includes smaller funds), and “Small Cap and the Public Markets.” We will include the top five recommendations from each lifecycle section in the SEC’s report to Congress on today’s Small Business Forum.

With those logistics out of the way, I just want to say that it’s hard to believe I am well into my second year as Director of the Small Business Advocacy Office. I continue to be amazed at what I learn from our stakeholders and others who play a role in the vital small business ecosystem. I am excited to hear more from our speakers today, as that information assists all of us at the SEC in understanding how we can continue to support capital formation for small businesses.

I know I say something along these lines at almost every event where I have the privilege of speaking, but the Small Business Advocacy Office is made up of an incredible team of individuals whose passion and dedication in supporting small businesses and their investors on the capital-raising journey is unwavering. I want to thank each and every one of them for their commitment to this event, the Office, and in leading the charge to be a voice for small businesses everywhere.

Now, I’d like to welcome Acting Chairman Uyeda to the stage to share his thoughts with us, followed by Commissioners Peirce and Crenshaw.

Commissioners' Remarks

ACTING CHAIRMAN MARK T. UYEDA



Good afternoon. It is my pleasure to welcome everyone to this year's Small Business Forum ("Forum"), which is the first Forum held at SEC headquarters since 2016 and the first in-person Forum since 2019. I hope that everyone takes advantage of the in-person interactions and networking opportunities this afternoon.

This year's Forum groups various issues affecting small business capital formation into three categories, which are reflected in the three main panels: (1) early-stage capital raising, (2) growth-stage companies and smaller funds, and (3) small cap companies and the public markets. This grouping of topics highlights the importance of the securities laws at every stage of a company's lifecycle. By enabling companies to raise capital through cost-effective regulations without sacrificing investor protection, the Commission has an important role in fostering innovation, creating jobs, and generating economic growth.

Starting with early-stage capital raising, the Commission should design regulations that enable entrepreneurs to raise capital without disproportionate compliance costs, especially in the form of legal fees. These costs usually arise from unnecessarily complex rules. When asked the question "what's the offering exemption for the friends and family round?" the answer should not be "it depends," followed by a discussion of seven factors requiring a chart to digest. While cost-effective regulations are always important, they are especially critical for early-stage capital raising by startup companies, whose cash flow and resources are often scarce. One extra dollar spent on legal fees is one fewer dollar available for developing innovative products or services. Accordingly, the Commission's regulatory regime on this topic should be especially considerate of how the offering exemption will be practically used.

"By enabling companies to raise capital through cost-effective regulations without sacrificing investor protection, the Commission has an important role in fostering innovation, creating jobs, and generating economic growth."

Turning to growth-stage companies and smaller funds, one of the key issues is how to provide retail investors access to these private companies. Such higher-risk, higher reward investments can help complete a diversified portfolio. Discussions of expanding retail access to private companies usually revolve around the accredited investor definition. It has been more than forty years since the Commission adopted the definition and established income and wealth as common ways for individuals to qualify as accredited investors. Consideration should be given to whether additional ways to qualify as an accredited investor are appropriate. Alternatively, is the “all or nothing” approach of the definition a sensible way of regulating investor participation? Or, should every individual be permitted to invest at least a small amount every year in private companies? These issues are worthy of further discussion and consideration.

Finally, for companies that have accessed the public markets, the Commission should ensure that their ongoing reporting obligations are proportionate to their size and resources. Under the Commission’s current rules, a company with a \$250 million public float is subject to the same disclosure requirements as a company with a \$250 billion public float. The Commission has not updated its thresholds for how companies qualify as an accelerated filer or large accelerated filer since those thresholds were established in 2005. While the Commission has made changes, as recently as 2020, to its “smaller reporting company” definition, the different filer categories are now complex and sometimes overlap. The result is that some smaller reporting companies must provide an auditor attestation of the company’s evaluation of its internal control over financial reporting, while others do not. A more harmonized regulatory regime for who qualifies as a large, mid-sized, and small company, together with scaled disclosure requirements, can help ensure that the Commission’s rules are tailored to a company’s sizes and resources, while still maintaining appropriate levels of investor protection.

