



U.S. Securities and
Exchange Commission

Staff Report

from the
Office of the Advocate
for Small Business
Capital Formation
FISCAL YEAR 2025



Your **SMALL BUSINESS ADVOCACY OFFICE**

This is a report by the staff of the U.S. Securities and Exchange Commission Office of the Advocate for Small Business Capital Formation. The Commission has expressed no view regarding the data, analysis, or statements contained herein.

OPENING MESSAGE ABOUT THIS STAFF REPORT

This Staff Report has been compiled by the SEC Office of the Advocate for Small Business Capital Formation.

The SEC Small Business Advocate Act of 2016 added Section 4(j) to the Securities Exchange Act of 1934 (the Exchange Act) to establish within the Commission the Office of the Advocate for Small Business Capital Formation (the Office) to be headed by the Advocate for Small Business Capital Formation (the Advocate). Section 4(j)(6)(D) of the Exchange Act provides that the Advocate shall submit an annual report on the activities of the office directly to the applicable committees of Congress.

Stacey Bowers served as the Advocate throughout Fiscal Year 2025, and in October 2025, she [departed](#) the SEC. Since the Commission does not presently have an Advocate to submit a statutory annual report to Congress pursuant to Section 4(j)(6)(D) of the Exchange Act, the staff in the Office have prepared this report to be released by the Commission. This Staff Report is being issued in lieu of the annual report on activities described in Section 4(j)(6) of the Exchange Act.

This Staff Report presents data across three company lifecycle stages to provide a fulsome picture of what is happening in the small business marketplace and highlights the Office's work over the last year. The Office hopes that this Staff Report will help small businesses, investors, and all who support them to understand how capital is being raised and invested, and by whom.

The Office staff would like to thank Stacey Bowers for bringing her experience, perspective, and passion to the Office. During her time as the Advocate, Stacey contributed to the growth of the SEC's online educational [resources](#) that seek to empower entrepreneurs and their investors, expanded the Office's listening sessions with leaders of small business capital formation around the country, and gave a voice to entrepreneurs and investors by advocating for policy changes on their behalf. Thank you, Stacey, for your public service and tireless support for our small but mighty small business team.



CONTENTS

MISSION: Who We Are



1

DATA: State of Capital Formation



4

Small and Emerging
Businesses and Exempt
Offering Data



32

Mature and
Later-Stage
Businesses



47

Initial Public
Offerings and Small
Public Companies

THE OFFICE: What We Do



58

COMMITTEE: Highlights



72

ENDNOTES: All the Details



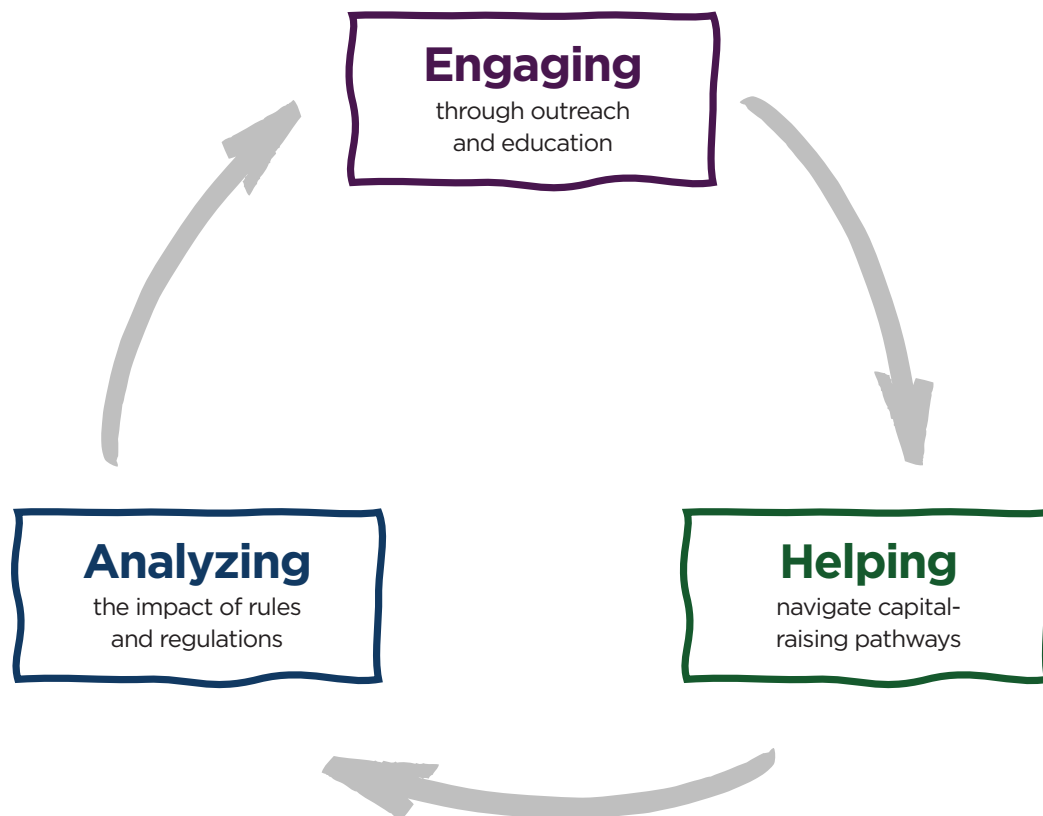
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MISSION

Who We Are

The [Small Business Advocacy Office](#) was established in January 2019 via the bipartisan [SEC Small Business Advocate Act of 2016](#) to advance the interests of small businesses and their investors at the SEC and in the capital markets, from early-stage startups raising initial capital, to later-stage private companies whose founders and investors are seeking liquidity, all the way to smaller public companies. As part of its statutory mission, the Office seeks to identify problems that small businesses have with securing access to capital, including any unique challenges faced by minority-owned, women-owned, rural, and natural disaster area small businesses and their investors.¹ We advocate for small businesses and their investors in capital raising by:



We engage with small businesses and their investors from around the country to hear their perspectives on issues facing the small business ecosystem, from policy, to changing trends in capital raising, to the complexities of the capital-raising regulatory framework, to unique challenges and opportunities of different demographic groups and geographic regions. The insight we gain from our events and conversations with small business marketplace participants provides timely, practical feedback to inform the Commission's policymaking as well as the Office's further outreach and educational efforts.



DATA




State of Capital
Formation

Why data?

We seek to provide a comprehensive snapshot of the state of U.S. small business capital formation, bringing together many important pieces of the capital formation story into one resource to aid in evaluating the current flow of capital between investors and small businesses. Data reflecting the successes and challenges in small business capital raising supplements the feedback and other anecdotal evidence our office receives throughout the year. Informed by this data, we can better identify what tools, strategies, and approaches would be most helpful in crafting policy solutions and developing educational resources. The data provided in this report is derived from public filings with the SEC, as analyzed by the SEC's Division of Economic and Risk Analysis (DERA), and supplemented with data and analysis from third parties.

Where to start?

To allow small businesses, investors, and market participants to find the data that is most relevant to them we have organized this report by life cycle stage of the business.

LIFE CYCLE STAGE	 Small and emerging businesses	 Mature and later-stage businesses	 Small public companies
COMMON FUNDING SOURCES	Self-funding Grants Loans Friends and family Crowdfunding Angel investors Incubator/Accelerator Pre-seed and seed	Venture capital (VC) funds Corporate venture capital Family offices	Initial public offerings (IPOs) Other registered offerings Exempt offerings (e.g., private placements or offshore offerings)
BUSINESS STAGE	Businesses range from small businesses funding early operations to high-growth startups raising capital to launch prototypes and products.	These businesses are generally growing and looking for larger amounts of capital to fund operations of scale, ventures into new product lines, and preparation for public markets.	These later-stage businesses have access to a larger pool of capital, enhanced liquidity, reputational benefits, and are subject to rigorous SEC reporting requirements.
TOP INDUSTRIES RAISING CAPITAL ²	Given the wide-ranging options for funding, the top industries vary based on funding source.	Software Pharma and Biotech Commercial Products and Services Health Care Consumer Goods and Services IT Hardware	Health Care Technology Manufacturing Banking and Financial Services Business Services

Small and Emerging Businesses and Exempt Offering Data

This stage of the company lifecycle includes both small businesses in the earliest stages or whose operations may not fit the typical target of [VC fund](#) investments, as well as high-growth startups that are seeking to raise capital to get off the ground and launch early prototypes.³

Why is access to capital for small businesses so important?

Small businesses remain central to our society, economy, and the American dream.

The U.S. is home to

36.2 million
small businesses

(46% of U.S. private sector employment).⁴



54% of people are thinking about **starting a new business** in 2025.⁶

From 2023 to 2024,
U.S. small businesses created



nearly **9 of 10 net new jobs**.⁵



82% of Americans view entrepreneurship as a **good career choice**.⁷

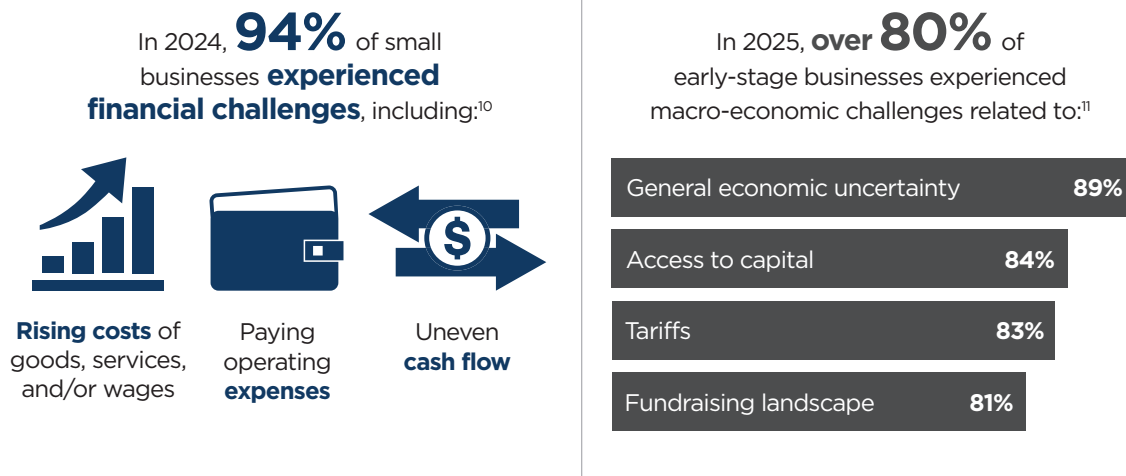
However, the cost to start a business often prevents entrepreneurs from achieving this dream.

Money
is the biggest
barrier to
entrepreneurship.⁸

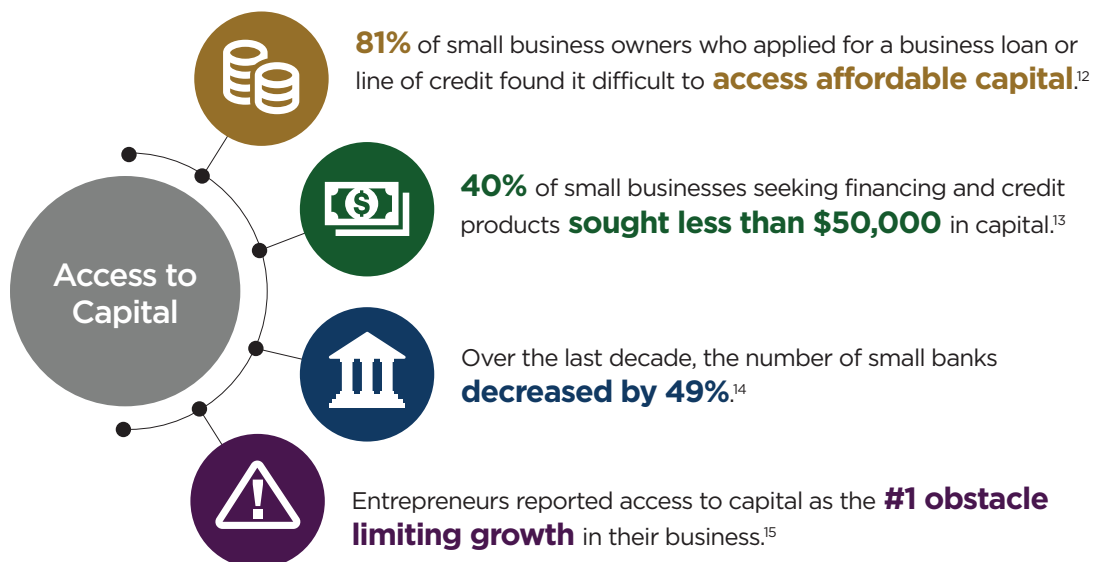


Early-stage entrepreneurs continue to face financial challenges and need capital.

Ongoing access to capital remains a barrier for entrepreneurs.



Access to affordable capital remains a challenge for entrepreneurs.

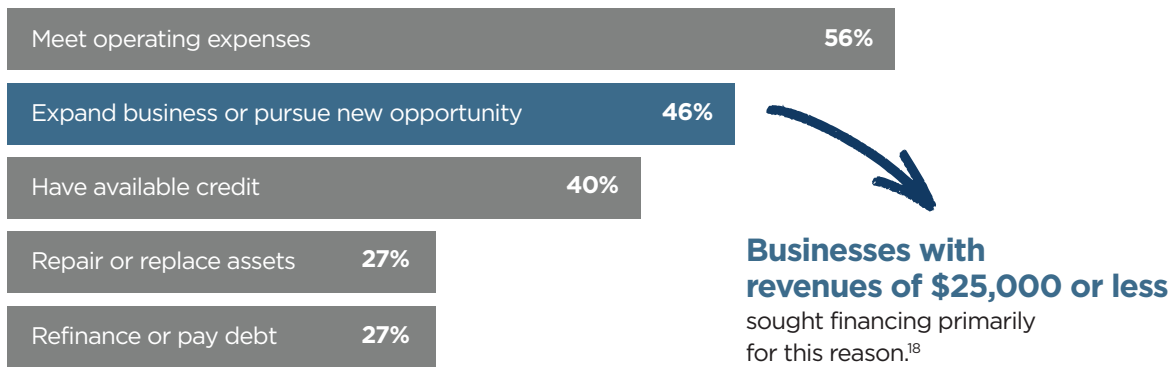


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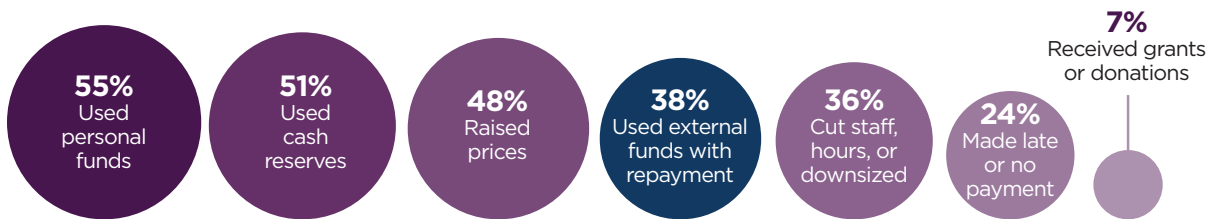
One of the most important steps for the survival and growth of a new business venture is securing start-up capital.

NORC AND KAUFFMAN; EPOP¹⁶

Why were small businesses seeking financing?¹⁷



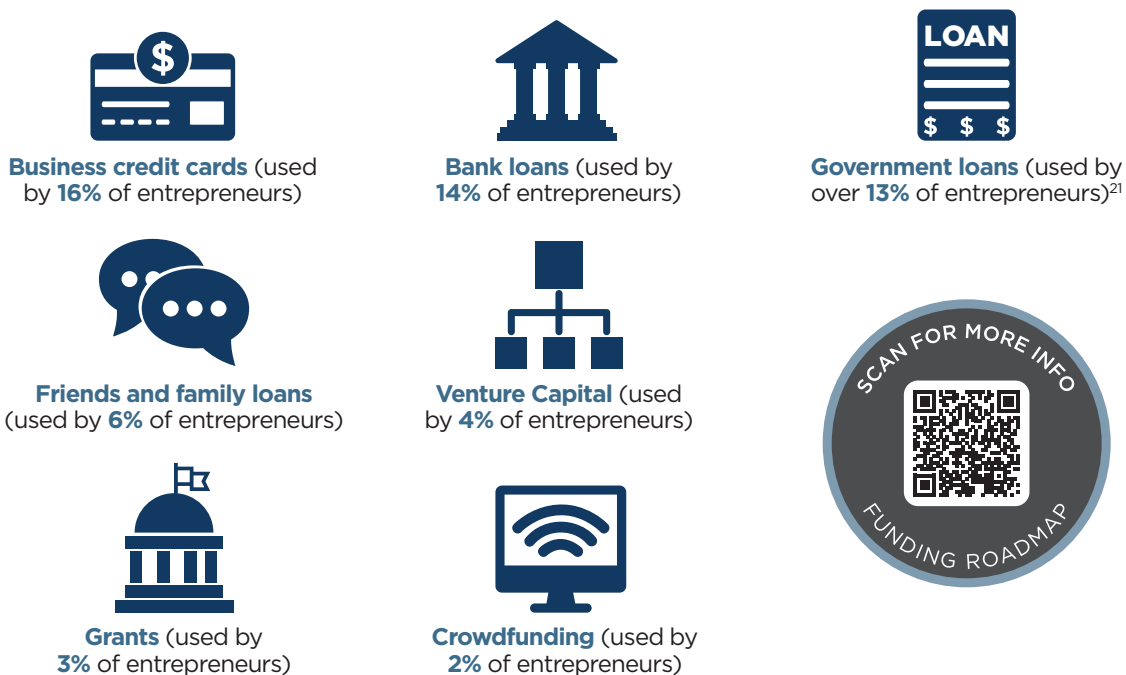
In addressing financial challenges, more small businesses relied on personal funds and cash reserves than used external funds.¹⁹



For small businesses that seek

external funding,

there are a variety of pathways, and entrepreneurs often combine multiple capital strategies to fund their business.²⁰



For all pathways, many of the small businesses that sought funding in 2024 did not receive all of the funding they requested.²²



Of the roughly 25% of small businesses that applied for a **loan or line of credit**,

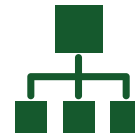
72% received some funding, and

43% received the total amount requested.²³

Of the roughly 25% of small businesses that applied for **venture capital**,

17% received some funding, and

14% received the total amount requested.²⁴



Of the roughly 25% of small businesses that applied for a **grant**,

12% received some funding, and

8% received the total amount requested.²⁵



Of the roughly 20% of small businesses that applied for **crowdfunding**,

11% received some funding, and

7% received the total amount requested.²⁶



How does access to startup capital change between first-time and experienced founders?²⁷

First-time founders' funding applications were

8% **less likely**

to receive any amount of requested funding.

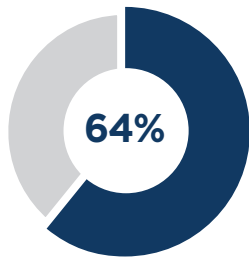
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The strength of the entrepreneurial community lies in its ability to adapt and innovate. By fostering financial strength and removing barriers to growth, we empower entrepreneurs to thrive and create lasting opportunities for the entire community.

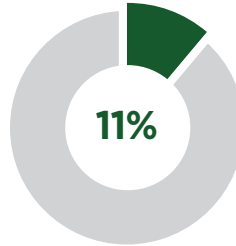
SHANNAN HERBERT, WACIF²⁸

Many entrepreneurs need support and networks to grow and scale their businesses.

Startups benefit from technical support when seeking funding.



of small businesses need **technical assistance** to access capital.²⁹



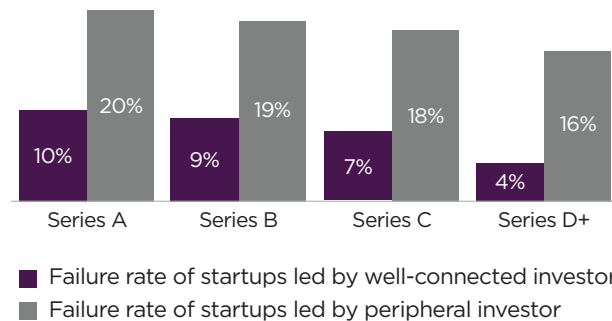
of small business owners did not apply for financing because they didn't **know where to start**.³⁰

Entrepreneurs with strong networks have more success.³¹



Founders plugged into **mentor networks** tend to have more resilient business plans and higher confidence when approaching lenders.³²

Startups with **well-connected lead investors** have lower failure rates.³³



Strong investor networks benefit both founders and investors.³⁴



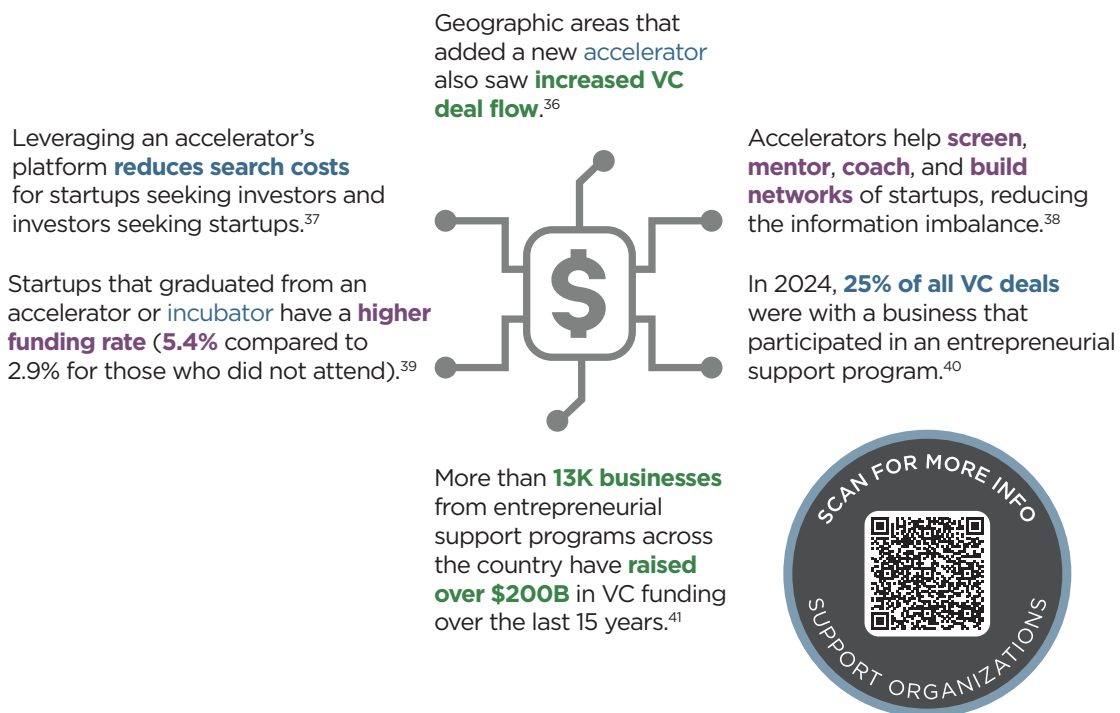
Investors' networks benefit startups through their **connections** to **founder networks, potential customers, and investors**.



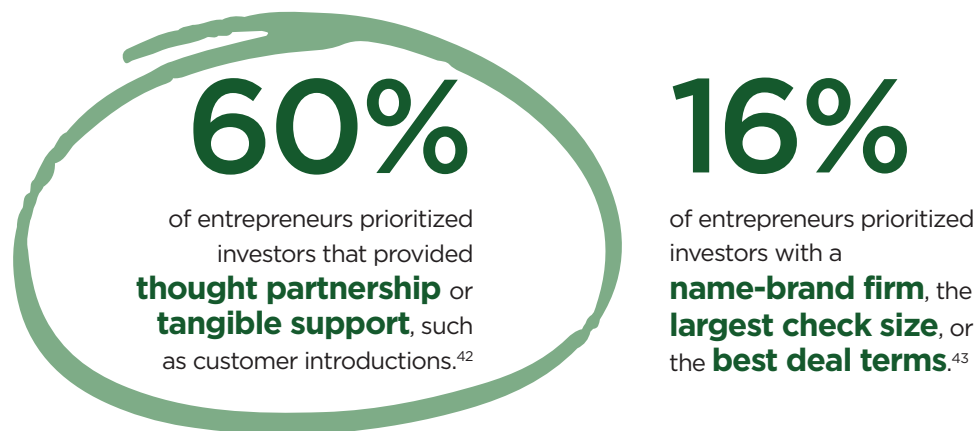
Investors with strong networks are more likely to **have a greater deal flow** and receive **early tips about potential startups**.



Entrepreneurial support organizations, such as accelerators, benefit the larger ecosystem.³⁵



What do entrepreneurs prioritize in selecting an investor?



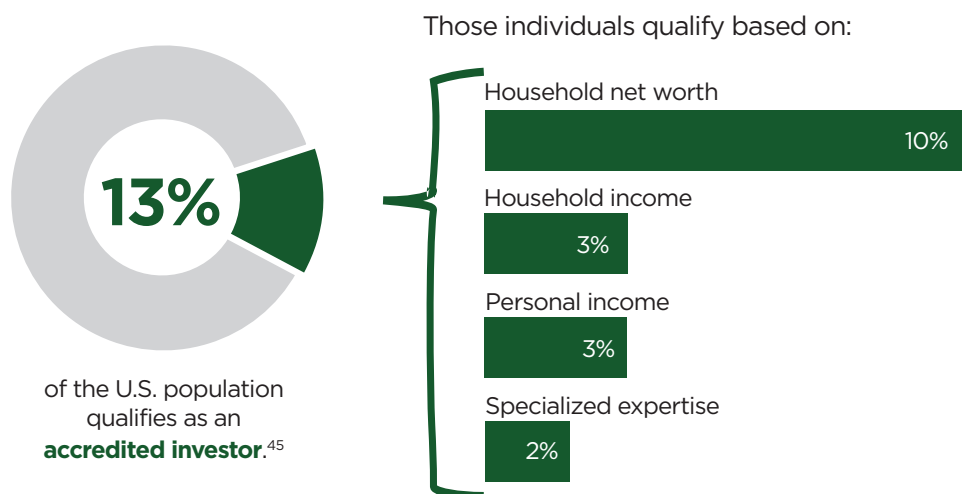
What is the role of an angel investor?

Angel investors and accredited investors: What do these terms mean?

Angel investors are generally high-net-worth individuals who invest their own money directly in emerging businesses. Most angel investors are **accredited investors**, and many are current or former entrepreneurs themselves.⁴⁴



What does the pool of accredited investors look like?



Accredited investors are

nearly 3X more likely

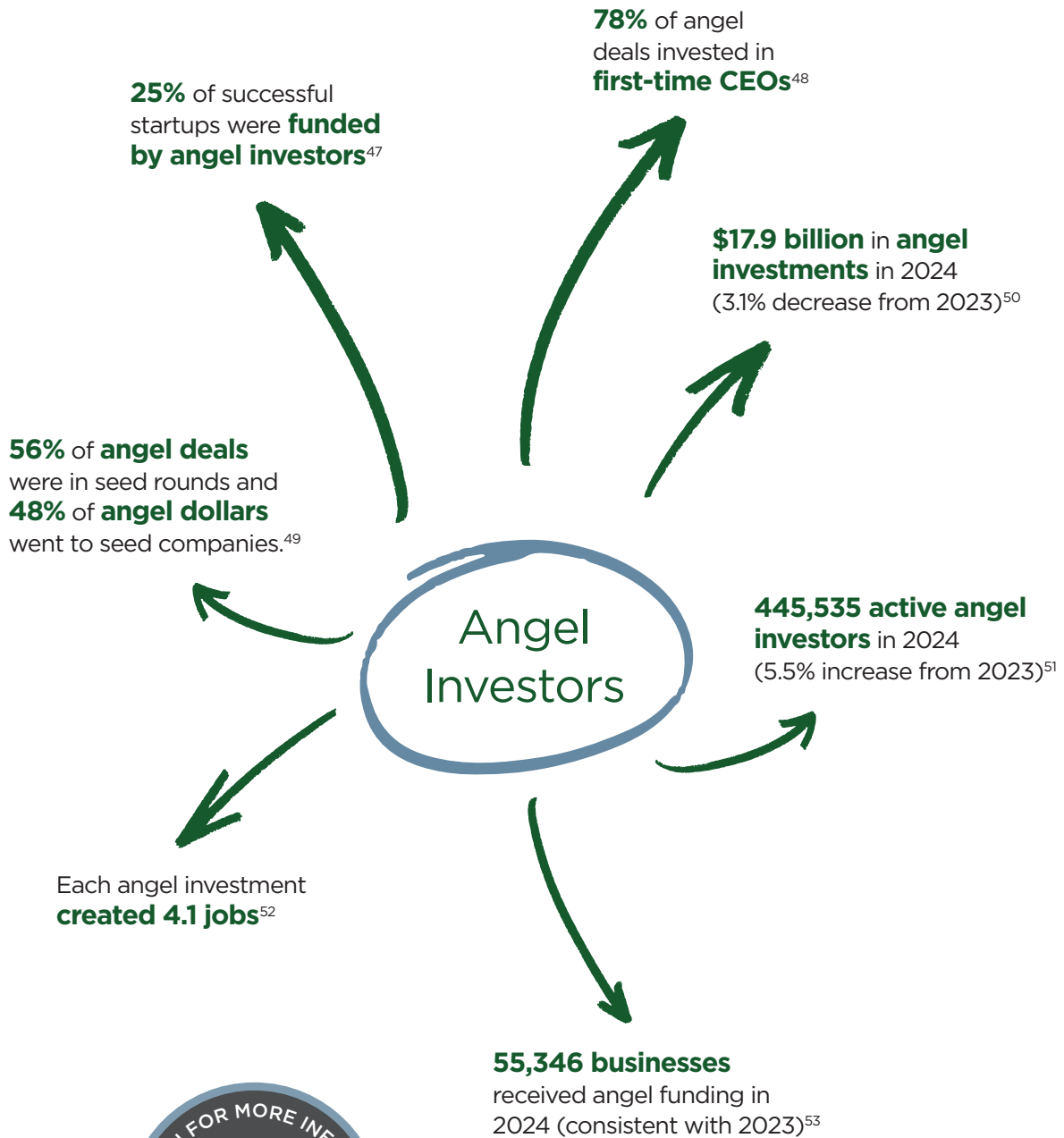
to be interested in

investing in new or private companies

as compared to the total U.S. population.⁴⁶



Angel investors are a vital component in creating the next generation of startups.



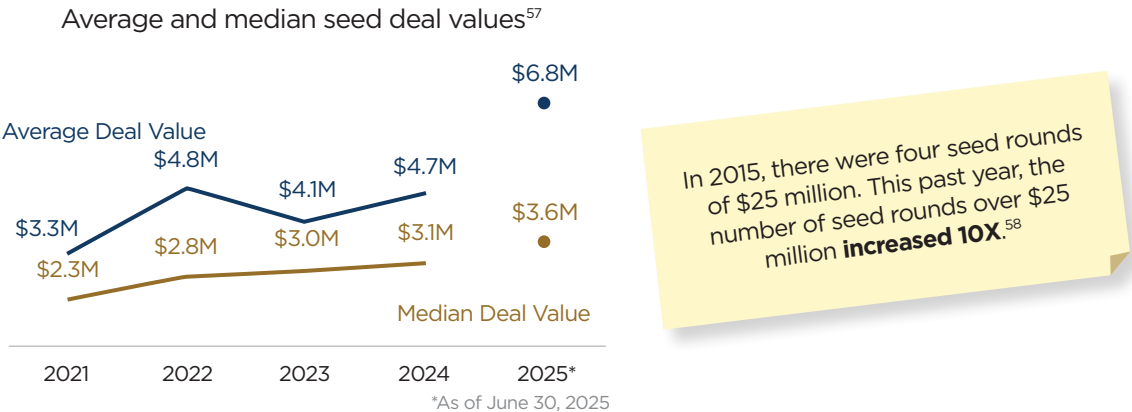
What is happening with seed fundraising?

A pre-seed or seed round is typically a company’s first funding round.⁵⁴ This round may include funding from friends and family, angel investors, or early-stage funds. Capital at this stage is often used for product development and market research.⁵⁵

Diving in further, what do typical pre-seed and seed rounds look like?⁵⁶

	Pre-Seed	Seed
Typical amount raised	\$50,000 – \$250,000	\$1M – 5M
Investor profiles	Friends and family, crowdfunding, angel investors, pre-seed and seed VC funds, incubators, and accelerators.	Angel investors, pre-seed and seed VC funds, incubators, accelerators, and seed funds.
Typical stage/use of funds	Idea validation, team formation, initial prototype, market research, development of a minimum viable product.	Product development, testing, and refining, market fit testing, marketing development, documented traction and milestones.

Mirroring overall market trends, seed deals increased in size.



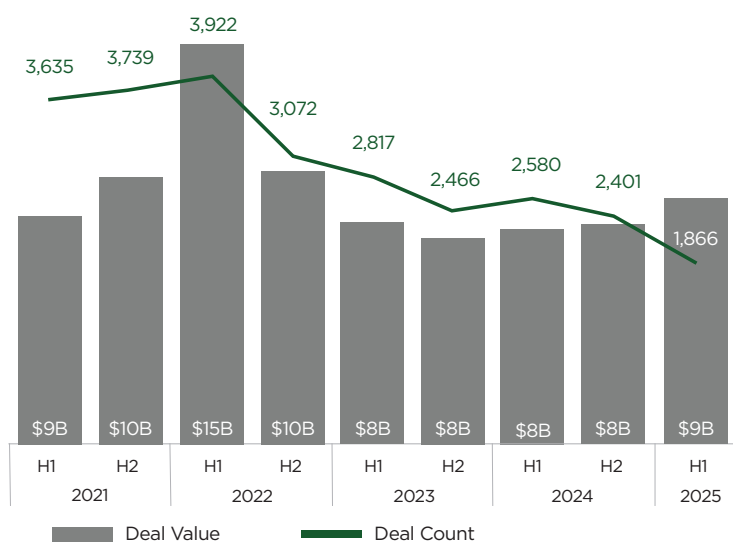
As seed rounds increased, so did the time between seed and Series A.⁵⁹



2.1 years

The median time between raising a seed round and Series A increased to 2.1 years in 2024—84% longer than in 2021 (up from 1.2 years in 2021).

