

ANALYSIS OF CROWDFUNDING UNDER THE JOBS ACT

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Abstract

Below we present an analysis of the data on the offering activity in the Title III securities-based crowdfunding market based on the data in SEC filings between May 16, 2016 (effective date of Regulation Crowdfunding) and December 31, 2024.²

During this period, we estimate that there were 8,492 offerings initiated by 7,134 issuers, excluding withdrawn offerings. The offerings sought a total of approximately \$560 million based on the target (minimum) amount. However, almost all offerings had a minimum-maximum format and accepted oversubscriptions up to a higher maximum. In the aggregate, the maximum amount sought in these offerings was approximately \$8.4 billion. Based on the analysis of EDGAR filings during this period, there were 3,869 offerings where issuers reported approximately \$1.3 billion in proceeds. This is likely to be a lower-bound estimate due to variance in Form C-U filing practices.

The crowdfunding exemption continues to gain momentum over time and serve small and early-stage companies seeking access to capital, often for the first time.

The median issuer had around \$80,000 in total assets, including \$13,000 in cash, \$60,000 in debt, and \$10,000 in revenue, and three employees. While the majority of issuers had some assets and revenues by the time of the offering, only about one out of seven issuers had recorded a net profit. Most crowdfunding issuers were new to the capital markets. However, in around one-fifth of offerings, issuers had previously disclosed an offering under Regulation D on Form D.

Crowdfunding³ securities must be offered through a registered broker-dealer or a registered funding portal. As of the end of 2024, there were 83 funding portals registered with the SEC and FINRA. The crowdfunding market was dominated by funding portals, although some registered broker-dealers have also participated in offerings. The funding portal industry has seen some turnover, as well as significant

¹ This white paper is provided in the authors' official capacity as economists 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 The data in this analysis is based on the aggregation and analysis of information in the XML portion of specified Regulation Crowdfunding filings, except where noted otherwise. The disaggregated XML data from those filings is posted on a quarterly basis on <https://www.sec.gov/data-research/sec-markets-data/crowdfunding-offerings-data-sets>.

³ See *infra* note 10.

concentration, with the top five portals accounting for well over half of the offering market based on the number of offerings and the dollar volume.

Introduction

The Jumpstart Our Business Startups (JOBS) Act⁴ was enacted on April 5, 2012. Title III of the JOBS Act amended Section 4 of the Securities Act of 1933 (Securities Act) and created a new exemption from registration for Internet-based securities offerings of up to \$1 million over a 12-month period (“securities-based crowdfunding”). Title III was intended to help small and growing businesses to raise startup capital on the Internet. The JOBS Act included a number of investor protection provisions, including investment limitations, issuer disclosure requirements, and a requirement to use regulated intermediaries. The SEC proposed securities-based crowdfunding rules (“Regulation Crowdfunding”) on October 23, 2013, and adopted final rules on October 30, 2015.⁵ Issuers were able to use the new exemption beginning May 16, 2016, when the final rules became effective.⁶ The SEC later amended the exemption on November 2, 2020 (effective March 15, 2021), raising the crowdfunding offering limit to \$5 million, among other changes.⁷ Certain other thresholds in Regulation Crowdfunding requirements were also adjusted for inflation in 2017 and 2022.⁸

While securities-based crowdfunding under Title III of the JOBS Act shares certain similarities with non-securities-based (lending-based, reward-based, donation-based, and royalty-based) crowdfunding, such as the ability of the public to participate and the use of an Internet-based platform to solicit backers, there are important distinctions. Although some securities-based crowdfunding investors may also have nonpecuniary reasons for investing, such motives are common among backers in non-securities based crowdfunding campaigns.⁹ Overall, the differences in the legal framework, characteristics of fundraisers, and objectives of funders limit extrapolation from non-securities-based crowdfunding to Title III crowdfunding.

In this study, we analyze “crowdfunding” within the meaning of securities-based crowdfunding offerings that rely on the Federal exemption under Title III and Regulation Crowdfunding. We analyze data related to crowdfunding¹⁰ offering activity, issuer characteristics, intermediaries, security design, and preliminary data on funding raised in crowdfunding transactions. The crowdfunding offering framework is

⁴ Pub. L. No. 112-106, 126 Stat. 306 (2012).

⁵ See SEC Releases No. 33-9470 (Oct. 23, 2013) [78 Fed. Reg. 66428 (Nov. 5, 2013)] (“Crowdfunding Proposing Release”) and No. 33-9974 (Oct. 30, 2015) [80 Fed. Reg. 71388 (Nov. 16, 2015)] (“Crowdfunding Adopting Release”).

⁶ Provisions related to funding portal registration became effective on January 29, 2016, to give funding portals additional time to undergo the SEC registration and FINRA membership process.

⁷ See SEC Release No. 33-10884 (Nov. 2, 2020) [86 Fed. Reg. 3496 (Jan. 14, 2021)] (“Exempt Offerings Release”).

⁸ See SEC Releases No. 33-10332 (Mar. 31, 2017) [82 Fed. Reg. 17545 (Apr. 12, 2017)] and No. 33-11098 (Sep. 9, 2022) [87 Fed. Reg. 57394 (Sept. 20, 2022)].

⁹ See, e.g., Kevin J. Boudreau et al., *Crowdfunding as Donations to Entrepreneurial Firms*, 50 RSCH. POL’Y, No. 7, at 2, 12 (2021). Non-securities-based crowdfunding campaigns do not always involve a profit-seeking business.

¹⁰ While the term “crowdfunding” in the securities market context is sometimes used more broadly, here we use the terms “crowdfunding,” “securities-based crowdfunding,” “Regulation Crowdfunding,” and “Title III crowdfunding” interchangeably to refer to offerings that rely on Title III of the JOBS Act and Regulation Crowdfunding.

characterized by the Internet-based nature of financing, the involvement of registered intermediaries, and participation by an unlimited number of nonaccredited investors, which, in combination, distinguish it from other offering exemptions. Regulation Crowdfunding¹¹ establishes requirements for issuers and intermediaries seeking to participate in an Internet-based crowdfunding offering. The key provisions are summarized below:

- An issuer is able to raise up to \$5 million across all crowdfunding offerings in a 12-month period. An issuer must raise at least the target amount to receive funds. Crowdfunding securities are subject to resale limitations for one year.
- The rules impose limits on the amount that a non-accredited investor can invest in all Title III crowdfunding offerings over a 12-month period. Investors with both an annual income and net worth of at least \$124,000 can invest up to 10% of the greater of annual income or net worth. All other non-accredited investors can invest the greater of \$2,500 and 5% of the greater of annual income or net worth. There are no investment limits for accredited investors.
- Crowdfunding issuers are subject to public disclosure requirements at the time of the offering (on Form C), during the offering's progress and on completion of the offering (on Form C-U) and annually (on Form C-AR).¹² Issuers in offerings of up to \$124,000 in a 12-month period are required to report certain financial information from tax returns and file financial statements of the issuer certified by the principal executive officer of the issuer. Issuers in larger offerings face additional financial statement requirements – in offerings of over \$124,000 but not more than \$618,000 in a 12-month period, financial statements must be reviewed by an independent public accountant,¹³ and in offerings of over \$618,000 in a 12-month period, financial statements must be audited by an independent public accountant.¹⁴
- Crowdfunding securities must be offered through an intermediary, which can be a registered broker-dealer or a registered funding portal (a new intermediary type established by the JOBS Act and implemented by Regulation Crowdfunding). These intermediaries are mandated to take measures to reduce the risk of fraud, make required disclosures about issuers available to the public, provide communication channels to permit discussion of offerings on the platform, disclose the compensation received by an intermediary, provide educational materials to investors, and comply with additional requirements related to investor commitments, notices to investors, and maintenance and transmission of funds. Registered funding portals that participate in crowdfunding offerings may engage in a narrower set of activities than broker-dealers and are subject to additional requirements.¹⁵

¹¹ 17 C.F.R. Part 227.

¹² Issuers also must disclose material changes to offer terms or disclosure previously provided to investors.

¹³ In the case of the issuer's first offering, the upper bound of the threshold is "not more than \$1,235,000." 17 C.F.R. 227.201(t)(3).

¹⁴ If financial statements of the issuer are available that meet a higher threshold (*i.e.*, have been reviewed or audited by a public accountant that is independent of the issuer, respectively), the issuer must provide those financial statements instead. The thresholds are applied based on the amounts being offered aggregated with all other Regulation Crowdfunding amounts sold in the past 12 months.

