



August 16, 2018

NASAA Legal Department
Mark Stewart, Counsel
NASAA
750 First Street, NE, Suite 1140
Washington, DC 20002

Re: Comments regarding two proposed model rules that would facilitate secondary trading in securities of issuers

Dear Mr. Stewart:

On behalf of StartEngine Crowdfunding, Inc., a market leader providing small and early stage companies assistance with online capital formation, we applaud the North American Securities Administrators Association (“NASAA”) efforts to amend the Uniform Securities Act to account for increased availability of current information in electronic format. We would like to offer the following comments regarding the proposed model rules issued on July 19, 2018.

First Proposed Model Rule: Recognition of Current Information Sources for Purposes of the Manual Exemption

We support the proposed model rule. We are familiar with the disclosure standards imposed by OTC Markets and the monitoring and review processes that OTC utilizes to enforce these standards. The disclosure standards go beyond what is required by the existing manual exemption and OTC’s enforcement of those standards is robust. The end result is disclosure that permits investors in early-stage companies to make an informed investment decision. We would further note that other markets, including “venture exchanges,” should be treated the same way, provided that their disclosure standards and enforcement processes match those of OTC.

Second Proposed Model Rule: Secondary Trading Exemption for Securities of Regulation A – Tier 2 Issuers

We support the general concept of the proposed model rule; however, we believe no additional conditions should be imposed. We believe that compliance with the ongoing reporting requirements of Regulation A should be sufficient to provide investor protection, without any additional conditions, in either option.

We appreciate the opportunity to comment on this initiative and NASAA's willingness to support liquidity for early-stage companies.

Sincerely,

Mary Frances Knight
CCO and Director of Operations/Administration