I look forward to receiving a read out of the discussions from each of the panels and reviewing the policy recommendations. Thank you to Stacey [Bowers] and her team in the Office of the Advocate for Small Business Capital Formation for planning this event. Enjoy the Forum.

COMMISSIONER HESTER M. PEIRCE



Good afternoon and thank you to the participants in the Commission's 44th annual Small Business Forum and to today's panelists. This annual forum is a wonderful opportunity to bring together the perspectives of a broad range of market participants. Before I begin, I must remind everyone that my views are my own as a Commissioner and not necessarily those of the Securities and Exchange Commission or my fellow Commissioners.

Last night, the Senate confirmed Paul Atkins to be our next Chairman.

I am looking forward to his return. He is smart, experienced, and keenly attuned to the Commission's mission, including its objective of facilitating capital formation. His last stint here was as a Commissioner from 2002 to 2008. He will find that much has changed here, but at least one theme will feel very familiar to him. The agency still has a lot of work to do on making it easier for small companies to find funding and meet their regulatory burdens. In fact, looking back at a statement that incoming Chairman Atkins gave to a Small Business Forum twenty years ago, he talked of the burdens of Sarbanes-Oxley Section 404. As we heard at last year's forum, that issue is still live for small companies. So Chairman Atkins will be able to pick up right where he left off.

“Market participants often tell me that fitting into our exemptive framework is sometimes no small task.”

Relatively recently, I was out in the park and I came upon a strange scene: A fireman on a ladder rescuing a cat from a tree—something people always talk about but I assumed never actually happened. I hope that this year's Forum can help us turn the talk of reform for small companies into just as real a scene as the cat rescue I witnessed.

I have a number of questions:

1. We have a lot of tools in place for private companies to raise money to help take their business from one stage of growth to the next, but I wonder if those tools are currently being put to their best use. Market participants often tell me that fitting into our exemptive framework is sometimes no small task. What are the biggest hurdles to using our existing rules?
2. Is Regulation Crowdfunding a feasible path to raise funds? I have heard from issuers that the costs are prohibitive and from funding portals that the margins are slim. I have also heard that an issuer that has done a Regulation Crowdfunding offering may be less likely to receive subsequent investment from more established institutional investors. What changes could the Commission make to improve the usability of Regulation Crowdfunding?
3. Regulation A is also getting some fresh attention, in particular as it relates to digital assets.³⁶ As we consider whether Regulation A might have the potential to address crypto, what other changes could the Commission make to increase the utilization of Regulation A more broadly?
4. Last year one of the forum recommendations advocated for the expansion of the accredited investor definition.³⁷ I would rather eliminate the distinction altogether, but what additional measures of sophistication would be appropriate to deem someone to be an accredited investor?
5. Is the current test for determining filer status as practical as it could be? What modifications could the Commission make to simplify the process?

COMMISSIONER CAROLINE A. CRENSHAW



Good afternoon. It's a pleasure to be here today. And it's hard to imagine a more important week to focus on small businesses.

It has never been easy to be a small business owner. But, after the whipsawing market events of last week, you could perhaps say there are few times in recent memory when it has been more stressful to be a small business. Even with a reprieve, uncertainty and unpredictability are generally bad for business.

Given current circumstances, it is more important than ever that the Commission is mindful of our mission's directive to facilitate capital formation—particularly for small business owners who usually bear the brunt of adverse market developments. Small businesses already wobbled more due to the recent market volatility than their larger counterparts. Over the course of the last week, the Russell 2000 Index, composed of smaller companies, weathered greater losses than other major indices with larger company constituents.

I firmly believe that facilitating capital formation and protecting investors are not mutually exclusive mandates. Instead, they are co-equal directives between which we should seek careful equilibrium. Markets, including those that support small business growth, function better when investors can participate appropriately, safely, and with confidence. So, today I am here to ask: how can we provide your businesses with greater exposure to investors who are the right match to contribute to your growth and success? How do we balance facilitating capital formation and maintaining meaningful protections designed to ensure that investors can access products that are appropriate for their financial goals?

