ANALYSIS OF THE REGULATION A MARKET: A DECADE OF REGULATION A

Angela Huang[1]

MAY 2025

Abstract

We present statistics on the state of the Regulation A offering exemption over the past decade. We document the level of offering activity and reported proceeds and focus on the characteristics of issuers and offerings relying on this exemption. We estimate that there were over 1,400 offerings qualified during this period seeking an aggregate of over $28 billion in capital. During this period, approximately $9.4 billion in proceeds was reported by over 800 issuers. While the exemption gained traction over time, the number of offerings and aggregate financing amounts remained significantly smaller than those under Regulation D. Tier 2, with the higher offering limit and blue sky preemption, accounted for most of the offerings and proceeds. A typical Regulation A issuer was relatively small and young, and most issuers had not yet established a record of profitability. The overwhelming majority of offerings were from unlisted issuers, and companies that have not filed Exchange Act reports accounted for the majority of the offerings.

Introduction[2]

The SEC adopted the original Regulation A in 1936, as an exemption for small offerings under the Securities Act of 1933. In 2012, Title IV of the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act")[3] amended Section 3(b) of the Securities Act and directed the SEC to add a class of securities that would be exempt from SEC registration requirements for offerings of up to $50 million per year. In 2015, the SEC adopted the amendments implementing Title IV.[4] The 2015 rules, which went into effect June 19, 2015, created two tiers of Regulation A offerings: Tier 1, for offerings of up to $20 million in a 12-

[1] This white paper is provided in the author's official capacity as an economist in the Commission's Division of Economic and Risk Analysis but does not necessarily reflect the views of the Commission, the Commissioners, or other members of the staff.

[2] For statistics about the Regulation A market in the 16 months after the 2015 amendments became effective, see A. Knyazeva, U.S. Sec. & Exch. Comm'n, DERA White Paper, Regulation A+: What Do We Know So Far? (2016), *available at* https://www.sec.gov/about/divisions-offices/division-economic-risk-analysis/staff-papers-analyses/18nov16_knyazeva_regulation-plus-what-do-we-know-so-far.

[3] Pub. L. No. 112-106, 126 Stat. 306 (2012).

[4] *See* Amendments for Small and Additional Issues Exemptions under the Securities Act (Regulation A), Release No. 33-9741 (March 25, 2015) [80 Fed. Reg. 21806 (April 20, 2015)] ("2015 Regulation A Release").

month period; and Tier 2, for offerings of up to $50 million in a 12-month period. Issuers in Tier 2 offerings are required to provide audited financial statements and periodic reports. In addition, Tier 2 offerings are not subject to state securities law registration and qualification requirements, while Tier 1 offerings remain subject to those state requirements. In 2018, the SEC further amended certain issuer eligibility and related provisions to implement the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018.[5] One of the major changes under those amendments, which went into effect January 31, 2019, was to make Exchange Act reporting companies (previously ineligible for the exemption) eligible to rely on the Regulation A exemption from registration. In 2020, the SEC raised the Tier 2 offering limit from $50 million to $75 million, effective March 15, 2021.[6] The amendments also simplified, harmonized, and improved certain other aspects of the exempt offering framework to promote capital formation.

Financing in the Regulation A Market

Below we discuss available information on the financing that was sought and reported raised under the Regulation A exemption, including a breakdown of the offerings by tier.[7] Except where specified otherwise, the sample period starts June 19, 2015 (the date when the 2015 Regulation A amendments went into effect) and ends December 31, 2024. Table 1 summarizes the financing sought under Regulation A, for filed offerings and for offerings qualified by SEC staff. During this period, we estimate that 1,618 offerings by 1,340 issuers were filed, of which 1,426 offerings by 1,197 issuers were qualified (excluding offerings that had been withdrawn or abandoned). The aggregate amount of financing sought was approximately $33.8 billion across all filed offerings, including approximately $28.3 billion across all qualified offerings. There was a pronounced right tail in offering amounts, with averages significantly above medians.

[5] *See* Pub. L. 115-174, 132 Stat. 1296 (2018); Conditional Small Issues Exemption under the Securities Act of 1933 (Regulation A), Release No. 33-10591 (Dec. 19, 2018) [84 Fed. Reg. 520 (Jan. 31, 2019)] ("2018 Regulation A Release").

[6] *See* Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Markets, Release No. 33-10884 (Nov. 2, 2020) [86 Fed. Reg. 3496 (Jan. 14, 2021)].

[7] *See infra note* 8 for a description of the data on financing sought and *infra* note 9 for a description of the data on reported proceeds.

Table 1. Financing Sought under Regulation A during June 19, 2015 - December 31, 2024[8]

All Filed Offerings (*Dollar amounts. in millions*)	**Tiers 1 and 2**	Tier 1	Tier 2
Aggregate dollar amount sought	**$33,829.3**	$2,519.4	$31,309.9
Number of offerings	**1,618**	332	1,286
Average dollar amount sought	**$20.9**	$7.6	$24.3
Median dollar amount sought	**$10.0**	$5.0	$11.4
Offerings Qualified by Commission Staff (*Dollar amounts in millions*)	**Tiers 1 & 2**	Tier 1	Tier 2
Aggregate dollar amount sought	**$28,253.1**	$2,002.8	$26,250.3
Number of offerings	**1,426**	273	1,153
Average dollar amount sought	**$19.8**	$7.3	$22.8
Median dollar amount sought	**$10.0**	$5.0	$10.0

[8] The data period is from June 19, 2015 to December 31, 2024. The data on amounts sought is based on the information in Part I of Form 1-A. These data exclude offerings identified as withdrawn or abandoned as of December 31, 2024. We exclude from the sample 445 offerings identified as withdrawn or abandoned as of December 31, 2024. Some of the offerings included in our data may have been effectively halted and may be withdrawn or abandoned at a future date. Unless noted otherwise, the analysis relies on the information reported by issuers in the most recent amendment during the considered period. Offerings were identified based on central index key (CIK) and file number; offerings identified as duplicates were consolidated; and amendments were consolidated with the original offering for purposes of the number of offerings. Rounding affects totals. This table includes pre-qualification amendments but excludes post-qualification amendments. As a caveat, the estimated amounts sought may represent a lower bound in cases of issuers that increase offering amounts via post-qualification amendments. After a prospective Regulation A issuer files an offering statement with the Commission, the offering statement is subject to review by Commission staff. The offering statement may then be declared qualified by a notice of qualification. After a Regulation A offering statement has been qualified, issuers may begin selling securities.

