

September 17, 2007

Securities & Exchange Commission
Attention: Ms. Catherine McGuire, Chief Counsel
Division of Market Regulation
100 F Street, NE.
Washington, D.C. 20549

North American Securities Administrators Association
c/o: Ms. Tanya Solov, Director
Illinois Department of Securities
69 West Washington Street, Suite 1220
Chicago, Illinois 60602

Dear Ms. McGuire and Ms. Solov:

International Business Brokers Association (IBBA) fully supports and respectfully encourages and seeks your active support in advancing to implementation, proposals providing Merger and Acquisition (M&A) Broker and Private Placement Broker Dealer registration.

These proposals are important practical solutions to improving flow of capital by enabling small business owners to purchase and sell small business operations, utilizing skilled specialists, cost effectively, and better protecting investors under an improved and more applicable system of regulatory compliance. We wholeheartedly agree with the following comments of SEC Chairman Christopher Cox, and these proposals are in complete harmony with them.

“This focus on capital formation and the removal of obstacles to the growth of smaller companies goes hand-in-hand with our responsibility to protect investors. It’s investors who are injured and whose money is lost when the small businesses in which they invest can’t get affordable access to new capital.”

May 23, 2007

“Since the beginning of our country, small businesses have been the backbone of the American economy . . . small business creates more jobs than anyone else . . . often get their first capital from a single entrepreneur or a single family, and that investment often represents everything those people have in the world. Small businesses pump billions into the economy. They are in many ways what makes America great. It’s the SEC’s job to see to it that small business has better access to cheaper capital on the most competitive terms, and we aim to do just that.”

September 29, 2006

International Business Brokers Association

IBBA represents nearly 2,000 members from the fifty states, D.C., and other countries. It has produced and hosted over forty-five educational conferences since 1983. IBBA offers forty educational courses covering general business brokerage courses and M&A practices with topics from standards of care and ethics to valuation and succession planning. In the week before its 2006 semi-annual educational conferences 1,850 student-days of course work were held. Additionally, 700 students attended the courses in regional “affiliate” settings.

IBBA's members (Acquisition Advisors) encompass a broad range of practices ranging from local brokers of the smallest of businesses to fully licensed broker dealers. Typically, Acquisition Advisors work as transactional, buyer's, or seller's advisors when an owner seeks to exit a going concern business by selling to a buyer who acquires control to manage and operate it forward. Commonly these are purchases and sales of assets and operations for cash and seller notes, but transactions negotiated between buyer and seller often lead to multifaceted forms as to price, consideration and terms. For practical economic reasons, such as tax savings or simplifying the transfers of control, customers, vendor accounts or contracts, there is frequently structural advantage to the principals in transferring equity.

Summary of the Profession's Concerns

Federal court rulings in the 1980s created uncertainty as to whether an Acquisition Advisor's stock transactions trigger registration requirements under the 1934 Securities Exchange Act. Conflicting rulings among state courts and state securities administrators exacerbate the uncertainty. Changes in tax rates and structures have progressively pushed more small business transactions into stock sales, motivated by tax strategies. Today, if an Acquisition Advisor must register, it must do so under a costly, regimented and inapplicable system; one which has been meticulously crafted to effectively regulate an entirely different commercial segment.

A well conceived and applicable system of registration and regulation is needed for M&A Brokers and Acquisition Advisors who serve the small business segment by providing skill, market access, advice, integrated services and liquidity to retiring and exiting business owners. Absent such a system, these business owners and buyers face significant disadvantages in their ability to liquidate their capital from their businesses, economic activity will be dampened, principals seeking operations to manage and bring new capital and energy will see fewer opportunities, and brokers in compliance will have a significant economic disadvantage versus ones operating out of compliance and off the radar.

Recent Developments

Recent developments underscore the inapplicability of current broker registration requirements when imposed on Acquisition Advisors.