Overall, the share of pre-seed and seed deals across VC declined.⁶⁰



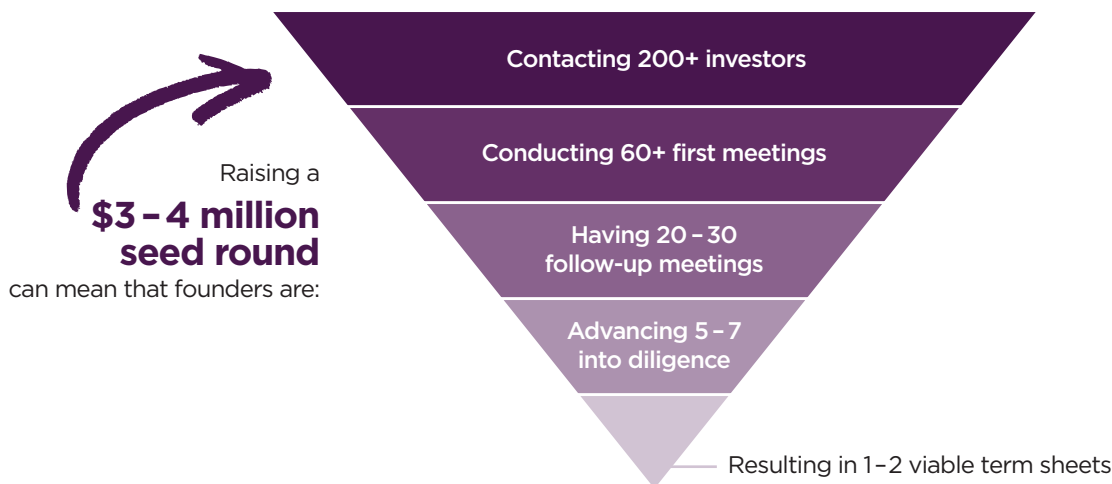
In the first half of 2025, pre-seed and seed deals represented

28% of VC deal count
(down from 34% in 2024 and 35% in 2023), and

6% of VC deal value
(down from 8% in 2024 and 10% in 2023).



What does it take to raise a seed round?⁶¹



The asset class has grown from a select few seed-stage firms writing small checks, to thousands of seed funds that back fledgling startups. Early-stage funds and multistage funds also began investing at seed, with some writing larger checks at this stage. With that growth, the category of seed investment also became elastic and grew to include pre-seed, seed, and pre-Series A.

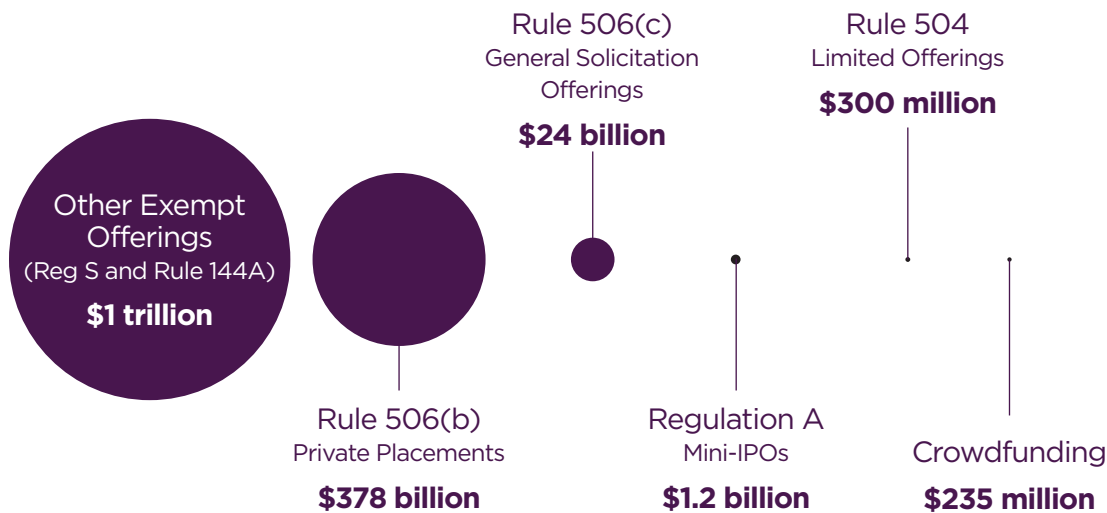
GENE TEARE, CRUNCHBASE⁶²

What regulatory pathways have companies (excluding pooled funds) been using to raise capital?⁶³

How have companies been using exempt offering pathways?

An **exempt offering**—sometimes referred to as a **private offering**—is commonly used to describe the offer and sale of **securities** that is exempt from registration under the **Securities Act**. Each exemption has specific requirements that a company must meet.⁶⁴

Exempt Offerings



How have companies been using registered offerings?

A **registered offering**—often referred to as a public offering—is commonly used to describe an offer and sale of securities that has been registered under the Securities Act. Companies that would like to offer securities to the public through a registered offering must file a registration statement and may not sell the securities until the registration statement is effective.⁶⁵

Registered Offerings



What regulatory pathways have pooled funds been using to raise capital?

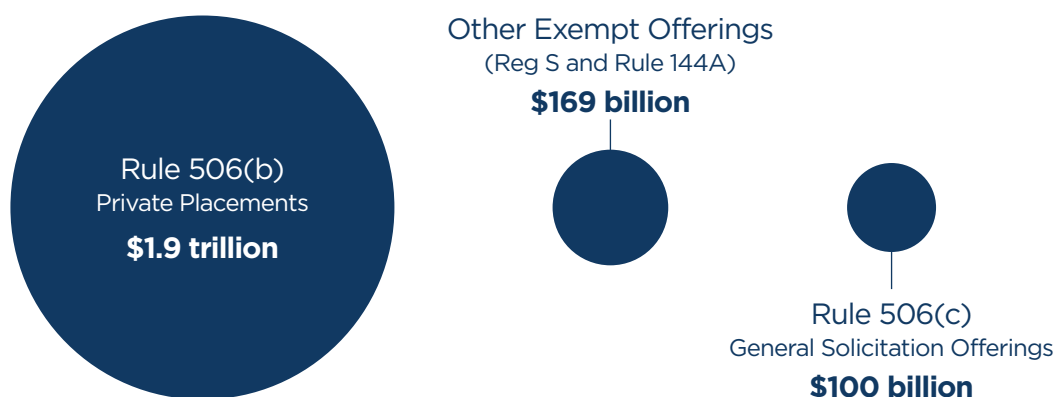
What has been happening with pooled funds?

A **pooled investment vehicle** is an entity—often referred to as a fund—that an adviser creates to pool money from multiple investors. Each investor makes an investment in the fund by purchasing an interest in the fund entity, and the adviser uses that money to make investments on behalf of the fund. Investors generally share in the profits and losses in proportion to their interest in the fund.⁶⁶

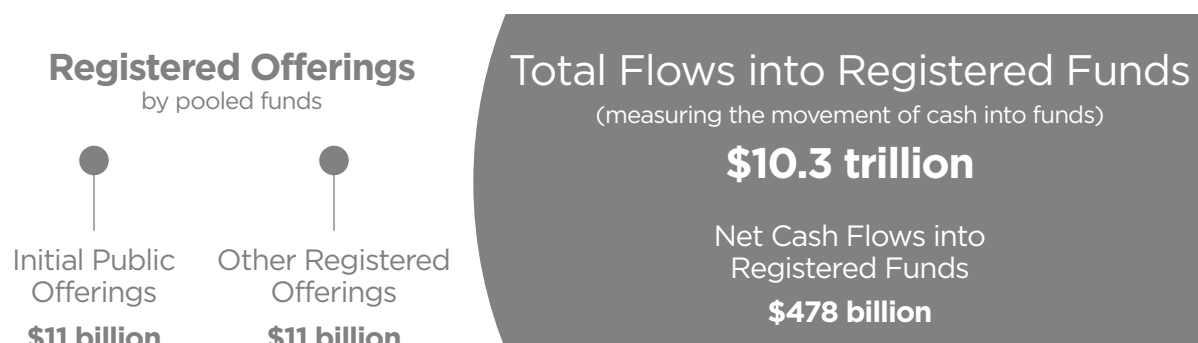
There was \$126 trillion invested in the U.S. capital markets as of the end of 2024, distributed as follows:⁶⁷



How have pooled funds been using exempt offering pathways to raise capital?⁶⁹



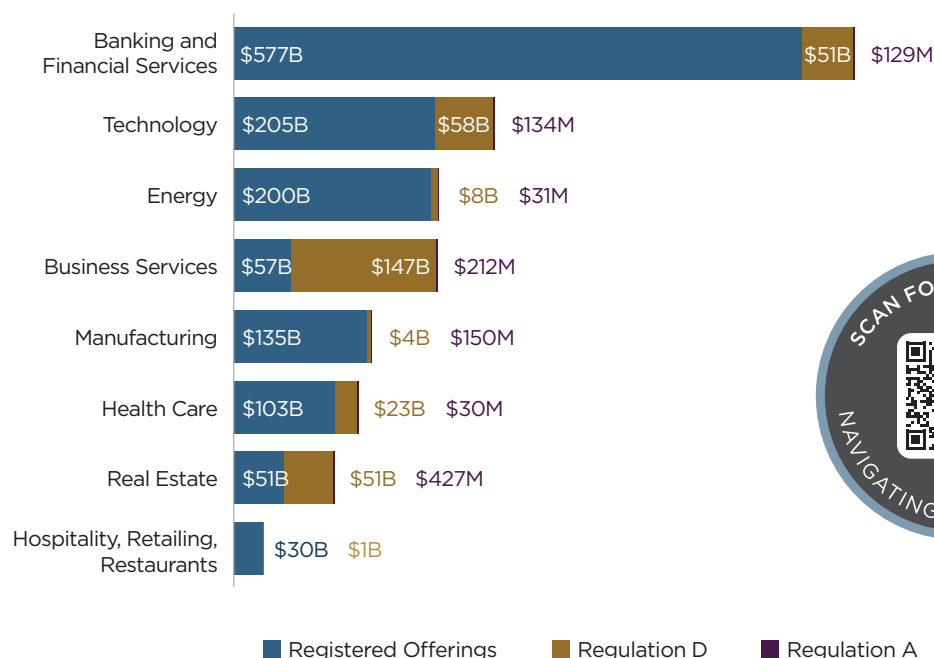
How have pooled funds been using registered offerings to raise capital?⁷⁰



How much did U.S. public and private companies (excluding pooled funds) raise from investors?⁷¹

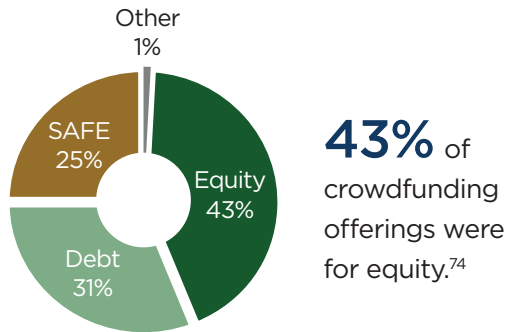


How have different industries been using the top 3 offering pathways?⁷²



What has been happening with Regulation Crowdfunding offerings?

A **Regulation Crowdfunding** offering permits a business to offer and sell its securities to the investing public through crowdfunding. Crowdfunding generally refers to a financing method in which money is raised through an online platform, soliciting relatively small individual investments or contributions from a large number of people.⁷³



58% of issuers were less than **3 years old**.⁷⁵



The average number of employees of an issuer was **8**.⁷⁶

The average length of an offering was around

6 months

(with the median about 4 months).⁷⁸

81% of issuers have assets.⁷⁷

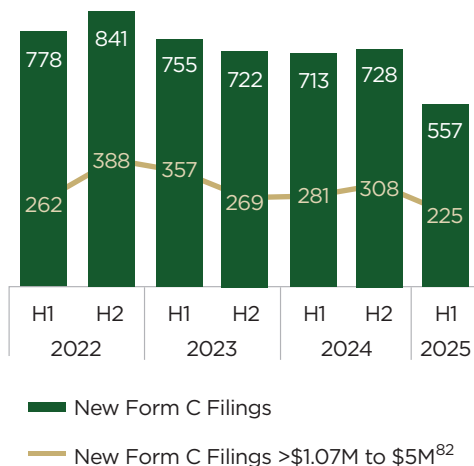


The average check size per investment was **\$1,500** (26% increase from 2023).⁸⁰



\$114,000 was the median raise in 2024.

\$368,000 was the average successful campaign raised.⁷⁹



Nearly **1 of every 2 investment checks** was directed toward a \$1M or larger deal.⁸¹

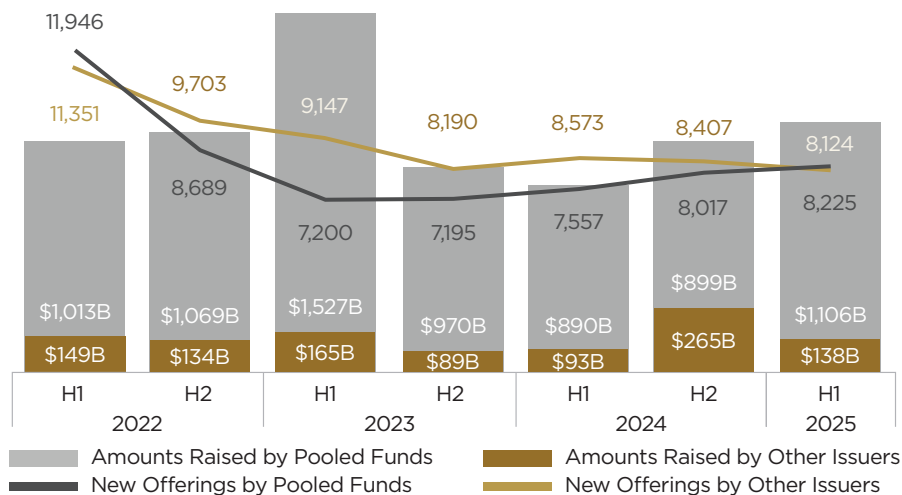
Of businesses that completed at least one **successful crowdfunding offering** from May 16, 2016 through 2024:

0.25% completed an IPO,
2.2% were acquired, and
3.4% received VC funding.⁸³

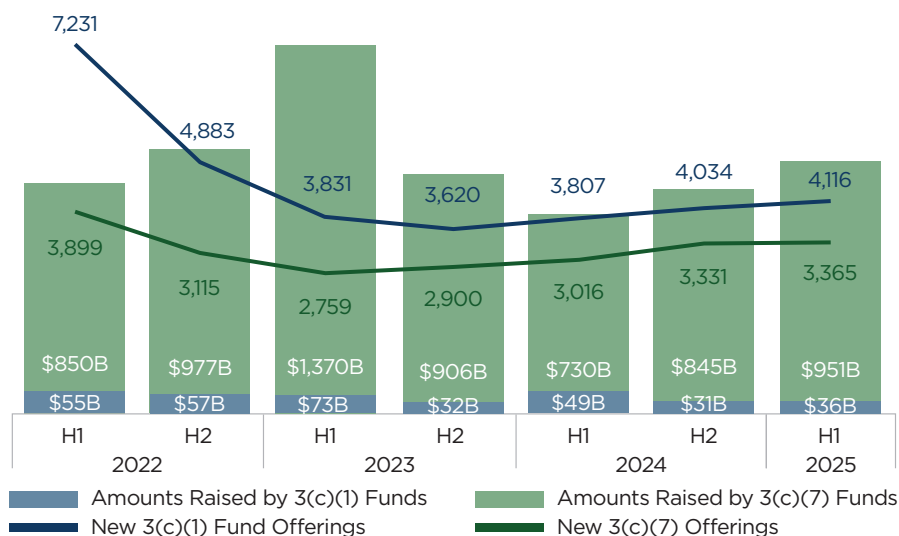
What has been happening with Regulation D offerings?

Regulation D is a series of rules that govern certain types of exempt offerings. The following exemptions are set forth in Regulation D: Rules 504 (sometimes called “limited offerings”), 506(b) (sometimes called “private placements”), and 506(c) (sometimes called “[general solicitation offerings](#)”). Each rule has specific requirements that a company must meet.⁸⁴

Pooled funds accounted for most of the amounts raised under Regulation D, but a little less than half of the offerings.⁸⁵



Diving further into pooled fund offerings, the vast majority of capital is raised by 3(c)(7) funds, which are limited to investors that are qualified purchasers.⁸⁶



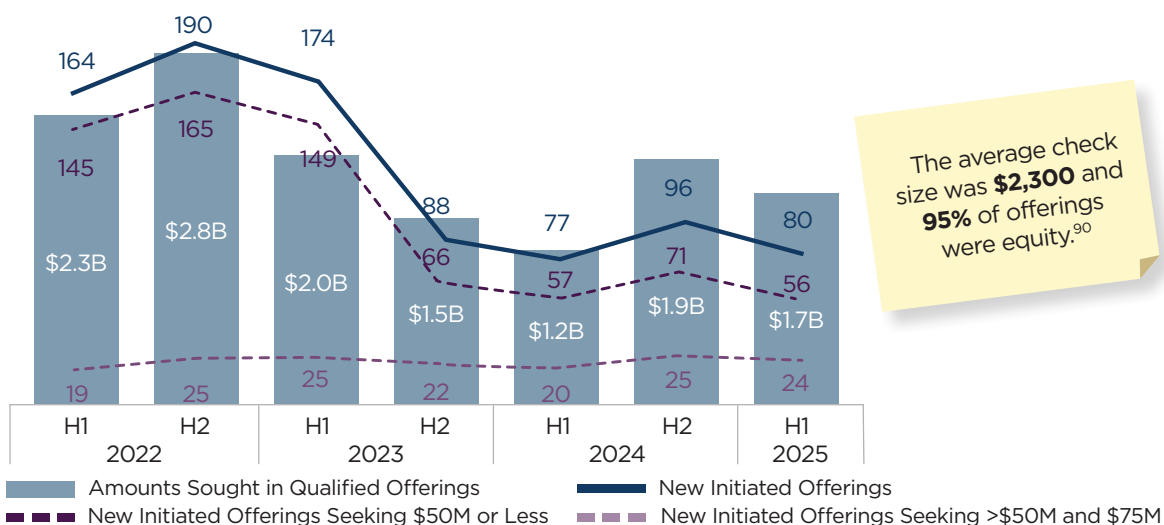
Over the past 3 years, operating companies raising capital under Regulation D were most often in their first few years of operations.⁸⁷

82% of operating companies raising capital under Regulation D were **less than 3 years old.**

What has been happening with Regulation A offerings?

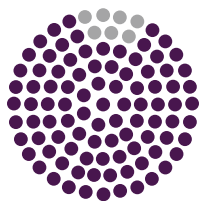
Regulation A offerings are sometimes called "mini-IPOs" and allow eligible companies to raise up to \$20 million in a 12-month period in a Tier 1 offering and up to \$75 million in a 12-month period in a Tier 2 offering through a process similar to, but generally less expensive than, a [registered offering](#).⁸⁸

The amounts and number of offerings have increased since the lows in the first half of 2024.⁸⁹



From June 19, 2015 through 2024, the vast majority of offerings under Regulation A were Tier 2 offerings.⁹¹

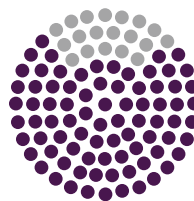
By **amount sought**,



93%

of qualified offerings were Tier 2 offerings.⁹²

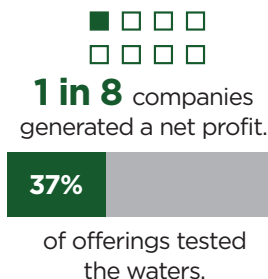
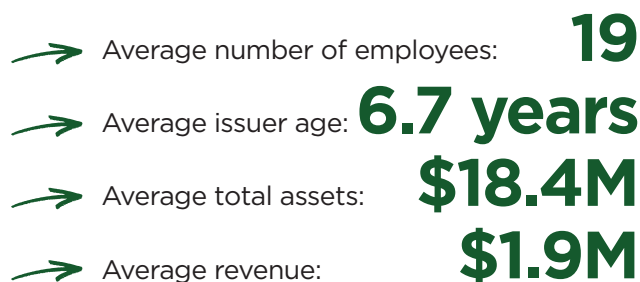
By **number of offerings**,



81%

of qualified offerings were Tier 2 offerings.⁹³

Companies using Regulation A to raise capital tended to be relatively small and young.⁹⁴



Founder and Investor Demographic Data⁹⁵

Women continued to start small businesses and create jobs.⁹⁶



18% of women participate in **entrepreneurial activities**.⁹⁷



2 million U.S. businesses are women-owned or equally women- and men-owned.⁹⁸



19 million people are employed by women-owned or equally women- and men-owned businesses.⁹⁹



From 2019 to 2024, the number of new women-owned businesses **grew** by **17%**.¹⁰⁰

Women founders face challenges that can hinder expansion and growth.¹⁰¹

Access to funding

66% of women entrepreneurs believe that **access to capital** is critical to their startup's success.¹⁰²

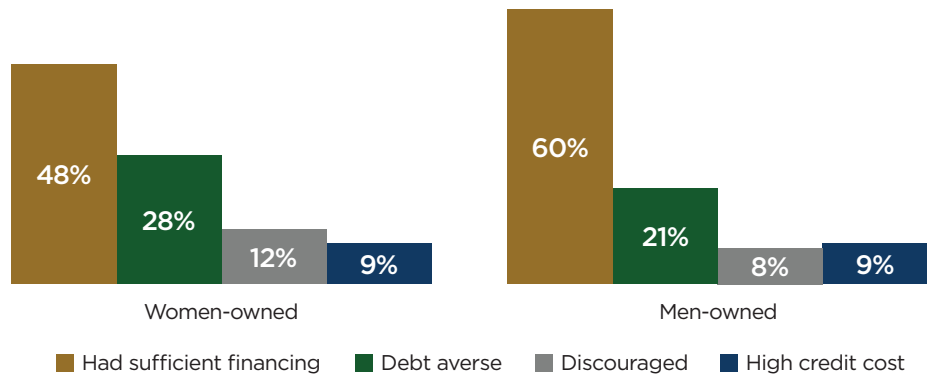
42% of women entrepreneurs who applied did not secure a **bank loan**.¹⁰³

Less established networks

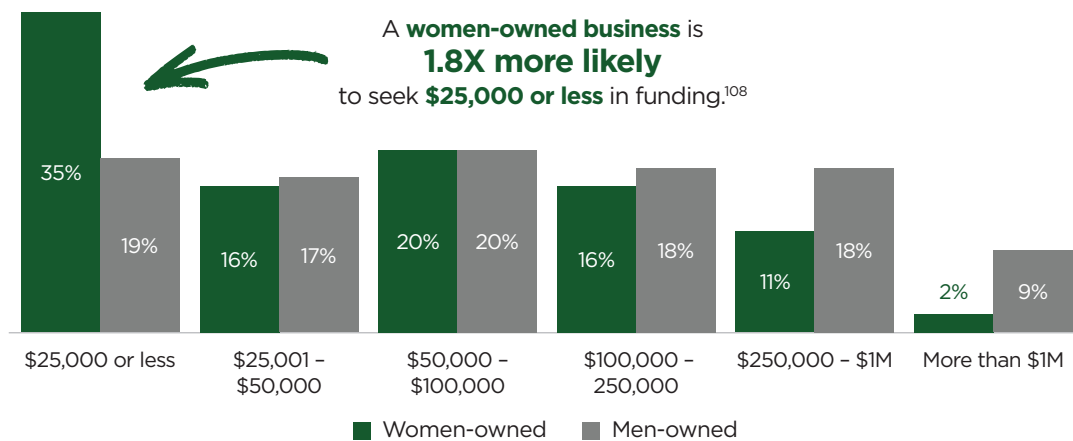
50% of women entrepreneurs struggle to find **help to start their business**.¹⁰⁴

27% of women entrepreneurs **lacked mentorship**.¹⁰⁵

Why did founders not apply for financing?¹⁰⁶



Women-owned businesses tended to seek less startup capital.¹⁰⁷

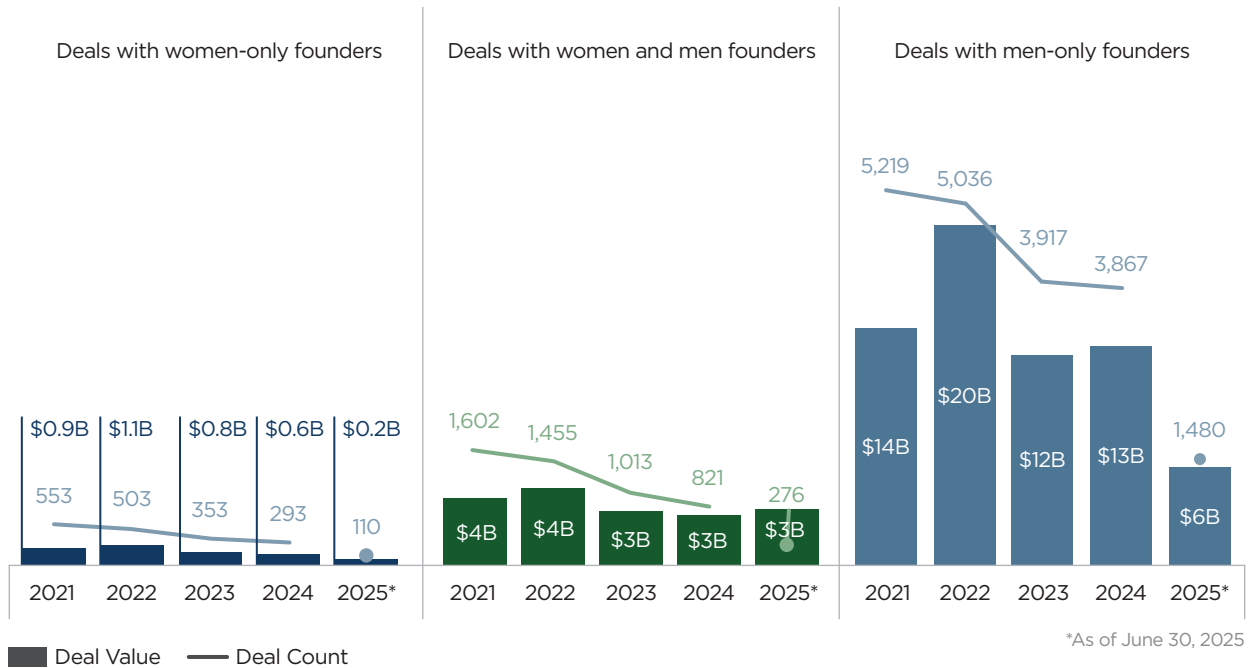


While some women-founded businesses raised capital under Regulation Crowdfunding, those businesses raised a proportionally smaller amount of capital than companies with no women founders.¹⁰⁹



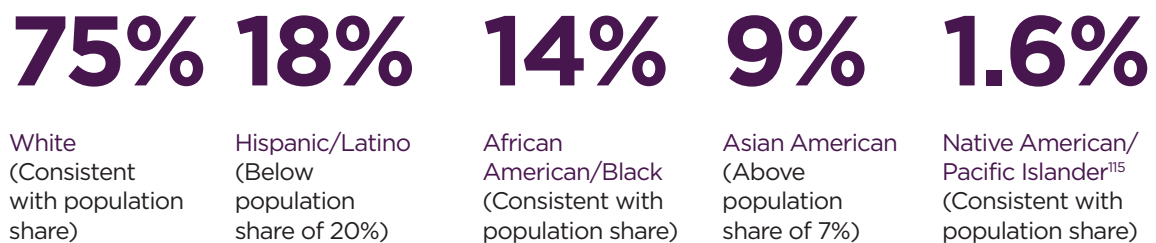
Women founders' share of pre-seed and seed deals and capital remained small.¹¹²

Since 2021, deals with one or more women founders have accounted for **26%** of all pre-seed and seed deals, and **25%** of all pre-seed and seed capital.¹¹³



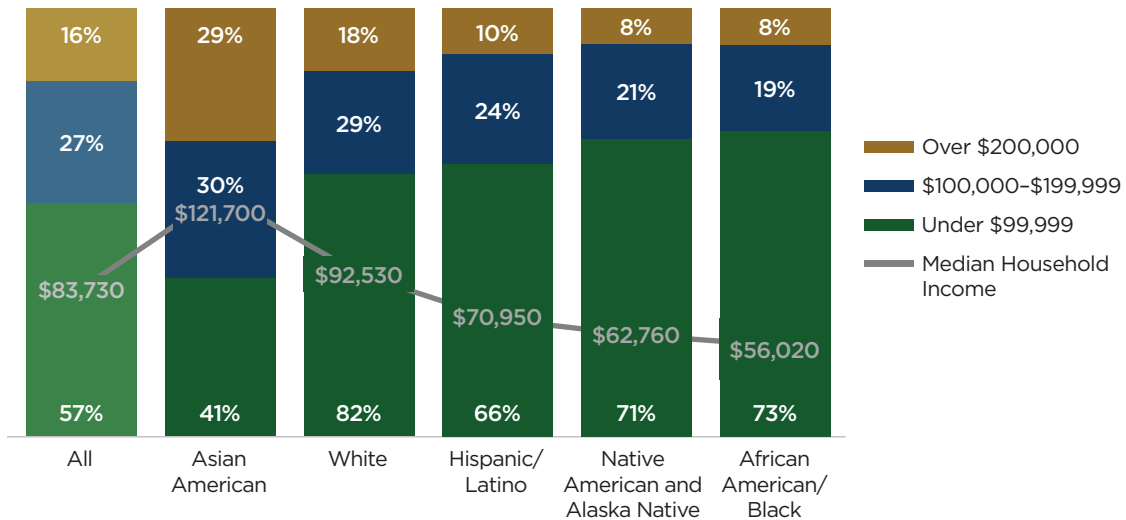
Small business ownership attracted founders across races and ethnicities.¹¹⁴

Percentage of small business owners by race and ethnicity, as compared to the U.S. population by race and ethnicity:

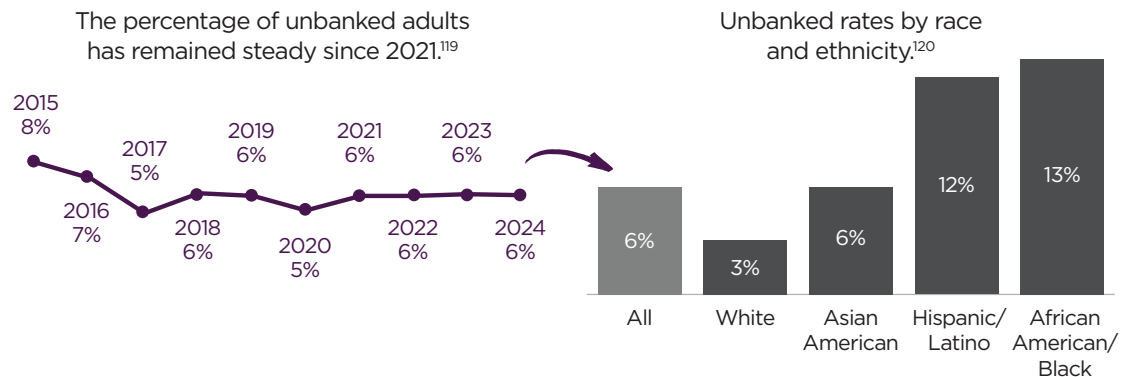


Income levels may affect whether potential entrepreneurs are able to grow personal wealth and self-fund their business.¹¹⁶

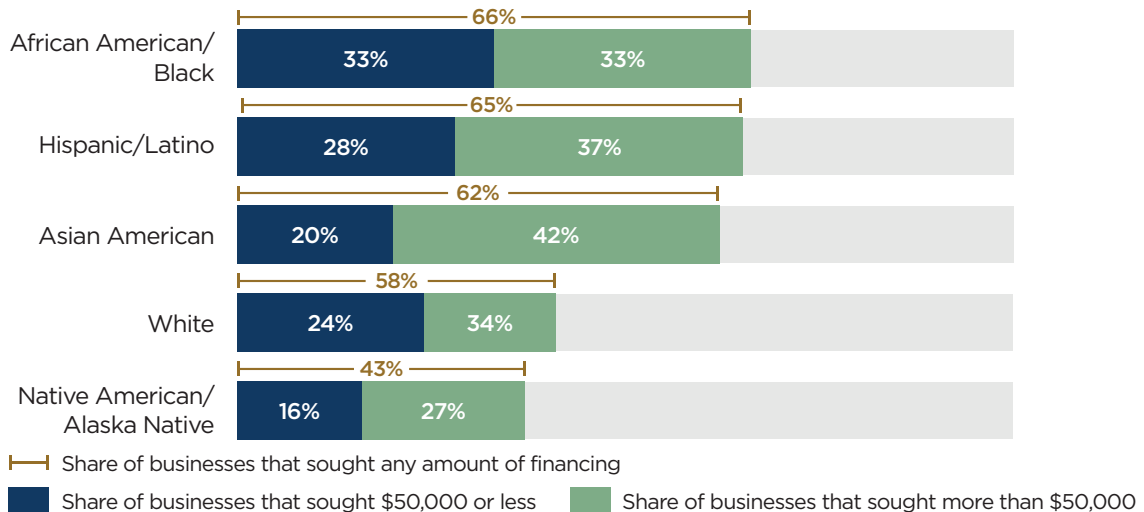
Household income distribution and median household income by race and ethnicity¹¹⁷