Table 2 summarizes information about the proceeds reported in Regulation A offerings. Between June 2015 and December 2024, approximately $9.4 billion in proceeds was reported by over 800 issuers. As a caveat, information about offering proceeds is based on reports in various filings and can be incomplete, particularly for more recently qualified offerings. Similarly, there was a right tail in offering proceeds, with averages exceeding medians.

Table 2. Financing Reported Raised under Regulation A during June 19, 2015 - December 31, 2024[9]

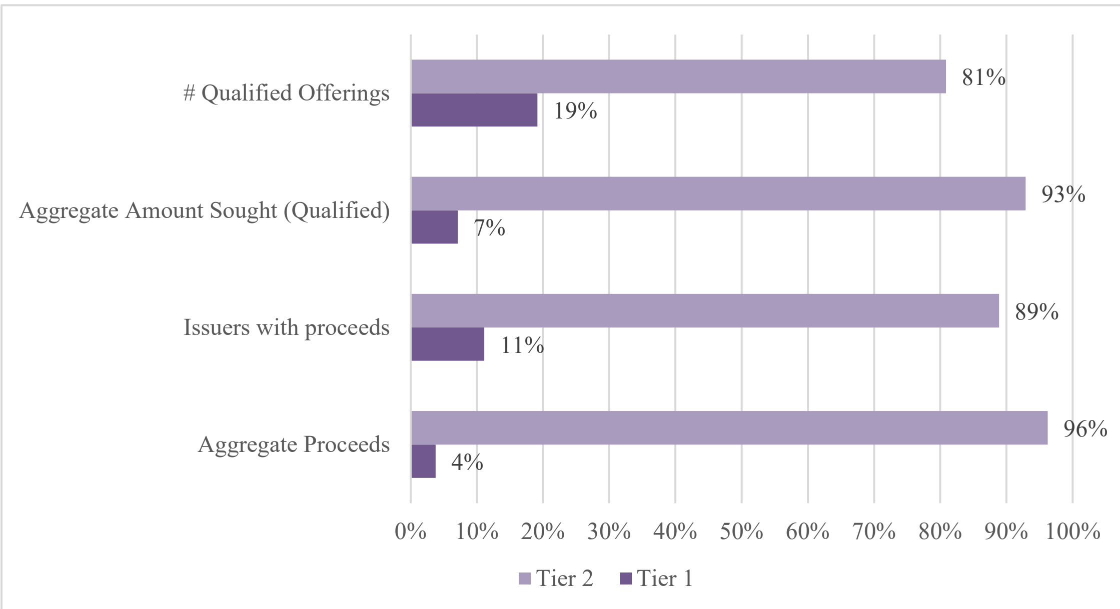
Capital Reported Raised (*Dollar amounts in millions*)	**Tiers 1 and 2**	Tier 1	Tier 2
Aggregate dollar amount reported raised	**$9,410.2**	$354.9	$9,055.2
Number of issuers reporting proceeds	**817**	91	726
Average dollar amount reported raised	**$11.5**	$3.9	$12.5
Median dollar amount reported raised	**$2.3**	$1.5	$2.4

Comparing the information in Tables 1 and 2 on amounts sought versus amounts reported raised in Regulation A offerings, we note that reported proceeds were significantly smaller than the amounts sought (and the existing offering limits). This is based on information to the extent disclosed in subsequent SEC filings, which is our sole source of proceeds data. With this caveat about completeness of proceeds data, potential reasons for amounts raised being smaller than amounts sought may vary from issuer to issuer but may include the prevalence of best-efforts offerings (where there is no guarantee that the securities will be sold and the underwriter does not buy securities outright, unlike with firm-commitment underwriting); the use of self-underwritten offerings (where the issuer, rather than the underwriter, attempts to sell securities to the public); and a lack of institutional participation and research coverage, all factors related to the generally small, early-stage nature of issuers participating in these offerings.

[9] The data period is from June 19, 2015 to December 31, 2024. Capital reported raised is based on information disclosed by companies in Forms 1-Z, 1-K, 1-SA, 1-U, and other filings, and presented as of that reporting date. Estimates represent a lower bound on the amounts raised and are affected by the timing of proceeds reporting by the issuer. As most offerings are conducted on a continuous basis, some time may elapse between offering initiation and completion or termination. After that issuers have 30 days to file Form 1-Z (however, Tier 2 issuers may instead report sales in their first annual report after termination or completion of an offering). Tier 2 issuers may report proceeds in ongoing offerings in periodic reports. Such proceeds are likely to be reported at a future date. Issuers that report proceeds of zero are excluded from the count. If an issuer reports proceeds both from a Tier 1 and a Tier 2 offering, that issuer is counted twice (once under Tier 1 and once under Tier 2). Information collection is also affected by variance across filers in disclosure and tagging practices with respect to proceeds reporting.

Figure 1, based on data in Tables 1 and 2, provides a relative breakdown of offerings and capital raising by offering tier in percentage terms. Across all metrics, Tier 2 accounted for the vast majority of capital raising under Regulation A, including over 80% of qualified offerings, over 90% of amounts sought in qualified offerings, and over 95% of reported proceeds.[10] It is difficult to ascertain from the data available to us why issuers generally expressed a preference for Tier 2. Although Tier 2 involves additional compliance costs (due to audited financial statement and ongoing reporting requirements), as well as investment limitations for non-accredited investors, some possible reasons for the greater popularity of Tier 2 offerings may include the higher offering limit and blue sky law preemption (which facilitates nationwide solicitation of prospective investors, including online solicitation).

Figure 1. The Use of Regulation A Tier 1 and Tier 2 during June 19, 2015 – December 31, 2024



[10] Proceeds reported by Tier 1 issuers may be a lower bound on realized proceeds, to the extent that an issuer may have closed an offering but has not filed a report of proceeds on Form 1-Z. Tier 1 issuers also make fewer other filings, due to not having periodic reporting obligations, thus are much less likely to make information about proceeds in ongoing offerings available (unless they report proceeds raised to date in a post-qualification amendment filing).

