

Right-Sized Regulation Requires a Right-Sized Regulator

The JOBS Act of 2015 provided entrepreneurial private companies "right-sized" securities regulation. Yet, the market needs a Self Regulatory Organization "right-sized" to operate efficiently and effectively.

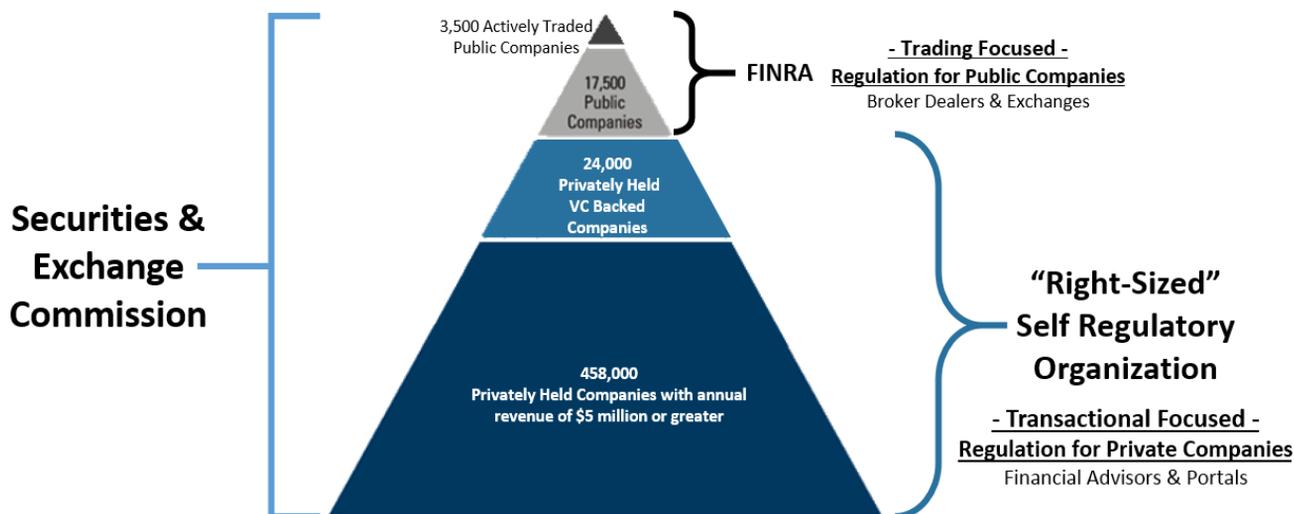
The Securities Act of 1933 and the Exchange Act of 1934 are over 80 years old. Our security industry forefathers deserve credit for how they created one of the most efficient capital markets in the world.

Despite amazing technological advances since the passage of these Acts, it is equally amazing that regulators have maintained a level of order across diverse security transactions and methodologies.

Recent JOBS Act regulatory changes for the start-up community have created significant regulatory “right-sizing” to help establish a credible and vibrant start-up capital sector. However, the present regulatory mindset suggests that all things should be regulated within the existing self regulatory infrastructure. This causes inefficiencies within one of the most vital sectors of our economic and employment growth sectors: entrepreneurial companies.

It is Entrex’s belief that a “right-sized” Self Regulatory Organization needs to be established to support these “right-sized” regulations and its market constituents.

The SEC has effectively regulated across a broad spectrum of companies and market constituents. However, the Self Regulatory Organizations (FINRA, NYSE, NASDAQ, etc.) spend enormous time and focus on the top 17,500 public companies, their constituents, and their “trades”. This same Self Regulatory Organization manages the “transactions” for the remaining 25.9 million companies.



Entrex believes that these companies and their market constituents should have a “right-sized” Self Regulatory Organization to efficiently and effectively regulate this sector.

It is important to note that the existing SEC regulatory exemptions and their associated regulations already exist for the entrepreneurial sector and justifiably need to be policed appropriately. The establishment of a Self Regulatory Organization--or a “right-sized” organization within an existing Self Regulatory Organization--can help bring efficiencies to the entrepreneurial sector, the issuers, the investors, and the constituents which serve them.

Entrex, founded as an Entrepreneurial Exchange, has been involved in upwards of \$70 billion of revenue-enhanced TIGRcub® capital inquires for “scaling up” entrepreneurs. To be clear, these “Scale-Ups” are typically \$5-50 million annual revenue companies, “scaling” through growth and acquisition--normally through institutional capital. Entrex's focus is to be the leading Self Regulatory Organization to find, research, track, manage and trade the securities of this private entrepreneurial sector.

Entrex recognizes the problem for these entrepreneurs: their capital needs exceed the capabilities of “friends and family”, yet Wall Street bankers won't devote resources to such small transactions.

Over 92 percent of Entrex's capital inquires come from *unregulated* investment banks or *unregulated* “financial advisors” (of corporate issuers). These *unregulated* entities see little upside to be regulated without a centralized Self Regulation Organization, like NASDAQ, NYSE and others provide for public securities “trades.”

It is Entrex's belief that these *unregulated* “financial advisors” should be held to a different self regulatory structure adhering to SEC regulations--managed and catered for the “transactional” nature of Scale-Up companies, their financial advisors, and their QIB institutional and accredited buyers.



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Entrex's Proposal:

Entrex proposes creation of a Self Regulatory Organization (SRO) centralized around the private "transactional" marketplace, while being regulated under the SEC umbrella.

The operations of Entrex's proposed SRO would be similar but "right-sized" when compared to existing SRO's focused on "traded" companies and their constituents. Entrex's SRO would manage the constituents for the entrepreneurial sector, with the SEC being the overseeing regulatory body.

The organization will implement a "right-sized" EDGAR (Electronic Data Gathering, Analysis, and Retrieval system) to securely collect, index, accept, and forward submissions of required forms from companies nationwide for the SEC's examination.

It is important to understand how entrepreneurial transactions are more akin to a real estate transactions, which include the broker introducing buyers and sellers, while the "transaction" occurs through legal professionals between parties. Interestingly, the legislative and regulatory bodies for the real estate sector allow Realtors to manage themselves as a Self Regulatory Organization: the National Association of Realtors.

The National Association of Realtors functions as an SRO for real estate brokerages and has 1.1 million members nationwide involved in all aspects of the residential and commercial real estate industries.

It is Entrex's belief that "market members" of such an entrepreneurial Self Regulatory Organization can be policed through a robust, centralized technology solution which would track the many facets of a securities offering and transaction--similar to how EDGAR does this today for public and a small portion of private company transactions. The system would hold parties accountable for representations, while offering market participants access to an efficient primary and secondary trading marketplace, thus, offering benefits to market members justifying their membership and participation in a Self Regulatory Organization.

Entrex believes this "right-sized" Self Regulatory Organization will bring an efficient capital market system to this vital sector of our economy--unleashing entrepreneurs to create millions of U.S. jobs.

More information on the Acquisition Funding provided by the TIGRcub® Security is available at www.entrex.net or call the Entrex Team at (877) 4Entrex