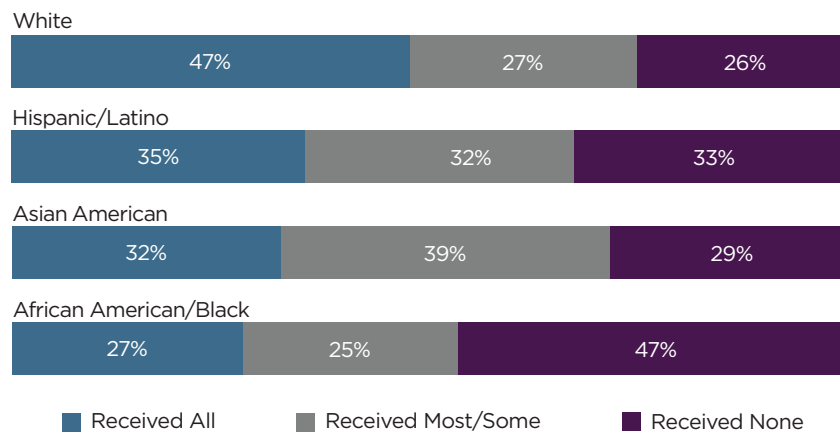
Access to banking and related financial services may affect founders' ability to access startup capital.¹¹⁸



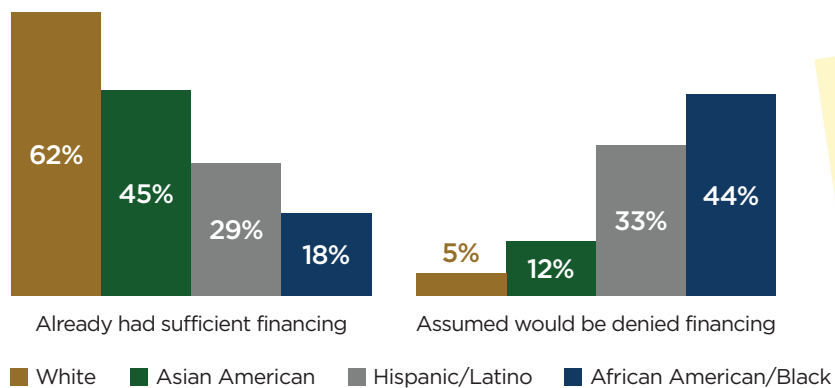
Of the businesses that sought financing, most sought less than \$50,000.¹²¹



Many founders sought capital through a small business loan or line of credit, but the amount received varied.¹²²



Why did founders not apply for financing?¹²³



Other reasons include:

- Debt averse
- High credit cost
- Difficult or confusing application process¹²⁴

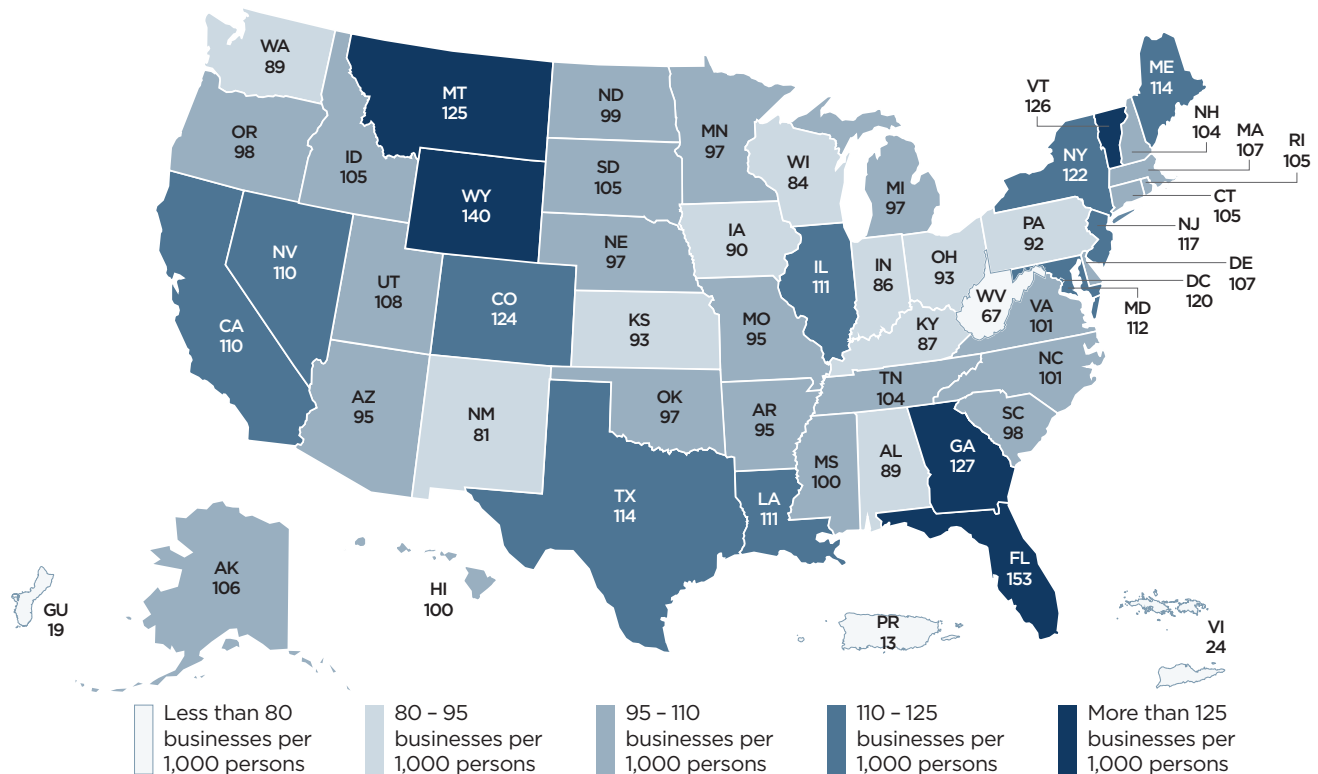
A variety of founders participated in Regulation A and Regulation Crowdfunding offerings in 2024.¹²⁵



Geographic Data¹²⁶

Where are U.S. small businesses located?

The following map illustrates the density of small businesses by state population and indicates the number of small businesses per 1,000 persons in that state.¹²⁷



What key themes arise in supportive entrepreneurial ecosystems?¹²⁸



Capital availability
and homegrown
investor
communities



Connections between
education and the **startup-**
community of employers
and angel investors



On-ramps and
tools to attract new
founders and plans
to retain them



Policy coalitions
that support
entrepreneurship

“

Across geographies, success is patterned, not random. The metros that consistently turn ideas into firms do the same things well: they make capital navigable, put education assets to work, welcome talent so it's day-one usable, and pair state policy with local execution, then amplify it all through networks and narrative.

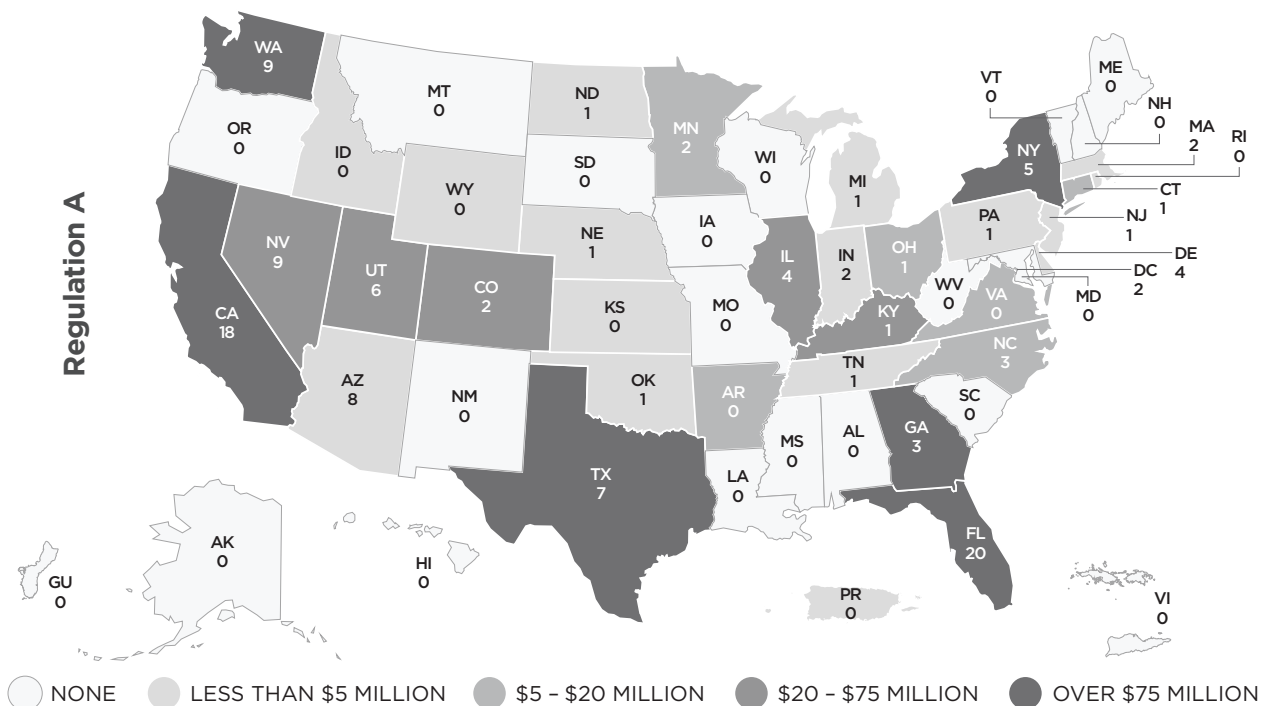
NASDAQ ENTREPRENEURIAL CENTER¹²⁹

The shading of each state shows the estimated total capital raised in the 12 months ended June 30, 2025, and the number indicates the total number of offerings in that state.¹³⁰

Regulation Crowdfunding



NOM



Rural small businesses are an essential part of rural economies and communities.¹³⁷



18% of the U.S. population lives in a **rural area**.¹³⁸



15% of **small employer businesses** are in rural areas.¹³⁹



Rural counties contributed **\$2.2 trillion** to U.S. GDP (as compared to \$19.6 trillion contributed by urban counties).¹⁴⁰



7.4 million people are employed by small businesses located outside of metropolitan areas.¹⁴¹



Rural entrepreneurship remains a cornerstone of economic development, offering a pathway to prosperity and opportunity in areas that often face systemic barriers to accessing capital and resources. Declining access to community banks and persistent gaps in venture capital continue to limit the ability of rural entrepreneurs to launch and scale innovative businesses.

AMANDA WEINSTEIN AND ADAM DEWBURY, CENTER ON RURAL INNOVATION¹⁴²

Rural communities face unique challenges that affect their economic growth.¹⁴³



Infrastructure challenges, including reliable internet access, transportation, and other services.¹⁴⁴



Challenges navigating a **complex web of public investment programs**.¹⁴⁵



Lower levels of financial resources due to lower population, lower incomes, and fewer investments by large companies and philanthropies.¹⁴⁶

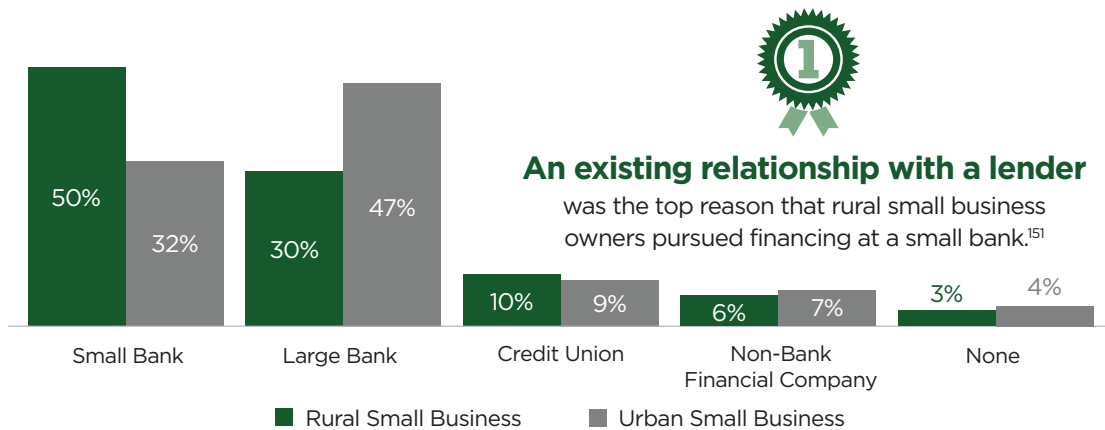


40% of rural households have an **income of less than \$50,000** compared to **33%** of non-rural households.¹⁴⁷



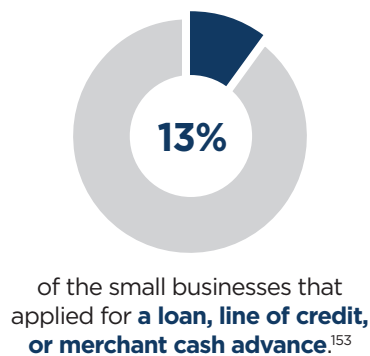
Only **3%** of all philanthropic dollars **flow to rural communities**.¹⁴⁸

While the number of rural banks declined,¹⁴⁹ small banks remained the primary financial services provider for rural small businesses.¹⁵⁰



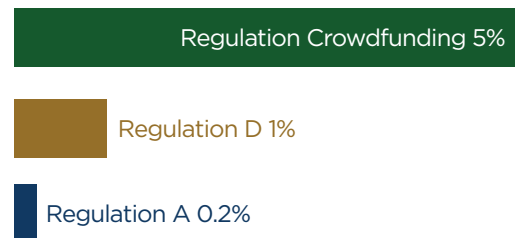
Many rural small businesses sought funding through traditional financing, while a smaller share sought capital from investors.¹⁵²

Rural businesses accounted for:



Rural small businesses raised proportionately less capital.¹⁵⁴

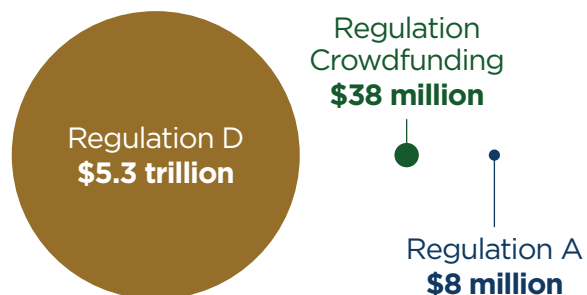
Rural small businesses' share of total capital raised in exempt offerings (over 3 years):¹⁵⁵



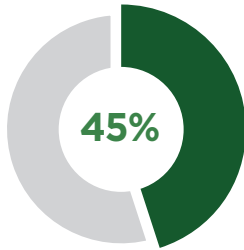
The vast majority of the capital rural small businesses raised from investors was under Regulation D.¹⁵⁶

Capital raised in exempt offerings by rural small businesses over the last 3 years:¹⁵⁷

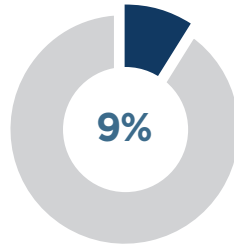
Over the last three years, **Regulation D** accounted for about **99%** of the total capital raised by rural small businesses in exempt offerings.



How have natural disasters affected small businesses?¹⁵⁸



of the U.S. **population**¹⁵⁹ lives in an area that was **affected by a natural disaster** over the last three years.¹⁶⁰



of small businesses suffered **natural disaster-related losses** (up from 7% in 2023 and down from 14% in 2022).¹⁶¹

Businesses affected by natural disasters suffer direct and indirect damage, including **labor market disruption, public infrastructure damage, and customer displacement**.¹⁶²

More small businesses affected by natural disasters carried property and flood insurance than small businesses that did not experience natural disaster losses.¹⁶³



Of small businesses that suffered natural disaster-related losses,

75%

had **property insurance**

and

17%

had **flood insurance**

(compared to 69% and 9%, respectively, for those that did not suffer losses related to natural disasters).¹⁶⁴

Small businesses affected by natural disasters were more likely to seek a business loan.

Small businesses affected by natural disasters were over

2X more likely

to apply for an **SBA loan** (36% compared to 17% of those that were not affected).¹⁶⁵

Small businesses affected by natural disasters were

2X more likely

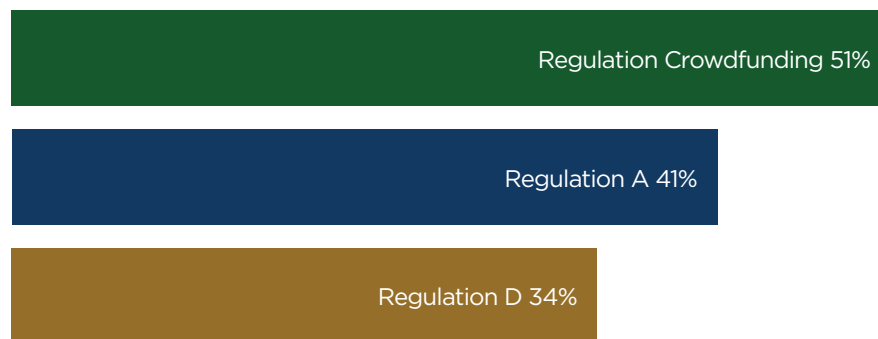
to apply for and receive a **friends and family loan** (16% compared to 8% of those that were not affected).¹⁶⁶

Most small businesses affected by natural disasters applied for financing.

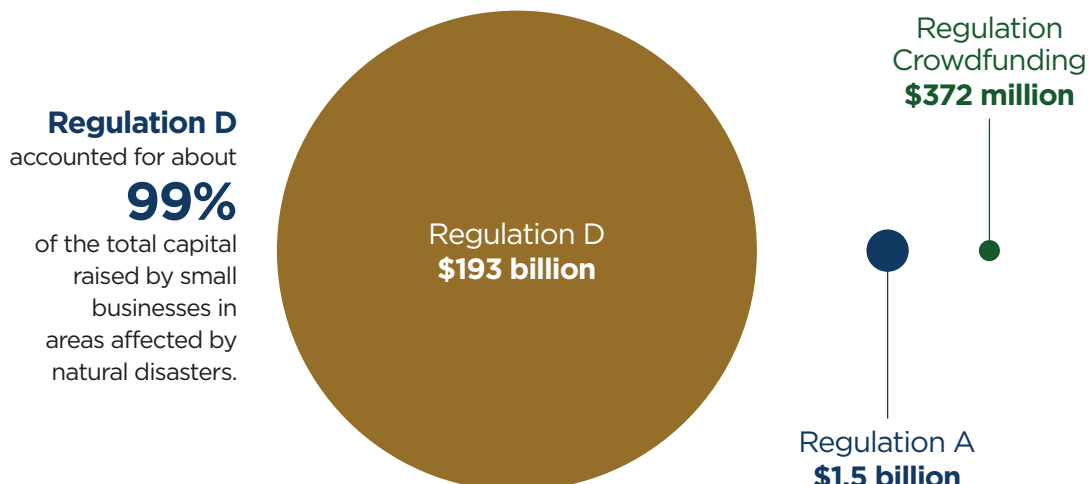
69% of small businesses that suffered losses from a natural disaster **applied for financing** (compared to 58% of those not affected).¹⁶⁷

Small businesses in affected areas raised capital from investors under various pathways, but the vast majority of capital was raised under Regulation D.¹⁶⁸

Share of total capital raised through exempt offerings by small businesses in disaster affected areas over 3 years:



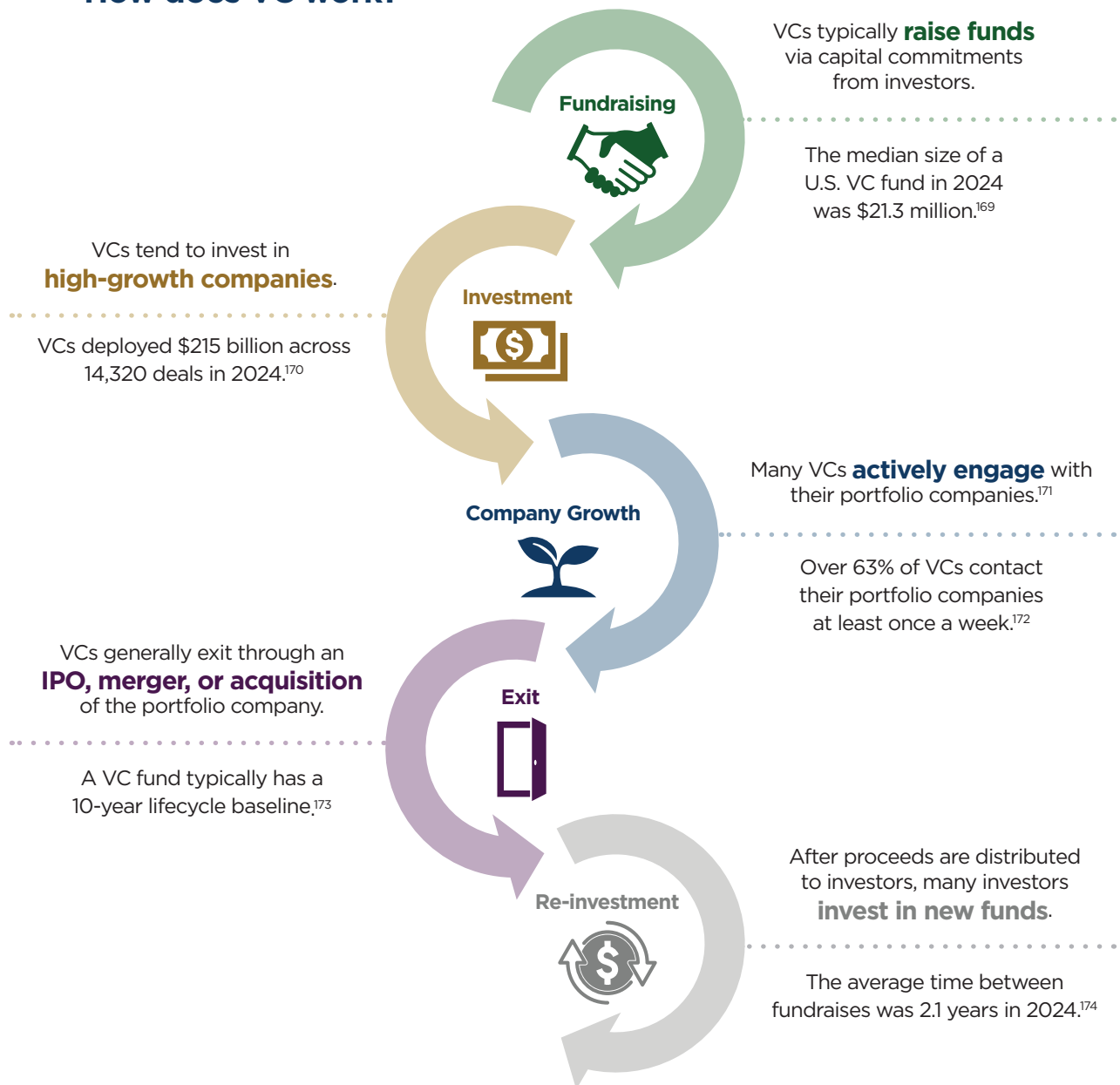
Capital raised in exempt offerings by small businesses in affected areas over the last three years:



Mature and Later-Stage Businesses

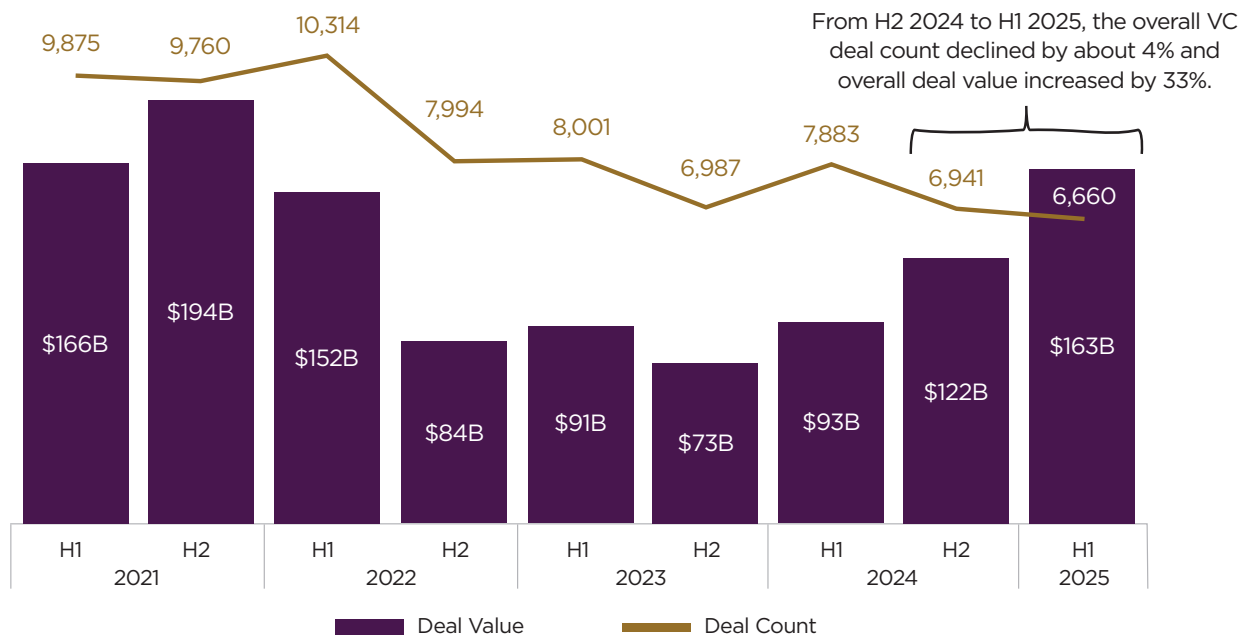
Companies within this segment of the market are generally growing and looking for larger amounts of capital, for example, to fund operations of scale, to finance new product lines, and to prepare to access public markets. Most often, their investors are **institutional** in nature, whether VC funds, private equity funds, or crossover investors from the public market.

How does VC work?

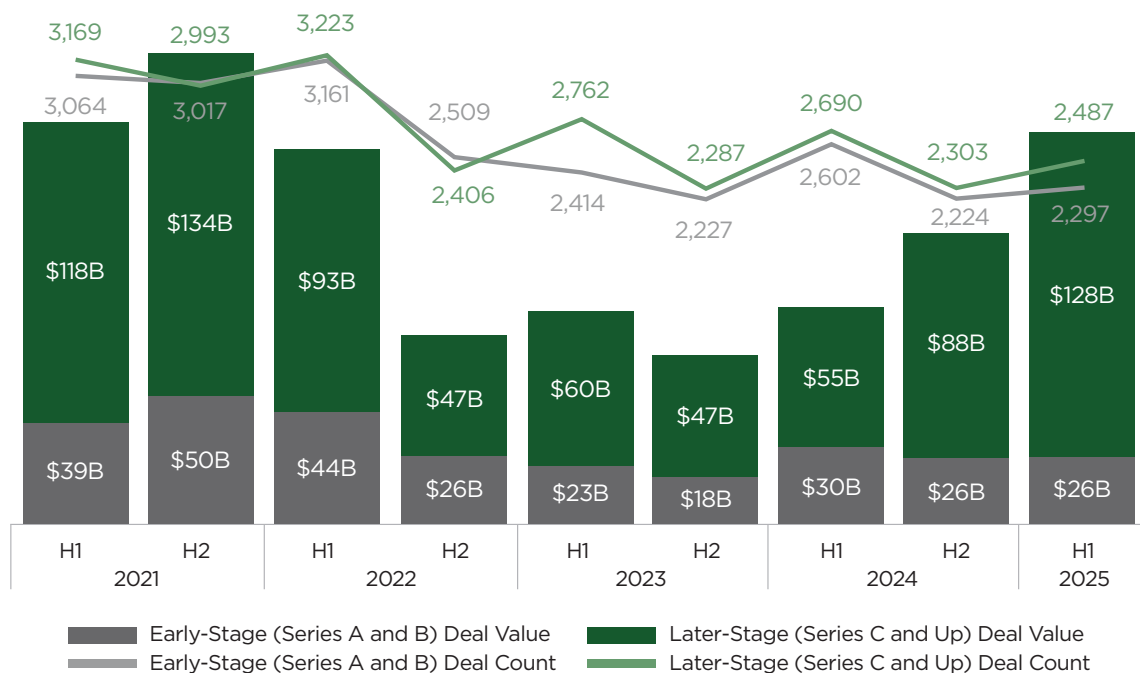


How is VC investment activity changing?