- SEC's Advisory Committee on Smaller Public Companies principal recommendations in April 2006 included that the Commission spearhead a multi-agency effort to create a streamlined NASD (now Financial Industry Regulatory Authority) registration process for finders, mergers and acquisitions advisors and institutional private placement practitioners,
- In April 2006, primary recommendations from the SEC Forum on Small Business Capital Formation echoed the Advisory Committee on Smaller Companies recommendations and included a further high priority recommendation to develop a limited registration exemption for business brokers and M&A Advisors involved with the purchase and sale of businesses.
- In November 2006, the Commission issued the Country Business, Inc. no-action (the "CBI Letter") finding this broker of privately-held businesses need not register under the Exchange Act for a sale of stock of a small business qualifying under regulations issued by the Small Business Administration and meeting certain conditions ensuring the transaction did not constitute sale of stock held by passive investors.
- American Bar Association proposed regulations to streamline the registration process for many brokers of privately-placed securities.

- The Alliance of Merger and Acquisition Advisors, a national trade association, recently advocated a registration process appropriate for Acquisitions Advisors who perform as M&A Brokers advising privately-held companies under certain limitations. (A concept outline and comparison of current and proposed regulation of broker-dealer activities can be reviewed at: <http://www.amaonline.com/amArticle.asp>)

Basis for Regulatory Reform

Transactions involving the sale of controlling interests in privately-held businesses fundamentally differ from those effected by brokers of investment securities (Investment Brokers). Acquisitions Advisors assist the sellers and buyers of controlling interests in private companies where the buyers are knowledgeable, conduct their own due diligence with accountants, financial advisors and attorneys, and will exercise active management of a business they acquire. The economic reality is these transactions are more accurately characterized in substance as sales of underlying assets of a business, even when accomplished through what may be a stock sale form. In contrast to Acquisition Advisors, Investment Brokers work with passive investors, may solicit unsophisticated purchasers, and often conduct any research on behalf of their clients. Exhibit A highlights several critical distinctions between Acquisitions Advisors and Investment Brokers.

Conclusion

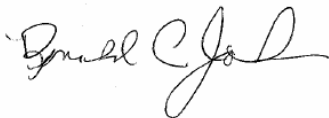
Acquisition Advisors provide a critical role in the sale of privately-held small and medium sized businesses. Inapplicable regulation impedes or even prevents these professionals from serving these companies. With appropriate regulatory reform, more business owners will have an ability to sell their firms with the benefit of the professional advice of Acquisitions Advisors. These advisors provide liquidity for these holdings that would often be impossible to obtain without their assistance. As a result of limited options to sell the small business, and without a successor to manage a firm, business owners confront the choice of indefinitely operating a company or closing it permanently. This not only hurts the owners personally, but also deprives their communities of the many proven benefits of smaller businesses.

Recommendations of the IBBA

The IBBA strongly endorses the following actions by the Commission:

1. Adopt regulations proposed by the Alliance of Merger and Acquisition Advisors (AM&AA) with respect to M&A Broker Registration and by the American Bar Association as to Private Placement Broker Dealers.
2. Note that any streamlined regulations should incorporate a formal exemption for the brokering of small businesses by Acquisition Advisors at least as broad as the CBI No Action Letter.

Respectfully Submitted,



Ron Johnson
Chair, International Business Brokers Association

EXHIBIT 1

	Acquisitions Advisor	Investment Broker
No. of professionals nationally	Likely fewer than 7,500	660,000 in 8,000 firms
Aggregate annual transactions nationally	A few thousand	Est. 6,000,000,000
Nature of the clients	Businesses or business people who do not need a steady income, or are willing to risk working for themselves	Individuals seeking passive investments
Number of annual transactions effected by individual brokers	Average of 3 to 10 per year	100's to 1,000's of stock trades per year
Involvement of the client	Client personally undertakes due diligence	Review of prospectus, at most; usually total reliance on the views of the Investment Broker
Possession of client funds	Never	Common
Description of security	Does not exist at the time of introduction of parties	Security completed; terms known
Controlling vs. passive investment by purchaser	Control	Usually passive
Public vs. private securities	Always private	Vast majority public
Client Contact	Intense; face-to-face discussions critical	Often as remote as the telephone; no direct contact or relationship
Typical time needed to complete each transaction	Months	Minutes to hours