¹⁵ See Crowdfunding Adopting Release.

Given the offering limits, crowdfunding is primarily used by relatively small issuers, thus many of the economic considerations applicable to small and early-stage issuers more generally apply to crowdfunding as well.¹⁶ The availability of unlimited nationwide solicitation over the Internet, irrespective of the location of the issuer (as long as the issuer is a U.S. issuer), and the application of common offering requirements and investment limits across all Regulation Crowdfunding offerings distinguish Regulation Crowdfunding from securities-based crowdfunding regulated under State law that typically relies on exemptions from the Federal registration requirements under Securities Act Rules 147, 147A, or 504.¹⁷

Statistics on Crowdfunding under the JOBS Act

The statistics below are based on the analysis of data as reported by filers in EDGAR filings of Forms C and Form C-U, except as specified otherwise.¹⁸ For offerings that have been amended, the information is based on the latest amendment associated with that central index key (CIK) and file number as of the report date, except as specified.

Offering Activity

Table 1 presents a snapshot of offering activity since the effective date of Regulation Crowdfunding. Between May 16, 2016 and December 31, 2024, excluding 990 withdrawn offerings, we estimate that there were 8,492 offerings by 7,134 issuers (including 945 repeat issuers – issuers that initiated two or more crowdfunding offerings during this time).¹⁹ The average offering target (minimum) amount was approximately \$66,000 (the median was approximately \$25,000). Almost all offerings accepted investments above the minimum, on average, up to approximately \$1 million (median of approximately \$800,000).²⁰

A smaller number of offerings were successful at raising capital: As of December 31, 2024, 3,869 offerings reported proceeds on Form C-U, with aggregate proceeds of approximately \$1.3 billion. The average successful offering reported raising approximately \$346,000 (the median reported raising

¹⁶ *Id.*

¹⁷ See 17 C.F.R. 230.147 and 17 C.F.R. 230.504.

¹⁸ Data comes from the XML portion of Forms C and C-U and amendments to them filed through December 31, 2024. When we refer to offerings, we refer to initiated offerings that have not been withdrawn, unless specified otherwise. When discussing proceeds, we refer to offerings that have reported proceeds on Form C-U. Offerings with Forms C-U without proceeds information are treated as not having proceeds.

¹⁹ Offerings are identified by file number. Multiple amendments within the same file number are consolidated, and XML information in the latest amendment is used unless specified otherwise. Offerings withdrawn as of December 31, 2024 (offerings for which a Form C-W was filed and no new or amended Form C was refiled under the offering's file number, as well as offerings that used the UFP portal, all of which were ended when the funding portal withdrew its registration) are excluded. Issuers may withdraw some of the offerings filed before December 31, 2024 at a future time.

²⁰ Because the issuer must raise at least the target amount to receive funds, setting both a target (minimum) and a maximum amount, increases the likelihood of raising at least some funding while preserving the flexibility to raise capital up to a higher limit. At the same time, setting the minimum at a close-to-zero level would leave the issuer unable to recoup offering expenses, while still subject to the costs of periodic reporting.

approximately \$113,000). This indicates that many offerings continued to raise capital above the target amount.

Table 1. Summary of Offering Activity

	Aggregate (\$ million) ²¹	Average (\$ 000s)	Median (\$ 000s)	Number of offerings
Target (minimum) amount	559.0	66.2	25.0	8,492
Maximum amount	8,354.9	1,004.9	800.0	8,492
Reported proceeds	1,339.2	346.1	113.1	3,869 ²²

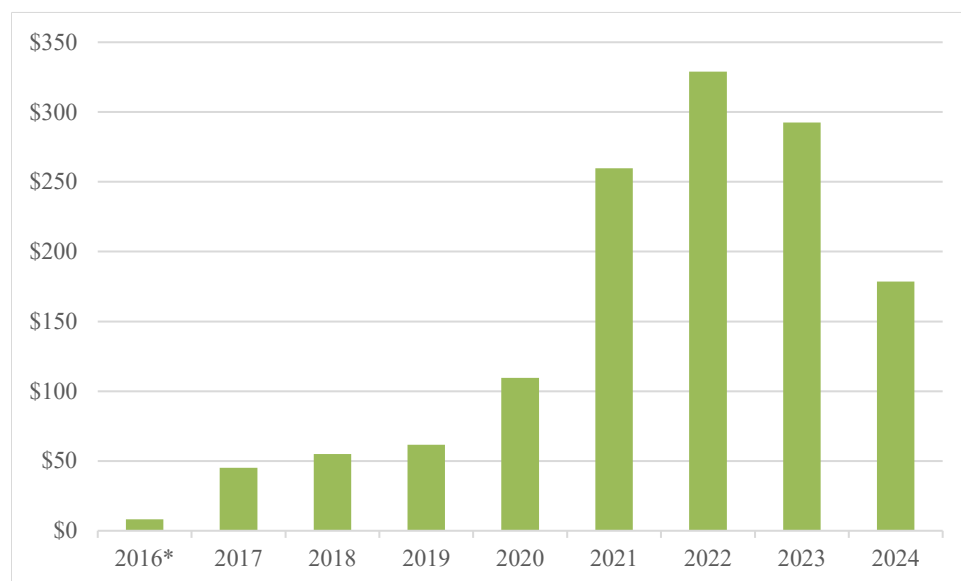
Note: These data are for the 8,492 offerings in our sample data over the period from May 16, 2016 through December 31, 2024; *see supra* notes 18 and 19 for details.

Figures 1a and 1b show time trends in crowdfunding financing. The use of the exemption has gradually gained momentum over the years, with some decline in 2023-2024. The jump in 2021 may reflect the increase in the offering limit as well as an overall increase in investment activity during that period. In general, fluctuations in overall market conditions and investor sentiment affect the pace of crowdfunding activity. The aggregate amounts of financing suggest that small and early-stage issuers may overall continue to face difficulties in raising capital through crowdfunding.

²¹ For purposes of calculating the aggregate amounts sought, for issuers with multiple offerings, the cumulative target and maximum offer amounts are capped at the Regulation Crowdfunding offering limit adjusted as an approximation by the overall number of years that the issuer has conducted offerings. This adjustment results in the difference between the aggregate amount sought and the product of the number of offerings and average amount sought. For the few offerings that do not accept oversubscriptions (*i.e.*, investments above the target (minimum) amount), the target amount and the maximum amount are the same.

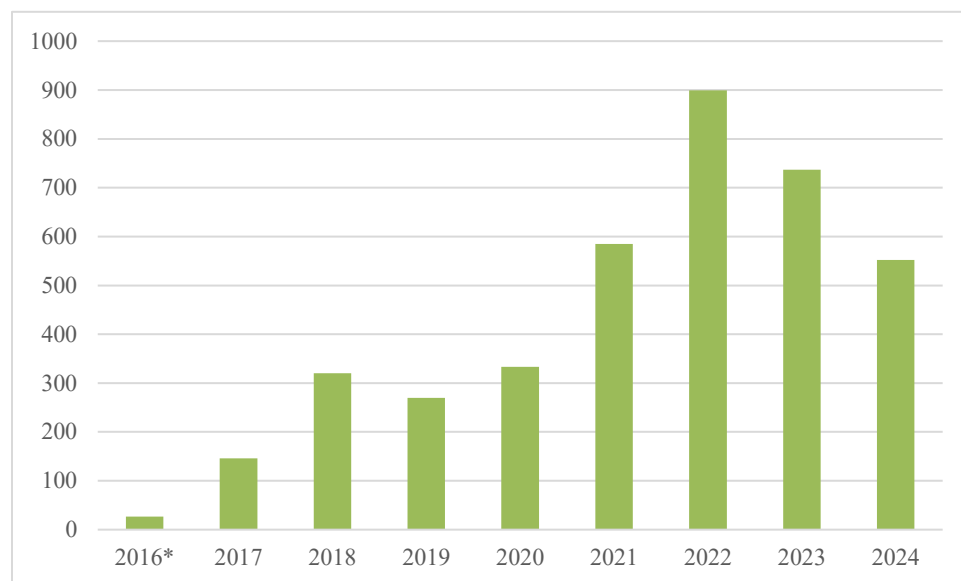
²² The information on reported offering proceeds (*i.e.*, aggregate amount, average amount, number of offerings) is based on data available to us in reports on Form C-U. Due to some cases where an offering closed successfully, but a Form C-U was not filed or lacked details of proceeds, our totals likely represent a lower bound estimate - industry reports sourcing information on investor commitments from platform websites directly tend to show higher total funding levels. The data on proceeds exclude Form C-U filings that did not contain identifiable proceeds information (*e.g.*, reports noting "end of offering" without indicating a dollar amount of proceeds). For purposes of calculating the aggregate reported proceeds, for issuers with multiple filings of proceeds per offering, the latest filing is used to avoid duplication.