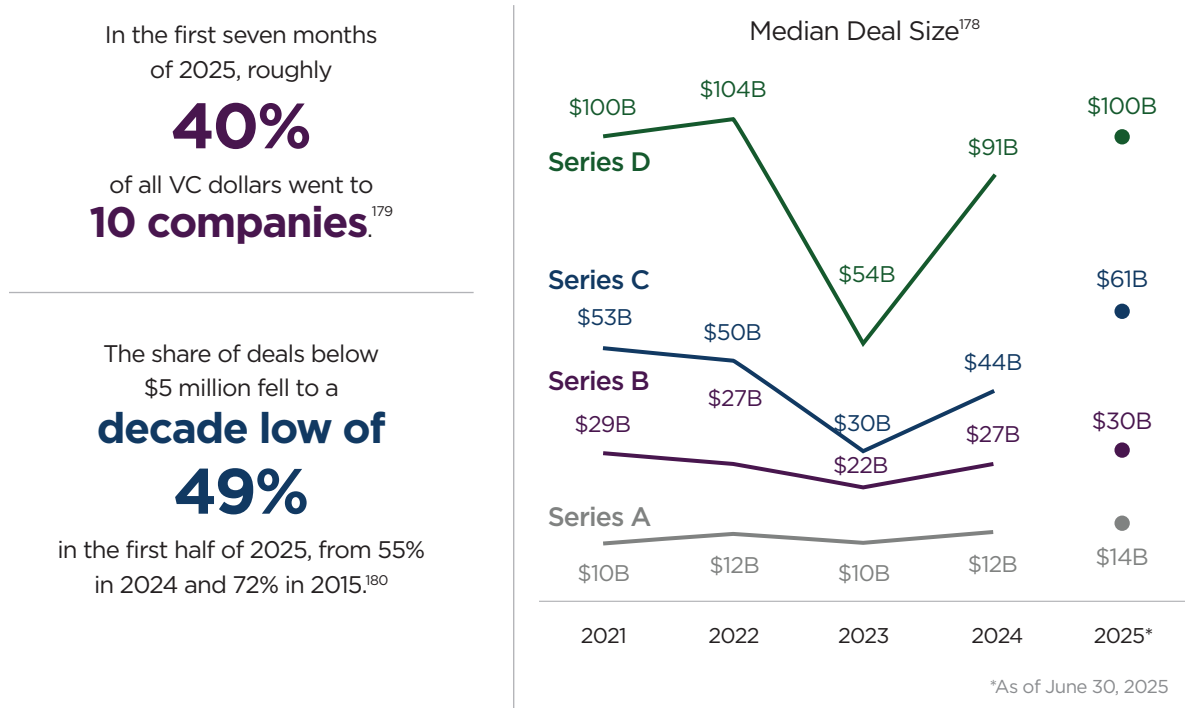
While overall deal volume decreased, overall deal value increased.¹⁷⁵



VC investments have continued to shift from earlier stages towards later-stage VC investments.¹⁷⁶

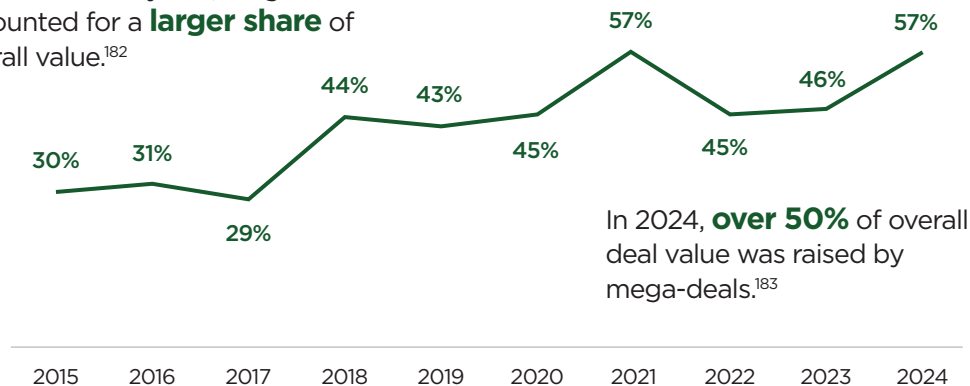


As deals became more concentrated, deal sizes continued to increase across funding stages.¹⁷⁷



While deals over \$100 million, or mega-deals, remained a fraction of deal count, they represented a growing percentage of overall value.¹⁸¹

Over the last 10 years, mega-deals accounted for a **larger share** of overall value.¹⁸²



Down rounds reached record high levels.¹⁸⁴

18%

of deals, in the first half of 2025, were **down rounds** (compared to 15% for 2024 and 8% for 2021).¹⁸⁶

25%

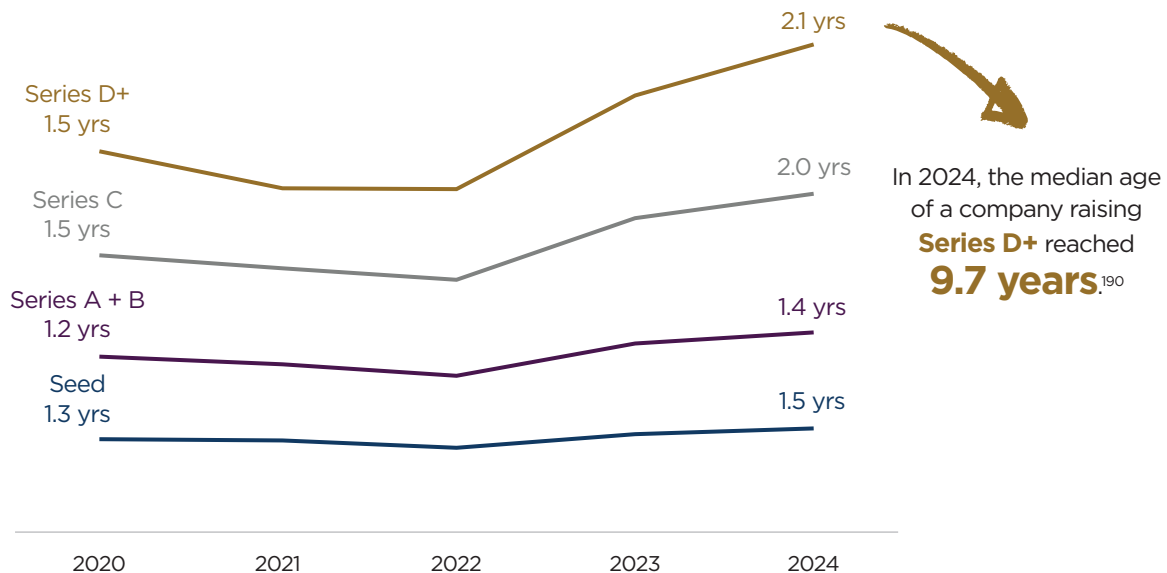
of all Series D+ deals were **down rounds**.¹⁸⁷

Down rounds can have negative effects, such as dilution for employees and some current investors.¹⁸⁸

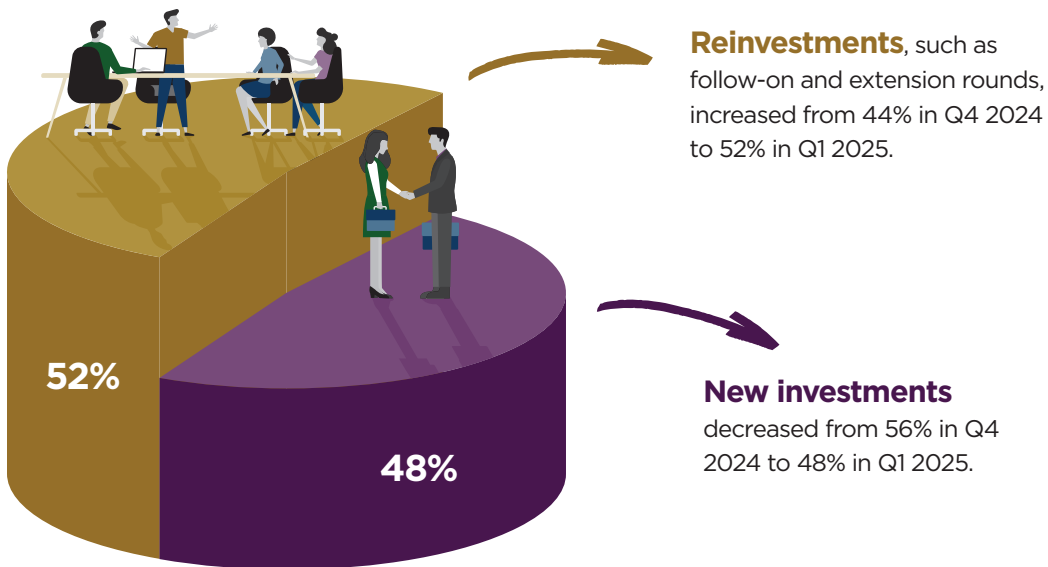
Factors that may influence down round activity:¹⁸⁵

- ☑ Over-pricing in a previous environment
- ☑ Operational challenges
- ☑ Strategic pivot
- ☑ Change in market risk tolerance

The median time between financing rounds continued to increase.¹⁸⁹



During the first quarter of 2025, VC investments into existing portfolio companies increased, while new investments fell.¹⁹¹



Many VC investors take active roles in their portfolio companies, offering advice and support.¹⁹²

Strategic Guidance



Marketing Intros



Operational Guidance



Board Management Guidance



Personnel Guidance



Other

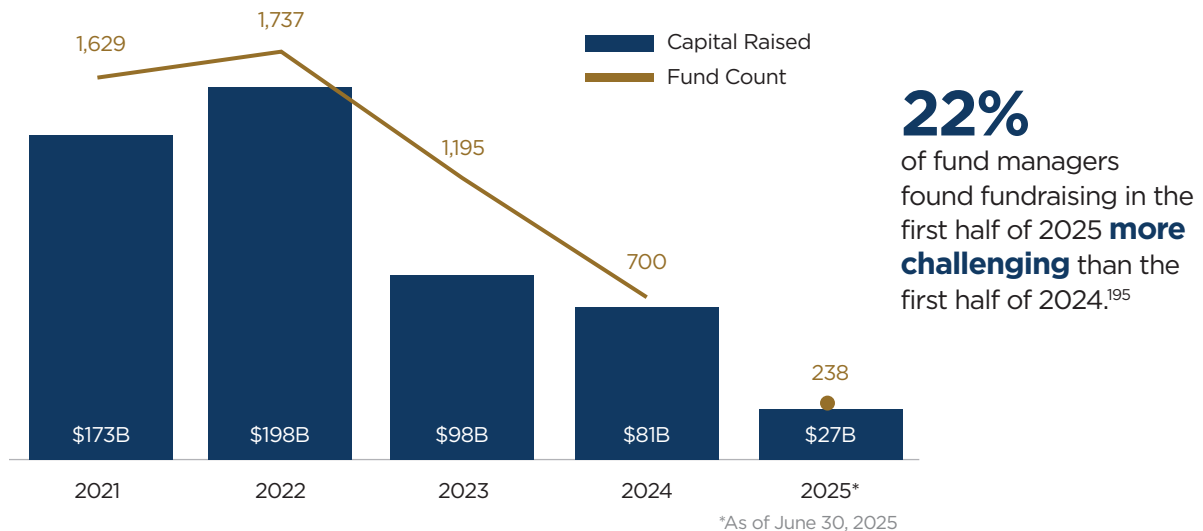


Beyond funding, venture capital can also provide expertise, industry connections, monitoring, and strategic guidance helping small businesses build their reputation and scale.

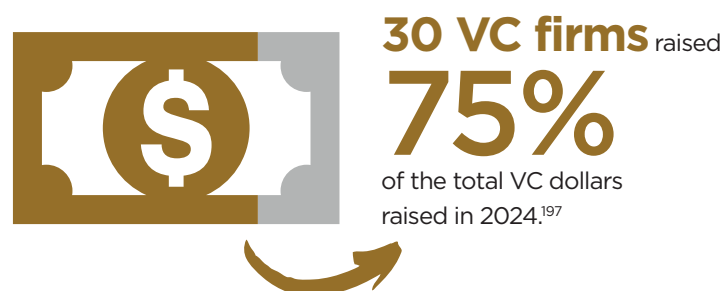
AMANDA WEINSTEIN AND ADAM DEWBURY,
CENTER ON RURAL INNOVATION¹⁹³

How is VC fundraising activity changing?

Fund managers faced a challenging environment, raising less capital and fewer funds.¹⁹⁴



In 2024, capital continued to be consolidated among a few VC firms.¹⁹⁶



The time required to close new funds has increased.¹⁹⁸

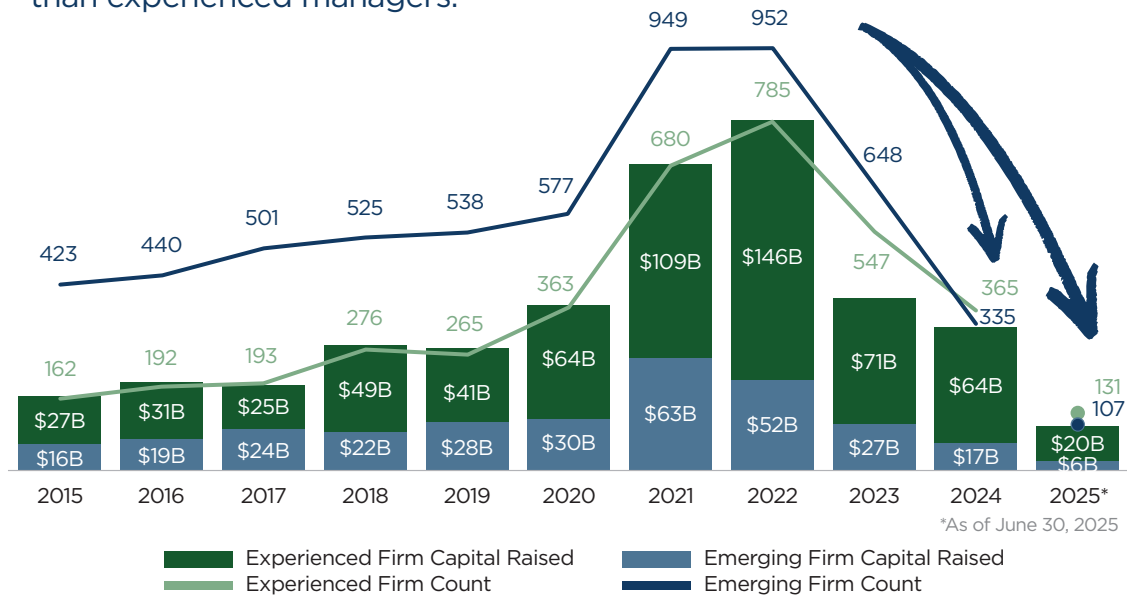


The average time spent fundraising increased from 15.9 months in 2024 to

17.4 months

during the first half of 2025—the longest average in over a decade.¹⁹⁹

In 2024, for the first time in a decade, emerging managers closed fewer funds than experienced managers.²⁰⁰



New and emerging fund managers tend to focus on pre-seed and seed stages.²⁰¹

Within early-stage funds,
new and emerging managers accounted for

60% of seed funds²⁰² and
37% of pre-seed funds.²⁰³

In a challenging fundraising environment, a strong track record is crucial to attract limited partners, or LPs.²⁰⁴

At least one GP with a strong record



Spinout of a strong GP team



Previous relationship



Differentiated investment strategy



Fund has a significant investor



“

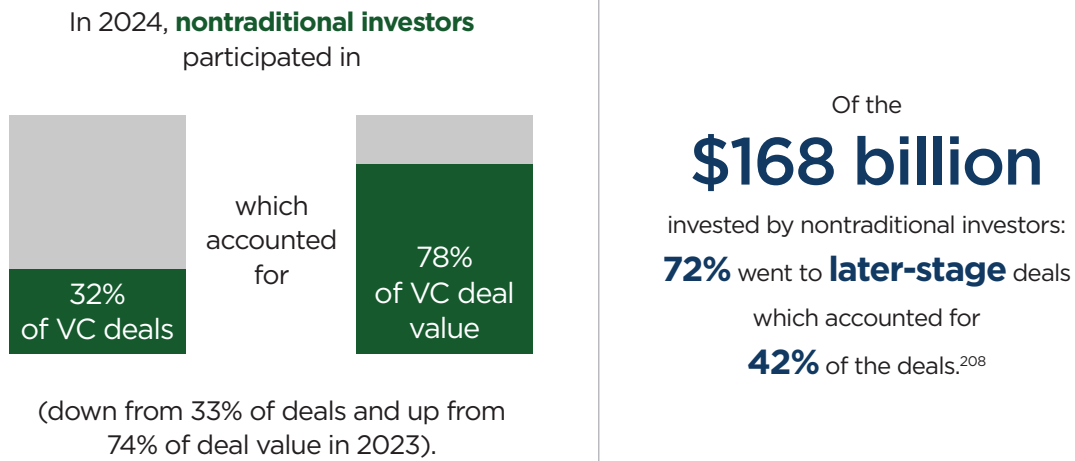
Smaller, younger venture firms have felt the squeeze most acutely, as LPs chose to allocate to those with a longer record and with whom they have pre-existing relationships, rather than take a risk on new managers or those who have never returned capital to their backers.

GEORGE HAMMOND, FINANCIAL TIMES²⁰⁵

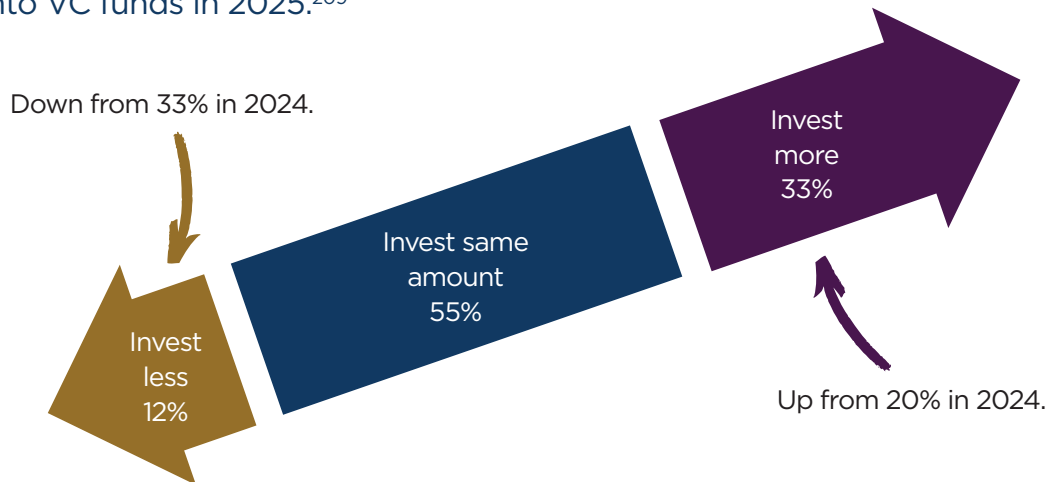
What is happening with VC investors or LPs?

Nontraditional investors were most active in later-stage, larger deals.²⁰⁶

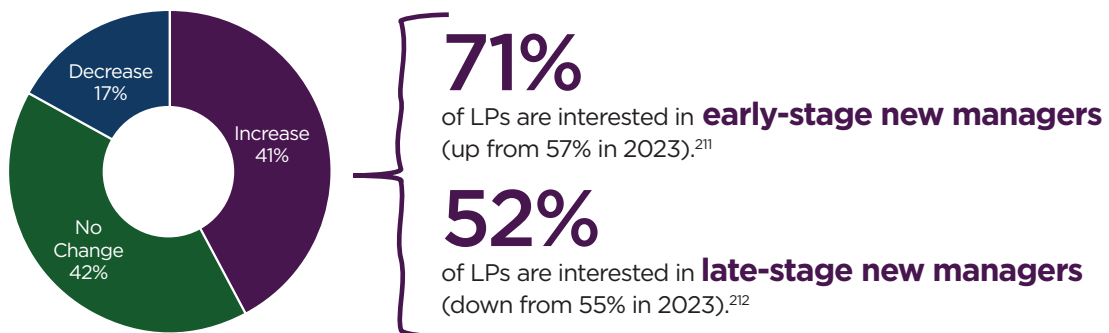
Nontraditional investors include firms and institutions not labeled as VC funds.²⁰⁷



A larger share of investors reported that they planned to invest more capital into VC funds in 2025.²⁰⁹



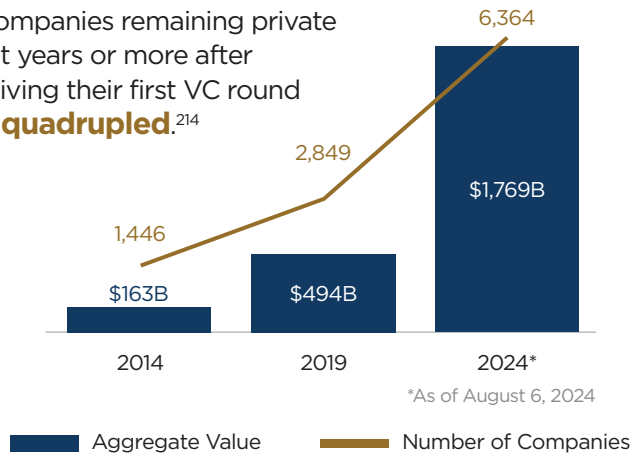
The majority of LPs reported that they plan to keep steady or increase the number of relationships with managers.²¹⁰



How is exit activity changing?

Companies are remaining private longer.²¹³

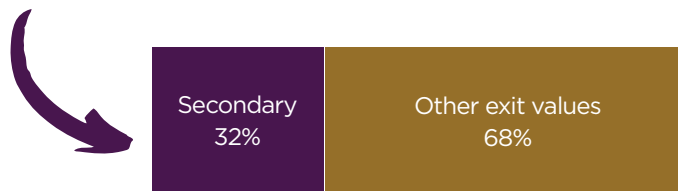
From 2014 to 2024, the number of companies remaining private eight years or more after receiving their first VC round had **quadrupled**.²¹⁴



45% of unicorns received their first VC funding round **9 or more years ago**.²¹⁵

The private secondary market has gained traction.²¹⁶

The U.S. secondary market was about **\$61 billion** in the 12-month period ending on June 30, 2025, accounting for about 32% of VC exit value.²¹⁷



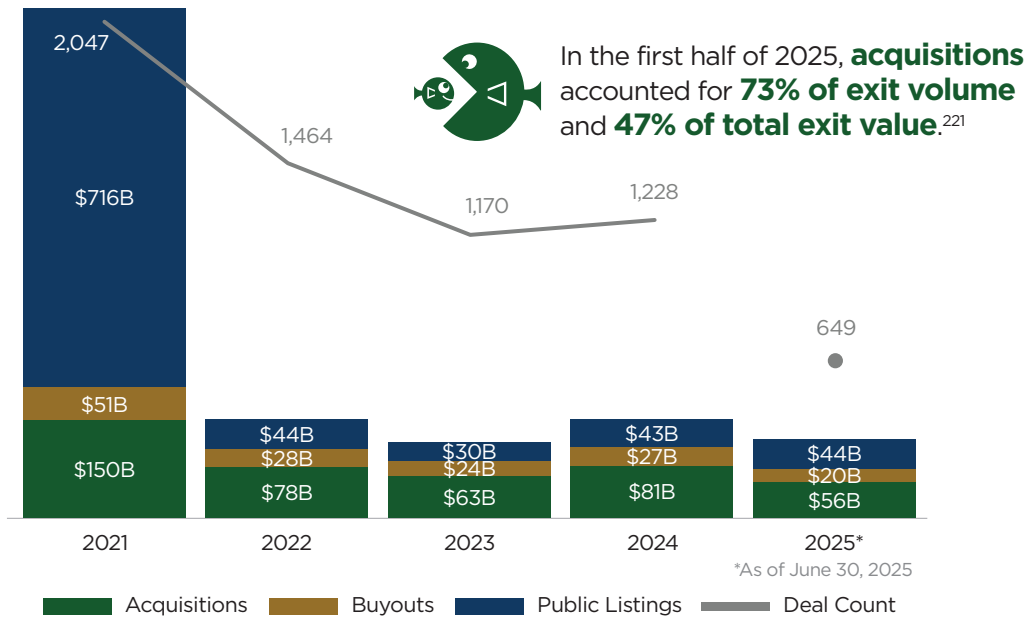
Over **25% of VC investors** have participated in the secondary market over the last three years.²¹⁸



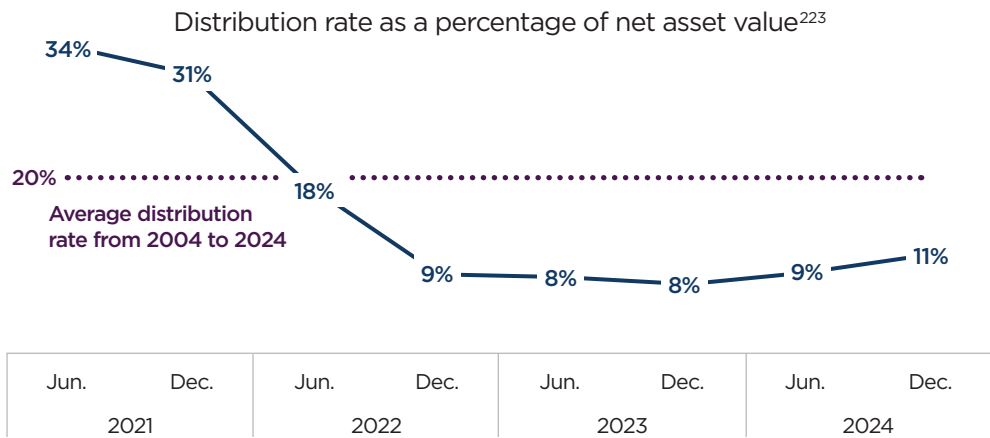
Secondaries have become increasingly dominant in the venture narrative due to their potential to simultaneously provide liquidity to long-time investors while startups remain private for longer.

EMILY ZHENG, PITCHBOOK²¹⁹

In 2025, exit volume and value surpassed both the first and second half of 2024 and acquisitions remained the dominant exit route.²²⁰



LPs continued to receive low distributions, contributing to a liquidity crunch.²²²



VC investors increasingly sought opportunities for liquidity.²²⁴



From 1990 to Q3 2025, on average, **8%** of shares sold in VC-backed IPOs were sold by **selling shareholders** (such as VC investors and employees).²²⁵



In 2025 (through Q3), on average, **14%** of shares sold in VC-backed IPOs were sold by **selling shareholders**.²²⁶



In 2025, **85% to 92%** of private fund investors **opted to sell** rather than roll-over into a continuation fund (up from 75% to 80% in 2024).²²⁷

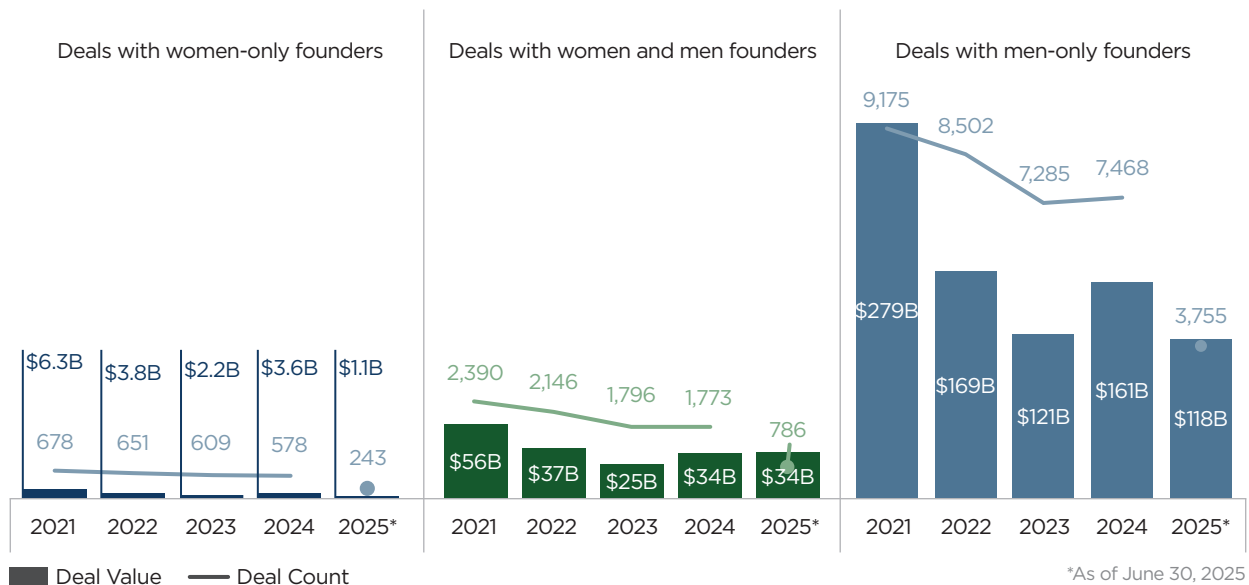
Founder and Investor Demographic Data²²⁸

Women founders' share of VC capital and deals remained small.²²⁹

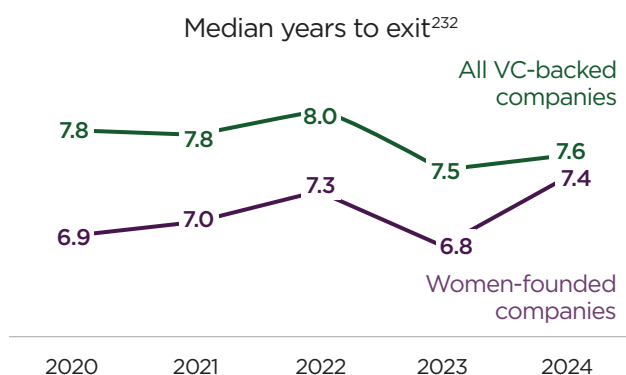
Since 2021, deals with one or more woman founder accounted for

24% of all VC deals and

19% of all VC capital.²³⁰



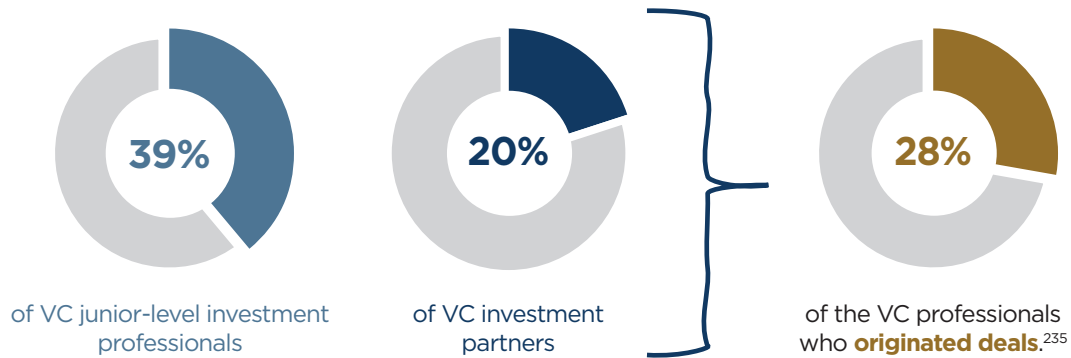
Compared to all U.S. VC-backed companies, women-founded companies exited faster and maximized investor dollars.²³¹



The **median rate** that women-founded companies spent cash was **16% less** than the median rate of all U.S. VC-backed companies.²³³

Women made up 20% of VC investment partners and originated 28% of deals.²³⁴

Women accounted for:



The number of women-led investment firms grew.²³⁶

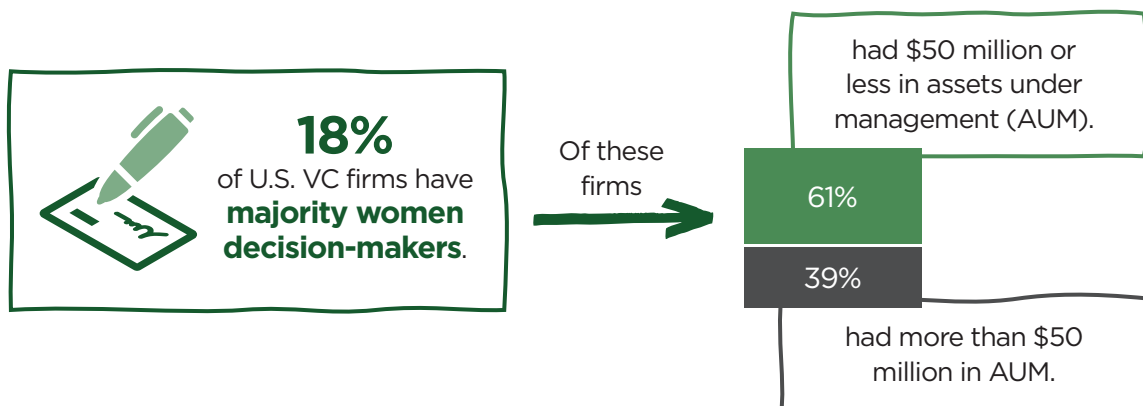


The number of women-led private investment firms

increased 42%

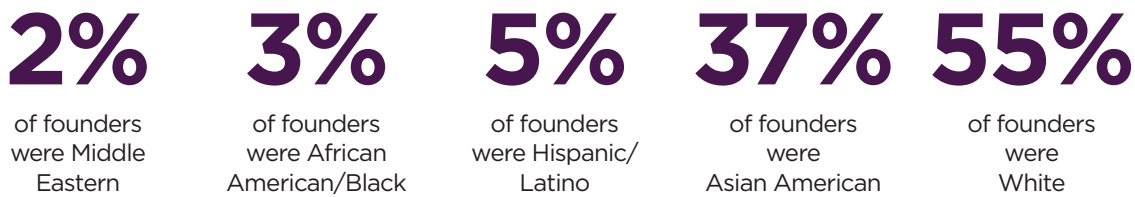
from 167 in 2023 to 237 in 2024.

Many VC firms with majority women decision-makers tended to be smaller by dollar-size.²³⁷



In 2024, the rate at which entrepreneurs founded startups and received VC funding varied considerably across demographic groups.²³⁸

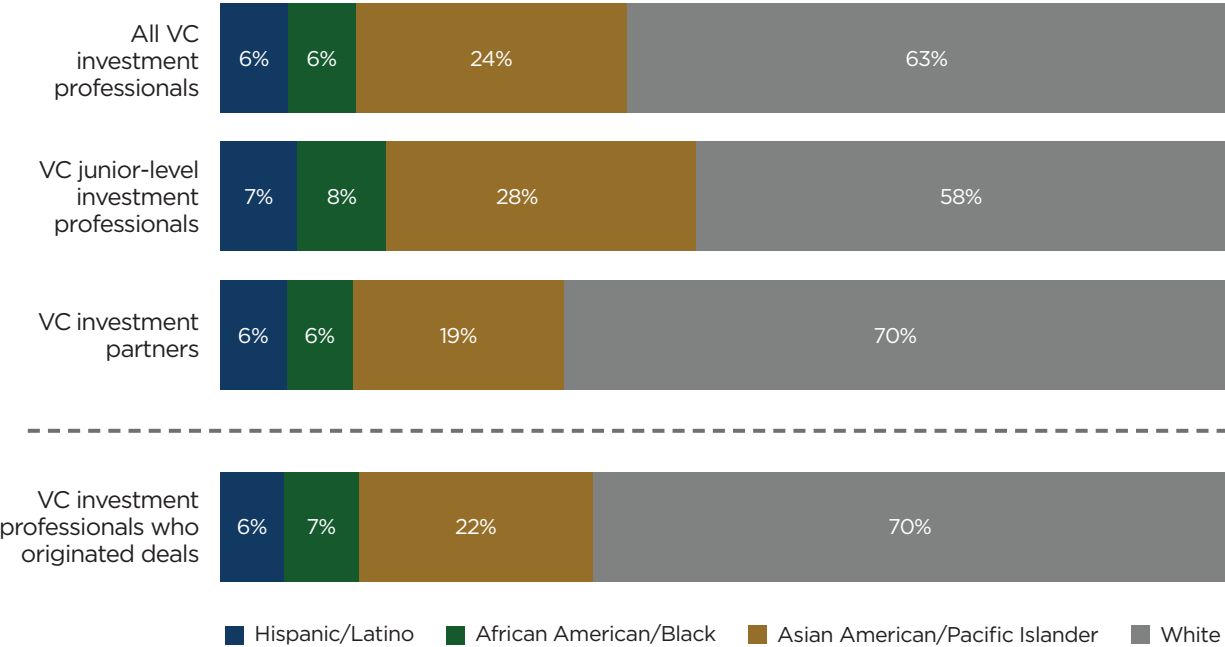
Entrepreneurs founded startups at the following percentages in 2024:²³⁹



Founders received the following percentages of VC funding in 2024:²⁴⁰



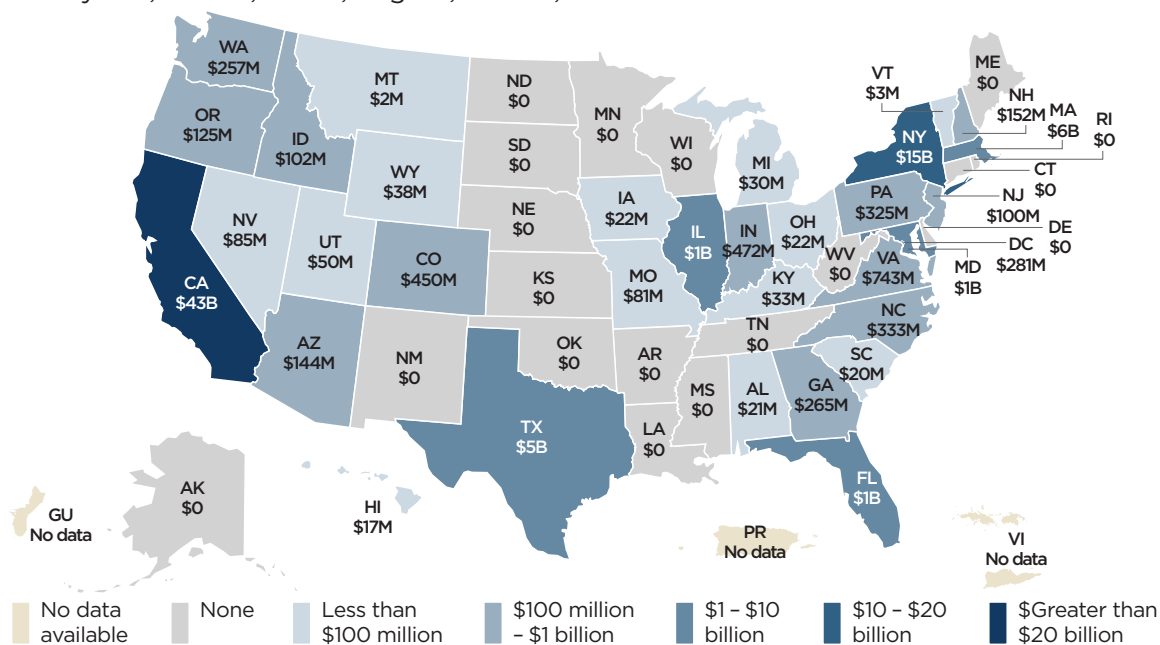
The race and ethnicity of VC investment professionals varied depending on their level of responsibility.²⁴¹



Geographic Data²⁴²

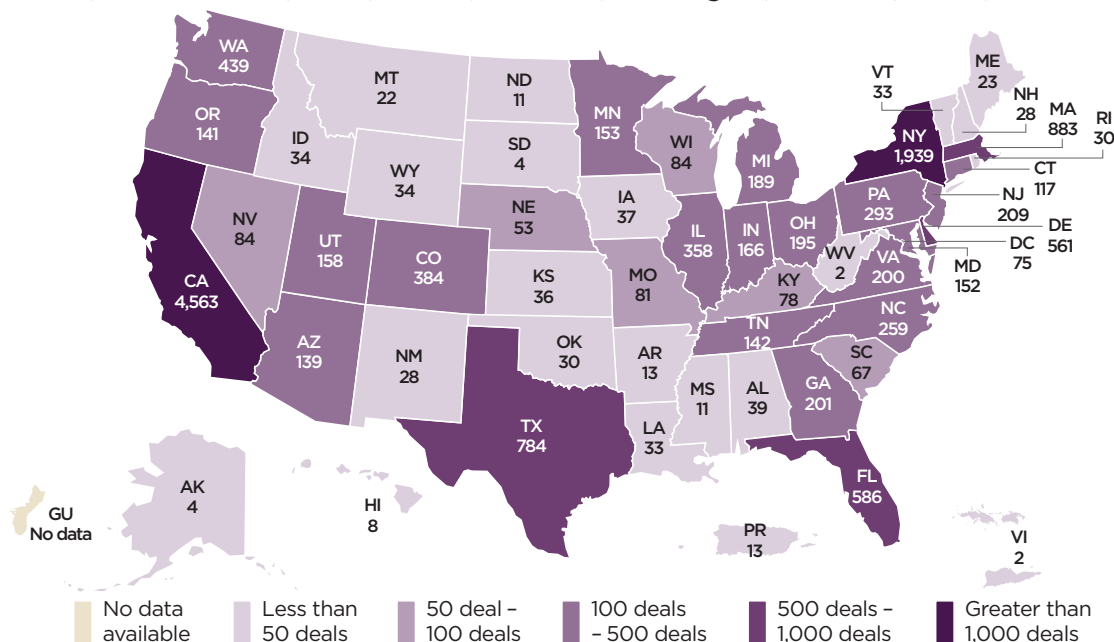
Where are VC funds raising capital?²⁴³

The shading of each state illustrates the estimated capital VC funds raised in each state. The top 10 states for VC fundraising include California, New York, Massachusetts, Texas, Maryland, Florida, Illinois, Virginia, Indiana, and North Carolina.