Today's agenda will cover an array of issues and regulations that exemplify that balancing act. As you know, many of these topics are already top of mind for the staff and the Commission. Your input is crucial to arriving at policy outcomes that create real opportunities for small business growth and investment.

"As small business owners, you are on the frontlines experiencing many of the ebbs and flows of our markets and overall economy. From this vantage point, you are uniquely able to help us find the balance between facilitating capital formation and our mandate to protect investors."

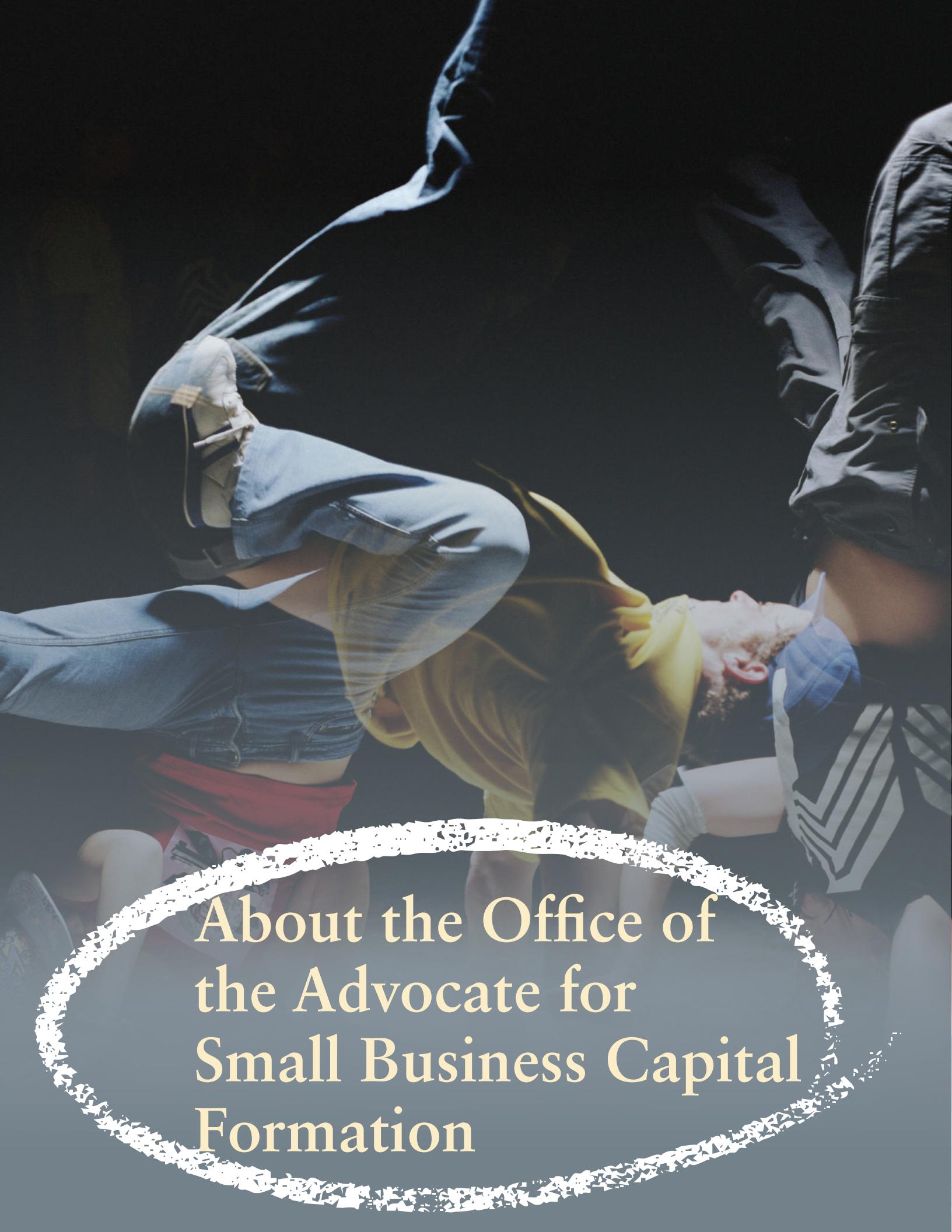
On the topic of early-stage capital raising, the Accredited Investor standard is a perennial topic of debate. While many agree that the standard needs to be revisited, there is less agreement in how the definition should be updated. For example, last spring, the Commission’s Small Business Capital Formation Advisory Committee discussed the issue of revising the Accredited Investor definition and made recommendations including adding a qualifying educational program while preserving the current financial thresholds.³⁸ Meanwhile, I have expressed concern with the Commission’s failure to index the thresholds to account for inflation.³⁹