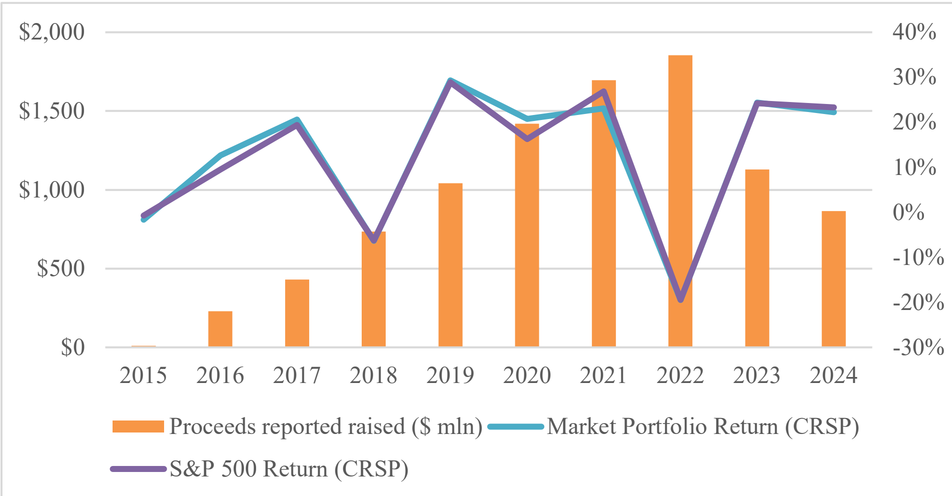
The use of Regulation A financing has generally grown over time since the 2015 amendments.[11] Figure 2A shows the time trend over the years. Figure 2B plots Regulation A financing against broad-based market indexes. While market conditions have contributed to fluctuations in Regulation A financing activity from year to year, there is not a 1:1 mapping (*e.g.,* 2022 stands out as having considerable Regulation A activity despite unfavorable public market conditions). The fluctuations in aggregate Regulation A activity may reflect the Regulation A-specific spike following the offering limit increase in 2021, as well as the lagged nature of proceeds reporting or qualifications, and potentially, the distinct profile of issuers utilizing Regulation A that may turn to exempt markets even when public market valuations are impacted.

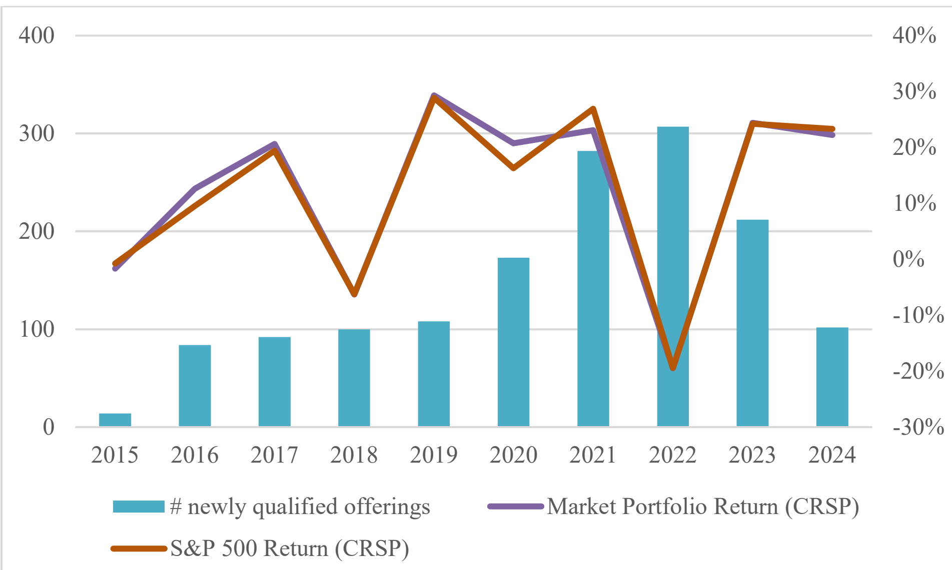
Figure 2A. Trends in Financing under Regulation A Over Time[12]

[11] Prior to June 19, 2015, Regulation A issuers could raise up to $5 million in a 12-month period. *See* 2015 Regulation A Release, at text accompanying note 893 (noting that 26 offerings, excluding amendments, were qualified by the Commission in calendar years 2012 to 2014, which amounts to an average of 8–9 qualified offerings per year).

[12] *See supra* notes 8-9. The data period is from June 19, 2015 to December 31, 2024. Proceeds reported raised are based on information disclosed by companies in Forms 1-Z, 1-K, 1-SA, 1-U, and other filings, and presented as of that reporting date.

Figure 2B. Trends in Financing under Regulation A Over Time and Market Conditions[13]





Market returns are derived from the CRSP Monthly Stock File, Ctr. Rsch. Sec. Prices, U. Chi. Booth Sch. Bus. (2025).

[13] *Id*.

Characteristics of Regulation A Issuers and Offerings

Issuer and Offering Characteristics

Below we summarize information on issuer and offering characteristics in qualified Regulation A offerings during the 2015–2024 period.

Table 3. Regulation A Issuer and Offering Characteristics[14]

	All		Proceeds ≥ $1 million	
Variable	Mean	Median	Mean	Median
Total assets ($ million)	$18.4	$0.1	$30.9	$0.1
Employees	19.2	1.0	27.8	0.0
Age (years since incorporation)	6.7	2.0	5.3	1.0
Revenue ($million)	$1.9	$0.0	$2.7	$0.0
% revenue >0	37%		37%	
Net income ($million)	-$0.9	$0.0	-$0.8	$0.0
% net income >0	12%		14%	
Cash and cash equivalents ($million)	$4.0	$0.0	$6.9	$0.0
Property, plants, and equipment ($million)	$4.5	$0.0	$7.7	$0.0
Long-term debt ($million)	$4.6	$0.0	$7.8	$0.0
% testing the waters[15]	37%		47%	
% offerings with affiliate selling security holders	5%		4%	
States of solicitation (US)	43	51	45	51
% equity offerings[16]	95%		93%	
% offerings with an intermediary	51%		61%	

[14] Statistics in this table are based on all qualified offering statements, and on qualified offerings of issuers reporting over $1 million in overall proceeds (in aggregate during the entire period) as of December 31, 2024, respectively. The information on offering and issuer characteristics is based on Part I of Form 1-A of Regulation A offering statements or the latest amendment qualified during the sample period. For ease of interpretation, in the case of variables that take on a value of 0 or 1, medians are not reported, and the means column shows the percentage of the offerings that take on the value of 1. *See supra* notes 8-9.