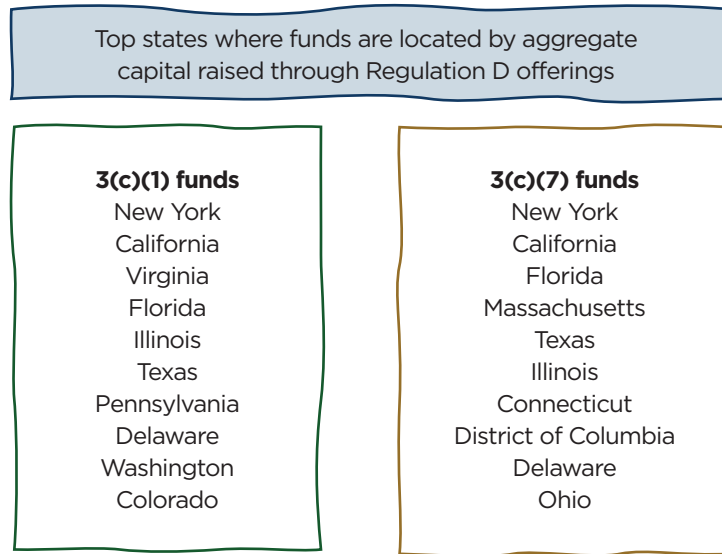


Where are VC funds investing?²⁴⁴

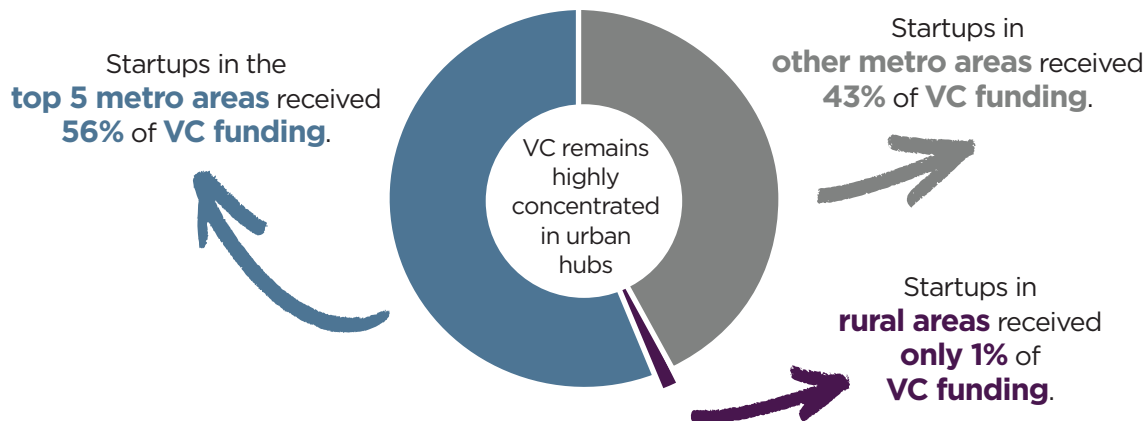
The shading of each state illustrates the number of deals—or investments in portfolio companies—VCs closed in each state. The top 10 states for deals closed are California, New York, Massachusetts, Texas, Florida, Delaware, Washington, Colorado, Illinois, and Pennsylvania.



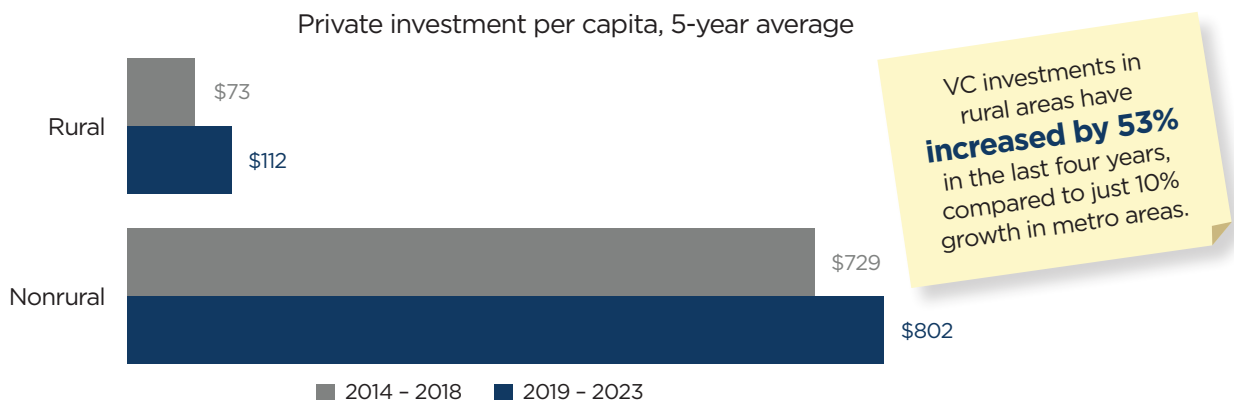
Where are different types of private funds raising capital under Regulation D?²⁴⁵



VC funding is crucial for many scalable, high-growth startups; but rural startups struggle to access VC investors.²⁴⁶



Access to VC funding in rural areas is limited but rising.²⁴⁷

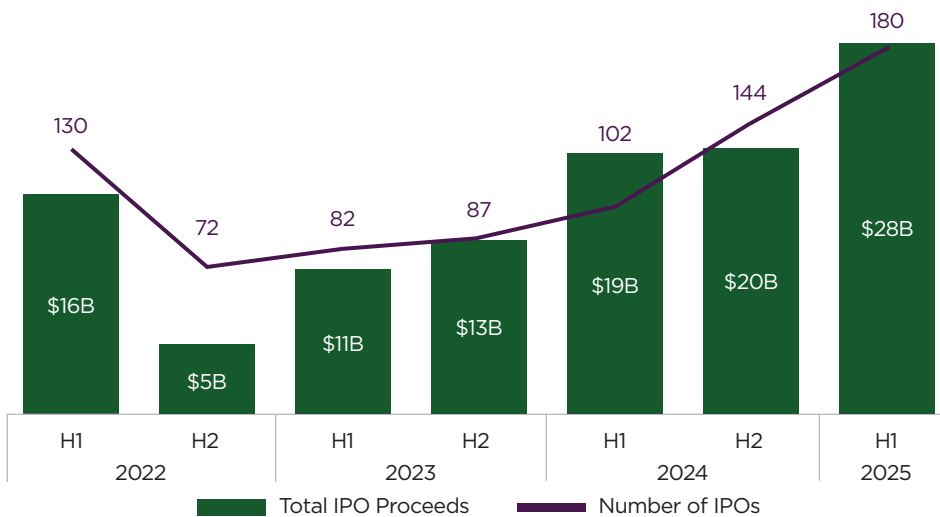


Initial Public Offerings and Small Public Companies

Companies can access broad pools of investors when they conduct public offerings. This allows them potentially to raise large amounts of capital to fund activities such as research and development, capital expenditures, or debt service. Public offerings also provide [liquidity](#) to earlier-stage investors and employees.

What is happening with IPO activity?

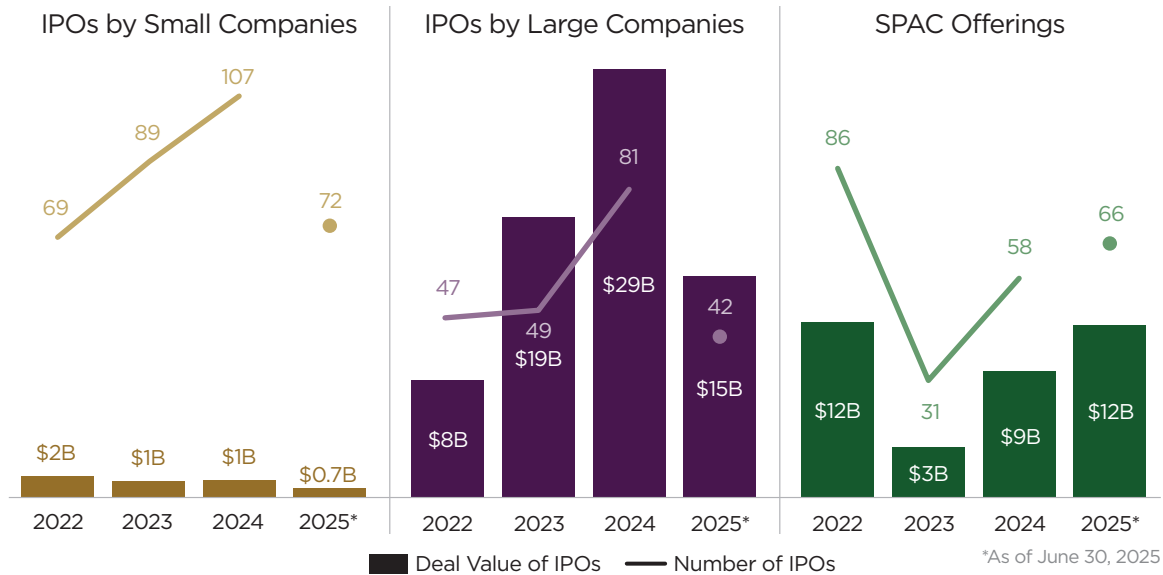
While initial public offerings, or IPOs, remained historically low over the last three years, the number and offering proceeds have trended upward.²⁴⁸



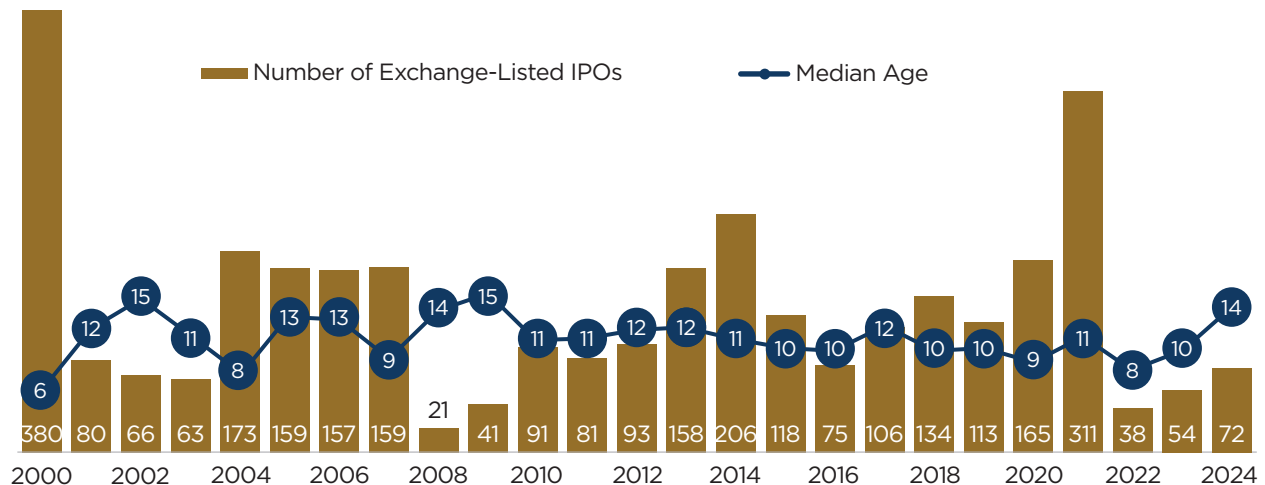
What were the top industries raising capital in IPOs (excluding pooled funds but including Special Purpose Acquisition Companies, or SPACs)?²⁴⁹



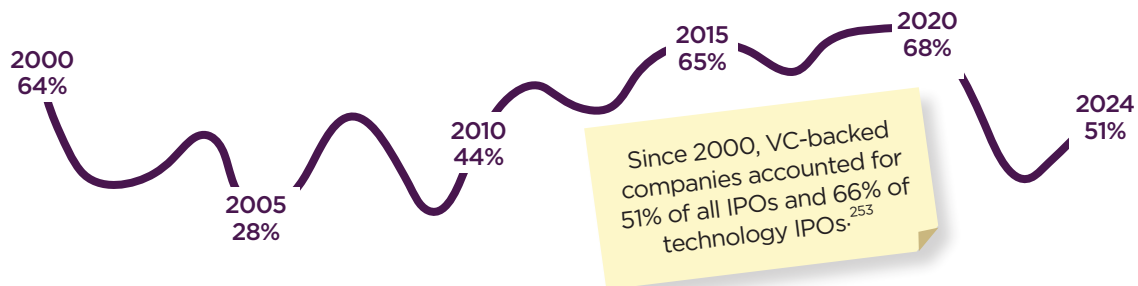
In 2024, IPOs by small companies represented 44% of all IPOs but only 3% of capital raised.²⁵⁰



In 2024, the number of exchange-listed IPOs remained low, and the median age of an IPO issuer increased.²⁵¹

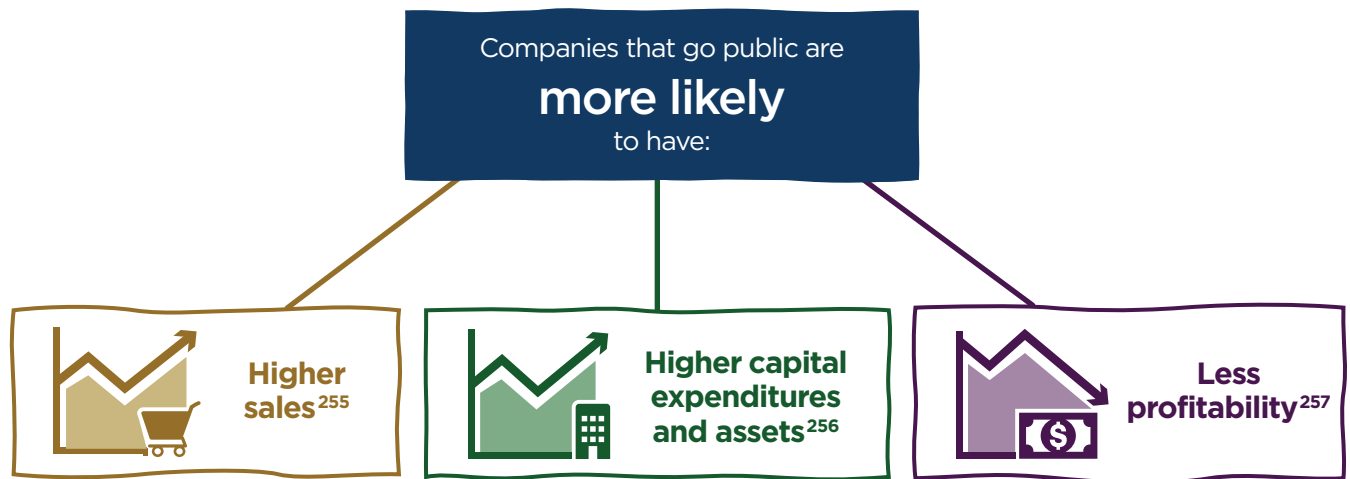


While the percentage of IPO companies with VC backing has varied, the link between VC-backing and IPO readiness remains.²⁵²

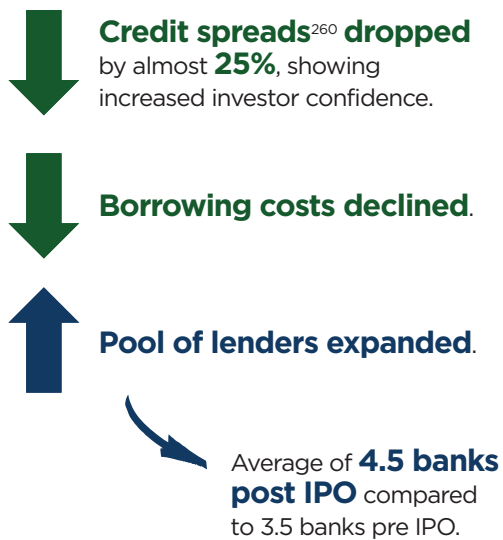


How are the dynamics changing for companies going public?

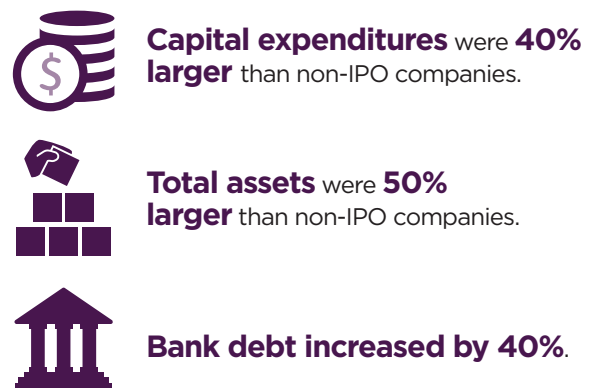
Improved access to capital is an important motive for companies going public.²⁵⁴



Post IPO,
on average, companies²⁵⁸:



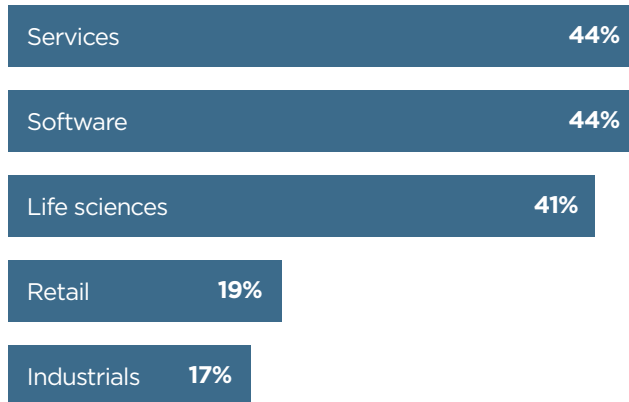
4 years after an IPO,
on average, companies²⁵⁹:



What share of IPOs were led by founder-CEOs?

Founder-led IPOs were more common in high-growth sectors and less frequent in more traditional sectors.²⁶¹

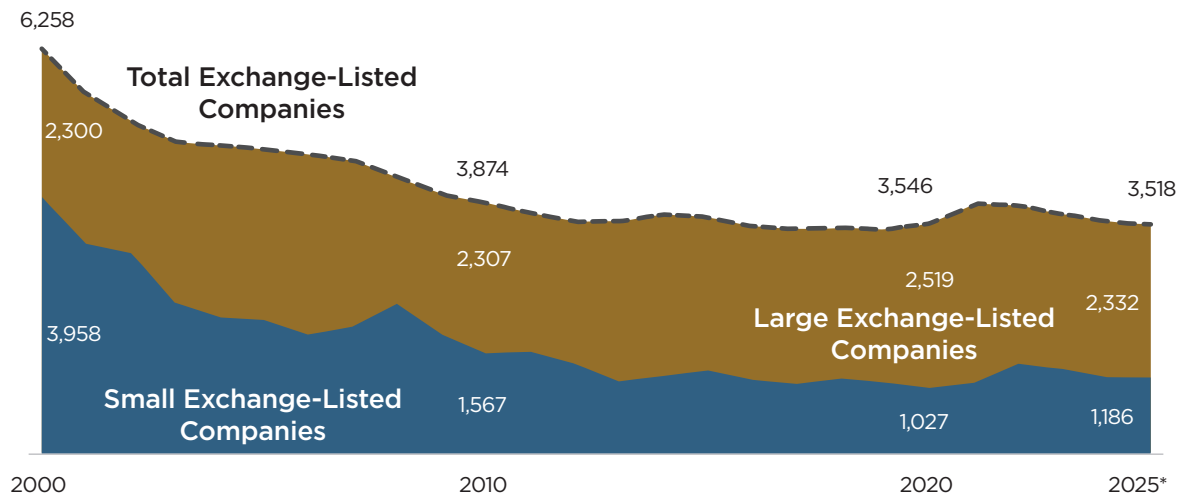
Prevalence of founder-led companies at IPO by industry²⁶²



75%
of the companies that went public in 2017–2021 with founder CEOs **remained founder-led** in 2025.

How has the U.S. public market changed over time?

The number of exchange-listed companies continues to decrease from the peak of the late 90s and early 2000s.²⁶³



*As of June 30, 2025

While the number of exchange-listed firms decreased, the average market capitalization of an exchange-listed firm increased 5.5X between 1996 and 2023.²⁶⁴

Many factors have contributed to the increased size and decreased number of U.S. exchange-listed companies, such as:

- ☑ Increase in mergers
- ☑ Delisting of many smaller companies
- ☑ Low number of IPOs

Between 1996 and 2020, approximately
4,000 mergers
between public firms occurred.



How did the market fare based on other metrics?



The **aggregate market capitalization** of listed companies **increased by 197%** from 1996 to 2023 (from \$14 trillion to \$49 trillion).²⁶⁵



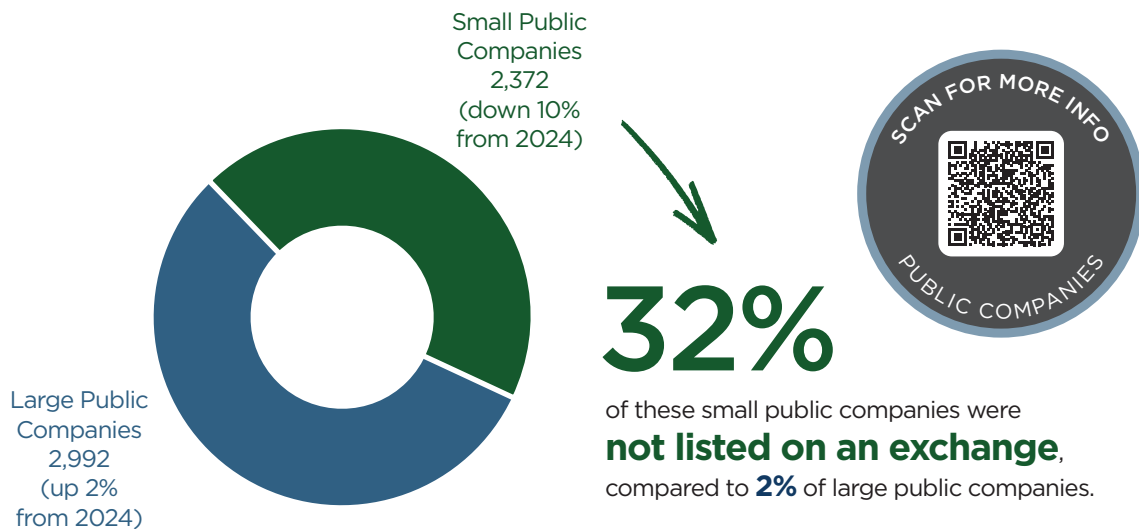
Public company profits increased 4X from 1996 to 2022 (from \$366 billion to \$1.6 trillion).²⁶⁶



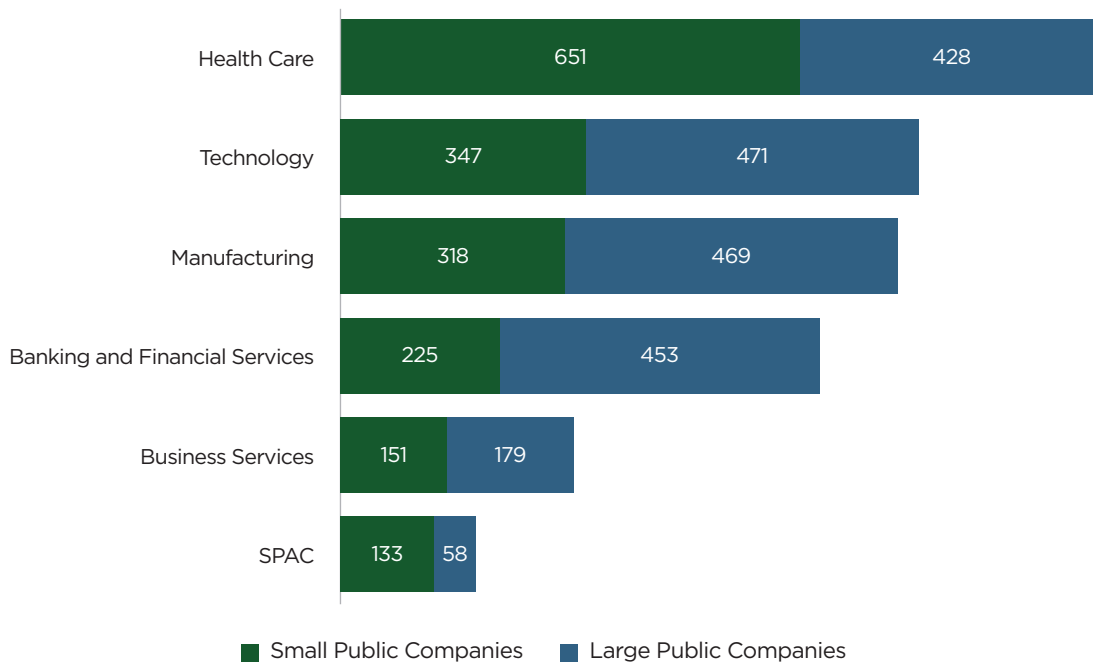
Public company profits were more than 6% of U.S. GDP (compared to 4.5% in 1996).²⁶⁷

Small Public Companies

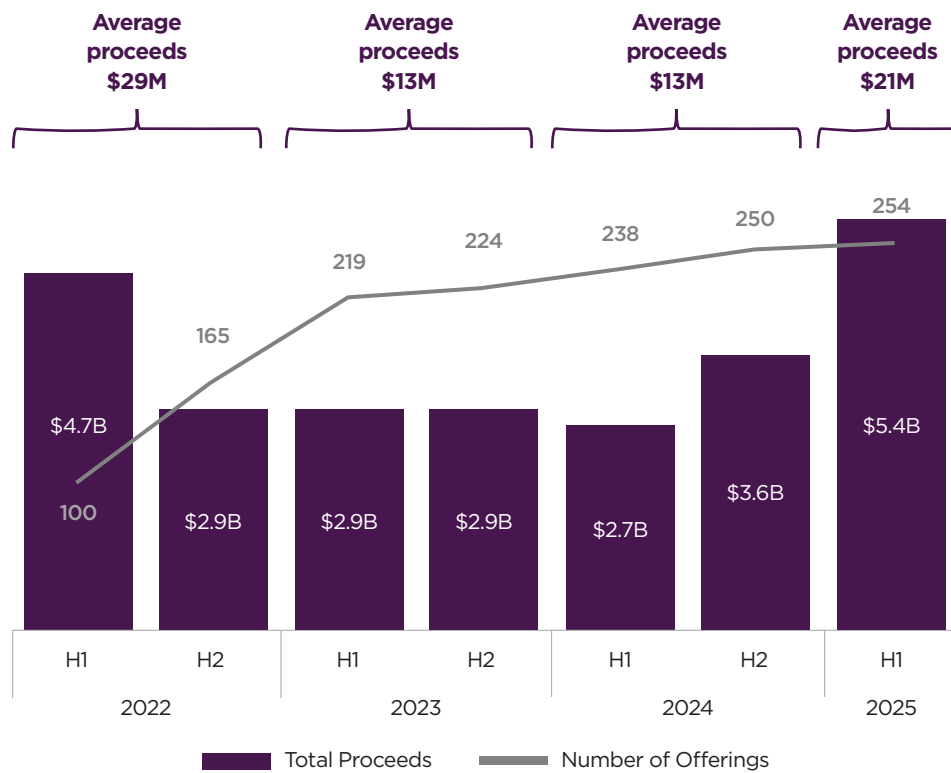
While small public companies represented almost half of all public companies, they were less likely to be exchange-listed than large public companies.²⁶⁸



Which top industries had more small public companies?²⁶⁹



How much capital did U.S. small public companies raise through registered equity offerings?²⁷⁰



Did you know?²⁷¹



50% of all registered equity offerings during the 12-month period ended June 30, 2025, were issued by **small public companies** and

21% of **small public companies** raised capital through a registered equity offering during the 12-month period ended June 30, 2025.

Top industries of small public companies raising capital in a registered equity offering:²⁷²

- ✓ SPAC (\$4.9B)
- ✓ Health Care (\$1.5B)
- ✓ Business Services (\$1.1B)
- ✓ Technology (\$338M)
- ✓ Banking and Financial Services (\$287M)

Costs of Being Public

Public companies are divided into different filer and reporting status designations. Those designations determine which companies are eligible to rely on scaled disclosure requirements and extended reporting timelines. For example, non-accelerated filers have delayed reporting timelines and are exempt from the requirement to provide an auditor's attestation of internal controls under Section 404(b) of the Sarbanes-Oxley Act, or SOX.

How does SOX compliance affect small public companies?



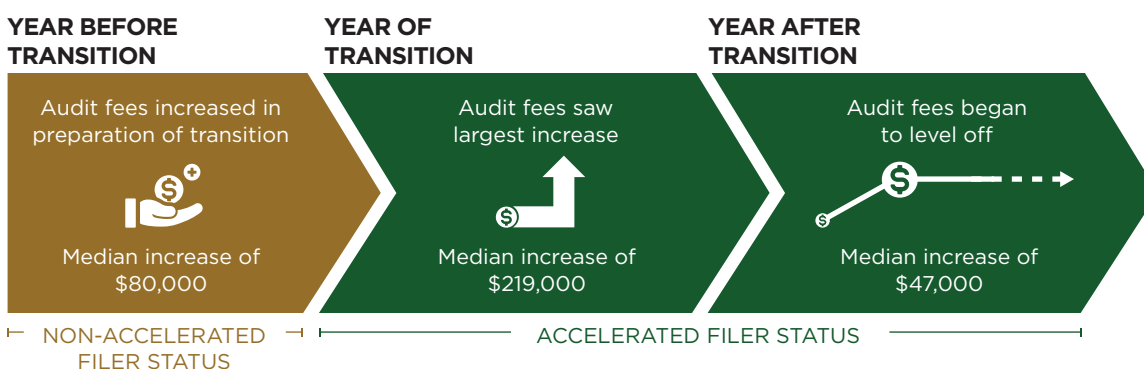
Companies incur compliance costs related to both **internal expenses**, such as personnel, technology, and travel, and **external expenses**, such as audit fees.²⁷³



While larger companies incur higher overall compliance costs, small public companies **experience a proportionally higher cost burden**.²⁷⁴

How does shifting from non-accelerated to accelerated filer status affect the audit fees that a small public company pays?