I worry that leaving the Accredited Investor definition in its outdated form provides a de facto—and significant—expansion in access to private markets. These investors do not reflect the original intent of the standard: to exclude only those investors who can fend for themselves.⁴⁰ We should not passively scope investors out of the protections of the Securities Act purely due to the passage of time and related macroeconomic changes.⁴¹ Is there a way for us to revise the Accredited Investor standard for today’s world that finds a middle ground between providing access to capital and appropriate investor protection?⁴²

The decision of whether to pursue becoming a public company is another topic where your experience and input is deeply valuable. Why do companies increasingly choose to stay private? Recent research suggests that the oft-heard explanation—overburdensome regulation and related costs—may not necessarily be to blame.⁴³ In fact, it is widely known that the U.S. IPO market has declined for decades, but most commentators ignore that this smaller population of public companies account for a share of U.S. GDP that is roughly double that same figure in the 1990s.⁴⁴ While it is true that fewer companies go public, the ones that have done so are faring better than ever despite the regulatory regime.⁴⁵ So, how do small businesses actually think about the IPO process? Is there more to the story?

Finally, I’d like to leave you with some food for thought on retail access to private funds. This topic has consumed much attention in recent months, and we have started to see ideas for how to remove barriers to private funds for retail investors. Some of these ideas involve exposure through registered funds in various ways.⁴⁶ As the public and private markets have roiled and churned in recent days,⁴⁷ I am reminded of why some of the restrictions on retail access to these vehicles exist in the first place. How would increased retail exposure to private funds impact investors in times of market stress? How would retail investors fare alongside more sophisticated investors in such vehicles?

As small business owners, you are on the frontlines experiencing many of the ebbs and flows of our markets and overall economy. From this vantage point, you are uniquely able to help us find the balance between facilitating capital formation and our mandate to protect investors. Thank you for participating in today’s forum. I know that your input will make the staff and the Commission more informed and prepared to face the challenges of this week and tomorrow.



About the Office of the Advocate for Small Business Capital Formation

While the content of the Forum comes from participants, the planning, organizing, and executing of the Forum is done by the SEC's [Small Business Advocacy Office](#). The Forum is one of the Office's many responsibilities as it advocates for pragmatic solutions to address challenges faced by small businesses and their investors raising and deploying capital. "Small business" for the Office spans from early-stage start-ups raising seed capital, to later-stage private companies whose founders and investors are seeking liquidity in the public markets, all the way to smaller public companies. Congress established the Office via the bipartisan [SEC Small Business Advocate Act of 2016](#) as an independent office within the SEC that reports to the entire Commission as well as to multiple committees of Congress.

Meet the Team



From left to right: Kathryn Steinberg, Julie Zelman Davis, Rebecca Orban, Vikki Porter, Kimberly Dinwoodie, Amy Reischauer, T.J. Collins, Courtney Haseley, Jenny Riegel, Stacey Bowers, and Pablo Echeverri (not pictured: Sarah Kenyon and Todd Vanlaere).

