

June 1, 2020

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

VIA EMAIL: rule-comments@sec.gov

*Re: File Number S7-05-20
Proposed Rules on Facilitating Capital Formation and Expanding Investment
Opportunities by Improving Access to Capital in Private Markets*

Dear Ms. Countryman,

Sō.Capital Inc. (“Sō.Capital”) supports the U.S. Securities and Exchange Commission’s (“SEC”) continued efforts to revisit and, where needed, revise its exempt securities offering framework for the benefit of small companies and investors in small companies. We further appreciate the opportunity to comment on its recent Proposed Rules on Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Markets, File No. S7-05-20 (the “Proposed Rules”).

The Proposed Rules contemplate a number of important changes to the federal securities laws that will have a significant and enduring impact on investors, companies, particularly smaller companies, and their market intermediaries. We support the proposed changes and encourage the SEC and its staff to move swiftly to adopt final rules largely as proposed.

By way of background, Sō.Capital is a web-based platform whose mission is to change the way people think about, discover and deploy capital online. One of several important ways in which we execute on our mission is by providing market participants with tools that enable them to conveniently search for and discover thousands of online capital raising opportunities, including, but not limited to, securities-based opportunities. Our online community of over 100,000 followers engages with us daily to search, sōw, give and grow to the companies, causes, and campaigns they care about most.

We believe that market participants’ ability to efficiently search for and discover each other is the first in a number of key steps in the process of successfully raising and deploying capital. From a technical and regulatory standpoint, this process, particularly online, has never been easier. Still, more can be done.

Regulatory changes to our communication rules, like those contemplated in the Proposed Rules, in combination with private market solutions can further reduce the otherwise perpetually high search and discovery costs associated with investing and deploying capital into the private capital markets. This is particularly true for investors and companies that come from underrepresented and poorly served communities historically lacking in access to capital opportunities and/or robust capital networks. While no means a panacea, the internet and related

communication technologies—backstopped by a regulatory framework that not only protects investors but allows for broad-based communication between participants—can help level the field among market participants and allow those who wish to participate in the private capital markets to more efficiently sōw capital across it.

For these reasons, we support the SEC’s willingness to revisit and revise its communication and related rules. More specifically, we strongly support:

- The effort to adopt a unified principles-based approach to integration that effectively codifies and harmonizes various SEC and SEC staff positions into a single, convenient rule (proposed Rule 152).
- Proposed Rule 148 (General Solicitation) but suggest that the SEC clarify the limitations on fees for demo days and related events. As proposed, sponsors “would not be permitted to charge attendees of the event any fees, other than reasonable administrative fees, or receive any compensation for making introductions between attendees and issuers, or for investment negotiations between the parties.” We support the proposed limitations on fees for making introductions and facilitating investment negotiations, but believe that a blanket prohibition on any event fees could be read too broadly to disallow traditional events for which a fee is typically charged, such as tickets to a University-sponsored prominent speaker series, from being supplemented by its sponsor to include the types of events contemplated in proposed Rule 148 at no additional cost to attendees.
- Proposed Rule 241, which should be adopted, as proposed. This may be the most consequential rule for small companies contained in the Proposed Rules. We applaud the SEC and its staff’s willingness to consider and propose it. We note, however, that small companies’ business models are typically fluid and subject to frequent change to meet customer demands and market opportunities that can only reveal themselves over time. Therefore, while we support disclosure as an exhibit of proposed Rule 241 materials in a subsequent and related securities offering, we believe that the reason these materials should be included as an exhibit should not be to ensure *the consistency* of the information previously disclosed but rather merely *the availability* of that information to investors in the subsequent offering when they are forming their investment decisions. If the proposed Rule 241 disclosures have changed substantively in the interim, the existing disclosure requirements of the eventually selected offering mechanism (e.g., Regulation CF or Regulation A) would likely already require a brief explanation of the change and address concerns around potentially inconsistent or misleading previous disclosures. If not, the SEC should consider whether it should amend these rules to expressly require the disclosure of such information and, if so, under what circumstances.

- Proposed Rule 206, which should be adopted, as proposed. We believe that Regulation CF’s existing communication rules are too prohibitive in practice to allow a company to adequately gauge interest in an offering before having to obligate itself to a specific funding portal and incur the expense of preparing and filing a Form C. In our view, the existing rules essentially front load these decisions and expenses without any discernible benefit to investors or companies, particularly at the “testing the waters” phase of the capital raising journey. We believe that proposed Rule 206 provides companies with important additional flexibility in off-platform communications at the earliest stages of the offering process when it is still determining whether to proceed with a Regulation CF offering and, if so, on what funding portal to conduct its offering.

Our financial markets are in the midst of a generational sea change brought about by advances in technology that are continuously making it increasingly easier, simpler, and more convenient for people to manage, raise, and deploy their capital online. While traditional capital networks in the exempt securities offering space are not likely to be significantly disrupted by these advances, access to capital opportunities for those without historic access to such networks could be demonstrably improved by the revisions contemplated in the Proposed Rules, particularly those relating to broad-based communications. For this reason, we thank the SEC for the opportunity to participate in the regulatory process of these Proposed Rules.

Sincerely,


Zachary Fallon
CEO | Founder