As public companies transitioned from non-accelerated filer status to accelerated filer status in 2020-2022, they experienced transition costs, including increased audit fees related to SOX 404(b).²⁷⁵



OTC companies that provided public disclosure saw a positive impact on liquidity for investors.²⁷⁶

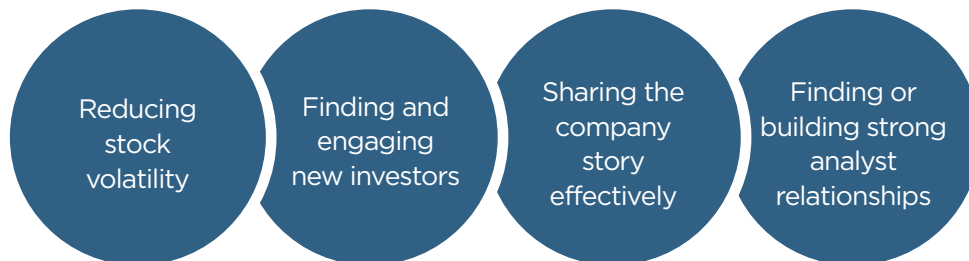
Securities that are not listed on an exchange may be traded “over-the-counter.” These securities are sometimes called [OTC securities](#). Each venue may have its own eligibility requirements for displaying and accessing quotes on its system, including whether information about the company is available.

Companies that began to provide public disclosures tended to have increased liquidity for their investors:

- ✓ Estimated increases of 20% in the 1-day and 27% in the 6-day market adjusted returns following the company’s first disclosure.
- ✓ Average increase in traded securities and narrower bid-ask spreads.
- ✓ Average increase in the median number of market makers per company from 6 to 7.

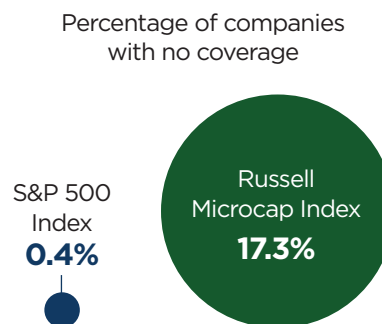
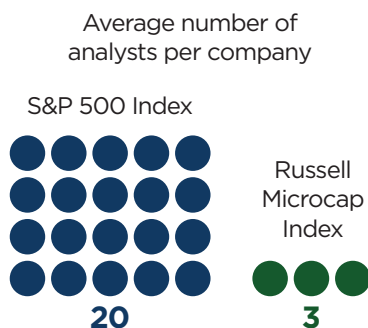


What are the top investor relations challenges for small public companies?²⁷⁷



Many small public companies received little to no analyst coverage.²⁷⁸

Without analyst coverage, small public companies may have difficulty attracting institutional investors.

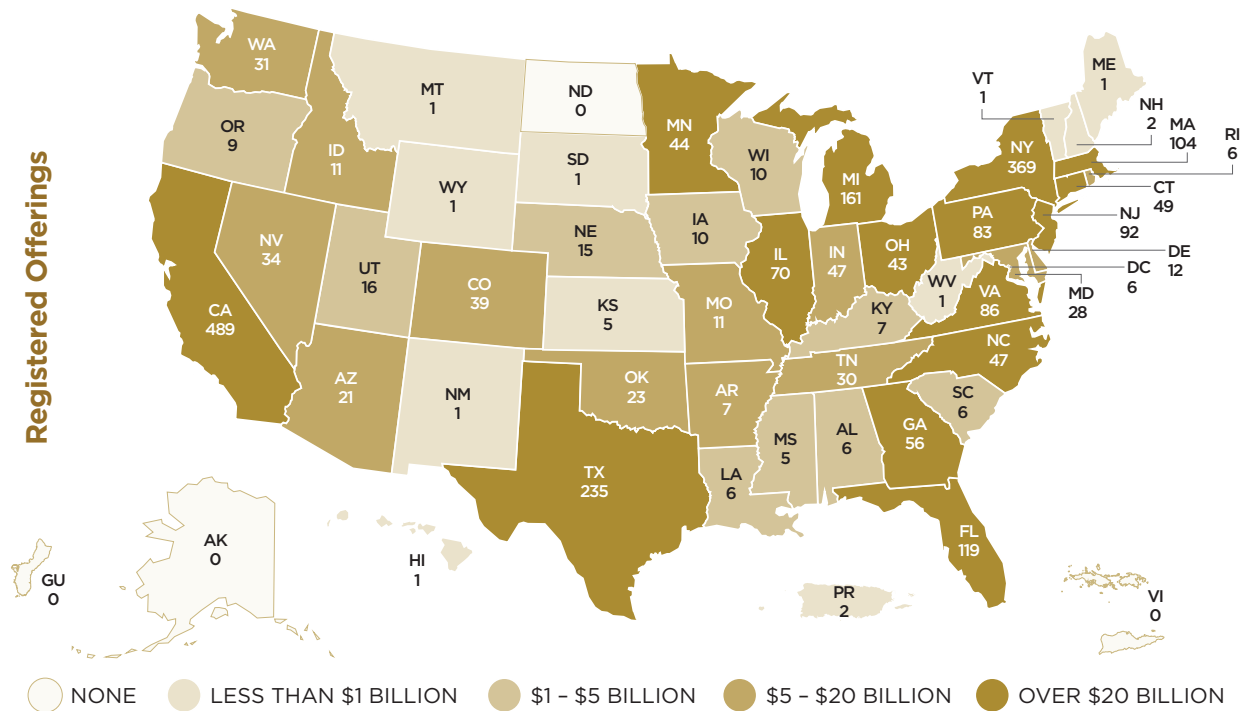


The median market cap of a company included in the Russell Microcap Index is \$261,000.²⁷⁹

Geographic Data²⁸⁰

Where did companies raise capital through registered offerings—often called public offerings?

The shading of each state shows the estimated total capital raised in the 12 months ended June 30, 2025, and the number indicates the total number of offerings in that state.²⁸¹

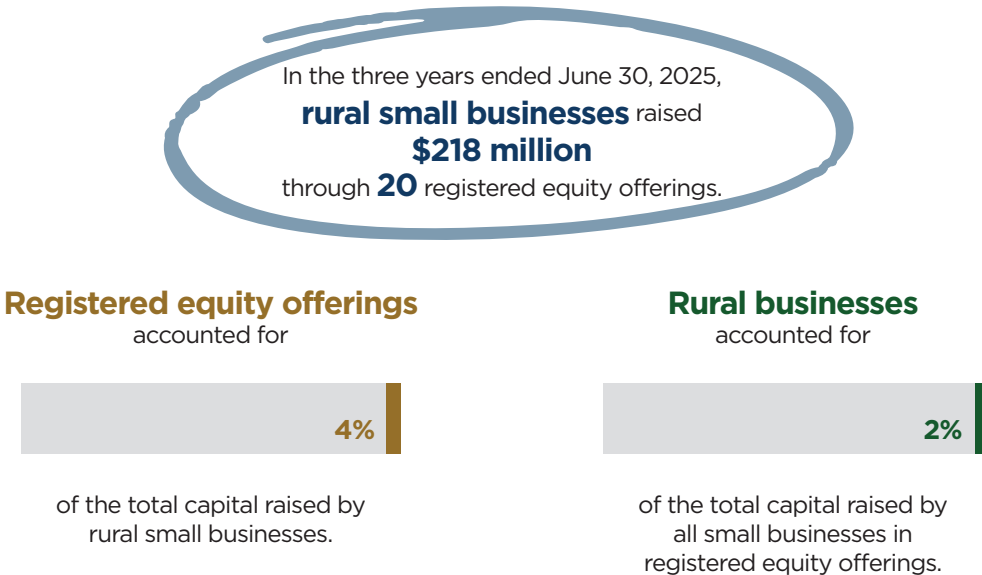


Did You Know?

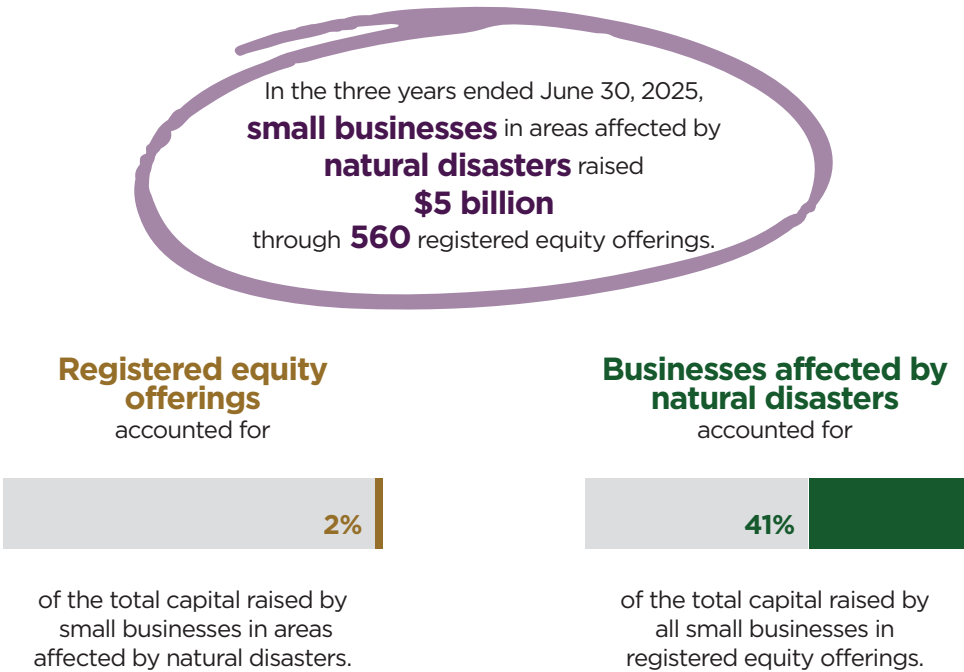
Did You Know?
The top 10 states by number of registered offerings were:

- California
- New York
- Texas
- Michigan
- Florida
- Massachusetts
- New Jersey
- Virginia
- Pennsylvania
- Illinois

How did rural small public companies raise capital through registered equity offerings?²⁸²



How did small public companies in areas affected by natural disasters raise capital through registered equity offerings?²⁸³





THE OFFICE

What We Do

Outreach and Engagement

Our outreach extends from coast to coast, across media platforms, and to a breadth of partners and organizations. What we learn through our engagement with small businesses, their investors, and those who support them in the small business marketplace informs our advocacy efforts throughout the year.

Our Approach

Our work relies on our ability to stay attuned to the needs of small businesses and their investors, to understand their most pressing capital-raising issues, and to help develop potential policy solutions. A significant portion of our efforts includes responding to the needs of small businesses and their investors with information and resources that are meaningful and accessible across all stages of the capital-raising lifecycle. We incorporate feedback and assess our outreach programming and educational resources on an ongoing basis to ensure our efforts stay relevant and accessible in an evolving landscape.



Outreach Events

Throughout the year, we met with small businesses, their investors, entrepreneurial support organizations, and other leaders in the marketplace to hear their perspectives on issues facing the small business ecosystem, to engage in collaborative discussions about policy solutions to address their concerns, to increase awareness of the role of our office in amplifying the voices of small businesses and their investors, and to share the SEC's educational resources. Some of the events in which we participated this year include:



October
2024



**September
2025**



55 EVENTS
with **60+** PARTNER
ORGANIZATIONS



2.5K+
ATTENDEES



50+ HOURS
of **CONTENT**

We shared **EDUCATIONAL TOOLS**
and **RESOURCES** to empower small
businesses, their investors, and the
organizations that support them



We **EXPANDED** our educational
resources to **ADDRESS QUESTIONS**
raised during our outreach events



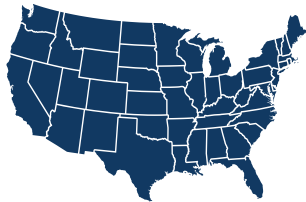
In October 2024, we shared our resources at the InBIA
Ecosystem Builders Forum in Philadelphia, where we also were
able to **GATHER FEEDBACK** from entrepreneurial support
organizations that play a key role in supporting small businesses.



Our Director shared information in June about our
SMALL BUSINESS RESOURCES at the 2025
Investing in Montana Summit as well as on the Voices
of Montana radio show.



The Office **ENGAGED** with **ENTREPRENEURS**
and **INVESTORS** throughout the year to showcase
our resources, including at professional and co-working
spaces like this May 2025 event at The Gathering Spot
in Washington, D.C.



We **ENGAGED** with
SMALL BUSINESSES
around the country



We **HEARD** from

SMALL BUSINESSES and their
INVESTORS about **TRENDS** and
CHALLENGES in early-stage capital raising

SMALLER FUNDS on how they navigate
RAISING and **DEPLOYING CAPITAL**

entrepreneurs **OUTSIDE OF**
TRADITIONAL HUBS about their
unique experiences



We gathered
FEEDBACK to
inform **POLICY**

suggestions to improve **EXEMPT**
OFFERINGS, including **REGULATION D**
and **REGULATION CROWDFUNDING**

potential **IMPROVEMENTS** to the **IPO**
PROCESS and the **ABILITY OF SMALL**
COMPANIES to **REMAIN PUBLIC**

areas where **ADDITIONAL DATA**
or **RESEARCH** is needed



We engaged with small
businesses and investors
throughout the year to
gather feedback, including at
roundtables focused on issues
ranging from early-stage to
small cap reporting companies.

44th Annual Small Business Forum

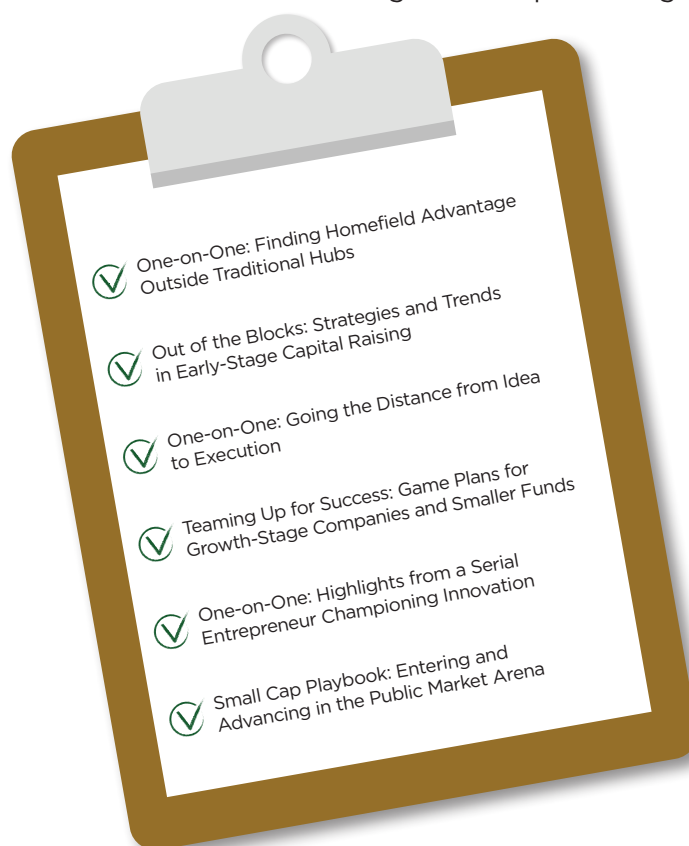
The SEC's annual [Small Business Forum](#) is a unique event where members of the public and private sectors gather to provide feedback to improve capital-raising policy.²⁸⁴ The Forum covers a broad range of issues affecting small businesses, from early-stage entrepreneurial ventures to smaller public companies, and their investors.



This year marked the 44th Forum, which the Office hosted at SEC Headquarters in Washington D.C. and webcast on [sec.gov](#). The Forum featured remarks from the then-Acting Chairman and each of the Commissioners as well as thoughtful discussions with members of the public and private sectors about improving policy affecting how entrepreneurs, small businesses, and smaller public companies raise capital from investors. 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.²⁸⁵



Each speaker session focused on a different stage of the capital-raising lifecycle, including:



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, including suggesting and prioritizing capital-raising policy recommendations to be delivered to the Commission and to Congress. Participants voted to indicate their highest priority recommendations for early-stage capital raising, growth-stage companies, and small public companies. Video archives of each day’s events are available [online](#).

On September 23, 2025, the Commission delivered the [2025 Small Business Forum Report](#) to Congress. The report summarized the 44th annual Forum proceedings, including the recommendations developed by participants for changes to improve the capital-raising framework and the Commission’s responses to those recommendations.



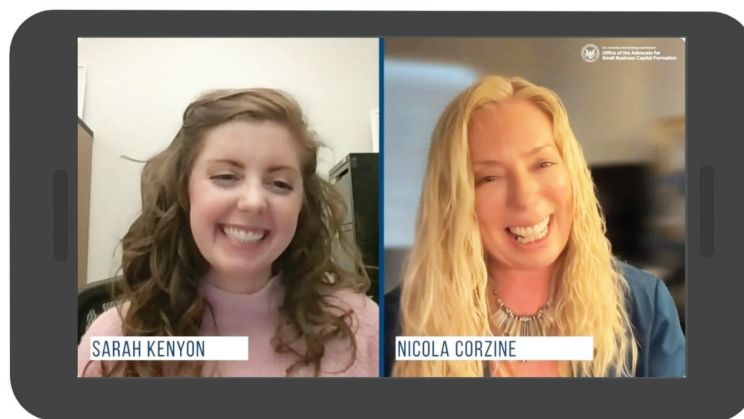
Educational Tools and Resources

Over the years, we have consistently heard from many in the small business ecosystem that the regulatory framework is complex and that identifying and navigating appropriate pathways to raise capital can be daunting for small businesses and their investors.



2M+ 
IEWS of our **RESOURCES**
since launching in 2022.

As part of our efforts to make raising capital more accessible to small businesses and their investors, we have continued to develop and expand the educational tools, resources, and programming available through our [Resources for Small Businesses](#).



Incorporating Feedback: Expanding our Educational Materials

We continue to expand and update our educational resources to address questions and feedback collected through our outreach efforts. This year, we introduced nine new topics in our Building Blocks suite of one-pager style overviews of common capital-raising questions and updated several others. We launched our *SmallBiz Essentials* blog series focusing on capital-raising concepts that could help inform entrepreneurs on their capital-raising journey as well as our *SmallBiz Updates* newsletters to keep users informed of developments in the Office, the SEC, and the small business landscape generally.



We also continued our *Let's Talk Small Business* video series, where we interview individuals from across the small business ecosystem on their role in supporting entrepreneurs and their investors, including a special *Let's Talk Networking* mini-series focusing on the importance of networking and mentorship for entrepreneurs.



12K+ 
VIEWS of our **EVENT**
RECORDINGS and **VIDEOS**

Reaching our Audience: Visits to our Resources

We continue to increase our reach to the public via these Resources for Small Businesses, through social media, including LinkedIn, X, Instagram, and Facebook, as well as emails to our subscribers. Visits to the portal and views of our educational resources continued to grow.

450K+ 
VISITORS across
 all resources, of which
54% were
NEW USERS


25K+
SUBSCRIBERS to our
#SECSmallBiz EMAILS

Supporting Small Businesses from Startup to Small Cap: A Full Suite of Resources

Our materials seek to address all aspects of the capital-raising lifecycle and include:



Funding Roadmap

Our roadmap guides users through the different options for funding a small business, from personal savings to grants and loans to capital-raising from investors, providing context for when securities laws apply to small business financing activities.

Navigate Your Options

We continue to improve our interactive tool that explores regulatory pathways to raise capital, identifying the most relevant options based on the user's answers to a short series of simple questions about their business, and expanding the resources available through the tool.



Capital-Raising Building Blocks

Our suite of educational materials breaks down fundamental securities law concepts into plain language, including new resources focused on public reporting companies, Regulation A, non-profit organizations, and how to comment on SEC rulemaking, as well as updates and additions to previous resources.

Exempt Offerings

Users can find more detailed resources on common capital-raising pathways—like how to raise capital from investors by offering and selling securities under an exemption from the registration requirements.



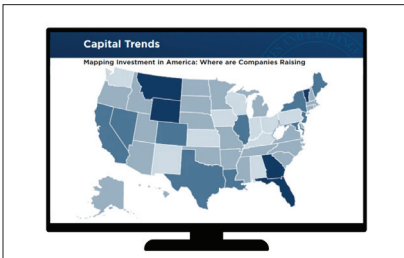
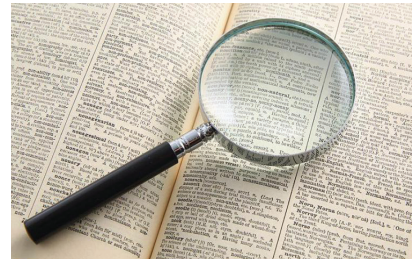


Going Public

In this section, we offer resources on how to prepare for and conduct a registered public offering as well as the reporting and other requirements for public companies.

Glossary

We continue to expand our curated glossary of key terminology that makes the language of capital raising more accessible to small businesses and their investors. This year, we added new terms to the gallery and links to additional resources—like the latest Staff Compliance and Disclosure Interpretations—for users looking to learn more.

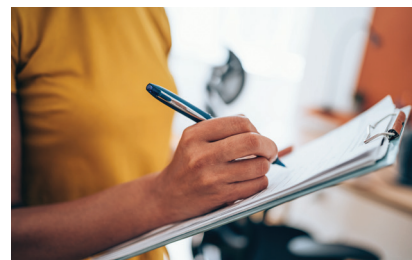


Capital Trends Maps

We regularly update the data available through our interactive maps to allow users to stay informed about how and where capital is being raised across the country.

Small Business Compliance Guides

Users can find the SEC's small business compliance guides, which provide valuable information on SEC rules on offering and selling securities and financial and other reporting by public companies.





Small Business Videos

We offer educational videos on common capital-raising topics as well as videos summarizing the potential impact of Commission policy or rulemaking initiatives on small businesses and their investors. This year, we continued to expand our *Let's Talk Small Business* video series, where we engage with small business experts and innovators on their role and perspectives on capital raising. We also introduced our *Let's Talk Networking* mini-series, compiling insights and commentary from thought leaders on building a network of mentors, advisors, and potential investors.

Additional Government Resources for Small Business

In this section, users can find additional resources from the Commission and our colleagues at other government agencies to supplement our suite of small business capital-raising resources.



Small Business Events and Recordings

Users can find information on—and in many cases recordings of—webinars, panel discussions, and other events focusing on issues facing small businesses and their investors.

SmallBiz Essentials

We launched a blog series covering a number of basic securities law and other capital-raising concepts. The blog posts are available on the Office's [homepage](#) and we invite entrepreneurial support organizations and others in the small business ecosystem to share them as guest blog posts with their networks.



SmallBiz Updates

We engage with over 25,000 email subscribers, alerting them to key developments in our office, the SEC, and throughout the small business ecosystem. This year, we launched our SmallBiz Updates newsletter series, where we also share many of those highlights via the Office's [homepage](#) to make them available to users who may not subscribe to our emails.

A large, gnarled tree with thick, twisted branches and dense green foliage stands prominently on a rocky outcrop. The tree's trunk is heavily textured and shows signs of age. In the background, a golf course with green fairways and sand traps stretches out under a dramatic sky. The sun is low on the horizon, creating a warm, golden glow and long, soft shadows. The sky is filled with wispy clouds, and the overall scene conveys a sense of tranquility and natural beauty.

COMMITTEE

Highlights

The Small Business Capital Formation Advisory Committee

In addition to establishing the Office of the Advocate for Small Business Capital Formation, the [Small Business Advocate Act](#) also established the SEC's [Small Business Capital Formation Advisory Committee](#). The Committee is designed to provide a formal mechanism for the Commission to receive advice and recommendations on Commission rules, regulations, and policy matters affecting small businesses, from emerging, privately-held companies to publicly-traded companies with less than \$250 million in public market capitalization; trading in securities of such companies; and public reporting and corporate governance of such companies. The Office provides administrative support for the Committee, which otherwise functions independently.



Committee Members During the Fiscal Year



MARCIA DAWOOD

*Chair**

Venture Partner,
Mindshift Capital
Charlotte, NC



ROSE STANDIFER

*Vice Chair**

Partner,
Foley Hoag LLP
Denver, CO



BART DILLASHAW

*Secretary**

Partner,
Michael Best & Friedrich LLP
Lincoln, NE



HERBERT DRAYTON III

*Assistant Secretary**

Founder and Managing Partner,
HI Mark Capital
Charleston, SC



WEMIMO ABBEY

Co-Founder and
Co-CEO,
Esusu
Los Angeles, CA



DONNEL BAIRD

Serial Tech Founder,
Brooklyn, NY



WILLIAM M. BEATTY**

Securities Administrator,
Washington State
Securities Division
Olympia, WA



ROBERT BOLEN**

National Ombudsman
and Assist. Administrator for
Regulatory Enforcement,
U.S. Small Business
Administration
Washington, DC



STACEY BOWERS

Former Director,
Office of the Advocate
for Small Business Capital
Formation, SEC
Washington, DC



GEORGE COOK

Co-Founder and CEO,
Honeycomb Credit
Pittsburgh, PA

* The following members served as Committee officers until May 2025: Erica Duignan Minnihan, Chair; Marcia Dawood, Vice Chair (from November 2024); Jasmin Sethi, Secretary; and Davyeon Ross, Assistant Secretary. In May 2025, the following members were elected to serve as Committee officers: Marcia Dawood, Chair; Rose Standifer, Vice Chair; Bart Dillashaw, Secretary; and Herbert Drayton, Assistant Secretary.



VINCENT CORDERO
Venture Investor and
Former C-Suite
Executive
Chicago, IL



GREGORY J. DEAN**
Senior VP of the Office of
Government Affairs, FINRA
Washington, DC



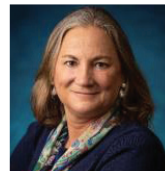
DIEGO MARISCAL
Founder, CEO,
and Chief Disabled Officer,
2Gether-International
Washington, DC



ERICA DUIGNAN MINNIHAN
*Former Chair**
Founder and General Partner,
Reign Ventures
New York, NY



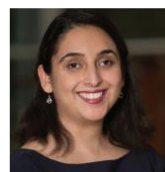
JENNIFER NEWTON
Founder and Managing
Attorney,
StartSmart Counsel
Miami, FL



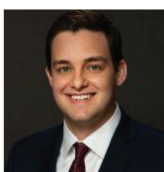
LAURA NIKLASON
Founder, President, and CEO,
Humacyte
Durham, NC



DAVYEON ROSS
*Former Assistant Secretary**
Co-Founder and President,
DDSport/ShotTracker
Overland Park, KS



JASMIN SETHI
*Former Secretary**
Founder and CEO,
Sethi Clarity Advisers
Philadelphia, PA



AREN SHARIFI
Partner,
Kutak Rock LLP
Denver, CO



**MARC OORLOFF
SHARMA***
Asst. Director and Chief Counsel,
Office of the Investor
Advocate, SEC
Washington, DC



WENDY STEVENS
Partner,
Forvis Mazars, LLP
New York, NY



DENNIS R. SUGINO
Founder,
Kansa Advisory LLC
Huntington Beach, CA

** Committee members include the SEC's Advocate for Small Business Capital Formation and three non-voting members appointed by the SEC's Investor Advocate, the North American Securities Administrators Association (NASAA) and the Small Business Administration (SBA), as well as an observer appointed by the Financial Industry Regulatory Authority (FINRA). During the fiscal year, Bailey DeVries and Heath Morris each also served as the SBA-appointed member.

Summary of Committee Activities

The Committee met four times during FY 2025. Materials from the meetings, including agendas, transcripts, webcasts, and presentations are available on the Committee's [webpage](#).

Meeting Date	Agenda Topics
November 13, 2024	Section 3(c)(1) of the 40 Act; Supporting Emerging Fund Managers
February 25, 2025	Facilitating Capital Formation for Emerging Fund Managers; Challenges Faced by Small Public Companies Not Listed on a National Securities Exchange
May 6, 2025	Exploring Regulation A – Practical Considerations and Regulatory Challenges
July 22, 2025	Continued Exploration of Regulation A; Deep Dive on “Finders”



Summary of Committee Recommendations

During FY 2025, the Committee put forward two recommendations to the Commission.

Recommendation Topic

Adoption Date

Qualifying Venture Capital
Fund Exemption

February 25, 2025

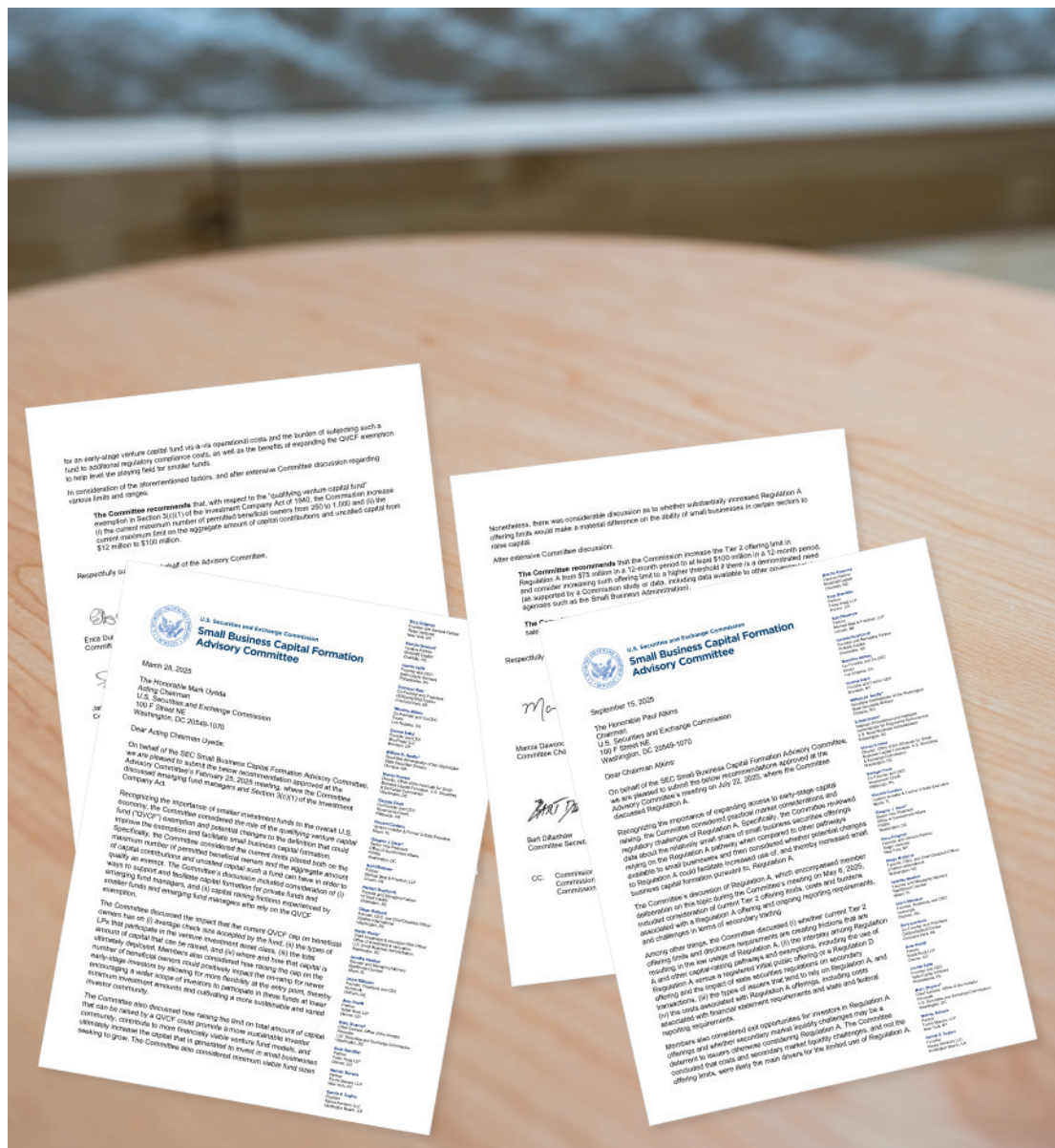
Regulation A

July 22, 2025

SCAN FOR MORE INFO



SMALL BUSINESS
CAPITAL FORMATION
ADVISORY COMMITTEE





ENDNOTES

All the Details

- 1 See Small Business Advocate Act of 2016, as amended, *available at* <https://www.sec.gov/files/Small%20Business%20Advocate%20Act%20of%202016-as%20amended.pdf>.
- 2 See NVCA, “2025 Yearbook,” (Mar. 27, 2025) at 14, *available at* <https://nvca.org/document/nvca-2025-yearbook/> for the mature and later-stage business industries. The small public company industries are based on DERA estimates. Small public companies include U.S. public companies with a size less than or equal to \$250 million on the date of the offering, 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. *See infra* notes 63 and 269 for a description of how these amounts were estimated.
- 3 *Id.* at 47-48, (noting that VCs invest in high growth companies) and 10 (noting that VC backed companies are job creators).
- 4 See U.S. Small Business Association Office of Advocacy, “New Advocacy Report Shows the Number of Small Businesses in the U.S. Exceeds 36 million,” (June 30, 2025) *available at* <https://advocacy.sba.gov/2025/06/30/new-advocacy-report-shows-the-number-of-small-businesses-in-the-u-s-exceeds-36-million/>.
- 5 *Id.* The time period covered by the data was March 2023 to March 2024.
- 6 See Miranda Mondry, “Entrepreneurship in 2025: Trends and predictions for the year ahead,” *QuickBooks Blog*, (Dec. 17, 2024) *available at* <https://quickbooks.intuit.com/r/small-business-data/entrepreneurship-in-2025/>.
- 7 See Babson College, “Global Entrepreneurship Monitor 2024-2025 United States Report,” (Feb. 17, 2025) at 12, *available at* <https://www.gemconsortium.org/file/open?fileId=51640>.
- 8 See Miranda Mondry, *supra* note 6.
- 9 *Id.*
- 10 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” (Mar. 27, 2025) at 4 and Excel tab “Employer firms,” question “financial challenges, prior 12 months,” *available at* <https://www.fedsmallbusiness.org/reports/survey/2025/2025-report-on-employer-firms>. In addition, 75% increased costs of goods, services, and/or wages, 62% paying operating expenses, 51% uneven cash flow, 48% weak sales, 35% making payments on debt/interest rates, 28% credit availability, 0% other. In 2023, 93% of small businesses experienced financial challenges, with businesses having the same top three challenges; Federal Reserve Banks, “2024 Report on Employer Firms: Findings from the 2023 Small Business Credit Survey,” (Mar. 7, 2024) at Excel tab “Employer firms,” *available at* <https://www.fedsmallbusiness.org/reports/survey/2024/2024-report-on-employer-firms>.
- 11 See Mercury, “Report: The new economies of starting up. How 1,500 early-stage companies are raising, spending, and hiring in 2025,” (Aug. 19, 2025) *available at* <https://mercury.com/blog/startup-economics-report-2025#wheres-the-money-coming-from>.
- 12 See Goldman Sachs, “Small Businesses Plan to Grow Despite Capital, Tax, and Trade Uncertainty,” (June 5, 2025) *available at* <https://www.goldmansachs.com/community-impact/10000-small-businesses-voices/insights/small-businesses-plan-to-grow-despite-capital-tax-and-trade-uncertainty>.
- 13 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at 9 and Excel tab “Employer firms,” question: “Total amount of financing sought in prior 12 months.” In addition, 23% sought \$25,000 or less, 17% sought \$25,001-\$50,000, 20% \$50,001-\$100,000, 18% sought \$100,001-\$250,000, 15% sought \$250,000-\$1 million, and 7% sought more than \$1 million.
- 14 See FDIC, “BankFind Suite: Customized Comparisons,” *available at* <https://banks.data.fdic.gov/bankfind-suite/peergroup/customized/search?commonSearchesExpand=true&comparisonType=&financials=ASSET&incomeBasis=YTD&locationsExpand=false&maximumRange=300000000&minimumRange=&pageNumber=1&peerGroups=&pgcStep=step1&primaryRegulator=FDIC®ulatoryExpand=false&reportPeriod=20160331&savedPGCSearch=false&searchPush=true&sortField=CERT&sortOrder=ASC&unitType=%24> as of August 8, 2025. Data covers small banks (up to \$300M in assets) for the first quarter of 2025 and 2016.
- 15 See Mercury, *supra* note 11.
- 16 See Quentin Brummet and Katie Johnson, “Start-Up Capital for U.S. Business Ventures: Evidence from EPOP: 2024,” *EPOP*, (Dec. 19, 2024) at 2, *available at* <https://epop.norc.org/content/dam/epop/media/publications/pdf/epop-2024-brief-startup-capital.pdf>.
- 17 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at i and Excel tab “Employer firms,” question “Reason for seeking financing,” and Excel tab “Revenue,” question “Reason for seeking financing.” In addition, 0% sought financing for other reasons.
- 18 *Id.* at Excel tab “Revenue,” question “Reason for seeking financing.” In addition, of those firms with \$0-\$25,000 revenue, 64% sought financing to meet operating expenses, 33% to have available credit for future use as needed, 22% to refinance or pay down debt, 20% to make repairs or replace capital assets, and 0% for other reasons.
- 19 *Id.* at Excel tab “Employer firms,” question “Actions taken in response to financial challenges.”

