

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
SMALL BUSINESS CAPITAL FORMATION ADVISORY COMMITTEE**

CHARTER

- 1. Committee’s Official Designation.** The official designation of the committee is “Securities and Exchange Commission Small Business Capital Formation Advisory Committee” (the “Committee”).
- 2. Authority.** The Committee is established under the authority of the Securities and Exchange Commission (the “Commission”) in accordance with Section 40 of the Securities Exchange Act of 1934.
- 3. Purpose.** The Committee’s purpose is to provide the Commission with advice on its rules, regulations, and policies with regard to its mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation, as they relate to the following:
 - (1) capital raising by emerging, privately held small businesses (“emerging companies”) and publicly traded companies with less than \$250 million in public market capitalization (“smaller public companies”) through securities offerings, including private and limited offerings and initial and other public offerings;
 - (2) trading in the securities of emerging companies and smaller public companies; and
 - (3) public reporting and corporate governance requirements of emerging companies and smaller public companies.

The Committee’s scope does not include, however, any policies, practices, actions or decisions concerning the Commission’s enforcement program.

- 4. Committee Duties.** The Committee will submit to the Commission such findings and recommendations as the Committee determines are appropriate.
- 5. Meetings.** The Committee will meet at the call of the Chairman of the Committee not less frequently than four times annually and, from time to time, at the call of the Commission. Meetings will be open to the public and at a venue selected by the Commission staff.
- 6. Notice of Meetings.** The Chairman of the Committee shall give the members written notice of each meeting not later than two weeks before the date of the meeting.
- 7. Membership.** The members of the Committee shall be—

- A. the Advocate for Small Business Capital Formation;

B. not fewer than 10, and not more than 20, members appointed by the Commission, from among individuals-

1. who represent—
 - i. emerging companies engaging in private and limited securities offerings or considering initial public offerings (“IPO”) (including the companies’ officers and directors);
 - ii. the professional advisors of such companies (including attorneys, accountants, investment bankers, and financial advisors); and
 - iii. the investors in such companies (including angel investors, venture capital funds, and family offices);
2. who are officers or directors of minority-owned small businesses or women-owned small businesses;
3. who represent—
 - i. smaller public companies (including the companies’ officers and directors);
 - ii. the professional advisors of such companies (including attorneys, auditors, underwriters, and financial advisors); and
 - iii. the pre-IPO and post-IPO investors in such companies (both institutional, such as venture capital funds, and individual, such as angel investors); and
4. who represent participants in the marketplace for the securities of emerging companies and smaller public companies, such as securities exchanges, alternative trading systems, analysts, information processors, and transfer agents; and

C. three non-voting members—

1. one of whom shall be appointed by the Investor Advocate;
2. one of whom shall be appointed by the North American Securities Administrators Association;
3. one of whom shall be appointed by the Administrator of the Small Business Administration; and

8. Membership Term. Each member of the Committee appointed under subparagraph B, C(2), and C(3) of paragraph 7 shall serve for a term of 4 years at the pleasure of the Commission. Members shall not be deemed to be employees or agents of the Commission solely because of membership on the Committee.

9. Observer. The Financial Industry Regulatory Authority may appoint an observer to attend Committee meetings and assist the Committee in carrying out its responsibilities. The observer is not entitled to vote or to receive compensation in connection with attending Committee meetings.

10. Chairman; Vice Chairman; Secretary; Assistant Secretary. The members of the Committee shall elect, from among the members of the Committee—

- A. a Chairman;
- B. a Vice Chairman;
- C. a Secretary; and
- D. an Assistant Secretary.

Each member elected shall serve for a term of three years in the capacity for which the member was elected.

11. Compensation and Travel Expenses. Each member of the Committee who is not a full-time employee of the United States is entitled to receive:

- A. compensation at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level V of the Executive Schedule under Section 5316 of Title 5, United States Code, for each day during which the member is engaged in the actual performance of the duties of the Committee; and
- B. while away from the home or regular place of business of the member in the performance of services for the Committee, be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under Section 5703(b) of Title 5, United States Code.

12. Subcommittees. The Committee may form subcommittees or subgroups as it deems appropriate by a majority vote after notice to Commission staff. Any subcommittees and subgroups shall report any recommendations and advice to the Committee for full deliberations and discussion. Subcommittees or subgroups shall have no authority to make decisions on behalf of the Committee, nor may they report directly to the Commission or to any federal officer or employee. Any subcommittee may create written product for consideration by the Committee.

13. Recordkeeping. The official records generated by or for the Committee shall be handled in accordance with General Records Schedule 6.2, or another approved agency records disposition schedule. These records shall be available for public inspection and copying, subject to the Freedom of Information Act, 5 U.S.C. §552.

Date: April 23, 2019