[15] Testing the waters means oral or written communication from an issuer, or any person authorized to act on behalf of an issuer, to determine whether there is any interest in a contemplated offering of securities exempt from registration under the Act. Such communications are deemed to be an offer of a security for sale for purposes of the antifraud provisions of the Federal securities laws. *See* 17 C.F.R. 230.241.

[16] The % equity offerings is defined as the percentage of offerings of equity securities among all qualified offerings. A small percentage of qualified offerings denoted security type (2.3%) as “other,” in which case the security type was reclassified as equity or debt based on the description of securities referencing equity or debt, respectively, for purposes of this table. As some examples, offerings where security type was listed as “other” but the securities description was listed as “LLC interests,” “preferred stock,” “common shares,” “limited partner interests,” or “units of LLC membership interests” were reclassified as “equity.”

Although there was considerable heterogeneity among issuers, Table 3 shows that the pool of issuers in qualified Regulation A offerings so far has been dominated by relatively small, young issuers. Over a third of issuers have generated revenue (*i.e.,* revenue > 0) and approximately one in eight issuers has generated a net profit (*i.e.,* net income >0).

Turning to offering characteristics, almost all offerings (*i.e.,* about 95%) involved equity securities, and exceedingly few offerings (*i.e.,* about 5%) reported sales by affiliated security holders. Over a third of all qualified offerings tested the waters (solicited interest) in connection with the offering. Testing the waters may be advantageous to prospective issuers in that it helps gauge potential investor interest prior to incurring the full cost of the offering process. A typical offering involved nation-wide solicitation. However, solicitation was more limited among Tier 1 offerings (median of seven states and average of 18 states). Approximately half of all qualified offerings disclosed the use of an intermediary.[17] Because small and first-time issuers tend to have relatively high information asymmetries and relatively low levels of investor recognition (especially among institutional investors), the lack of an intermediary and the best-efforts nature of offerings may make it more difficult for issuers to raise the targeted amount of financing. The direction of cause-and-effect between financing amounts and intermediary use is not clear – the lack of intermediaries may lead to less financing raised, but conversely, modest expected financing amounts can discourage traditional underwriters because they may be unable to recoup due diligence and marketing costs associated with small offerings; in addition, the prevalence of smaller, early-stage issuers may lead to both lower financing amounts and decreased interest from underwriters and other intermediaries.

The right-hand side of the table shows the statistics for the more successful subset of companies, defined here as having reported at least $1 million in overall proceeds as of December 31, 2024 (which corresponds to just over half, 53%, of the qualified offerings sample).[18] The biggest difference is the larger average issuer size (as measured by total assets), as well as greater reliance on testing the waters and the use of intermediaries.

[17] The estimate is based on the data reported in Part I of Form 1-A. We exclude promoters and other intermediaries when they are identified as being affiliated with the issuer based on the name. As a caveat, the completeness of the data may vary. In our review of the data, there tends to be some variance in the presentation of the data on intermediary roles, so we aggregate information from underwriter, sales agent, promoter, and finder fields in an effort to standardize the estimate. This variation in presentation may be due to the flexibility of Regulation A provisions with respect to intermediary use, and, in a typical Regulation A offering, the absence of a firm commitment underwriting arrangement with a registered intermediary that is common for traditional IPOs. In our understanding of the industry practice, while many of the offerings that choose to use an intermediary gravitate towards registered broker-dealers, the offerings are typically conducted on a best-efforts, rather than firm-commitment basis.

[18] While some of the offerings without proceeds are due to offerings remaining ongoing on a continuous basis for a period prior to a report of proceeds being identified, or a lack of a filing reporting proceeds, this subset likely captures the more successful offerings. This subset reflects over two-thirds (approximately 71%) of the proceeds sample. *See supra* note 9.

Industry Composition

The industry distribution reflects a heavy concentration of offerings in the financial sector (such as holding companies, real estate issuers, and non-depository institutions[19]). Financial sector issuers accounted for approximately 46% of aggregate financing sought and 64% of reported proceeds. Another major group of issuers were in business services (including technology). Figures 3A-3B and Table 4 provide more detail on the industry distribution of the financing sought and raised in qualified Regulation A offerings and the top industries of Regulation A issuers. As can be seen from Table 4, the top two-digit SIC industries based on the number of qualified offerings were 73 – business services (including technology and software), 65 – real estate, and 67 – holding companies (including REITs), followed by 61 – non-depository credit institutions, and 28 – chemicals and allied products. A similar pattern of top five industries, with some re-ordering within top industries, emerges based on the financing sought and financing that was reported raised under Regulation A.

[19] Industry classifications are based on the primary standard industrial classification (SIC) code as reported by the issuer in Part I of Form 1-A, or the latest pre-qualification amendment to it. Issuers with primary SIC codes between 6000 and 6999 are classified as being in the financial sector. These issuers do not include investment funds, which are ineligible under Regulation A.