- 20 See Quentin Brummet and Katie Johnson, *supra* note 16, at 1, 5; Mercury, *supra* note 11.
- 21 See Quentin Brummet and Katie Johnson, *supra* note 16, at 1, 5. This includes Government-guaranteed loans and government loans. Government-guaranteed loans were used by 13% of entrepreneurs and government loans are used by 9% of entrepreneurs.
- 22 *Id.*
- 23 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at Excel tab “Employer firms,” question “Actions taken in response to financial challenges.”
- 24 *Id.*
- 25 *Id.*
- 26 *Id.*
- 27 See Quentin Brummet and Katie Johnson, *supra* note 16, at 7.
- 28 See Nasdaq Entrepreneurial Center, “Harnessing AI & Data to Enhance Capital Readiness,” (Mar. 12, 2025) available at <https://www.linkedin.com/pulse/harnessing-ai-data-enhance-capital-readiness-b2phc/>.
- 29 See Goldman Sachs, *supra* note 12. Source listed microloans or fintech tools as examples of potential technical assistance for accessing capital.
- 30 See Small Business Majority, “Voice of Main Street: Entrepreneurs struggle to access funding, support policies that increase availability of responsible capital,” (Apr. 29, 2025) at 6, question 25, “What is the main reason you haven’t taken steps to secure funding,” available at <https://smallbusinessmajority.org/sites/default/files/research-reports/2025-April-Voice-of-Main-Street-Toplines.pdf>.
- 31 See Nasdaq Entrepreneurial Center, *supra* note 28; Rosie Bradbury, “Network effects: Well-connected VCs see lower failure rates, better returns,” *PitchBook*, (Mar. 19, 2025) available at <https://pitchbook.com/news/articles/network-effects-well-connected-vcs-lower-failure-better-returns>. The article distinguished “well-connected investors” and “peripheral investors” based on a proprietary algorithm measuring investor influence based on the investors’ connections in the ecosystem.
- 32 See Nasdaq Entrepreneurial Center, *supra* note 28.
- 33 See Rosie Bradbury, *supra* note 31.
- 34 *Id.*
- 35 See Ravish Mayya and Peng Huang, “Startup Accelerators, Information Asymmetry, and Corporate Venture Capital Investments,” *Management Science*, (Mar. 3, 2025) at 18, available at <https://pubsonline.informs.org/doi/10.1287/mnsc.2020.03494>; see also Silicon Valley Bank, “State of the Markets. SVB’s Innovation Economy Outlook. H1 2025,” (Jan. 28, 2025) at 16, available at <https://www.svb.com/globalassets/library/uploadedfiles/reports/state-of-the-markets-h1-2025.pdf>.
- 36 See Ravish Mayya and Peng Huang, *supra* note 35, at 4.
- 37 *Id.* at 3.
- 38 See John Harbison, “Trends in Funding Rates—What’s Hot and What’s Not—Part 1,” Angel Capital Association, (Feb. 25, 2025), available at <https://angelcapitalassociation.org/blog/trends-in-funding-rates-whats-hot-and-whats-not-part-1/>.
- 39 *Id.* at 18.
- 40 See Silicon Valley Bank, *supra* note 35, at 16.
- 41 *Id.*
- 42 See January Ventures, “2024 Early Stage Founder Sentiment Report,” (2024) at 5, available at https://cdn.prod.website-files.com/6671b0404ec478a8eb90879d/67ff6b6cce95fa262a413728_JV_2024_FINAL_2.pdf.
- 43 *Id.*
- 44 See <https://www.sec.gov/resources-small-businesses/capital-raising-building-blocks/early-stage-investors> and <https://www.sec.gov/resources-small-businesses/capital-raising-building-blocks/accredited-investors>.
- 45 See U.S. Securities and Exchange Commission Office of the Investor Advocate, “Exploring Accredited Investors and Private Market Securities Ownership,” (June 2025) at 8-9, available at <https://www.sec.gov/files/exploring-accredited-investors-june-2025.pdf>. Qualifying criteria is not mutually exclusive, and individuals may qualify in multiple categories.
- 46 *Id.* at 18, Table 6. 14% of accredited investors and 5% of the U.S. population are interested in investing in new or private companies.
- 47 See Sarthak Pattnaik, *et al.*, “Startups and Market Meltdowns: Understanding Survival and Success Factors in Entrepreneurial Settings,” *SpringerNatureLink*, (Nov. 29, 2024) at 343, available at https://link.springer.com/chapter/10.1007/978-3-031-65314-8_15. A successful startup is defined as a startup that did not close. A startup that is acquired is still considered a successful startup.
- 48 See Angel Capital Association, “2025 Angel Funders Report,” (Aug. 22, 2025) at 54, available at <https://angelcapitalassociation.org/angel-funders-report/>.
- 49 *Id.* at 5, 16-18.
- 50 See Jeff Sohl, “The Angel Market in 2024: A Stable Market Before the AI Frenzy,” *Center for Venture Research*, at 1, available at <https://paulcollege.unh.edu/sites/default/files/media/2025-12/FY%202024%20Analysis%20Report%20Final.pdf>.
- 51 *Id.*
- 52 *Id.* at 2.
- 53 *Id.* at 1.

- 54 The pre-seed round definition overlaps some with the seed round definition. Typically, a pre-seed round is an investment in an idea. In other words, it is an investment in a product that has not yet found its market. On the other hand, a company may seek seed funding for a product that already exists and typically has some form of a customer base. See Crunchbase, “What is Pre-Seed Funding?” (2025) available at <https://about.crunchbase.com/blog/what-is-pre-seed-funding/>. In addition, see Kyle Stanford, et al. “Venture Monitor Q2 2025,” *PitchBook-NVCA*, (July 14, 2025) at 39, available at <https://pitchbook.com/news/reports/q2-2025-pitchbook-nvca-venture-monitor>. If the company is under 2 years old and the round is the first institutional investment in the company, the deal will be tagged as pre-seed unless otherwise stated. Regulatory filings under \$10 million for deals where investors are unknown are classified as seed unless pre-seed parameters are met. In this report, where possible, pre-seed and seed data are combined and presented together.
- 55 See <https://www.sec.gov/jargon-z#SeedR>.
- 56 See Shubhi Nigam, “Seed funding,” *Carta*, (Apr. 2, 2025) available at <https://carta.com/learn/startups/fundraising/seed-funding/#pre-seed-vs-seed-vs-series-a>; Gené Teare, “Seed Funding for Startups: How to Raise a Seed Round; Seed Rounds Got Larger Through The Downturn. Why Is That?,” *Crunchbase*, (Jan. 22, 2025) available at <https://news.crunchbase.com/seed/larger-downturn-funding-rounds-data/>; Sergei Bogdanov, “How To Leverage Your Pre-Seed Funding For Rapid And Successful Growth,” *Crunchbase News*, (Apr. 18, 2025) available at <https://news.crunchbase.com/venture/leverage-pre-seed-funding-growth-bogdanov-yellow-rocks/>; Ashley Neville and Kevin Dowd, “State of Private Markets: Q1 2025,” *Carta*, (May 13, 2025) available at <https://carta.com/data/state-of-private-markets-q1-2025-full-report/#key-trends>; J.P. Morgan, “A guide to seed funding for startups,” (Sept. 24, 2024) available at <https://www.jpmorgan.com/insights/banking/commercial-banking/seed-funding-guide-how-startups-can-secure-seed-capital>; Daniel Wheadon, “From Inception To Exit: Navigating the Lifecycle of a Tech Startup Company,” *Cherry Bekaert*, (June 6, 2025) available at <https://www.cbh.com/insights/articles/tech-startup-growth-from-seed-to-exit/>; Angel Capital Association, *supra* note 48, at 18, Figure 11; Mercury, *supra* note 11.
- 57 See Kyle Stanford, et al., *supra* note 54, at Excel tab “Median Deal Size.” Undisclosed deals were excluded. This graph depicts median deal sizes for the Seed market.
- 58 See Joanna Glasner, “Looking Back 10 Years, Seed Investors Envisioned A Different Future Unfolding,” *Crunchbase News*, (May 9, 2025) available at <https://news.crunchbase.com/venture/seed-funding-10-years-2015-2025-data/>.
- 59 See Kevin Dowd, “The typical time between VC rounds is shrinking in SaaS and rising in fintech,” *Carta*, (Mar. 19, 2025) available at <https://carta.com/data/time-between-VC-rounds-2024/>.
- 60 See Kyle Stanford, et al., *supra* note 54, at 9 and Excel tabs “Deal Activity” and “Pre-seed & Seed.” Undisclosed deals are excluded.
- 61 See Right Side Capital Management, “Navigating the 2025 Fundraising Landscape,” (May 27, 2025) available at <https://www.rightsidecapital.com/blog/navigating-the-2025-fundraising-landscape-strategic-insights-for-early-stage-startups>.
- 62 See Gené Teare, *supra* note 56.
- 63 This graphic is based on DERA data. Unless otherwise indicated, the data period for DERA data is July 1, 2024 to June 30, 2025. Data on offerings under Regulations D and Regulation Crowdfunding is based on information reported by companies and was collected from EDGAR filings (new filings and amendments) on Forms D and C, respectively. Data on registered offerings was collected from LSEG SDC Platinum database. For offerings under Regulation Crowdfunding, except where specified otherwise, estimates of the number of offerings are based on offerings completed during this period as shown on progress updates on Form C-U; estimates of amounts raised are based on proceeds reported in progress updates filed on Form C-U during the report period. For offerings under Regulation A, except where specified otherwise, estimates of the number of offerings are based on offerings qualified during this period, excluding post-qualification amendments; estimates of amounts raised are based on proceeds reported in filings made during the report period. Capital raised is based on information reported by companies in Forms 1-Z, 1-K, 1-SA, 1-U, and offering circular supplements pertaining to completed and ongoing Regulation A offerings and post-qualification amendments, and for companies whose shares have become exchange-listed, information from other public sources. Estimates represent a lower bound on the amounts raised given the timeframes for reporting proceeds following completed or terminated offerings and that offerings qualified during the report period may be ongoing. For the offerings that permit pooled investment funds, such as Rule 506(b) and (c) of Regulation D and registered offerings, the data excludes offerings conducted by pooled investment funds. Due to a change in methodology, SPACs are excluded from pooled investment funds and are included in the non-pooled fund issuers.

“Other exempt offerings” includes estimated amounts raised under Regulation S and Rule 144A for calendar year 2024. The data used to estimate the amounts raised in 2024 for other exempt offerings includes: (1) offerings under Regulation S that were collected from Refinitiv’s SDC Platinum service; and (2) resale offerings under Rule 144A that were collected from Refinitiv’s SDC New Issues database, the Mergent database, and the Asset-Backed Alert and Commercial Mortgage Alert publications, to further estimate the exempt offerings under Regulation S. The data excludes \$1.138 trillion raised by asset-based issuers and \$79 billion raised by other issuers where there was not sufficient data to be able to categorize as non-pooled fund or pooled fund issuers. We include amounts sold in Rule 144A resale offerings because those securities are typically issued initially in a transaction under Section 4(a) (2) or Regulation S but generally are not included in the Regulation S data identified above. These numbers are accurate only to the extent that these databases are able to collect such information and may understate the actual amount of capital raised under these offerings if issuers and underwriters do not make this data available. We do not yet have data to provide an estimated amount raised under Regulation S and Rule 144A for the 12-month period ended June 30, 2025.

64 See <https://www.sec.gov/resources-small-businesses/cutting-through-jargon-z#E>.

65 See <https://www.sec.gov/resources-small-businesses/cutting-through-jargon-z#R>.

66 See <https://www.sec.gov/resources-small-businesses/cutting-through-jargon-z#P>.

67 Assets listed for registered funds includes mutual funds, ETFs, closed-end funds, and money market funds. See Securities and Exchange Commission Division of Investment Management Analytics Office, “Registered Fund Statistics, Form N-PORT Data, period ending December 2024,” (May 8, 2025) at 5, Table 2.1, *available at* <https://www.sec.gov/files/investment/im-investment-registered-fund-statistics-20250508.pdf>; Securities and Exchange Commission Division of Investment Management Analytics Office, “Money Market Fund Statistics, Form N-MFP Data, period ended June 2025,” (June 2025) at 6, Table 2.1, *available at* <https://www.sec.gov/files/investment/mmf-statistics-2025-06.pdf>; Securities and Exchange Commission Division of Investment Management Analytics Office, “Investment Adviser Statistics, Form ADV Data, period ending December 2024,” (Apr. 30, 2025) at 10, Table 4.1 and 12, Table 5.1, *available at* <https://www.sec.gov/files/investment/im-investment-adviser-statistics-20250430.pdf>; Securities and Exchange Commission Division of Investment Management Analytics Office, “Investment Adviser Statistics, Form ADV Data, period ending December 2024,” (Apr. 30, 2025) at 10, Table 4.1 and 12, Table 5.1, *available at* <https://www.sec.gov/files/investment/im-investment-adviser-statistics-20250430.pdf>.

68 See SEC Division of Investment Management Analytics Office, “Investment Adviser Statistics, Form ADV Data, period ending December 2024,” *supra* note 67, at 12, Table 5.1.

69 This graphic is based on DERA data. For offerings under Rule 506(b) and (c) of Regulation D and registered offerings, the data only includes offerings conducted by pooled investment funds. “Other exempt offerings” includes estimated amounts raised under Regulation S and Rule 144A for calendar year 2024 for offerings conducted by pooled investment funds. See *supra* note 63 for a description of how these amounts were reported or estimated.

70 This graphic is based on DERA data. The graphic only includes offerings conducted by pooled investment funds. See *supra* note 63 for a description of how the registered offering amounts were reported or estimated. Total and net flows into registered funds are estimated based on flows provided in SEC Division of Investment Management Analytics Office, “Registered Fund Statistics, Form N-PORT Data, period ending June 2025,” *available at* <https://www.sec.gov/files/investment/im-investment-registered-fund-statistics-20251117.pdf>, at 9, Table 3.1, and estimated flows for money market funds derived from amounts reported on Form N-MFP, each over the 12-month period of July 1, 2024 through June 30, 2025.

71 This graphic is based on DERA data. See *supra* note 63 for a description of how these amounts were reported or estimated. U.S. public companies raised: 81% of this capital in about 2,448 registered offerings and 17% of this capital in about 380 other exempt offerings. U.S. private companies raised: 57% of this capital in about 607 other exempt offerings and 40% of this capital in about 12,313 Rule 506(b) private placement offerings.

72 This graphic is based on DERA data. See *supra* note 63 for a description of how these amounts were reported or estimated. This graphic presents capital raised in registered, Regulation D, and Regulation A offerings across the top industries from July 1, 2024 through June 30, 2025. Offerings by non-pooled investment funds in other industries accounted for approximately \$51 billion, \$59 billion, and \$91 million in registered, Regulation D, and Regulation A offerings, respectively. SPACs accounted for approximately \$18 billion in registered offerings. Regulation A and registered offerings were classified into industry groups based on the primary SIC code reported by the company. Industry groups were self-reported by companies on Form D. Differences in data sources and definitions may limit the comparability of industry data. Offerings by pooled investment funds, which accounted for approximately \$11 billion and \$2 trillion in registered offerings and Regulation D, respectively, are excluded from this graphic.

- 73 See <https://www.sec.gov/resources-small-businesses/cutting-through-jargon-z#RC>.
- 74 See Angela Huang and Vladimir Ivanov, “Analysis of Crowdfunding Under the Jobs Act,” *U.S. Securities and Exchange Commission*, (May 28, 2025) at 10-11, Figure 3, available at <https://www.sec.gov/about/divisions-offices/division-economic-risk-analysis/staff-papers-analyses/analysis-crowdfunding-under-jobs-act>. A SAFE or simple agreement for future equity is an agreement between a company and an investor in which the company promises to give the investor a future ownership interest in the company if certain triggering events occur, such as a future equity financing or an acquisition of the company. <https://www.sec.gov/resources-small-businesses/cutting-through-jargon-z#SAFE>.
- 75 See Angela Huang and Vladimir Ivanov, *supra* note 74, at 12, Table 3.
- 76 *Id.*
- 77 *Id.*
- 78 *Id.* at 10, Table 2.
- 79 See Brian Belley, “2024 Investment Crowdfunding: Trends, Stats, and Platform Rankings,” *Kingscrowd*, (Jan. 7, 2025) available at <https://kingscrowd.com/2024-investment-crowdfunding-trends-stats-and-platform-rankings/>.
- 80 *Id.* 2023’s average check size was \$1,190 per investment.
- 81 See Crowdfund Capital Advisors, “The 2025 State of Investment Crowdfunding. Insights, Trends, and Market Predictions,” (Feb. 20, 2025) at 111, available at <https://crowdfundcapitaladvisors.com/wp-content/uploads/2025/02/2025-IC-Annual-Report.pdf>.
- 82 This graphic is based on DERA data. Because of lags in offering qualifications, withdrawals, and abandonments, for greater comparability, this analysis considers all initiated Regulation Crowdfunding offerings and does not exclude offerings that are subsequently withdrawn or abandoned. Effective March 15, 2021, the maximum aggregate amount that an issuer is permitted to raise under Regulation Crowdfunding in a 12-month period was raised to \$5 million (from \$1.07 million). See <https://www.sec.gov/resources-small-businesses/regulation-crowdfunding-guidance-issuers>.
- 83 See Angela Huang and Vladimir Ivanov, *supra* note 74, at 18.
- 84 See <https://www.sec.gov/resources-small-businesses/cutting-through-jargon-z#RD>.
- 85 This graphic is based on DERA data. See *supra* note 63 for a description of how these amounts were reported or estimated.
- 86 This graphic is based on DERA data. See *supra* note 63 for a description of how these amounts were reported or estimated. In the graphic, offerings by 3(c)(7) funds include all funds that note on Form D that they qualify for the Section 3(c)(7) Investment Company Act exclusion, including funds that also note that they qualify for the Section 3(c)(1) Investment Company Act exclusion. Offerings by 3(c)(1) funds only include funds that note on Form D that they qualify for the Section 3(c)(1) Investment Company Act exclusion and do not also note that they qualify under Section 3(c)(7).
- 87 This graphic is based on DERA data. See *supra* note 63 for a description of how these amounts were reported or estimated. This excludes operating companies that declined to disclose their year of incorporation. There were 3,090 non-disclosures in the 12-month time frame ending on June 30, 2023. There were 2,857 non-disclosures in the 12-month time frame ending on June 30, 2024, and 2,991 non-disclosures in the 12-month time frame ending on June 30, 2025.
- 88 See <https://www.sec.gov/resources-small-businesses/cutting-through-jargon-z#RA>.
- 89 This graphic is based on DERA data. See *supra* note 63 for a description of how these amounts were reported or estimated. Because of lags in offering qualifications, withdrawals, and abandonments, for greater comparability, this analysis considers all initiated Regulation A offerings (whether qualified or not) and does not exclude offerings that are subsequently withdrawn or abandoned. Due to lags and bunching in proceeds data and temporary relief provided to Regulation A in March 2020, the dollar amounts in this graphic are based on the amounts sought (in \$ million) in qualified Regulation A offerings and not on reported proceeds. Effective March 15, 2021, the maximum aggregate amount that an issuer was permitted to raise under Tier 2 of Regulation A in a 12-month period was raised to \$75 million (from \$50 million). See <https://www.sec.gov/resources-small-businesses/regulation-guidance-issuers>.
- 90 See Angela Huang, “Analysis of the Regulation A Market: A Decade of Regulation A,” (May 2025) at 8, available at <https://www.sec.gov/files/dera-reg-2505.pdf>.
- 91 *Id.* at 3.
- 92 *Id.* at 3.
- 93 *Id.* at 3.
- 94 *Id.* at 1, 8, 9. Average issuer age is the years since incorporation.

- 95 The Office tracks this data in furtherance of Section 4(j)(4)(C) of the Exchange Act, as amended by the Small Business Advocate Act of 2016. That provision directs the Advocate to “identify problems that small businesses have with securing access to capital, including any unique challenges to minority-owned small businesses, women-owned small businesses, and small businesses affected by hurricanes or other natural disasters.” See Small Business Advocate Act of 2016, as amended, available at <https://www.sec.gov/files/Small%20Business%20Advocate%20Act%20of%202016-as%20amended.pdf>.
- 96 See United States Census Bureau, “Nonemployer Statistics by Demographics series (NES-D): Statistics for Employer Firms and Nonemployer Firms by Industry and Sex for the U.S., States, Metro Areas, Counties, and Places: 2023,” (last accessed Nov. 25, 2025) available at <https://data.census.gov/table/ABS NESD2023.AB00MYNESD01A>. In 2022, women-owned employer firms employed 11,380,866 and equally owned businesses employed 6,784,242. In 2023, women-owned employer firms employed 11,686,613 and equally owned businesses employed 6,904,769. In 2022, 1,309,282 employer firms were women-owned and 706,324 were equally owned. In 2023, 1,356,990 employer firms were women-owned and 707,385 were equally owned.
- 97 See Babson College, *supra* note 7, at 10, 72, Figure 40. 19% of total U.S. population participate in entrepreneurial activities.
- 98 See United States Census Bureau, *supra* note 94. Businesses are of employer firms. In 2023, 1,356,990 were women-owned and 707,385 were equally owned.
- 99 *Id.* In 2023, women-owned employer firms employed 11,686,613 and equally owned businesses employed 6,904,769.
- 100 See Wells Fargo, “2025 Report: The Impact of Women-Owned Businesses,” (Jan, 2025) at 12, available at https://www.wipppeducationinstitute.org/_files/ugd/2f8f8e_4330c836da414d2ea7c6ea93b80bd6a4.pdf. Here, grew by is used interchangeably with growth rate. From 2019 to 2024, the growth rate of men-owned businesses was 12%.
- 101 *Id.* at 7, 10, 31-32; Babson College, *supra* note 7, at 63; H&R Block, “2024 State of Women’s Small Business Report,” (Oct. 8, 2024) at 7, 10, available at <https://resource-center.hrblock.com/wp-content/uploads/2024/10/2024-State-of-Womens-Small-Business-Report-by-Block-Advisors-Executive-Summary-2.pdf>.
- 102 See H&R Block, “2024 State of Women’s Small Business Report,” *supra* note 101, at 7, 10.
- 103 *Id.*
- 104 *Id.* at 8.
- 105 *Id.*
- 106 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at Excel tab “Gender of owner(s),” question “Primary reason for not applying for financing.”
- 107 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at Excel tab “Gender of owner(s),” question “Total amount of financing sought in prior 12 months.” Women-owned businesses include businesses where the majority of the founders are women. Men-owned businesses include businesses where the majority of the founders are men.
- 108 *Id.*
- 109 See Brian Belley, *supra* note 79.
- 110 *Id.*
- 111 *Id.*
- 112 Undisclosed deals were excluded. See Kyle Stanford, *et al.*, *supra* note 54, at 18 and Excel tab “Deal Activity” and “Pre-seed & Seed”.
- 113 Undisclosed deals were excluded. *Id.*
- 114 See United States Census Bureau, “National Population by Characteristics: 2020-2024” at Table “Sex, Race, and Hispanic Origin,” (last accessed Dec 9, 2025) available at <https://www.census.gov/data/tables/time-series/demo/popest/2020s-national-detail.html>. Population estimates are as of July 1, 2024. United States Census Bureau, “Nonemployer Statistics by Demographics series (NES-D): Statistics for Employer and Nonemployer Firms by Industry, Sex, Ethnicity, Race, and Veteran Status for the U.S., States, Metro Areas, Counties, and Places: 2023,” (last accessed Dec 9, 2025) available at. Data is included for non-employer business owners. <https://data.census.gov/table/ABS NESD2023.AB2300NESD01?q=ab2300>. Data is included for non-employer business owners.
- 115 *Id.* Native American/Pacific Islander persons made up 1.58% of business owners, and their population share was 1.67%. Native American/Pacific Islander persons include business owners that identify as Native American, Alaska Native, Native Hawaiian, and Pacific Islander.
- 116 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at Excel tab “Employer firms,” question “Actions taken in response to financial challenges.” See Gloria Guzman and Melissa Kollar, “Income in the United States: 2024,” *United States Census Bureau*, (Sept. 2025) at Excel Table A-2, available at <https://www2.census.gov/library/publications/2025/demo/p60-286.pdf>.

- 117 See Gloria Guzman and Melissa Kollar, *supra* note 116, at Excel Table A-2. Each racial category is of that race individually and does not include people of that race that identify as Hispanic/Latino. Those that identify as Hispanic/Latino can also identify as any race.
- 118 See Adesola Oluwatosin Adelaja, *et al.*, “Advancing financial inclusion through fintech: Solutions for unbanked and underbanked populations,” *World Journal of Advanced Research and Reviews*, (Aug. 6, 2024) at 428, 430, available at https://www.researchgate.net/publication/383084570_Advancing_financial_inclusion_through_fintech_Solutions_for_unbanked_and_underbanked_populations. Challenges include being more likely to rely on alternative financial services, such as payday loans and check-cashing services.
- 119 See Federal Reserve Banks, “Well-Being of U.S. Households in 2024,” (May 2025) at 51, available at <https://www.federalreserve.gov/publications/files/2024-report-economic-well-being-us-households-202505.pdf>. Unbanked means that neither the respondent nor his or her spouse/partner had a checking, savings, or money market account.
- 120 *Id.* at 52. Unbanked means that neither the respondent nor his or her spouse/partner had a checking, savings, or money market account. 4% of White adults, 4% of Asian American adults, 11% of Hispanic/Latino adults, and 14% of African American/Black adults were unbanked in 2023.
- 121 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at Excel tab “Race, ethnicity of owner(s),” question “Total amount of financing sought in prior 12 months.” In addition, 31% and 6% of Native American/Alaska Native majority-owned businesses sought \$25,000 and \$25,001-\$50,000, respectively. 17% and 15% of Asian American owned businesses sought \$25,000 and \$25,001-\$50,000, respectively. 31% and 19% of African American/Black owned businesses sought \$25,000 and \$25,001-\$50,000, respectively. 23% and 20% of Hispanic/Latino owned businesses sought \$25,000 and \$25,001-\$50,000, respectively. 24% and 17% of White owned businesses sought \$25,000 and \$25,001-\$50,000, respectively.
- 122 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at Excel tab “Race, ethnicity of owner(s),” questions “Best outcome on application(s) for a business loan” and “Best outcome on application(s) for a line of credit.” None (0%), Some (1-50%), Most (51-99%), and All (100%).
- 123 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at Excel tab “Race, ethnicity of owner(s),” question “Primary reason for not applying for financing.” Assumed would be denied is the same thing as a discouraged borrower.
- 124 *Id.*
- 125 See Brian Belley, “Are Black Founders Accessing Capital Through Investment Crowdfunding in 2025?,” *Kingscrowd*, (Feb. 3, 2025) available at https://kingscrowd.com/are-black-founders-accessing-capital-through-investment-crowdfunding-in-2025/?_bhlid=ceacd67469a99999f5b01b1beed5f66dcfc13b6f.
- 126 See *supra* note 95.
- 127 See United States Census Bureau, “State Population Totals and Components of Change: 2020-2024,” at Table “Annual Estimates of the Resident Population for the United States, Regions, States, District of Columbia and Puerto Rico: April 1, 2020 to July 1, 2024,” (last accessed Dec. 2025) available at <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>. The Bureau of Statistics and Plans, The Government of Guam (last accessed Dec. 9, 2025) available at <https://bsp.guam.gov/census-of-guam/>. United States Census Bureau, “Population and Housing Unit Counts” at Excel: Table 1. “Population of the United States Virgin Islands: 2010 and 2020,” (last accessed (Dec 9, 2025) available at <https://www.census.gov/data/tables/2020/dec/2020-us-virgin-islands.html>.
- 128 See Nasdaq Entrepreneurial Center, “Advancing Regional Innovation Economies: Mapping the Momentum of America’s Top Entrepreneurial Regions,” (Nov. 14, 2025) at 8, available at <https://nasdaqcenter.org/wp-content/uploads/2025/11/advancing-regional-innovation-economies-2025-arie-report.pdf>.
- 129 *Id.* at 48.
- 130 This graphic is based on DERA data. The map included depicts the amounts reported or estimated as raised by issuers that report a primary location in the U.S., including U.S. territories, from July 1, 2024 through June 30, 2025. See *supra* note 63 for a description of how these amounts were reported or estimated.
- 131 See Crowdfund Capital Advisors, *supra* note 81, at 85. The report names the top 10 crowdfunding cities as New York, San Francisco, Los Angeles, Austin, Seattle, Brooklyn, Santa Monica, San Diego, Atlanta, and Houston.
- 132 See Angela Huang, “Analysis of the Regulation A Market: A Decade of Regulation A,” *Division of Economic and Risk Analysis*, (May 2025) at 8, available at <https://www.sec.gov/files/dera-reg-2505.pdf>.