Figure 1a. Trends in Reported Proceeds (\$ million)



Notes: These statistics are based on the 3,869 offerings with reported proceeds over the period from May 16, 2016 through December 31, 2024; see *supra* note 18 for details.

Figure 1b. Trends in the Number of Offerings Reporting Proceeds



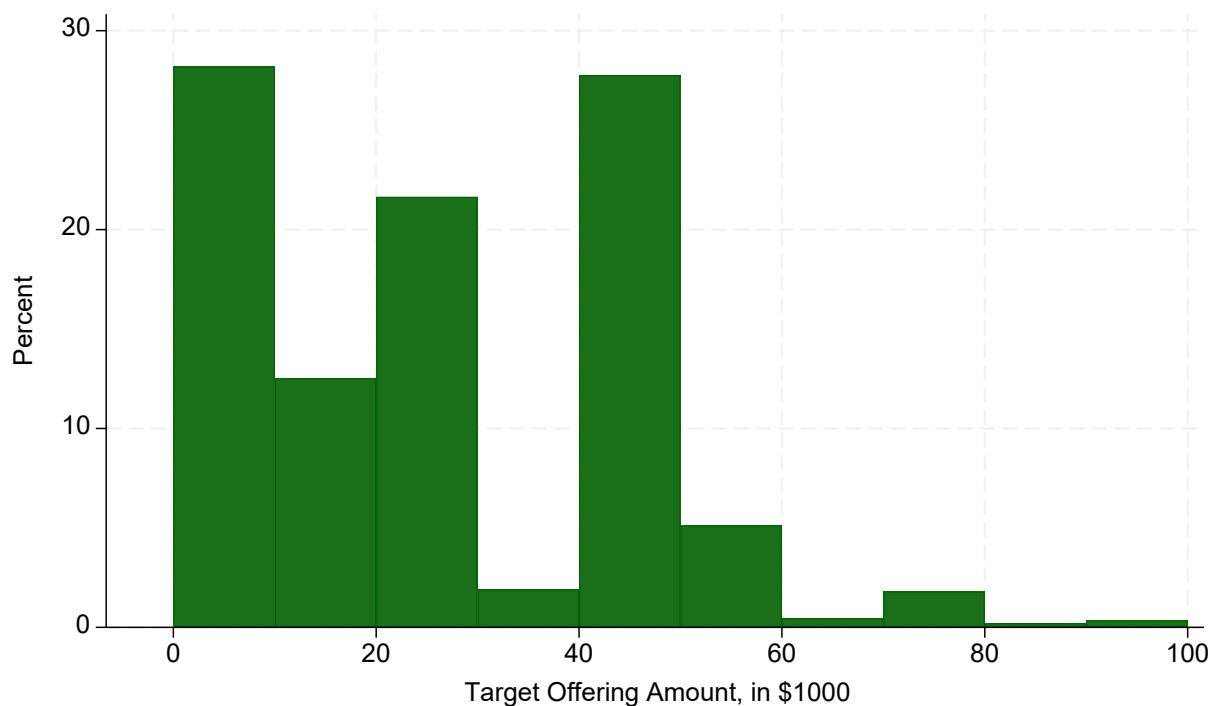
Notes: These statistics are based on the 3,869 offerings with reported proceeds over the period from May 16, 2016 through December 31, 2024; see *supra* note 18 for details.

Figures 2a and 2b show the distribution of target and maximum offer sizes respectively, using \$100,000 intervals from \$0 to \$5,000,000. There was clustering in the \$0-\$100,000 and \$100,000-\$200,000 categories, consistent with the distribution of potential financing sought through crowdfunding being centered around relatively small offering sizes. With respect to maximum offer amounts, the clustering around those levels is also consistent with the issuers planning around the requirement of reviewed financials (initially applicable to offerings seeking over \$100,000 and subsequently adjusted for inflation to \$107,000 in 2017 and then to \$124,000 in 2022). Most maximum offer amounts in the sample were initially set around \$0.9-\$1.1 million, and then around \$4.9-\$5 million, consistent with the original Regulation Crowdfunding limit of \$1 million (subsequently adjusted for inflation to \$1.07 million and then amended to \$5 million). There were also smaller spikes in the frequency of offerings with maximum offer limits around \$0.5 million and \$1.2-\$1.3 million, which correspond to the thresholds for audited financial statements for repeat and first-time issuers (set at \$500,000 and \$1 million, respectively, in 2015, and adjusted for inflation to \$535,000 and \$1,070,000 in 2017 and to \$618,000 and \$1,235,000 in 2022). Because financial statement requirements apply based on the maximum offer amount, to the extent that fixed costs are involved with complying with a higher tier of financial statement requirements, some clustering of maximum offer amounts around the financial statement thresholds can occur.