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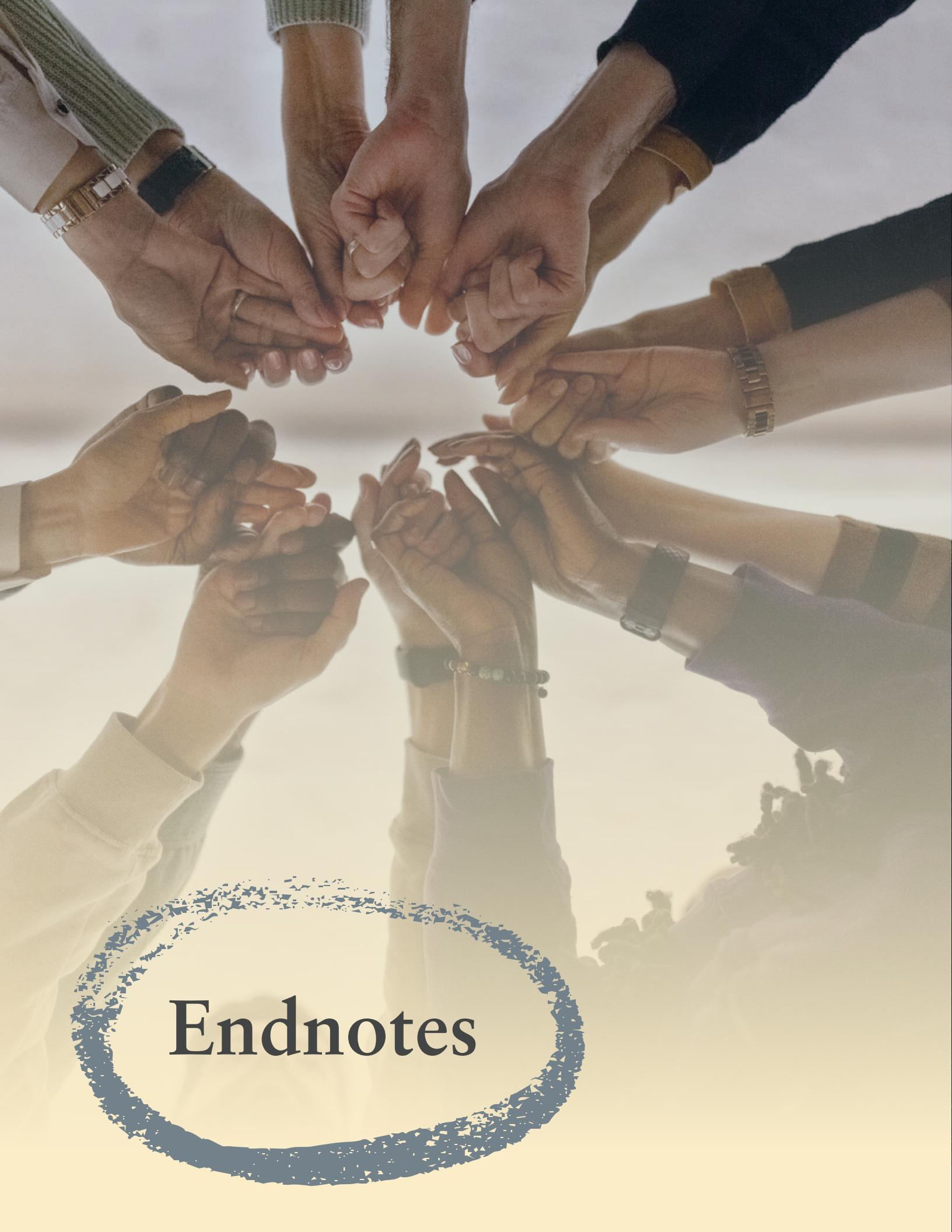
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Endnotes