Figure 3A. Financing Sought in Qualified Regulation A Offerings, by Issuer Industry[20]

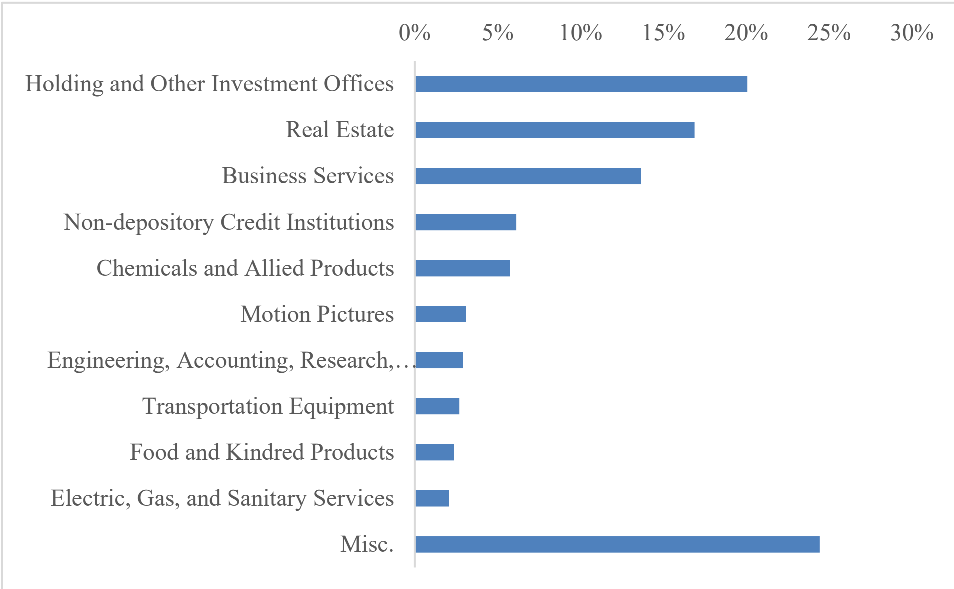
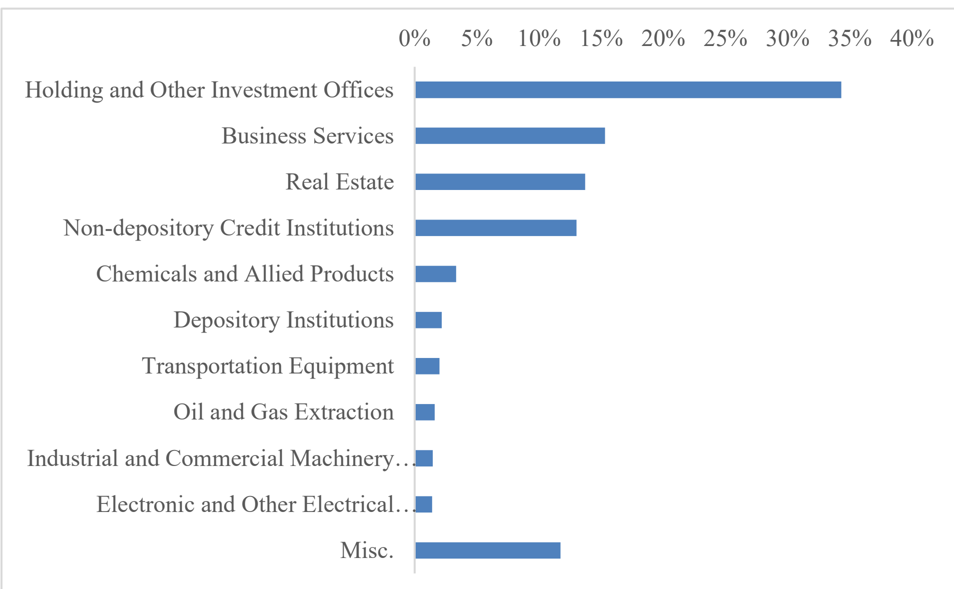


Figure 3B. Financing Raised in Qualified Regulation A Offerings, by Issuer Industry[21]



[20] The figure shows the industry percentage share of aggregate financing sought in qualified Regulation A offerings during the sample period. *See supra* notes 8 and 19.

[21] The figure shows the industry percentage share of aggregate proceeds reported in Regulation A offerings during the sample period. *See supra* notes 8 and 19.

Table 4. Top Industries of Regulation A Issuers[22]

Number of Qualified Offerings		Financing Sought		Financing Raised	
Business Services	33%	Holding and Other Investment Offices	20%	Holding and Other Investment Offices	34%
Real Estate	9%	Real Estate	17%	Business Services	15%
Holding and Other Investment Offices	9%	Business Services	14%	Real Estate	14%
Chemicals and Allied Products	5%	Non-depository Credit Institutions	6%	Non-depository Credit Institutions	13%
Non-depository Credit Institutions	3%	Chemicals and Allied Products	6%	Chemicals and Allied Products	3%
Electronic and Other Electrical Equipment and Components, ex. Computer Equipment	3%	Motion Pictures	3%	Depository Institutions	2%
Motion Pictures	2%	Engineering, Accounting, Research, Management, and Related Services	3%	Transportation Equipment	2%
Engineering, Accounting, Research, Management, and Related Services	2%	Transportation Equipment	3%	Oil and Gas Extraction	2%
Measuring, Analyzing, and Controlling Instruments	2%	Food and Kindred Products	2%	Industrial and Commercial Machinery and Computer Equipment	1%
Food and Kindred Products	2%	Electric, Gas, and Sanitary Services	2%	Electronic and Other Electrical Equipment and Components, ex. Computer Equipment	1%

Geographic Distribution

Over half of qualified offerings were by issuers incorporated in Delaware, with an additional 17% by issuers incorporated in Nevada. As with reporting companies, headquarters location often differs from the state of incorporation.

Figures 4A-4B and Table 5 summarize the geographic distribution of financing sought and raised in Regulation A offerings, based on the state of issuer headquarters location.[23] California, Florida, New York, and Washington, DC, as well as Georgia, Nevada, and Texas, were among the top issuer locations.

[22] This table relies on the issuer's primary industry as reported, aggregated at the two-digit SIC level. Statistics are at the issuer level and are based on issuers in all qualified offerings and on issuers reporting proceeds, as specified. The information is based on Part I of Form 1-A of Regulation A offering statements or latest amendment qualified during the considered period. *See supra* notes 8, 9, and 19.

[23] The issuer location is based on the location of headquarters as reported in Part I of Form 1-A or the latest pre-qualification amendment to it. Figures 4A and 4B only show the Continental US states.