Figure 2a. Distribution of Target (Minimum) Offer Amounts

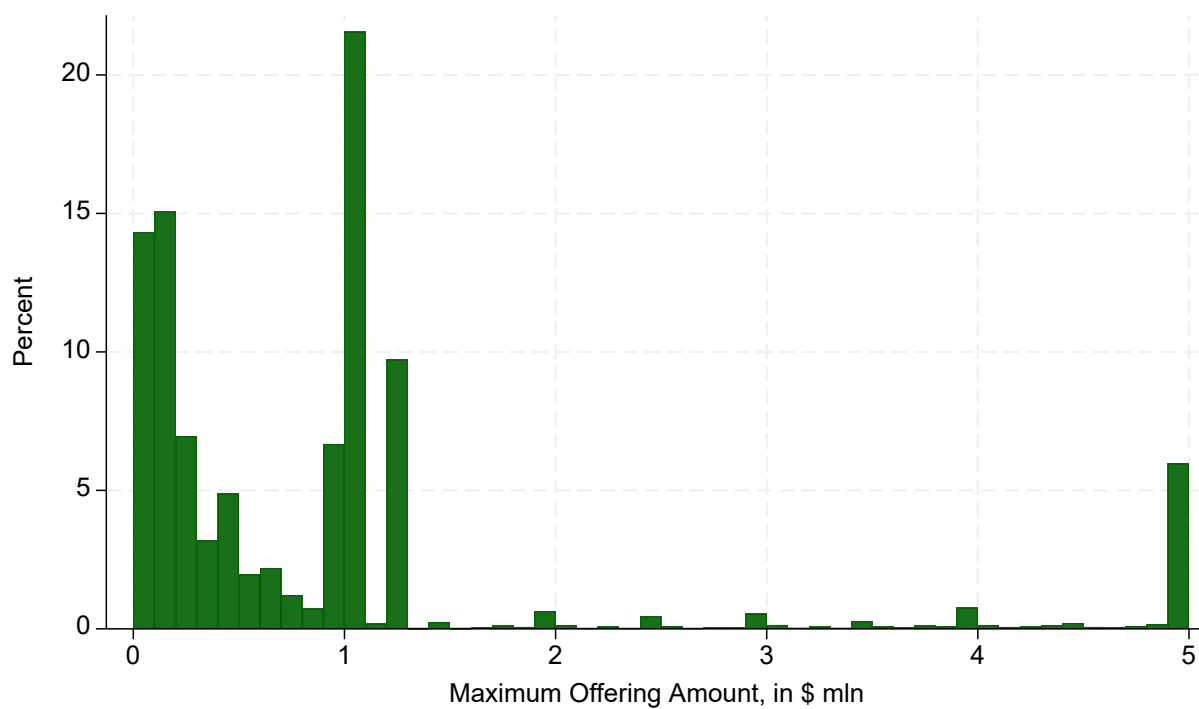


Distribution of Target (Minimum) Offer Amounts up to \$100,000

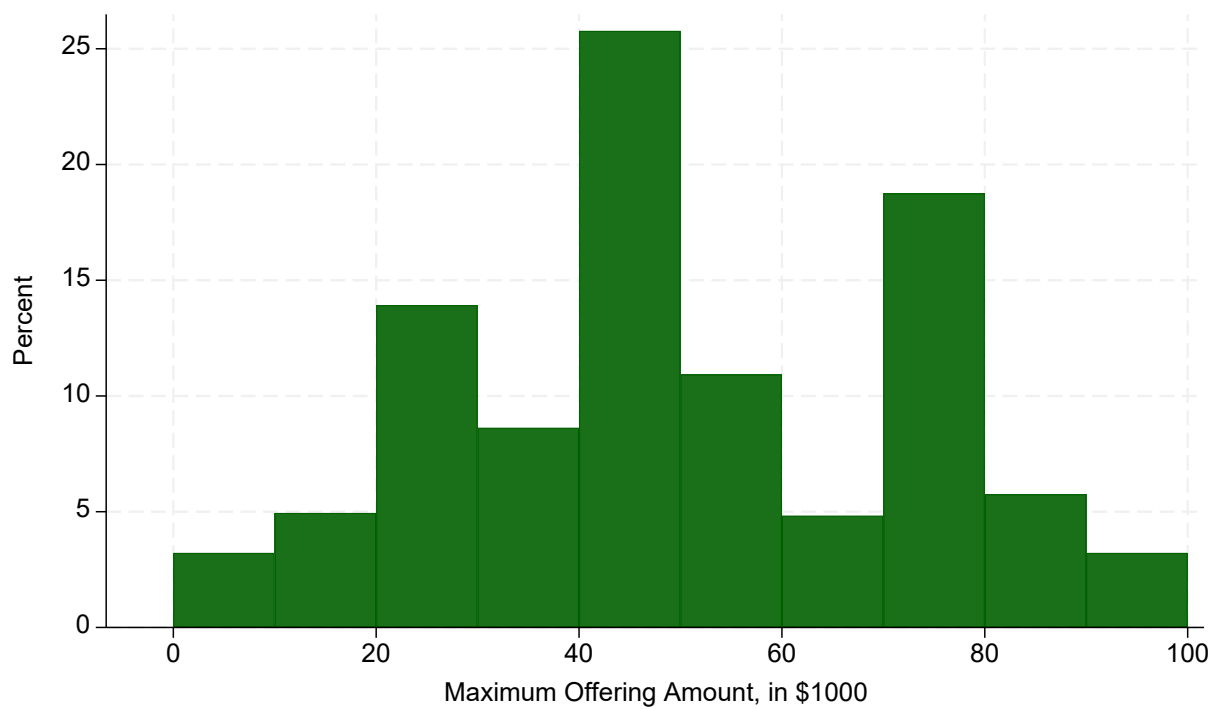


Note: These statistics are based on the 8,492 offerings over the period from May 16, 2016 through December 31, 2024; see *supra* notes 18 and 19 for details.

Figure 2b. Distribution of Maximum Offering Amounts



Distribution of Maximum Offering Amounts up to \$100,000



Note: These statistics are based on the 8,492 offerings over the period from May 16, 2016 through December 31, 2024; see *supra* notes 18 and 19 for details.

Characteristics of Crowdfunding Offerings and Issuers

Table 2 summarizes the characteristics of the mean and median offering, focusing on initiated offerings (whether they reported proceeds or not). A typical offering was due to close within 4-5 months of initiation. As can be inferred from Table 1 above, with very few exceptions, issuers indicated that their offerings permitted oversubscriptions—investments above the target amount sought. In other words, rather than seeking to raise a fixed amount \$X, an issuer would specify that it is seeking to raise *at least* \$X but will accept investor subscriptions through a higher amount \$Y (for example, \$100,000 – \$1,000,000).

Table 2. Offering Characteristics

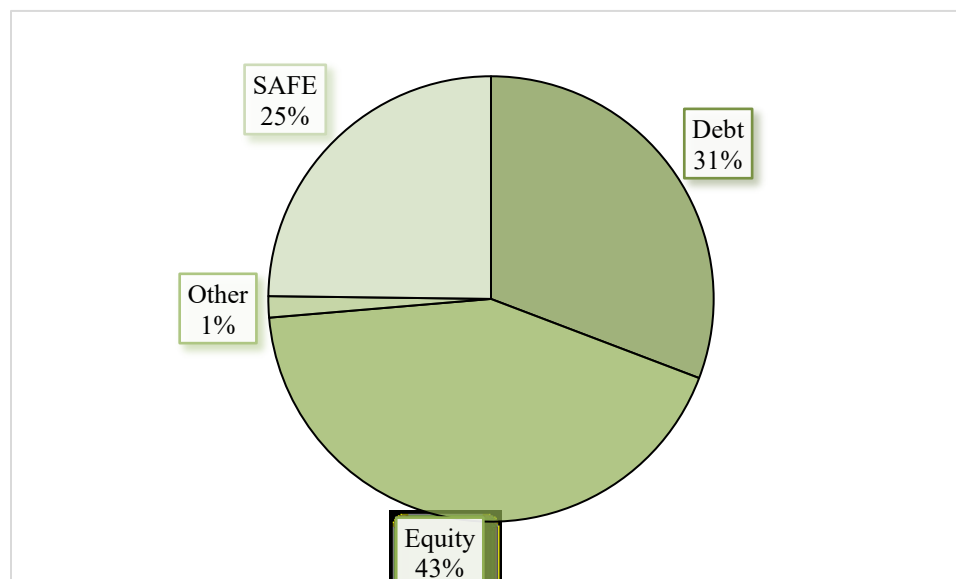
	Mean	Median
Offering duration, in months	5.7	4.0
%: Security type 'equity'	43%	
%: Security type 'debt'	31%	
%: Security type 'SAFE'	25%	
%: Security type 'other'	<2%	
%: Oversubscriptions accepted	98%	
Target (Minimum) / Maximum Ratio	0.2	0.1

Notes: These statistics are based on offering-level data for the 8,492 offerings over the period from May 16, 2016 through December 31, 2024; *see supra* notes 18 and 19 for details. The data is based on the most recent filing for each offering, except as specified otherwise. Offering duration (the number of months between the filing date and the deadline date) is based on the first filing for that offering and the deadline date in the latest amendment. For ease of interpretation, for variables that take on either 0 or 1, only the means, rather than means and medians, are reported, and the means expressed in percentage terms represent the percent of the sample for which the variable equals 1. SAFE refers to “Simple Agreements for Future Equity”; *see infra* note 23. In instances where an issuer indicated “Other” security type in the XML portion of Form C, we reclassify this description field as equity, debt, SAFEs, or other as follows: offerings of membership and LLC interests or units and common and preferred stock and units are re-classified as “equity”; offerings of notes and convertible debt are re-classified as “debt”; the remaining unclassified offerings in the “other” category (*e.g.*, film funding and revenue participation agreements) are classified under “Security type ‘other’”.

As can be seen from Table 2 and Figure 3, the most popular security type issued was equity, accounting for over 40% of offerings. Debt accounted for close to a third of the offerings. “Simple Agreements for Future Equity” (“SAFEs”)²³ accounted for a quarter of the offerings.

²³ “Simple Agreements for Future Equity” were designed by a Silicon Valley startup accelerator for early-stage entrepreneurial ventures to provide their holders with option-like payoffs from a potential conversion into equity contingent on a subsequent valuation event (such as a follow-on financing round or offering at a specified valuation) but no voting, dividend or coupon rights. Issuers may offer voting rights to larger investors. The conversion terms are based on whether the subsequent valuation event was at a higher than specified valuation. *See* Joseph M. Green and John F. Coyle, *Crowdfunding and the Not-So-Safe SAFE*, 102 VA. L. REV. ONLINE 168, 171-72 (2016).

Figure 3. Distribution of Security Types



Notes: These statistics are based on offering-level data for the 8,492 offerings over the period from May 16, 2016 through December 31, 2024; see *supra* notes 18 and 19 for details and note to Table 2 above.

