SEC Advisory Committee

THE COMMITTEE RECOMMENDS THAT:

1. The Commission take steps to clarify the current ambiguity in broker-dealer regulation by determining that persons that receive transaction-based compensation solely for providing names of or introductions to prospective investors are not subject to registration as a broker under the Securities Exchange Act.

2. The Commission exempt intermediaries that are actively involved in the discussions, negotiations and structuring, as well as the solicitation of prospective investors, for private financings on a regular basis from broker registration at the federal level, conditioned upon registration as a broker under State law.

3. The Commission spearhead a joint effort with the North American Securities Administrators Association and the Financial Industry Regulatory Authority to ensure coordinated State regulation and adoption of measured regulation that is transparent, responsive to the needs of small businesses for capital, proportional to the risks to which investors in such offerings are exposed, and capable of early implementation and ongoing enforcement.

4. The Commission should take immediate intermediary steps to begin to address this set of issues incrementally instead of waiting until development of a comprehensive solution.