Figure 4A. Financing Sought in Qualified Regulation A Offerings, by Issuer Location[24]

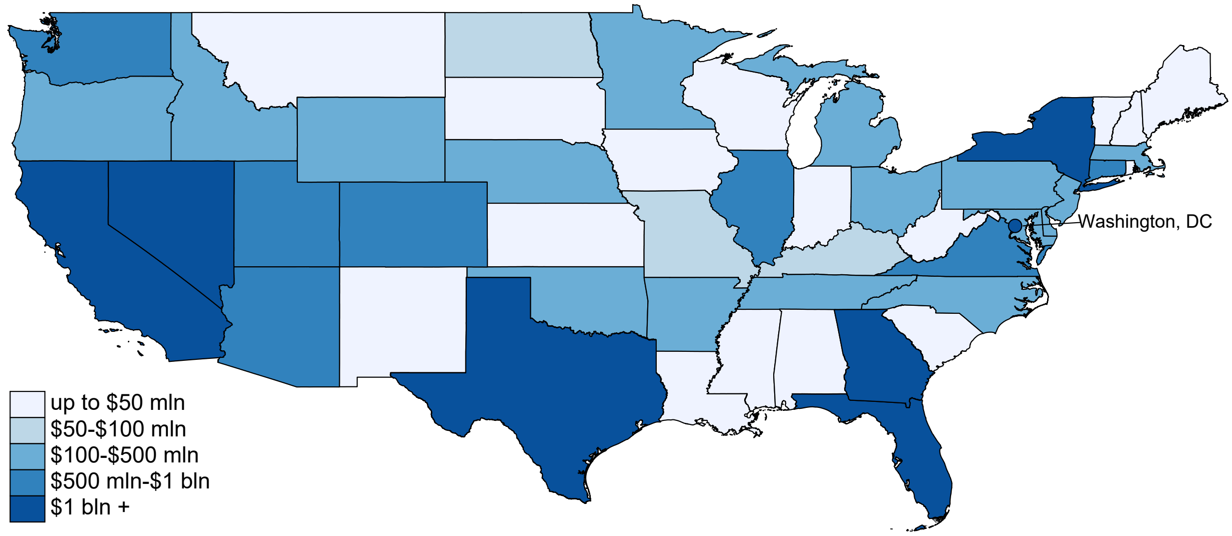
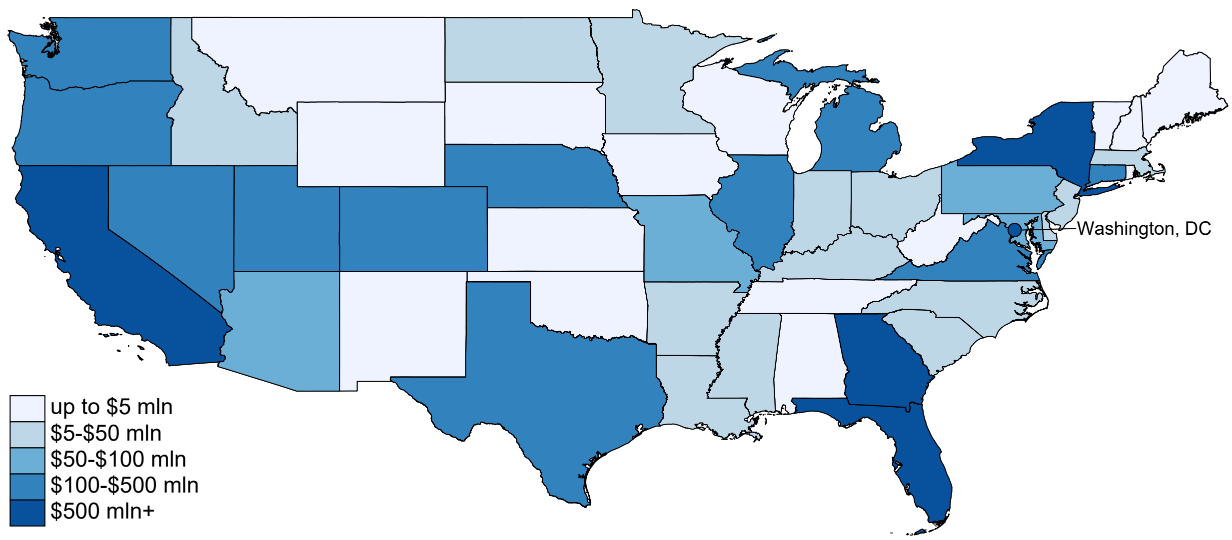


Figure 4B. Financing Raised in Regulation A Offerings, by Issuer Location[25]



[24] *See supra* notes 8 and 23.

[25] *See supra* notes 9 and 23.

Table 5. Top Locations of Regulation A Issuers[26]

Number of Qualified Offerings		Financing Sought		Financing Raised	
New York	27.6%	California	22.2%	DC	23.7%
California	18.7%	Florida	11.5%	California	15.0%
Florida	10.4%	New York	9.2%	New York	14.0%
Nevada	4.6%	DC	7.3%	Georgia	9.6%
Texas	3.7%	Nevada	5.6%	Florida	7.5%
DC	3.3%	Texas	4.9%	Michigan	3.1%
Georgia	2.9%	Georgia	3.5%	Illinois	2.9%
Arizona	2.4%	Illinois	3.5%	Utah	2.5%
Washington	2.0%	Colorado	2.6%	Washington	2.4%
Colorado	1.9%	Arizona	2.5%	Texas	2.3%

Secondary Markets

Table 6 and Figure 5 summarize data on secondary trading markets for Regulation A issuers. During the sample period, for the majority of Regulation A offerings, a liquid secondary trading market did not exist. In only around 2% of qualified offerings, the issuer obtained an exchange listing in conjunction with the Regulation A offering (or in a few cases, had a pre-existing exchange listing[27]). Including the OTC Markets Expert Market tier, we find that issuers quoted on the OTC Market at offering time accounted for close to a quarter of all qualified offerings. There does not appear to be a dramatic increase in the availability of secondary trading in subsequent years after the offering. Reviewing the latest available information shows a modest increase in the proportion of exchange listings and OTC Market issuers, relative to the proportion of exchange-listed and OTC Market issuers at offering time.

[26] *See supra* notes 8, 9, and 23.