Table 3 presents statistics of the issuer characteristics, also focusing on initiated offerings. Table 3 shows that the typical issuer was a relatively small company. Issuer age (from the year of legal organization) for the median (average) offering was 2.4 (3.7) years as of the initial filing of the offering. Over half of the offerings involved issuers that were legally organized or incorporated three or fewer years prior to initiating the offering. While the overwhelming majority of issuers had some assets, the median offering involved an issuer with just under \$80,000 in assets. The typical issuer could also be characterized as a small business based on the number of employees, with the median issuer having 3 employees (*i.e.*, 50% of issuers have 3 or fewer employees). The presence of some relatively larger issuers resulted in the mean being significantly greater than the median for many of the issuer characteristics in Table 3. The average issuer had eight employees and close to \$1 million in assets, including just over \$200,000 in cash and cash equivalents. These statistics show that means are greater in magnitude than medians, consistent with a “right tail” – a small proportion of relatively larger issuers. For example, while approximately 85% of offerings involved issuers with assets below \$1 million, issuer assets were at least \$1 million in approximately 15% of offerings; in close to 1.5% of offerings, issuer assets exceeded \$10 million. These size comparisons are relative, as the largest crowdfunding issuers still tend to be smaller than listed companies. A right tail was also present in the age distribution: while over 93% of offerings were by entities organized less than ten years prior to the time of the offering, close to 7% were by entities organized at least ten years earlier, and 1% of offerings – at least twenty years earlier. As a caveat, all of the data is as reported by issuers in the XML portion of Form C.

Issuers in over half of the initiated offerings had posted revenues in the most recent fiscal year, however, most had not realized net profits (*i.e.*, positive net income) at the time of the offering. The median offering was by an issuer with a loss of around \$32,000 and revenues of \$10,000.

Table 3. Issuer Characteristics and Financials

	Mean	Median
Issuer age (years since formation)	3.7	2.4
%: Issuer age is ≤3 years	58%	
%: Issuer formed in DE	49%	
Employees	8.0	3.0
% Issuer has assets	81%	
Assets (\$000s)	968.2	79.4
%: Issuer has revenue	58%	
Revenue (\$000s)	735.9	9.8
%: Issuer has a positive net income	14%	
Net income or loss (\$000s)	-455.9	-32.4
Cash and Cash Equivalents (\$000s)	210.8	13.2
%: Issuer has debt	69%	
Debt (\$000s)	853.1	60.4
Long-term debt (\$000s)	454.1	0.0
%: Legal status is corporation	62%	

Notes: These statistics are based on offering-level data for the 8,492 offerings over the period from May 16, 2016 through December 31, 2024; see *supra* notes 18 and 19 for details. The data is based on the most recent filing for each offering, except as specified otherwise. Financial information is based on the most recent fiscal year, or if shorter, the period since inception, as reported in the most recent filing for each offering. Issuer age is based on the first filing for each offering. For ease of interpretation, for variables that take on either 0 or 1, only the means, rather than means and medians, are reported, and the means expressed in percentage terms represent the percent of the sample for which the variable equals 1. Assets, revenue, net income, cash, and debt figures are for the most recent fiscal year as of the filing of Form C or amendment to it.

Characteristics of Issuers and Offerings with Proceeds

In Table 4, we focus on the subset of offerings that reported proceeds.²⁴ Issuers that successfully raised capital tend to be more established, as reflected in higher revenues, older age, and greater overall size (assets and employees). Offerings with proceeds were also associated with a shorter average duration (perhaps reflecting that less successful offerings were more likely to have their deadlines extended) and greater reliance on equity and debt security types. Similar to Table 3, the right tail remains present in many of the variables, with means larger in magnitude than medians.

²⁴ See *supra* note 22 for important caveats, including our inability to distinguish offerings that were not funded from offerings that were funded but did not have a Form C-U report during the sample period.

Table 4. Characteristics of Offerings with Proceeds

	Mean	Median
Issuer age (years since formation)	3.8	2.5
%: Issuer age is ≤3 years	56%	
%: Issuer formed in DE	49%	
Offering duration, in months	4.8	3.3
%: Security type 'equity'	47%	
%: Security type 'debt'	34%	
%: Security type 'SAFE'	19%	
%: Security type 'other'	1%	
Target (minimum) (in \$000)	45.2	25.0
Maximum (in \$000)	1053.5	1000.0
%: Oversubscriptions accepted	100%	
Target (Minimum) / Maximum Ratio	0.2	<0.1
Reported proceeds (in \$000)	346.1	113.1
Reported proceeds / Maximum Ratio	0.6	0.3
Employees	9.3	4.0
%: Issuer has assets	79%	
Assets (\$000s)	1038.5	103.6
%: Issuer has revenue	60%	
Revenue (\$000s)	824.6	25.8
%: Issuer has a positive net income	15%	
Net income or loss (\$000s)	-605.3	-42.4
Cash (\$000s)	266.5	17.7
%: Issuer has debt	68%	
Debt (\$000s)	951.8	78.4
Long-term debt (\$000s)	492.5	0.0
%: Legal status is corporation	63%	

Notes: The statistics are based on offering-level data for the 3,869 offerings with positive proceeds reported on Form C-U over the period from May 16, 2016 through December 31, 2024. See *supra* notes 18 and 19 and notes to Tables 2 and 3 above for more details.

Geography of Offerings

Table 5 summarizes information on where issuers originate, based on the State of the issuer’s location reported on Form C. Issuers located in California accounted for a quarter of the offerings and aggregate target amounts sought and around 30% of reported proceeds. The “heat map” of crowdfunding activity based on issuer location (identified by the State of issuer’s physical address reported in Form C) is shown in Figures 4a-4b. Besides California, Florida, New York, and Texas account for a significant share of crowdfunding issuers. This is consistent with a high aggregate number of population and business establishments in those states.²⁵ The top five states accounted for around half of offerings and around 60% of the reported proceeds.

Since Regulation Crowdfunding offerings are conducted via online platforms and are not subject to the registration requirements of individual states, such offerings are open to investors from all states. However, because the filings do not detail investor information, we are unable to map investor locations based on SEC filings data.

²⁵ According to US Census data as of July 2024, top five states based on total population were California, Texas, Florida, New York, and Pennsylvania. Source: *State Population Totals and Components of Change: 2020-2024* (Spreadsheet: 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), U.S. Census Bureau, <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html> (last updated Nov. 25, 2024). As of 2022 (the latest available data as of April 16, 2025), top five states based on the total number of business establishments were California, Texas, Florida, New York, and Illinois. Source: *2022 SUSB Annual Data Tables by Establishment Industry* (Spreadsheet: U.S. and States, 6-digit NAICS), U.S. Census Bureau, <https://www.census.gov/data/tables/2022/econ/susb/2022-susb-annual.html> (last updated April 10, 2025).

Figure 4a. Geographic Distribution of the Number of Offerings by Issuer State of Location