ENDNOTES

- 1 The SEC conducts the Forum annually and prepares this report in accordance with the Small Business Investment Incentive Act of 1980 [15 U.S.C. 80c-1 (codifying section 503 of Pub. L. No. 96-477, 94 Stat. 2275 (1980))].
- 2 Participants voluntarily submitted the presented information in connection with their registration online. The report solely includes submitted data, without inclusion of non-responses.
- 3 The SEC responds to the Forum recommendations pursuant to the Small Business Investment Incentive Act of 1980, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act of 2018. 15 U.S.C. 80c-1. Section 503 of the Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 [Pub. L. 115- 174, 132 Stat. 1296 (2018)] amended Section 503 of the Small Business Investment Incentive Act of 1980 to add this requirement in new paragraph (e). The responses do not include any Commission initiatives that are not yet public. Where a Forum recommendation relates to an initiative as to which the Commission has solicited or expects to solicit public comment, the recommendation will be considered as part of that initiative, along with other comments received.
- 4 See <https://www.sec.gov/resources-small-businesses>.
- 5 See <https://www.sec.gov/files/funding-roadmap-capital-raising.pdf>.
- 6 See <https://www.sec.gov/resources-small-businesses/additional-government-resources-small-businesses>.
- 7 See “Accredited Investor Definition,” Release Nos. 33-10824; 34-89669; File No. S7-25-19 (Aug. 26, 2020) available at <https://www.sec.gov/rules/final/2020/33-10824.pdf>.
- 8 See “SEC Small Entity Compliance Guide for Amendments to Accredited Investor Definition,” (Mar. 29, 2021) available at <https://www.sec.gov/corpfin/amendments-accredited-investor-definition-secg>. See also <https://www.sec.gov/resources-small-businesses/capital-raising-building-blocks/accredited-investor>.
- 9 See 17 CFR § 230.501(a)(10)(i)-(iv).
- 10 See “Order Designating Certain Professional Licenses as Qualifying Natural Persons for Accredited Investor Status,” Release No. 33-10823 (Aug. 26, 2020) available at <https://www.sec.gov/rules/other/2020/33-10823.pdf>.
- 11 See “Review of the ‘Accredited Investor’ Definition under the Dodd-Frank Act,” (Dec. 14, 2023) available at <https://www.sec.gov/files/review-definition-accredited-investor-2023.pdf>.
- 12 See “Office of Information and Regulatory Affairs, Office of Management and Budget, U.S. Securities and Exchange Commission Agency Rule List,” (Spring 2025) available at https://www.reginfo.gov/public/do/eAgendaMain?operation=OPERATION_GET_AGENCY_RULE_LIST¤tPub=true&agencyCode=&showStage=active&agencyCd=3235&csrf_token=709E7368BCA6E602BBD4F353C42FC3EA337F35A5EDB3D91B1296502551A5F5817CCE0F88D6AD836B1BFBD6D2203818B36FAB.
- 13 See “Final Rule: Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Markets,” Release Nos. 33-10884; 34-90300; IC-34082; File No. S7-05-20 (Nov. 2, 2020) available at <https://www.sec.gov/files/rules/final/2020/33-10884.pdf>.
- 14 See *supra* note 4.
- 15 See *supra* note 5.
- 16 See <https://www.sec.gov/resources-small-businesses/cutting-through-jargon-z>.
- 17 See <https://www.sec.gov/resources-small-businesses/navigating-your-options#1>.
- 18 See <https://www.sec.gov/resources-small-businesses/capital-trends>.
- 19 See <https://www.sec.gov/resources-small-businesses/capital-raising-building-blocks>.
- 20 See <https://www.sec.gov/about/divisions-offices/division-corporation-finance/division-corporation-finance-contact-us>.
- 21 See, e.g., SEC Asset Management Advisory Committee Final Report and Recommendations for Private Investments, (Sept. 27, 2021) available at <https://www.sec.gov/files/final-report-and-recommendations-private-investments-092721.pdf>, and Recommendations of the SEC’s Small Business Capital Formation Advisory Committee in letters dated February 28, 2023 (“Parting Perspectives Letter”), November 16, 2022 (“Entrepreneurial Ecosystems”), and December 11, 2019 (“Retail Investor Access to Registered Closed-End Funds Investing in Private Funds”).