- 133 See Silicon Valley Bank, *supra* note 35, at 16.
- 134 *Id.*
- 135 *Id.*
- 136 See Transcript of The Small Business Forum, (Apr. 10, 2025) at 27, available at <https://www.sec.gov/files/2025-SBF-508-Transcript.pdf>.
- 137 See U.S. Small Business Administration Office of Advocacy, “2025 Small Business Profile,” (Sept. 9, 2025) at 1, available at https://advocacy.sba.gov/wp-content/uploads/2025/09/FINAL_rural_profile_2025_08_19.pdf.
- 138 Data from the 2020 5-year American Community Survey (ACS) was used by DERA to estimate the population in zip codes in rural areas. Classification of rural areas is based on the updated list of 2025 End of Year rural area zip codes from the Center for Medicare & Medicaid Services available at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FeeScheduleGenInfo>.
- 139 See Federal Reserve Banks, *supra* note 10, at Excel tab “Employer firms,” question “Geography.”
- 140 See JP Julien, *et al.*, “Small towns, massive opportunity. Unlocking rural America’s potential,” *McKinsey Institute for Economic Mobility*, (Aug. 2025) at 7, available at <https://www.mckinsey.com/institute-for-economic-mobility/our-insights/small-towns-massive-opportunity-unlocking-rural-americas-potential>.
- 141 See U.S. Small Business Administration Office of Advocacy, *supra* note 137, at 1.
- 142 See Dr. Amanda Weinstein and Dr. Adam Newbury, “Rural America’s Struggle to Access Private Capital,” *Center on Rural Innovation*, (May 16, 2025) at 23, available at <https://ruralinnovation.us/resources/reports/rural-americas-struggle-to-access-private-capital/>.
- 143 See Emily Wavering Corcoran and Jen Giovannitti, “Barriers to Rural Investment,” *Federal Reserve Bank of Richmond*, (Dec. 5, 2024) available at https://www.richmondfed.org/region_communities/regional_data_analysis/regional_matters/2024/rm_12_05_24_barriers_rural_investment; see also Dr. Amanda Weinstein and Dr. Adam Newbury, *supra* note 142, at 23; see also JP Julien, *et al.*, *supra* note 140; see also Rural and Tribal Women’s Entrepreneurship, “An investigation of women’s entrepreneurship across the United States through surveys and in-depth interviews,” *National Women’s Business Council*, (Feb. 7, 2025) at 30, available at https://www.nwbc.gov/wp-content/uploads/2025/02/NWBC_dfusion_Final-Report_2.7.25.pdf.
- 144 See JP Julien, *et al.*, *supra* note 140 at 7; see also Rural and Tribal Women’s Entrepreneurship, *supra* note 143, at 31. Respondents almost universally described high-speed internet as a critical component of their business operations. Quality internet access was named as key for tasks such as payment processing, online sales, marketing efforts, customer communication, and social media management.
- 145 See Emily Wavering Corcoran and Jen Giovannitti, *supra* note 143.
- 146 *Id.*
- 147 See Sanjay Ramakrishnan and Matthew Suandi, “Who Lives in Rural America?,” *U.S. Federal Housing*, (Dec. 23, 2024) available at <https://www.fhfa.gov/blog/insights/who-lives-in-rural-america>.
- 148 See Emily Wavering Corcoran and Jen Giovannitti, *supra* note 143.
- 149 See Dr. Amanda Weinstein and Dr. Adam Newbury, *supra* note 142, at 3. The number of rural banks declined from 5,029 in 1994 to 2,618 in 2024.
- 150 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at Excel tab “Geography,” question “Primary source of financial services;” see also Rural and Tribal Women’s Entrepreneurship, *supra* note 143, at 30; see also Dr. Amanda Weinstein and Dr. Adam Newbury, *supra* note 142, at 3.
- 151 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at Excel tab “Geography,” question “Reasons for pursuing financing at small bank.” Large banks are defined as those with at least \$10B in total assets; small banks are those with less than \$10B in total assets. For applicable questions, respondents are shown a list of large banks operating in their state to assist them with proper classification of their institution. 71% of rural small businesses pursued financing at a small bank due to an existing relationship with the lender.
- 152 See Dr. Amanda Weinstein and Dr. Adam Dewbury, *supra* note 142, at 6; see also *infra* note 154.
- 153 See Federal Reserve Banks, “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey,” *supra* note 10, at i and Excel tab “Geography,” question “Application for financing”.
- 154 Based on DERA data between July 1, 2022 through June 30, 2025 for offerings conducted under Regulation D, Regulation A, and Regulation Crowdfunding. Classification of rural areas are based on the updates list of 2025 End of Year rural area zip codes from the Center for Medicare & Medicaid Services, as described in *supra* note 138. See *supra* note 63 for a description of how these amounts were estimated. Data excludes offerings by pooled funds.

- 155 *Id.*
- 156 *Id.*
- 157 *Id.*
- 158 See *infra* note 160 for a description of how DERA estimated the population and small businesses in natural disaster affected areas; see *infra* note 161 for a description of the survey data related to whether or not respondent small businesses suffered natural disaster-related losses.
- 159 Data from the 2020 5-year American Community Survey (ACS) was used by DERA to estimate the population in zip codes affected by the natural disasters as described in *infra* note 160. However, certain zip codes were identified as missing population values, so the percentage is likely underestimated.
- 160 This graphic is based on DERA data. Evaluated from July 1, 2022 to June 30, 2025 using zip codes affected by natural disasters, excluding COVID-19 Pandemic. Zip codes designated as affected are defined as having one or more residents approved for housing assistance under FEMA's IHP program for natural disasters with classifications of Major Disaster Declaration and incident start dates between July 1, 2022 and June 30, 2025, updated on August 19, 2025. The classification method for disaster areas is based on the methodology in the "2017 Small Business Credit Survey – Report on Disaster-Affected Firms," Federal Reserve Banks of Dallas, New York, Richmond, and San Francisco, available at <https://www.newyorkfed.org/medialibrary/media/smallbusiness/2017/SBCS-Report-on-Disaster-Affected-Firms.pdf>.
- 161 See Federal Reserve Banks, "2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey," *supra* note 10, at Excel tab "Employer firms," question "Natural disaster-related losses." Survey respondents identified whether or not they "suffered natural disaster-related losses."
- 162 See Manann Donoghoe and Andre M. Perry, "Why business leaders should demand stronger climate adaptation policies from the federal government," *Brookings*, (Mar. 5, 2025) available at <https://www.brookings.edu/articles/why-business-leaders-should-demand-stronger-climate-adaptation-policies-from-the-federal-government/>.
- 163 See Federal Reserve Banks, "2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey," *supra* note 10, at Excel tab "Disaster-impacted firms," question "Types of insurance coverage maintained by business".
- 164 *Id.*
- 165 *Id.* at Excel tab "Disaster-impacted firms," question "Loan/LOC/merchant cash advance products applied for".
- 166 *Id.* at Excel tab "Disaster-impacted firms," question "Other types of funding received."
- 167 *Id.* at Excel tab "Disaster-impacted firms," question "Applications for financing."
- 168 Based on DERA data between July 1, 2022 through June 30, 2025 for offerings conducted under Regulation D, Regulation A, and Regulation Crowdfunding. See *supra* note 160. See *supra* note 63 for a description of the methodology used to estimate these offerings and issuers and capital raised. Data excludes offerings by pooled funds.
- 169 See NVCA, *supra* note 2, at 8. The median size of a VC fund in 2023 was \$35.7 million in 2023.
- 170 *Id.* at 12.
- 171 See Khaled Abdou and Paramita Gupta, "Limited partners' contribution to venture capital fund returns: newbies versus experienced," *Managerial Finance*, (Apr. 12, 2024) at 15-16, available at <https://www.emerald.com/insight/content/doi/10.1108/MF-10-2023-0606/full/html>; see also NVCA, *supra* note 2, at 48.
- 172 See NVCA, *supra* note 2, at 48.
- 173 The typical lifespan of a VC fund has traditionally been around 5-8 years but been increasing. See Kyle Stanford and Collin Anderson, "Evolving Economics of 10-Year VC Funds," *PitchBook*, (Nov. 1, 2024) at 1, available at <https://pitchbook.com/news/reports/q4-2024-pitchbook-analyst-note-evolving-economics-of-10-year-vc-funds>; Michael Bodley, "VC fund extensions are LPs' new normal—blame sluggish unicorn IPOs," *PitchBook*, (Dec. 12, 2024) available at <https://pitchbook.com/news/articles/vc-fund-extensions-lps-unicorn-ipo>; see also Angel List, "The State of Venture 2024," (Jan. 28, 2025) at 15, available at <https://www.angellist.com/data-center/the-state-of-venture-2024>.
- 174 See Kyle Stanford *et al.*, *supra* note 57, at Excel tab "Fundraising Median and Average."
- 175 *Id.* at Excel tabs "Deal Activity," "Early-Stage Activity," "Late-Stage Activity," and "Venture-Growth Activity." Later-stage includes Series C and up—using PitchBook data it is a combination of both Late Stage and Venture Growth Activity. Early-stage includes Series A and B. See also Kevin Dowd, "With fewer deals and fewer new funds, VC dollars are growing more concentrated," *Carta*, (Feb. 18, 2025) available at <https://carta.com/data/vc-concentration-2024/>.
- 176 See Kyle Stanford *et al.*, *supra* note 57, at Excel tab "Deal Activity."
- 177 *Id.* at 9-10 and Excel tab "Median Deal Size;" See also Rosie Bradbury and Jacob Robbins, "41% of all VC dollars deployed this year have gone to just 10 startups," *PitchBook*, (Aug. 8, 2025) available at <https://pitchbook.com/news/articles/41-of-all-vc-dollars-deployed-this-year-have-gone-to-just-10-startups>.
- 178 See Kyle Stanford *et al.*, *supra* note 57, at 9 and Excel tab "Deal x Size."
- 179 See Rosie Bradbury and Jacob Robbins, *supra* note 177. VC dollars are concentrated in the U.S. Data includes Jan. 1, 2025 through Aug. 7, 2025.

- 180 See Kyle Stanford *et al.*, *supra* note 57, at 9 and Excel tab “Deal x Size.”
- 181 See J.P. Morgan, “Venture Beacon Q1 2025 Report,” (June 3, 2025) at 7 and 11, *available at* <https://pages.fenwick.com/rs/228-VTM-002/images/Venture-Beacon-Q1-2025.pdf>; see also Kyle Stanford *et al.*, *supra* note 57, at 9 and Excel tabs “Deal Activity” and “Mega-Rounds (\$100M+).”
- 182 See Kyle Stanford *et al.*, *supra* note 57, at 9 and Excel tabs “Deal Activity” and “Mega-Rounds (\$100M+).”
- 183 *Id.* at 9 and Excel tabs “Deal Activity” and “Mega-Rounds (\$100M+).”
- 184 See Kyle Stanford and Emily Zheng, “US VC Valuations and Returns Report Q1 2025,” *PitchBook*, (May 12, 2025) at 5, 8 and Excel tab “Up down flat,” *available at* <https://pitchbook.com/news/reports/q1-2025-us-vc-valuations-and-returns-report>. See also Teddy Lyons, “When Startups Reprice: A Look at 2024’s Down Rounds,” *Kingscrowd*, (June 1, 2025) *available at* <https://kingscrowd.com/article/when-startups-reprice-a-look-at-2024s-down-rounds/>.
- 185 See Teddy Lyons, *supra* note 184.
- 186 See Kyle Stanford and Emily Zheng, *supra* note 184, at 5, 8 and Excel tab “Up down flat”.
- 187 See Kyle Stanford and Emily Zheng, “Tariffs Dim Expectations of IPO Window,” *PitchBook*, (Apr. 10, 2025) at 2, *available at* <https://pitchbook.com/news/reports/q2-2025-pitchbook-analyst-note-tariffs-dim-expectations-of-ipo-window>.
- 188 See Kyle Stanford and Emily Zheng, *supra* note 184, at 4.
- 189 See Kyle Stanford and Emily Zheng, *supra* note 184, at 6 and Excel tab “Median time between rounds;” J.P. Morgan, *supra* note 181, at 1; see also Ashley Neville and Kevin Dowd, “State of Private Markets Q1 2025,” *Carta*, (May 13, 2025) *available at* <https://carta.com/data/state-of-private-markets-q1-2025/>; see also TrueBridge, “State of Venture Capital,” (2025) at 17-18, *available at* <https://stateofvc.truebridgcapital.com/>.
- 190 See TrueBridge, *supra* note 189, at 17.
- 191 See J.P. Morgan, *supra* note 181, at 13, 15. Extension rounds increased from 23% to 28% and follow-on investments increased from 21% to 24%; Madeline Shi, “GPs rush to secure fund financing as uncertainty fuels liquidity fears,” *PitchBook*, (May 20, 2025) *available at* <https://pitchbook.com/news/articles/gps-rush-to-secure-fund-financing-as-uncertainty-fuels-liquidity-fears;> Michael Bodley, *supra* note 173; Gené Teare, “The Growing Secondary Market In Venture: A Conversation On The Emergence Of VC Continuation Funds,” *Crunchbase News*, (May 30, 2025) *available at* <https://news.crunchbase.com/liquidity/secondary-market-continuation-funds-eapen-goudey-sidley/>.
- 192 See NVCA, *supra* note 2, at 49.
- 193 See Dr. Amanda Weinstein and Dr. Adam Dewbury, *supra* note 142, at 13.
- 194 See Kyle Stanford *et al.*, *supra* note 57, at Excel tab “Fundraising Activity”; Silicon Valley Bank, “Trends Impacting Private Markets Global Fund Banking Outlook Report H1 2025,” (2025) at 9, *available at* <https://www.svb.com/globalassets/trendsandinsights/reports/global-fund-banking-outlook/2025/h1-2025-gfb-outlook.pdf>; Kevin Dowd, “With fewer deals and fewer new funds, VC dollars are growing more concentrated,” *Carta*, (Feb. 18, 2025) *available at* <https://carta.com/data/vc-concentration-2024/>.
- 195 See Silicon Valley Bank, *supra* note 194, at 9 (up from 12% in H1 2024 and 20% in H2 2024).
- 196 See Rosie Bradbury, “9 VC firms collected half of all money raised by US funds in 2024,” *PitchBook*, (Dec. 11, 2024) *available at* <https://pitchbook.com/news/articles/us-vc-fundraising-concentration-andreesen-horowitz>; George Hammond, “Number of US venture capital firms falls as cash flows to tech’s top investors,” *Financial Times*, (Jan. 1, 2025) *available at* <https://www.ft.com/content/7a787423-9466-4e55-8c0e-8811cfe44dd3>; Kevin Dowd, *supra* note 194; Kyle Stanford *et al.*, *supra* note 57, at Excel tab “Fundraising Median and Average”.
- 197 See Rosie Bradbury, *supra* note 196.
- 198 See Kyle Stanford *et al.*, *supra* note 57, at 36 and Excel tab “Fundraising Activity”; Venture Capital Journal (May/June 2025) at 39, *available at* <https://www.venturecapitaljournal.com/download-the-may-june-2025-issue-of-venture-capital-journal/>; Lawrence Aragon, “The slog continues,” *Venture Capital Journal*, (July 10, 2025) *available at* <https://www.venturecapitaljournal.com/the-slog-continues-2/>.
- 199 See Kyle Stanford *et al.*, *supra* note 57, at 36 and Excel tab “Fundraising Activity”.
- 200 *Id.* at 37-38 and Excel tab “Fundraising x Experience.” Source defines an emerging manager as those who have launched less than 4 funds.
- 201 See Dr. Michail Michailow, “Competing Funding Stages in Emerging VC,” *VC Lab*, (2025) *available at* <https://govclab.com/2025/02/20/pre-seed-versus-seed-stage-which-one-to-choose/>.
- 202 *Id.*
- 203 *Id.*
- 204 See Silicon Valley Bank, *supra* note 194, at 10.
- 205 See George Hammond, *supra* note 196.
- 206 See Kyle Stanford *et al.*, *supra* note 57, at 24 and Excel tabs “Deal Activity” and “NTI.”
- 207 *Id.* at 39.
- 208 *Id.* at Excel tabs “Deal Activity” and “NTI.” 72%, 4%, and 24% of deal value went to pre-seed and seed, early-stage, and later-stage, respectively. 42%, 28%, and 30% of deal count went to pre-seed and seed, early-stage, and later-stage, respectively.

- 209 See Venture Capital Journal, “Making connections. LPs focus on relationship building,” (March/April 2025) at 29, available at <https://www.venturecapitaljournal.com/download-the-march-april-2025-issue-of-venture-capital-journal/>. Survey was conducted in September and October 2024 and asked about the next 12-month period.
- 210 See David Bogoslaw, “LPs build new relationships amid challenges for VC,” *Venture Capital Journal*, (Mar. 3, 2025) available at <https://www.venturecapitaljournal.com/lps-are-focused-on-building-relationships/>; SS&C Intralinks, “2025 SS&C Intralinks LP Survey,” (Oct. 8, 2024) at 10, available at <https://www.intralinks.com/resources/publications/2025-ssc-intralinks-lp-survey> 41% of LPs plan to increase the number of relationships they have with venture fund managers this year (up from 33%). 17% of LPs plan to decrease the number of relationships they have with venture fund managers this year (down from 19%).
- 211 See Silicon Valley Bank, *supra* note 194, at 10.
- 212 *Id.*
- 213 See Kyle Stanford and Collin Anderson, *supra* note 173, at 12; Kyle Stanford and Collin Anderson, “VC-Backed Companies Taking Advantage of Slow M&A Market,” *PitchBook*, (Mar. 10, 2025) at 4, available at <https://pitchbook.com/news/reports/q1-2025-pitchbook-analyst-note-vc-backed-companies-taking-advantage-of-slow-market>.
- 214 See Kyle Stanford and Collin Anderson, *supra* note 173, at 12 and Excel tab “Company age since first VC.”
- 215 See Kyle Stanford, *et al.*, “Seed Under Pressure,” *PitchBook*, (Oct. 28, 2025) at 1, available at <https://pitchbook.com/news/reports/q4-2025-pitchbook-analyst-note-seed-under-pressure>.
- 216 See Ryan Hibbison, “Continuation funds: experts weigh in,” *Venture Capital Journal*, (June 26, 2025) available at <https://www.venturecapitaljournal.com/continuation-funds-according-to-the-experts/>.
- 217 See Emily Zheng and Harrison Waldoock, “Q2 2025 US VC Secondary Market Watch,” *PitchBook*, (Aug. 25, 2025) at 9, available at <https://pitchbook.com/news/reports/q2-2025-us-vc-secondary-market-watch>. The secondary market is estimated to range between \$48 billion and \$72 billion with a midpoint of \$61 billion. Other exit values include IPOs and acquisitions.
- 218 See Silicon Valley Bank, *supra* note 35, at 36. Investors include buyers (12%) and sellers (16%).
- 219 See Emily Zheng and Collin Anderson, “Sizing the US VC Secondaries Market,” *PitchBook*, (Mar. 24, 2025) at 1, available at <https://pitchbook.com/news/reports/q1-2025-pitchbook-analyst-note-sizing-the-us-vc-secondaries-market>.
- 220 See Kyle Stanford *et al.*, *supra* note 57, at Excel tabs “Exit Activity” and “Exits x Type”; see also Brian J. Broughman, *et al.*, “No Exit,” 100 *N.Y.U. L. REV.*, (June 28, 2025) at 10, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5316792.
- 221 See Kyle Stanford *et al.*, *supra* note 57, at Excel tabs “Exit Activity” and “Exits x Type.”
- 222 See AngelList, “The State of U.S. Early-Stage Venture and Startups 2024,” (Jan. 28, 2025) at 15-16, available at <https://www.angellist.com/data-center/the-state-of-venture-2024>; Lawrence Aragon, *supra* note 198; Kyle Stanford and Emily Zheng, *supra* note 184, at 18-19; Bryce Jones and Denise Dunlap, “Distributions to Paid-In Capital (DPI)—What Investors Seeking Liquidity Need to Know,” *Angel Capital Association*, (Sept. 25, 2025) available at <https://angelcapitalassociation.growthzoneapp.com/ap/EmailViewer/LxGAjQeP>.
- 223 See Kyle Stanford, *et al.*, “US VC Valuations and Returns Report Q2 2025,” *PitchBook* (Aug. 11, 2025) at 17-18 and Excel tab “Distributions as a % of NAV,” available at <https://pitchbook.com/news/reports/q2-2025-us-vc-valuations-and-returns-report>. The average distribution rate is the average annual distribution rate as a percentage of net asset value (NAV) for the years ended Dec. 31, 2004 through Dec. 31, 2024. The distribution rate is the 12-month distribution rate as a percentage of NAV per quarter.
- 224 See Jacob Robbins and Kia Kokalitcheva, “IPOs and (some) VC liquidity finally arrived in Q3,” *PitchBook*, (Sept. 26, 2025) available at <https://pitchbook.com/news/articles/ipos-and-some-vc-liquidity-finally-arrived-in-q3>; Recommendations of the Investor as Owner and Market Structure Subcommittees of the SEC Investor Advisory Committee, “Retail Investor Access to Private Market Assets,” (Sept. 18, 2025) at 6 and FN 18, available at <https://www.sec.gov/files/iac-private-markets-091125.pdf>; Houlihan Lokey, “2024 Continuation Fund Study,” (May 2025) at 9, available at <https://cdn.hl.com/pdf/2025/2024-continuation-fund-study.pdf>.
- 225 See Jacob Robbins and Kia Kokalitcheva, *supra* note 224.
- 226 *Id.*
- 227 See Recommendations of the Investor as Owner and Market Structure Subcommittees of the SEC Investor Advisory Committee, *supra* note 224, at 6 and FN 18.
- 228 See *supra* note 95.
- 229 See Kyle Stanford, *et al.*, *supra* note 57, at 9 and Excel tab “Deal Activity” and “Pre-seed & Seed.” Undisclosed deals were excluded. In addition, deal activity excludes one company where its female founder left the company prior to a \$10 billion capital raise in Q1 2023, a \$6.6 billion capital raise in 2024, and \$40 billion capital raise in 2025.

- 230 *Id.* Undisclosed deals were excluded. In addition, deal activity excludes one company where its female founder left the company prior to a \$10 billion capital raise in Q1 2023, a \$6.6 billion capital raise in 2024, and \$40 billion capital raise in 2025.
- 231 *See* Annemarie Donegan and Sara Good, “2024 U.S. All In: Female Founders in the VC Ecosystem,” *PitchBook*, (Mar. 5, 2025) at 20 and Excel tabs “Burn rates” and “Exit medians,” available at <https://pitchbook.com/news/reports/2024-us-all-in-female-founders-in-the-vc-ecosystem>.
- 232 *Id.* at 20 and Excel tab “Exit medians.” The graph illustrates the data, as rounded.
- 233 *Id.* at Excel tab “Burn rates.” The median burn rate for women founded companies is \$272K per month compared to \$324K per month for all U.S. VC-backed companies.
- 234 *See* Venture Forward and NCVA, “VC Human Capital Survey,” (May 2025) at 8, available at https://ventureforward.org/wp-content/uploads/2025/06/VC-Human-Capital-Survey-5th-Edition-Results_FINAL.pdf. In 2022, women made up 26% of all investment professionals, 35% of junior professionals, and 19% of investment partners.
- 235 *Id.* The percentage of women VC decision-makers that originate deals is up from 25% in 2022 and 24% in 2020.
- 236 *See* Fairview, “Woman and Minority-Owned Private Equity and Venture Capital Firms,” (Mar. 24, 2025) at 10, available at https://fairview.cdn.prismic.io/fairview/Z-IkdHdAxiBv2U2_Fairview-2024MarketReviewofWomanandMinority-OwnedFirms.pdf.
- 237 *See* Annemarie Donegan and Sara Good, *supra* note 231, at 11 and Excel tab “Decision-makers x size.” Decision-makers include partners, principles, and managing directors. *See also* All Raise, “2024 Annual Report,” at 4, available at <https://annualreport.allraise.org/digital/>.
- 238 *See* Kevin Dowd, *et al.*, “Carta Annual Equity Report 2024,” (Dec. 17, 2024) available at <https://carta.com/data/equity-report-2024/>.
- 239 *Id.*
- 240 *Id.*
- 241 *See* Venture Forward and NCVA, *supra* note 234, at 10-12, 14.
- 242 *See supra* note 95.
- 243 *See* NVCA, *supra* note 169, at 11.
- 244 *Id.* at 15.
- 245 This graphic is based on DERA data. *See supra* note 63 for a description of how these amounts were reported or estimated. *See supra* note 86 for a description of how 3(c)(1) funds and 3(c)(7) funds were estimated.
- 246 *See* Dr. Amanda Weinstein and Dr. Adam Dewbury, *supra* note 142, at 7, noting the top 5 private fundraising metro areas in 2023 were San Francisco-Oakland-Berkeley, Boston-Cambridge-Newton, New York-Newark-Jersey City, Los Angeles-Long Beach-Anaheim, and Chicago-Naperville-Elgin.
- 247 *Id.* at 13, 15. Rural includes all nonmetro countries.
- 248 This graphic is based on DERA data, including pooled funds. This data was collected from LSEG SDC Platinum database.
- 249 This graphic is based on DERA data, excluding IPOs filed by pooled funds. Pooled funds consist of issuers that are closed-end funds, commodity contracts broker-dealers, unit investment trusts, and business development companies. This graphic includes the top industries by IPO proceeds. Additional offerings by non-pooled and non-SPAC fund issuers accounted for approximately \$3.5 billion in the twelve months ended June 30, 2025. Pooled investment funds accounted for approximately \$107 million in the twelve months ended June 30, 2025.
- 250 This graphic is based on DERA data, including pooled funds. This data was collected from LSEG SDC Platinum database. IPOs by small 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. IPOs by large companies include IPOs by companies that after the non-SPAC offering have a size greater than \$250 million, calculated as described above. Data from the Center for Research in Securities Prices (CRSP), Dealogic, Bloomberg, and Compustat were used to fill in missing information from LSEG. Those companies missing a stock price on the offering day or number of outstanding shares are not included in the statistics. The estimates provided in this graph for small public companies are based on the estimated market capitalization for the issuer on the date of the offering as provided in the above-listed databases. Revisions in the most recent estimates were due to the revisions in the source data.
- 251 *See* Jay R. Ritter, “Initial Public Offerings: Updated Statistics,” (Nov. 6, 2025) at 10-11, available at <https://site.warrington.ufl.edu/ritter/files/IPO-Statistics.pdf>.
- 252 *Id.*
- 253 *Id.*

- 254 See Andres Almazan, *et al.*, “Access to Capital and the IPO Decision: An Analysis of US Private Firms,” *Institute for Private Capital*, (Nov. 2024) at 2-4, 18, 22, available at https://uncipc.org/wp-content/uploads/2024/11/Weitzner_IPO_Paper.pdf.
- 255 *Id.* at 12-13. A 10% increase in sales increases the likelihood of a company doing an IPO by 64% from its base rate of 0.20%.
- 256 *Id.* at 13. A one-standard deviation increase in capital expenditures and assets (10%), increases the likelihood of a company doing an IPO by about 43%.
- 257 *Id.* A one standard deviation decrease in profitability (0.43), increases the likelihood of a company doing an IPO by about 77%.
- 258 *Id.* at 2-4, 18, 22.
- 259 *Id.* at 17-18.
- 260 See Schwab, “Credit Spreads: Under the Radar, but Influential,” (May 29, 2025) available at <https://www.schwab.com/learn/story/credit-spreads-under-radar-but-influential>. A company’s credit spread is the difference between the yield on its bonds and the yield on a comparable U.S. Treasury bond.
- 261 See Cooley, “Post-IPO Governance Trends 2025,” (Nov. 18, 2025) at 52-53, available at <https://ipogo.cooley.com/post-ipo-governance-trends-report-what-companies-face-in-their-early-years-as-public-companies/>.
- 262 *Id.* at 52-53. Services Includes companies in sectors such as financial technology, insurance, advertising technology, ridesharing and delivery, real estate brokerage, and IT or cybersecurity services. Many companies in this industry maintain a heavily software-based or otherwise technology-focused business model and are similar to companies included in the software industry category.
- 263 Data on U.S. listed domestic firms was estimated by DERA based on the Center for Research in Security Prices (CRSP) database. The analysis includes U.S. common stocks (share codes 10 and 11) listed on NYSE, NYSE MKT, and Nasdaq. The analysis excludes investment funds and trusts (Standard Industrial Classification codes 6722, 6726, 6798, and 6799). A company with several classes of shares is counted once. Data for 2025 represents the number of listed firms and market capitalization as of October 31, 2025. Small exchange-listed companies include companies with a market capitalization of \$250 million or less; large exchanged-listed companies include companies with a market capitalization of more than \$250 million.
- 264 See Mark J. Roe and Charles C.Y. Yang, “Half the Firms, Double the Profits: Public Firms’ Transformation, 1996-2022,” *Journal of Law, Finance, and Accounting*, (Feb. 17, 2025) at 229-230, available at <https://www.nowpublishers.com/article/Details/LFA-0070>; Craig Doidge, *et al.*, “Are There Too Few Publicly Listed Firms in the US?,” *ECGI*, (Mar. 15, 2025) at 8, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5163070.
- 265 See René M. Stultz, “Are There Too Few Publicly Listed Firms in the US?,” *Harvard Law School Forum on Corporate Governance*, (Apr. 2, 2025) available at <https://corpgov.law.harvard.edu/2025/04/02/are-there-too-few-publicly-listed-firms-in-the-us/>; Craig Doidge, *et al.*, *supra* note 264, at 8-10. The 1996 aggregate market capitalization is provided in 2023 constant dollars. In 1996, the average market capitalization of a listed firm was \$2.05 billion in 2023 dollars. By 2023, the average market capitalization was \$11.35 billion.
- 266 See Mark J. Roe and Charles C.Y. Yang, *supra* note 264, at 226.
- 267 *Id.*
- 268 This data is based on DERA data. Registered company and exchange data was collected from Intelligize database for public companies that report a primary location in the U.S., including U.S. territories. Records are from 10-K, 10-Q, 20-F, 40-F, and their amendments that were filed between 7/1/2024-6/30/2025. Issuers with missing exchange information and that filed for withdrawal of their securities on Form 15, Form 25, or Form RW have been removed from the issuer counts. Market cap information is as of 6/30/2025. When applicable, missing market cap data was filled in with Bloomberg first, CRSP, and then Capital IQ when available based on ticker-CUSIP information from WRDS. Small exchange-listed companies includes companies with a market capitalization of \$250 million or less; large exchange-listed companies includes companies with a market capitalization of more than \$250 million. The list of exchanges can be found at <https://www.sec.gov/about/divisions-offices/division-trading-markets/national-securities-exchanges>. As of 6/30/2024, there were 2,630 smaller public companies and 2,491 larger public companies.
- 269 *Id.* Public company issuers outside of these top industries accounted for an additional 1,284 issuers, including 501 small public companies and 783 large public companies. Offerings by pooled funds accounted for an additional 127 issuers, including 46 small public companies and 81 large public companies. See *supra* note 268.

- 270 This graphic is based on DERA data. Registered offering data includes IPOs and registered secondary equity offerings and was collected from LSEG SDC Platinum database. Registered debt offerings have been excluded. Small public companies include U.S. public companies with a size less than or equal to \$250 million on the date of the offering, 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. Data from CRSP, Dealogic, Bloomberg, and Compustat were used to fill in missing information from LSEG. Those companies missing a stock price on the offering day or number of outstanding shares are not included in the statistics. The estimates provided in this graph for small public companies are based on the estimated market capitalization for the issuer on the date of the offering as provided in the above-listed databases. Revisions in the most recent estimates were due to the revisions in the source data. *See supra* note 268 for additional information. The graph illustrates the data, as rounded.
- 271 *Id.*
- 272 This graphic includes the top industries by aggregate proceeds raised in registered equity offerings by small public companies, excluding pooled funds, as of June 30, 2025. Offerings for industries outside of these top industries accounted for approximately \$861 million in the 12 months ended June 30, 2025. Offerings by pooled funds accounted for approximately \$103 million in the 12 months ended June 30, 2025. *See supra* note 268 for additional information about the estimated number of small public companies and the percentage that raised capital through a registered equity offering.
- 273 *See* Report to the Chairman of the Subcommittee on Capital Markets, Committee on Financial Services, House of Representatives, "Sarbanes-Oxley Act. Compliance Costs Are Higher for Larger Companies but More Burdensome for Smaller Ones," *United States Government Accountability Office*, (June 2025) at 10, Table 2, available at <https://www.gao.gov/assets/gao-25-107500.pdf>.
- 274 *Id.* at 12.
- 275 *Id.* at 11-15. Companies that are required to comply with SOX 404(b) requirements (accelerated and large accelerated filers) had 19% higher costs than their exempt (non-accelerated filers) counterparts.
- 276 *See* Robert Bartlett and Colleen Honigsberg, "When Disclosure Pays: Evidence from the Over-The-Counter Markets," *Stanford Law School*, (July 21, 2025) at 5-6, 23, 25, 27, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5357679.
- 277 *See* "The State of Investor Relations in 2025," *Irwin*, (Mar. 2025) at 26, available at <https://www.getirwin.com/ebooks/state-of-investor-relations-2025#download>. Data is provided for companies with less than \$500 million in market cap—the study groups this category as nano-micro cap.
- 278 *See* Aaron Monroe, CFA, "Under the Micro(cap) Scope," *Diamond Hill*, (June 17, 2025), available at <https://www.diamond-hill.com/insights/a-807/articles/under-the-microcap-scope/>.
- 279 *See* FTSE Russell, "Index Factsheet—Russell Microcap Index" (Oct. 2025) available at <https://www.lseg.com/en/ftse-russell/index-resources/factsheets>. The Russell Microcap Index includes the smallest 1,000 securities in the small-cap Russell 2000® Index, plus the next 1,000 smallest eligible securities by market cap.
- 280 *See supra* note 95.
- 281 This graphic is based on DERA data. The map included depicts the amounts reported or estimated as raised by issuers that report a primary location in the U.S., including U.S. territories, from July 1, 2024 through June 30, 2025. *See supra* note 63 for a description of how these amounts were reported or estimated.
- 282 Based on DERA data between July 1, 2022 through June 30, 2025 for registered equity offerings by small public companies. Classification of rural areas are based on the updates list of 2024 End of Year rural area zip codes from the Center for Medicare & Medicaid Services, as described in *supra* note 138. *See supra* note 270 for a description of the methodology used to estimate these offerings and capital raised. Data excludes offerings by pooled funds. Small public companies include U.S. public companies with a size less than or equal to \$250 million on the date of the offering.
- 283 Based on DERA data between July 1, 2022 through June 30, 2025 using zip codes affected by natural disasters as described in *supra* note 160. *See supra* note 270 for a description of the methodology used to estimate these offerings and capital raised. Data excludes offerings by pooled funds. Small public companies include U.S. public companies with a size less than or equal to \$250 million on the date of the offering.
- 284 The SEC conducts the Forum annually and prepares a 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))].
- 285 Participants voluntarily submitted the presented information in connection with their registration online. The report solely includes submitted data, without inclusion of non-responses.

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