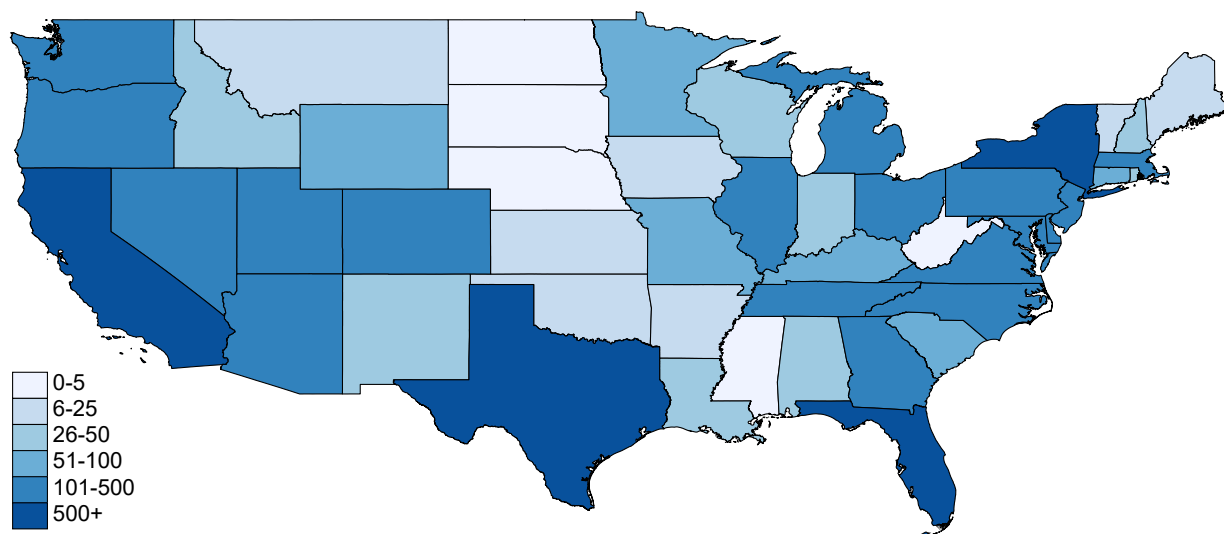
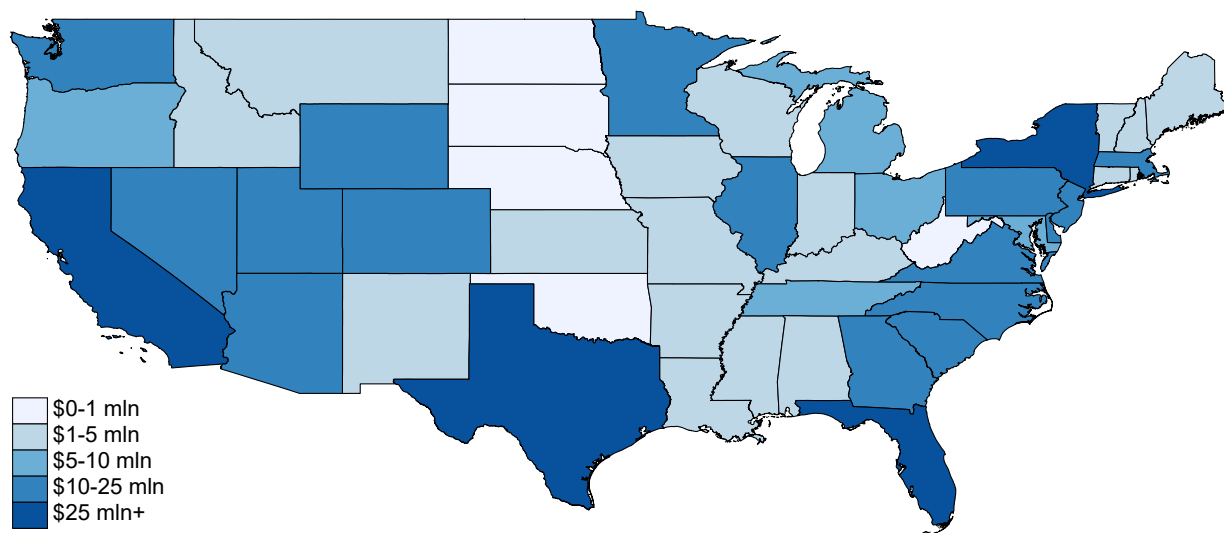


Figure 4b. Geographic Distribution of Aggregate Target Offering Amounts Sought (in \$ million) by Issuer State of Location



Notes: These maps are based on the offering-level data for the 8,406 offerings by issuers located in the Continental United States over the period from May 16, 2016 through December 31, 2024; see *supra* notes 18 and 19 for details. These figures do not consider 86 offerings by issuers located outside the Continental United States.

Table 5. Geographic Distribution of Offerings by Issuer Location

#	Number of Offerings		Target amount sought		Number of offerings with proceeds		Reported proceeds	
	State	% of total	State	% of total	State	% of total	State	% of total
1	CA	24%	CA	23%	CA	24%	CA	31%
2	NY	9%	TX	9%	NY	10%	NY	11%
3	TX	7%	NY	8%	TX	7%	FL	8%
4	FL	7%	FL	5%	FL	7%	TX	8%
5	PA	4%	DE	3%	PA	6%	MA	3%
Total		52%		49%		54%		61%

Note: These statistics are based on the offering-level data for the 8,492 offerings over the period from May 16, 2016 through December 31, 2024; *see supra* notes 18 and 19 for details. Offerings by issuers regardless of location are included in the totals for purposes of calculations of top issuer locations and State percentages in this table.

Separately, the most common jurisdiction of formation was Delaware, with around half of initiated and funded offerings involving issuers formed in that State (as seen in Tables 3 and 4 above). This clustering is consistent with the prevalence of Delaware incorporation among Exchange Act reporting companies and Regulation A issuers.

Other Financing and Filing Activity

As can be seen from Table 3, the majority (around two-thirds) of offerings involved issuers with some indebtedness – the median offering had debt of about \$60,000, while the average offering had debt of about \$850,000.²⁶

Most crowdfunding issuers were relatively young and small companies. In Table 6, we examine other potential offering activity they may have engaged in before or after the crowdfunding offering. We consider filings of registration statements, as well as Exchange Act reports, filings under Regulation D, and filings of offering statements and periodic reports under Regulation A. There is some evidence that some issuers had previously or subsequently conducted an offering under Regulation D or Regulation A.²⁷ For approximately a quarter of all crowdfunding offerings initiated during this period – and around 30% of crowdfunding offerings that raised proceeds – the issuer had also filed Form D to disclose an

²⁶ Liabilities may include amounts owed to founders or key employees, suppliers, consultants etc. and not only loans or bonds outstanding.

²⁷ We use issuer CIKs associated with electronic EDGAR filings to track other SEC filing activity of Regulation Crowdfunding issuers. Two caveats are in order. Data on electronic Form D filings only goes back to 2009, which suggests that we may not be able to identify current crowdfunding issuers that relied on Regulation D prior to 2009. Given the average age of crowdfunding issuers, that does not seem very likely. Additionally, issuers may rely on the statutory exemption from registration for private offerings without relying on the Regulation D safe harbor, thus, it is possible that a higher proportion of issuers has engaged in some private offering activity than the proportion that has filed notices on Form D. We also do not have information on issuer participation in intrastate crowdfunding.

offering under Regulation D either before or after the crowdfunding offering. In approximately one-fifth of crowdfunding offerings, the issuer had previously filed Form D. These estimates may offer a lower bound on the frequency of actual Regulation D usage by crowdfunding issuers due to some variance in the consistency of Form D filing practices. Approximately 3-5% of issuers have sought financing under Regulation A. Prior or subsequent filings of registration statements or Exchange Act reports were uncommon – involving about 1% of crowdfunding issuers – consistent with the relatively small size and early stage of the typical crowdfunding issuer, and the eligibility provision prohibiting Exchange Act reporting companies. Still, as discussed in Table 7 below, at least a few of the past crowdfunding issuers have subsequently attempted, or completed, an exchange-listed IPO, registered direct offering, or direct listing. Some of the recent crowdfunding issuers, if they are successful at implementing and scaling their business model, may pursue additional financing or meet listing requirements at a future time.

Overall, these results suggest that crowdfunding was filling capital raising gaps for some small issuers and potentially providing a new source of capital for entrepreneurial and small businesses. At the same time, a subset of crowdfunding issuers is exploring other exempt offering methods (in addition to follow-on crowdfunding offerings), primarily, Regulation D, perhaps as a way of building on the accredited investor interest in the issuer as well as meeting additional financing needs.

Table 6. Other Filing and Offering Activity of Crowdfunding Issuers

<i>Percent of offerings by issuers with certain other filings</i>	<i>All initiated ex. withdrawals</i>	<i>Only offerings with proceeds</i>
Registration statement or Exchange Act report	1.1%	1.0%
Filed before Form C	0.6%	0.3%
Filed after Form C	0.7%	0.7%
Regulation D	24.6%	29.7%
Filed before Form C	19.1%	22.7%
Filed after Form C	10.5%	14.2%
Regulation A	3.6%	5.1%
Filed before Form C	2.2%	2.8%
Filed after Form C	2.7%	4.4%

Notes: The estimates are based on staff analysis of other EDGAR filings made between January 1, 1994 and December 31, 2024 by issuers in crowdfunding offerings as of the end of 2024. The estimates in this table are at the offering level, so issuers with multiple crowdfunding offerings appear more than once, and the Form C filing date refers to the latest filing for that offering. For purposes of this table, we consider registration statement filings of Forms S-1, S-3, and S-11, amendments to them, and prospectus (including registration statements that were withdrawn or not declared effective); Exchange Act reports filed on Forms 10-K, 10-Q, and 8-K, and amendments to them; Regulation A filings of Forms 1-A, 1-K, 1-SA, 1-U, 1-Z, and amendments to them, offering circular supplements, and notices of qualification; and Regulation D filings on Form D and amendments to them. Some offerings involved issuers with another registration statement, Form D, or Regulation A filing both before and after the Form C filing, so the “filed before Form C” (i.e., there was at least one other EDGAR filing of the specified type filed before the Form C filing date) and “filed after Form C” (i.e., there was at least one other EDGAR filing of the specified type filed on or after the Form C filing date) subsets have overlaps. Because Exchange Act reporting companies are ineligible under Regulation Crowdfunding, we infer that issuers that have filed Exchange Act reports at some point in the past must not be required to file Exchange Act reports at the time of relying on Regulation Crowdfunding.