- 22 See SEC Division of Investment Management, “ADI 2025-16 - Registered Closed-End Funds of Private Funds” (Aug. 15, 2025), available at <https://www.sec.gov/about/divisions/offices/division-investment-management/fund-disclosure-glance/accounting-disclosure-information/adi-2025-16-registered-closed-end-funds-private-funds>.
- 23 See SEC Small Business Advocate Act of 2016, as amended, available at <https://www.sec.gov/files/Small%20Business%20Advocate%20Act%20of%202016-as%20amended.pdf>.
- 24 See “Concept Release on Harmonization of Securities Offering Exemptions,” Release Nos. 33-10649; 34-86129; IC-33512; File No. S7-08-19 (June 18, 2019) available at <https://www.sec.gov/files/litigation/litreleases/2019/33-10649.pdf>.
- 25 See “Proposed Rule: Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Markets,” Release Nos. 33-10763; 34-88321; File No. S7-05-20 (March 4, 2020), available at <https://www.sec.gov/files/rules/proposed/2020/33-10763.pdf>.
- 26 See “Final Rule: Smaller Reporting Company Definition,” Release Nos. 33-10513; 34-83550; File No. S7-12-16 (Sept. 10, 2018) available at <https://www.sec.gov/files/rules/final/2018/33-10513.pdf>.
- 27 See “Final Rule: Accelerated Filer and Large Accelerated Filer Definitions,” Release No. 34-88365; File No. S7-06-19 (Apr. 27, 2020) available at <https://www.sec.gov/files/rules/final/2020/34-88365.pdf>.
- 28 The SEC’s Small Business Advocacy team convenes the advisory planning group to participate in Forum planning pursuant to 15 U.S.C. 80c-1(b).
- 29 See SEC Office of the Advocate for Small Business Capital Formation, “Annual Report for Fiscal Year 2024” (Dec. 12, 2024) at 4, available at <https://www.sec.gov/files/2024-oasb-annual-report.pdf>. See Robert Press, “All Grown Up: How Small Business Jobs Transition through the Economy,” U.S. Small Business Administration Office of Advocacy, (June 11, 2024) at 1, available at <https://advocacy.sba.gov/wp-content/uploads/2024/11/Research-Spotlight-How-Small-Business-Jobs-Transition-508.pdf>.
- 30 See SEC Office of the Advocate for Small Business Capital Formation, *supra* note 29 at 9. See Valentina A. Assenova and Raphael Amit, “Poised for growth: Exploring the relationship between accelerator program design and startup performance,” *Strategic Management Journal*, (Jan. 5, 2024) at 1042, available at <https://onlinelibrary.wiley.com/doi/epdf/10.1002/smj.3581>.
- 31 See SEC Office of the Advocate for Small Business Capital Formation, *supra* note 29 at 22. See NVCA, “2024 Yearbook,” (Apr. 8, 2024) at 8, available at <https://nvca.org/wp-content/uploads/2024/05/2024-NVCA-Yearbook.pdf>.
- 32 See SEC Office of the Advocate for Small Business Capital Formation, *supra* note 29 at 5. See Goldman Sachs, “Glass Half Full: Small Business Owners Optimistic About 2024 Despite Challenging Business, Lending Environment,” (Jan. 31, 2024), available at <https://www.goldmansachs.com/pressroom/press-releases/2024/small-business-owners-optimistic-about-2024-despite-challenging-business-lending-enviornment>.
- 33 See SEC Office of the Advocate for Small Business Capital Formation, *supra* note 29 at 21. See Nalin Patel and Charlie Farber, “Global VC Ecosystem Rankings. An update on our location-based VC Ecosystem Rankings,” *PitchBook* (Sept. 23, 2024) at 1, 9, 12, 14-16, available at <https://pitchbook.com/news/reports/q3-2024-pitchbook-analyst-note-global-vc-ecosystem-rankings>. The note provides three scores: Development, Growth, and Overall. The map includes only the “Overall” scores. The scores provide comparative rankings from one to 100 rather than highlighting areas that have the largest figures.
- 34 See SEC Office of the Advocate for Small Business Capital Formation, *supra* note 29 at 31.
- 35 See SEC Office of the Advocate for Small Business Capital Formation, *supra* note 29 at 32. IPOs by smaller companies include IPOs by U.S. companies that after the non-SPAC offering have a size less than or equal to \$250 million, calculated by multiplying price of the company’s stock at the close of the day of the offering by the number of outstanding shares on the day of the offering.