[27] Issuers with an exchange-listed class of securities are by definition SEC-reporting companies (under Section 12(b) of the Exchange Act). Reporting companies had been ineligible to use Regulation A until 2019. In 2019 and onwards, the use of Regulation A by reporting companies with a pre-existing exchange listing remained relatively uncommon – reporting companies choosing Regulation A were much more likely to be OTC-quoted than exchange-listed. While some companies that were already exchange-listed relied on Regulation A, many exchange-listed companies seeking additional financing may choose a registered follow-on offering, or a private placement under Section 4(a)(2) or Regulation D (which does not have an offering limitation).

Table 6. Secondary Trading Markets of Regulation A Issuers[28]

Market	At offering time	Latest status
Exchange[29]	2%	4%
OTC[30]	23%	25%
OTCQX/OTCQB	3%	2%
OTC Pink	18%	13%
OTC Expert Market	1%	11%
Not identified	75%	70%

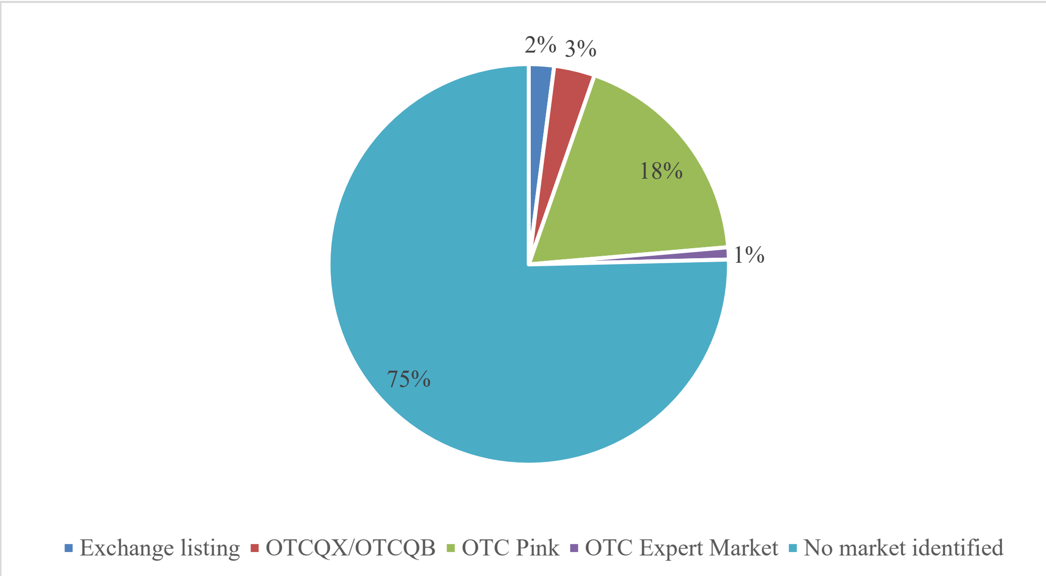
[28] The estimates in this table are calculated at the offering level and are based on all qualified offerings. Rounding affects totals. As an important caveat, it is not always possible to differentiate information on trading markets at the security class level. Thus, some issuers may have multiple classes of securities and the class of securities issued under Regulation A may not be the same class that is traded. The "at offering time" column refers to the trading market for the issuer's securities around the time or in the year of offering qualification. The "latest status" column to the trading market for the issuer's securities as of the end of 2024 or latest available data.

[29] Information on exchange listing was based on Ives Group's Audit Analytics data and searches of EDGAR filings. Some of the issuers that were exchange-listed at offering time had already listed before seeking Regulation A financing, while others obtained a listing for the first time – generally on the Nasdaq Capital Market – in conjunction with the Regulation A financing. Subsequent changes in listing status after the offering are due to some issuers subsequently delisting or ceasing operations, and other issuers obtaining an exchange listing in the years after the Regulation A offering (often following a separate registered offering).

In 2019, Nasdaq amended the listing eligibility requirements for Regulation A companies seeking a Nasdaq listing to require issuers to have a minimum operating history of two years at the time of approval of its initial listing application. *See* Self-Regulatory Organizations; the Nasdaq Stock Market LLC; Order Granting Approval of a Proposed Rule Change to Adopt Additional Requirements for Listings in Connection with an Offering under Regulation A of the Securities Act, Release No. 34-86246 (Jun. 28, 2019) [84 Fed. Reg. 32245 (July 5, 2019)]. In 2025, Nasdaq amended certain rules to tighten the process to regain compliance after failing to meet the minimum bid price continued listing requirement, including for issuers that undertake reverse stock splits and fail to meet the minimum bid price listing standard during the compliance period. *See* Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Order Granting Approval of a Proposed Rule Change to Modify the Application of the Minimum Bid Price Compliance Periods and the Delisting Appeals Process for Bid Price Non-Compliance in Listing Rules 5810 and 5815 Under Certain Circumstances, Release No. 34-102245 (Jan. 17, 2025) [90 Fed. Reg. 8080 (Jan. 23, 2025)]. NYSE American has also recently updated the delisting process for companies not meeting the minimum bid price requirement that had conducted reverse stock splits. *See* Self-Regulatory Organizations; NYSE American LLC; Order Granting Approval of a Proposed Rule Change to Amend Section 1003 of the NYSE American LLC Company Guide to Provide for the Suspension and Delisting of Any Company that: (i) Has Effected One or More Reverse Stock Splits Over the Prior Two-Year Period with a Cumulative Ratio of 200 Shares or More to One; or (ii) Has Effectuated a Reverse Stock Split and the Effectuation of such Reverse Stock Split Results in the Company's Security Falling Below any of the Continued Listing Requirements of Section 1003, Release No. 34-102220 (Jan. 16, 2025) [90 Fed. Reg. 8073 (Jan. 23, 2025)].

[30] Information on OTC quotation is based on data from OTC Markets. Grey Market securities, for which broker-dealers cannot provide quotations, are excluded. Among securities quoted on the OTC market, liquidity can vary significantly from issuer to issuer and is on average lower than the liquidity of securities listed on major exchanges. Many filers mention a lack of a public market for their securities in their disclosures. OTCQX and OTCQB are the most liquid tiers in relative terms. The Expert Market is less liquid as broker-dealers may only provide unsolicited quotes for securities (*e.g.,* quotes based on limit orders of investors that are not insiders or affiliates of the issuer). In late 2021, following amendments to Rule 15c2-11, various OTC Pink securities without publicly available current information were transferred to the Expert Market.