Investment Outcomes

Another important question regarding crowdfunding issuers, and especially for investors in those issuers, is what eventually happens with those issuers. In other words, what were the exit options that investors in these companies could pursue as the companies mature? Table 7 lists several outcomes for crowdfunding issuers that reported raising capital in at least one crowdfunding offering on Form C-U during the period 2016-2024. We have identified few issuers that have made it to an IPO so far (a quarter of a percent of issuers reporting proceeds on Form C-U). Of crowdfunding issuers that had a successful IPO, most did a traditional registered offering IPO, while some followed other routes to an exchange listing without a traditional registered IPO (such as a direct listing, or an uplisting in conjunction with a Regulation A offering). More crowdfunding issuers appear to be acquired as a way of exit – approximately 2.2% of the issuers that had at least one successful crowdfunding offering have been acquired. Approximately 3.4% of crowdfunding issuers that raised capital in at least one crowdfunding offering subsequently received venture capital financing.

Table 7. Outcomes for Crowdfunding Issuers

<i>Outcomes</i>	Issuers reporting proceeds on Form C-U (% of all issuers)
IPOs	8 (0.25%)
Traditional IPO	5 (0.15%)
Other Listing	3 (0.09%)
Withdrawn IPOs	1 (0.03%)
Acquisitions	71 (2.2%)
Venture capital financing	110 (3.4%)

Notes: These statistics are based on issuer-level data for 3,253 unique issuers in the 3,869 offerings with reported proceeds over the period from May 16, 2016 through December 31, 2024; *see supra* note 18 for details. The estimates are based on staff analysis of EDGAR filings and news to confirm whether such issuers had conducted an IPO, withdrawn an IPO, or pursued a direct listing. We exclude from the tabulation issuers that initiated a crowdfunding offering but did not report proceeds on Form C-U although some of them may have raised capital (among which we identified an additional four traditional registered IPOs, one exchange listing in conjunction with a Regulation A offering, and three withdrawn IPOs). We identified crowdfunding issuers that were acquired by matching the sample of crowdfunding issuers that raised capital in at least one crowdfunding offering with a list of acquired companies from Refinitiv's LSEG database. We identified crowdfunding issuers that received venture capital funding by matching the sample of crowdfunding issuers that raised capital in at least one crowdfunding offering with a list of venture-backed companies from Refinitiv's LSEG database.

Crowdfunding Intermediaries

Crowdfunding securities must be offered through a registered broker-dealer or a registered funding portal. Below we analyze the data on the state of the crowdfunding intermediary industry. As of December 31, 2024, there were 83 SEC-registered funding portals that were members of FINRA (excluding funding portals that had withdrawn their registration and FINRA membership²⁸). One interesting observation, consistent with the novel and fast-evolving nature of crowdfunding and relatively small size of intermediaries is the fairly high degree of turnover, with a number of funding portals that had at one point been registered having ceased operations, or in some cases, having been acquired by a competitor.

Another interesting takeaway, based on the intermediary information in offering statements, is that the intermediary space has so far been dominated by funding portals during the years examined: approximately 90% of offerings involved funding portals (representing around 85% of aggregate target amounts), with the remainder using registered broker-dealers (BDs). A few intermediaries have diversified their business model to include both a funding portal arm and a broker-dealer arm (the latter often involved in Regulation A and Regulation D placements), thereby providing issuers with a continuum of intermediation services as they grow and return to capital markets for more capital, or conduct side-by-side offerings (*e.g.*, crowdfunding and Rule 506(c)).

Another observation is that the crowdfunding intermediary market is fairly concentrated: The five largest intermediaries based on the number of offerings accounted for approximately 70% of initiated offerings. The five largest intermediaries accounted for approximately 75% of offerings reporting proceeds. Various factors may be at play, including economies of scale, network externalities, early-mover advantages for the funding portals that were among the first crowdfunding intermediaries, and brand loyalty of issuers and investors.

Table 8A presents information on intermediary market shares based on the number of initiated offerings and target amounts in initiated offerings during the period from May 16, 2016 through December 31, 2024 (including some intermediaries that no longer operate, or have been acquired). Intermediary market shares are constructed using the intermediary information as reported in Form C or its latest amendment. Funding portals that have withdrawn their registration are excluded.

Table 8B presents information on intermediary market shares based on information as reported on Form C-U (or its latest amendment) as of December 31, 2024. Intermediary market shares are constructed based on the number of offerings reporting proceeds and aggregate amounts reported raised.

²⁸ This figure includes funding portals with temporary suspensions of FINRA membership or statutory disqualifications. In addition, 48 funding portals had withdrawn their registration or FINRA membership as of the time period of this report, indicating a fair amount of turnover. For more information, see <https://www.finra.org/about/funding-portals-we-regulate> and <https://www.finra.org/about/funding-portals-we-regulate/former-funding-portal-members>. Not all registered portals have participated in offerings to date. A total of 131 funding portals had at some point registered, including both ones that remain registered and ones that have since withdrawn their registration. Out of those 131 portals, we estimate that 89 funding portals have participated in some crowdfunding offerings (excluding withdrawn offerings), some of which have withdrawn registration after participating in offerings. In addition, among intermediaries that participated in crowdfunding offerings, based on the latest amendment to the filing, excluding withdrawn offerings, 34 were identified as broker-dealers, some of which have withdrawn broker-dealer registration after participating in offerings. This estimate excludes one entity that was listed as the intermediary in a Form C filing but that had never been a registered funding portal or broker-dealer.

Table 8A. Top Intermediaries in Initiated Offerings

Intermediary name	Intermediary % number of offerings	Intermediary name	Intermediary % target amount
Wefunder	28.6%	Wefunder	39.0%
StartEngine	19.0%	OpenDeal/Republic	5.5%
Honeycomb Portal	9.5%	Honeycomb Portal	5.4%
OpenDeal/Republic	8.0%	StartEngine	5.0%
NetCapital	5.1%	MainVest§	3.5%
MainVest§	4.8%	VAS Portal	2.5%
SeedInvest§	3.6%	Silicon Prairie	
SMBX	2.6%	Online§	2.5%
MicroVentures	2.1%	SeedInvest§	2.4%
truCrowd§	1.7%	Young America Capital	2.1%
		NextSeed	2.0%

Notes: The intermediary market shares are based on the number of initiated offerings and target amounts in initiated offerings over the period from May 16, 2016 through December 31, 2024. This table includes historical information on all intermediaries, including funding portals that no longer operate or have been acquired, as of December 31, 2024 (marked with §). See *supra* notes 18 and 19 for details. Intermediary market shares are constructed using the intermediary information as reported in Form C or its latest amendment.

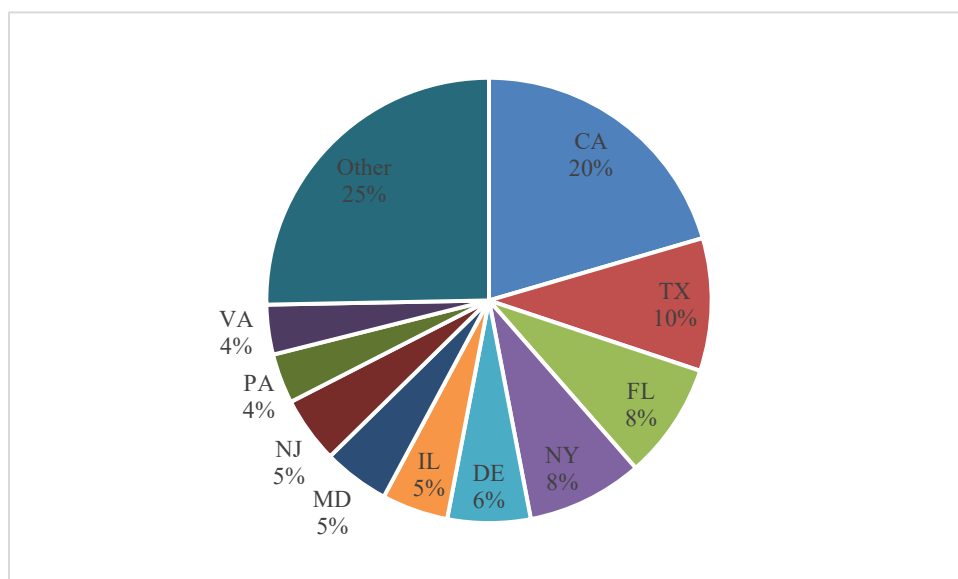
Table 8B. Top Intermediaries in Offerings Reporting Proceeds