- 36 See Hester M. Peirce, “There Must Be Some Way Out of Here,” (Feb. 21, 2025) at question 9, available at <https://www.sec.gov/newsroom/speeches-statements/peirce-statement-rfi-022125>; See also Sara Hanks, “One solution at a time: Reg A and crypto,” (Dec. 10, 2024) available at <https://crowdcheck.com/blog/one-solution-at-a-time-reg-a-and-crypto/>.
- 37 See Report on the 43rd Annual Small Business Forum at 11, available at <https://www.sec.gov/files/2024-oasb-annual-forum-report.pdf>.
- 38 See Small Business Capital Formation Advisory Committee, Recommendations on Accredited Investor Definition (May 1, 2024), available at <https://www.sec.gov/files/recs-accredited-investor-definition.pdf>.
- 39 See Commissioners Allison Herren Lee and Caroline Crenshaw, “Joint Statement on the Failure to Modernize the Accredited Investor Definition,” (Aug. 26, 2020) available at <https://www.sec.gov/newsroom/speeches-statements/crenshaw-accredited-investor-2020-08-26> (explaining that an increasing amount of wealth is concentrated in older households which means a greater number of senior investors may be exposed to the risks of private markets as a result of the Accredited Investor definition).
- 40 See Regulation D Revisions; Exemption for Certain Employee Benefit Plans, Release No. 33-6683 (Jan. 16, 1987) [52 FR 3015 (Jan. 30, 1987)] (recognizing that the Accredited Investor definition “intended to encompass those persons whose financial sophistication and ability to sustain the risk of loss of investment or fend for themselves render the protections of the Securities Act’s registration process unnecessary.”).
- 41 See SEC v. Ralston Purina Co., 346 U.S. 119, 125 (1953) (holding that the availability of the Section 4(a)(2) exemption “should turn on whether the particular class of persons affected needs the protection of the Act.”).
- 42 Inflation adjustments are an important tool to ensure that our rules reflect the economic realities of the world as it is today, and we already rely on them in other contexts. For example, last year, the Commission adjusted for inflation the dollar threshold used in defining a “qualifying venture capital fund” under the Investment Company Act of 1940 as required by statute. See SEC Press Release 2024-102, “SEC Adopts Rule to Update Definition of Qualifying Venture Capital Funds,” (Aug. 21, 2024) available at <https://www.sec.gov/newsroom/press-releases/2024-102>.
- 43 See Mark J. Roe and Charles C. Y. Wang, “Half the Firms, Double the Profits: Public Firms’ Transformation, 1996-2022,” *European Corporate Governance Institute*, (Oct. 13, 2024) at 10, available at <https://ssrn.com/abstract=4372070>.
- 44 See Mark J. Roe and Charles C.Y. Wang, “Public Companies Are Alive and Well,” *The Wall Street Journal* (May 8, 2024) available at <https://www.wsj.com/opinion/public-companies-are-alive-and-well-eb294667>. (“U.S. public companies’ profits accounted for 4.5% of gross domestic product in 1996. That share roughly doubled, to 8.2% at its peak in 2021. The total value of public companies as a share of GDP has increased by roughly half since 1996. And public companies in the aggregate invest about the same proportion of GDP and employ about the same proportion of the working population as they did in 1996.”).
- 45 See Roe & Wang, *supra* note 43, at 5. (“Even outside the FAANG firms, profits and value rose sharply; indeed, profits and value grew as fast as the economy during the past quarter century even for firms outside of the S&P 500.”).
- 46 See Daniel Sotiroff, “How Private Assets Impede the Benefits of ETFs,” *Morningstar* (Mar. 26, 2025) available at <https://www.morningstar.com/funds/how-private-assets-impede-benefits-etfs>.
- 47 See Antoine Gara & Alexandra Heal, “Big Investors Look to Sell Out of Private Equity After Market Rout,” *Financial Times* (Apr. 6, 2025) available at <https://www.ft.com/content/b7c5aea6-c429-4917-bf35-a4f1b3159f85>.

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