Figure 5. Secondary Trading Market of Regulation A Issuers (At Offering Time)[31]



[31] The figure is based on the data in the “at offering time” column of Table 6 above. *See supra* notes 28-30.

Other SEC Filings by Regulation A Issuers

Table 7 summarizes other SEC filing activity of Regulation A issuers along several dimensions related to alternative financing methods.

Table 7. Other SEC Filings by Regulation A Issuers[32]

Issuers' Other SEC Filings	% Issuers in Qualified Offerings
Regulation D	32%
Before the Regulation A offering	24%
After the Regulation A offering	16%
Regulation Crowdfunding	6%
Before the Regulation A offering	4%
After the Regulation A offering	4%
Registration Statement	17%
Before the Regulation A offering	13%
After the Regulation A offering	8%
Exchange Act Reports	21%
Before the Regulation A offering	16%
After the Regulation A offering	12%

In approximately a third of Regulation A offerings, the issuer has also used Regulation D. Regulation D is a popular, efficient pathway for raising capital in a private placement, without an offering limit.[33] Approximately 6% have also used Regulation Crowdfunding at any point before or after the offering (with approximately 5% reporting raising proceeds under Regulation Crowdfunding). Approximately 17% have filed registration statements at any point before or after the offering (but not all resulted in offerings).

[32] This table is based on issuer-level data from other EDGAR filings of issuers in qualified Regulation A offerings. "Before" and "after" are based on the offering qualification date (for issuers with multiple offerings qualified during the sample period, the earliest Regulation A offering qualification date). Some issuers have made other SEC filings both before and after the Regulation A offering and would thus be counted in both categories, so the sum of "before" and "after" is greater than the total. For purposes of these estimates, filers' use of Regulation D is based on filings of Form D or amendments to it; Regulation Crowdfunding – Form C or amendments to it; and Registration Statements – filings of Forms S-1, S-3, S-11, or amendments to them, and Rule 424(b) prospectuses.

[33] It is likely that additional Regulation A issuers have relied on Section 4(a)(2) without using the Regulation D safe harbor and filing a Form D.

Among issuers relying on Regulation A to date, approximately 21% have also filed Exchange Act reports at any point before or after the offering (over the entire EDGAR filing history).[34]

Robustness: Alternative Weighting Assumption for Potentially Affiliated Entities

The prior analysis considered all qualified offerings, weighting them equally. Among 1,426 qualified offerings, there were an estimated 1,197 unique issuers (identified at the CIK level). The use of standard EDGAR identifiers for issuers and offerings has the distinct advantage of simplicity, consistency of interpretation, and replicability. In certain instances, issuers defined at the CIK level, involved in separate Regulation A offerings, appear to be entities affiliated with each other (*e.g.,* investment series or REITs with a common sponsor). For robustness, to consider an alternative entity definition that may be of interest from an economic standpoint, we also discuss the effects of an alternative weighting approach that groups such potentially affiliated issuers into consolidated entities. This yields around 826 unique entities pursuing Regulation A offerings, including 29 entities with multiple affiliated issuers (with a range of 2-292, a median of 2, and an average of 14 affiliated issuers per entity, and with most of the effect stemming from Tier 2 issuers).[35] After accounting for consolidation, approximately 55% of unique entities reported raising money under Regulation A, with the average (median) amount of approximately $21 million ($3 million) per entity. The aggregate proceeds reported by entities with one or more potentially affiliated issuers were approximately $5.8 billion (62% of aggregate reported proceeds under Regulation A). Business services, real estate, chemicals, and holding companies remained the two-digit SIC industries with the most issuers. California, Florida, New York, Nevada, and Texas were the states where most of the issuers were located. Turning to other SEC filing activity estimates after accounting for consolidation, around 45% of entities filed Form D, 8% filed Form C, and 25% filed a registration statement before or after using Regulation A, while around 30% of entities had filed annual or quarterly Exchange Act reports at any point before or after the offering.[36]

[34] For purposes of this estimate, Exchange Act reports include EDGAR filings of Forms 10-K, 10-Q, or 40-F. Filings of Form 20-F are not considered because non-Canadian foreign issuers are not eligible under Regulation A. Limiting the estimate to Exchange Act reports filed only during the year of qualification itself lowers the percentage to 9%, including issuers that assumed Exchange Act reporting obligations simultaneously with the offering as a result of registering Regulation A securities on Form 8-A.

[35] This analysis is based primarily on name-based identification and review of business descriptions and organizational structures in filings, thus, it is an approximation.

[36] For purposes of these estimates, an entity is treated as having a filing of a given type if any one or more of the identified affiliated issuers has made a filing.

Conclusion

This white paper analyzed nearly ten years of data on Regulation A (since the implementation of the amendments in June 2015 through December 2024) based on EDGAR filings. We estimate that there were over 1,400 offerings qualified during this period seeking an aggregate of over $28 billion in capital. During this period, approximately $9.4 billion in proceeds was reported by over 800 issuers. There was a jump in reported Regulation A activity in 2021-2022, possibly in conjunction with the offering limit increase. While the exemption gained traction over time, its use continued on a significantly smaller scale than the use of Regulation D. Tier 2, with the higher offering limit and blue sky preemption, accounted for most of the offerings and proceeds.

A typical Regulation A issuer was relatively small and young, and most had not yet established a record of profitability. Close to a third of offerings were by issuers that had utilized Regulation D either before or after Regulation A. The overwhelming majority of offerings were from unlisted issuers, but about a quarter of offerings were from OTC-quoted issuers (mostly, lower OTC Market tiers). Companies that have not filed Exchange Act reports accounted for the majority of the offerings. Overall, while the aggregate amount of financing in the Regulation A market remains modest relative to Regulation D private placements, it appears to complement the other financing methods available to companies that are not yet at a stage of development that enables a traditional IPO or exchange listing but that seek capital from a more dispersed investor base than in a private placement. Financial sector – mainly real estate – and business services were the industries in which the issuers were particularly likely to utilize Regulation A.