Intermediary name	Intermediary % number of offerings	Intermediary name	Intermediary % Reported proceeds
StartEngine	30.0%	StartEngine	35.8%
OpenDeal/Republic	16.3%	OpenDeal/Republic	20.7%
Honeycomb Portal	11.9%	Wefunder	12.7%
MainVest§	10.6%	NetCapital	4.2%
Wefunder	6.7%	Dealmaker Securities	4.2%
NetCapital	6.3%	SeedInvest§	3.8%
MicroVentures	3.6%	VAS Portal	3.4%
SeedInvest§	3.3%	MainVest§	2.5%
NextSeed	1.9%	Honeycomb Portal	2.4%
Dealmaker Securities	1.3%	MicroVentures	1.9%

Notes: The intermediary market shares are based on information as reported on Form C-U (or its latest amendment) filed over the period from May 16, 2016 through December 31, 2024. This table includes historical information on all intermediaries, including funding portals that no longer operate or have been acquired, as of December 31, 2024 (marked with §). See *supra* note 18 for details. Intermediary market shares are constructed based on the number of offerings reporting proceeds and aggregate amounts reported raised.

Figure 5 presents the geographic distribution of funding portal locations, where the top 10 locations are represented separately and the remaining locations (including Canada) are grouped under the category “Other”. As shown in Figure 5, the majority of funding portals were located in California, Texas, Florida, New York, and Delaware. This geographic distribution may reflect the possibility that funding portals, often young companies themselves, tend to locate in the areas where there generally tends to be a greater concentration of other young companies and potentially more startup financing activity. Locations with a greater number of prospective issuers may also be attractive to funding portals that hope to draw their business, although we cannot gauge to what extent this is a factor given the Internet-based nature of crowdfunding.

Figure 5. Geographic Distribution of Funding Portal Locations



Note: There were 83 funding portals in our sample data as of the end of 2024. Portal locations are based on FINRA information about registered funding portals as of the end of 2024. See <https://www.finra.org/about/entities-we-regulate/funding-portals-we-regulate>.

Table 9 presents statistics on estimated compensation to intermediaries based on offering-level information reported in Form C. The table shows the data for all offerings and for offerings with proceeds. Crowdfunding intermediaries typically receive a cash commission as a percentage of proceeds from a crowdfunding offering. In addition, funding portals may assess a securities commission as a percentage of proceeds (also termed “taking a financial interest in the issuer”).²⁹ We refer to the sum of the two as total percentage commission. In addition, some intermediaries assess flat fees (upfront or per month) for the use of the crowdfunding platform, marketing or other issuer services, which we include in the estimate of all-in compensation.

²⁹ Regulation Crowdfunding Rule 300(b) permits an intermediary to have a “financial interest” (a direct or indirect ownership of, or economic interest in, any class of the issuer’s securities) in an issuer it is hosting on its platform only when the financial interest (i) is received as compensation in connection with the hosted offering and (ii) consists of securities of the same class and having the same terms, conditions, and rights as the securities being offered or sold through the intermediary’s platform in reliance on Regulation Crowdfunding.

Table 9. Estimated Intermediary Compensation as % of Proceeds

	All initiated offerings, (excluding withdrawals)		Offerings with reported proceeds	
	Mean	Median	Mean	Median
<i>All Offerings (via Funding Portals or Broker-Dealers)</i>				
Commission % (not including intermediary % financial interest where separately disclosed)	6.5%	6.5%	6.6%	6.0%
% offerings with intermediary financial interest	32.8%		47.1%	
Intermediary financial interest as % proceeds (if >0)	2.5%	2.0%	2.4%	2.0%
Total commission % (including intermediary % securities)	7.3%	7.0%	7.8%	7.5%
Total (all-in) compensation %	7.7%	7.5%	8.1%	7.9%
<i>Offerings via Funding Portals</i>	Mean	Median	Mean	Median
Commission % (not including intermediary % financial interest where separately disclosed)	6.5%	6.5%	6.7%	6.0%
% offerings with intermediary financial interest	29.1%		45.4%	
Intermediary financial interest as % proceeds (if >0)	2.2%	2.0%	2.2%	2.0%
Total commission % (including intermediary % securities)	7.2%	7.0%	7.7%	7.5%
Total (all-in) compensation %	7.4%	7.3%	8.0%	7.8%
<i>Offerings via Broker-Dealers</i>	Mean	Median	Mean	Median
Commission % (not including intermediary % financial interest where separately disclosed)	6.4%	7.5%	6.0%	7.5%
% offerings with intermediary financial interest	63.7%		63.2%	
Intermediary financial interest as % proceeds (if >0)	3.6%	5.0%	3.6%	5.0%
Total commission % (including intermediary % securities)	8.7%	8.5%	8.3%	8.5%
Total (all-in) compensation %	10.0%	10.2%	9.2%	10.0%

Notes: These statistics are based on offering-level information, as specified, for offerings that were initiated (excluding withdrawals) and for offerings that reported proceeds over the period from May 16, 2016 through December 31, 2024. Fee data is based on the information in Form C or the latest amendment to it for each offering. Fee data may be incomplete due to considerable variation in how consistently/comprehensively filings—including by issuers utilizing the same platform—describe the fee structure (e.g., whether the intermediary assesses a securities commission or various flat fees for listing on the platform). We attempt to calculate total commission and total compensation, inclusive of financial interest stake, to the extent that information is disclosed. Many intermediaries apply tiered commissions depending on offering size and other factors, such as how investors were referred to the offering. Where multiple commission tiers are disclosed, we calculate the mid-point of the commission percentage range. Total commissions are the sum of the cash commission and, where disclosed, securities commission (also termed “intermediary financial interest” as a percentage of the offering). To estimate total all-in compensation, we sum up total commissions and other flat fees (where disclosed), converted into a percentage of the mid-point between the offering minimum and maximum, as an approximation. Examples of flat fees include one-time upfront/onboarding/listing fees, fees due at close, and due diligence fees. Where monthly flat fees (e.g., for continued listing or the use of platform marketing or technology services) are disclosed, they are assumed to continue for four months (given the median offering duration in the tables above). Per-investor dollar fees expressed as a flat or capped amount are not included due to a lack of information on the typical number of investors per offering. Expense reimbursements are not included. Estimates are sensitive to these assumptions.

Total compensation (including cash and securities commissions and upfront or monthly fees for listing on the platform, as described above) is estimated at approximately 7.7-8.1%. As part of those, the average intermediary commission was approximately 6.5% (the median 6.0-6.5%) of proceeds. In addition, in approximately a third of all offerings – and close to half of offerings with proceeds – the intermediary took a financial interest in the form of securities as percentage of the offering (a securities commission in addition to the cash commission). Where such a financial interest was disclosed, it was, on average, approximately 2.5% (the median 2.0%). Aggregating offerings with and without an intermediary financial interest as part of compensation, total commissions were approximately 7.3-7.8%. For most measures, offerings reporting the use of a broker-dealer had higher total commissions, in large part due to higher securities commissions (percentage financial interest) in this sample of offerings.

Conclusion

We have presented statistics on crowdfunding market activity under the JOBS Act over the past decade, based on information contained in EDGAR filings. In the decade since Regulation Crowdfunding became effective on May 16, 2016, the market has seen growth in its adoption by issuers and intermediaries. A total of just under 8,500 offerings were initiated from the effective date of Regulation Crowdfunding from May 16, 2016 through the end of 2024, excluding just under 1,000 of withdrawn offerings. Across the roughly 3,900 offerings with reported proceeds, the total capital reported raised was approximately \$1.3 billion. Almost all offerings were accepting investments above a target (minimum) up to a higher maximum amount. The typical issuer was a small, not-yet-profitable, young issuer. The most popular issuer states were California, Florida, New York, and Texas.

We also examined data on intermediaries that participate in crowdfunding offerings. The market for crowdfunding intermediaries has seen a fair amount of entry and turnover. As of the end of 2024, 83 funding portals were registered with the SEC and members of FINRA. However, the market also saw significant concentration, with top five intermediaries accounting for well over half of the offerings.

As a caveat, we relied on data as reported by issuers in the structured portion of their filings. Thus, our analysis of offerings was based on information as provided by issuers (and in the case of proceeds, on information as reported to the extent that progress updates with the requisite information have been filed).