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Business Brokers and M&A Intermediaries: Market Structure

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Who intermediates a sale: the tiers

Intermediated sales of private businesses under $50 million in value are handled by three broad kinds of firm. The labels overlap, and a firm's title says little about the deal it is running, but the tiers are useful for reading the public data.

Tier	Typical scope in the public data	Main public data source	Registration status
Main Street business brokers	IBBA's Main Street segments: under $500K, $500K-$1M, $1M-$2M	BizBuySell Insight Report; IBBA Market Pulse	Varies by firm and by deal structure
Lower-middle-market M&A advisers	IBBA's lower middle market: $2M-$5M and $5M-$50M	IBBA / M&A Source Market Pulse	Exempt M&A broker, FINRA capital acquisition broker, or full broker-dealer
Investment banks	Larger deals, outside both surveys' focus	Neither survey	Registered broker-dealers

The segment boundaries in the first two rows come from the IBBA Market Pulse Q2 2026 highlights, which group "Main Street" as the three segments under $2 million and the "Lower Middle Market" as $2M-$5M and $5M-$50M, measured by enterprise value. The survey release itself describes its scope as businesses being sold "up to $50M" (IBBA and M&A Source via PR Newswire).

The International Business Brokers Association (IBBA) says it was formed in 1984, has more than 3,000 members and is "the largest international not for profit association for business brokers" (PR Newswire release). Membership is voluntary, so the association's count is not a census of firms that broker businesses.

Docket's glossary entry on the business broker covers the definition. This article covers structure and data quality: who sits where, what the law permits each tier to do, and what the two recurring public datasets measure and leave out. How to work broker relationships day to day is covered in business broker networks.

The legal boundary: M&A brokers under Exchange Act 15(b)(13)

When a business is sold through its securities, an intermediary paid to effect the sale faces a broker-dealer registration question. Congress answered part of that question in the Consolidated Appropriations Act, 2023 (Pub. L. 117-328, div. AA, title V, § 501), which added a registration exemption for "M&A brokers" at 15 U.S.C. 78o(b)(13). The amendment took effect 90 days after its December 29, 2022 enactment (15 U.S.C. 78o, Cornell LII). This section describes the statute; it is not legal advice, and state securities and licensing rules are a separate question for counsel.

Who is covered. An M&A broker effects securities transactions "solely in connection with the transfer of ownership of an eligible privately held company," for either buyer or seller, and must reasonably believe the acquirer will control the company and be active in its management (15 U.S.C. 78o(b)(13)(E)(iv)). The statute presumes control at 25 percent or more of a class of voting securities, or 25 percent of capital in a partnership or LLC.

The size test. An "eligible privately held company" has no securities registered with the SEC and, in the fiscal year before the broker is first engaged, meets either or both conditions (15 U.S.C. 78o(b)(13)(E)(iii)):

- EBITDA "less than $25,000,000"; or
- gross revenues "less than $250,000,000".

Excluded activities. The exemption is lost if the broker, among other things (15 U.S.C. 78o(b)(13)(B)):

- receives, holds, transmits or has custody of the funds or securities exchanged;
- provides financing for the transfer, directly or through an affiliate;
- arranges third-party financing without complying with applicable law and disclosing its compensation in writing;
- represents both sides without written disclosure and written consent from both;
- facilitates a deal with a buyer group it helped form, or a transfer to a passive buyer or group of passive buyers;
- binds a party to the transfer.

Brokers barred or suspended from association with a broker-dealer are disqualified.

Are the dollar figures still current? The statute adjusts both figures by the BLS Employment Cost Index "on the date that is 5 years after December 29, 2022, and every 5 years thereafter," rounded to the nearest $100,000; the SEC may also modify them by rule (15 U.S.C. 78o(b)(13)(E)(iii), (F)). The first scheduled adjustment therefore falls on December 29, 2027. As of October 28, 2026, a search of SEC documents in the Federal Register since enactment for "merger and acquisition brokers" returned only three FINRA capital acquisition broker (CAB) notices, and no SEC rule or proposed rule changing the figures (Federal Register API query). The $25,000,000 and $250,000,000 figures are the enacted 2022 numbers.

Where registered firms fit. The SEC order approving FINRA's CAB rule amendments, published February 13, 2026, records that SEC staff withdrew the 2014 M&A Brokers no-action letter once the statutory exemption took effect, and that the amended CAB rule lets a CAB effect M&A transactions "to the same extent as an exempt M&A Broker under the M&A Brokers Exemption" (SEC order, Federal Register). Deals outside the exemption, such as those involving passive buyers or the intermediary arranging financing, sit with registered broker-dealers.

For a buyer, the practical reading is narrow: an intermediary's exemption is the intermediary's problem, but a structure that needs the intermediary to hold funds, finance the deal or bring passive investors moves it outside the exemption.

What BizBuySell reports and what it can't

BizBuySell's Insight Report is the most cited quarterly read on Main Street sales. The current page is headed only "Q3"; its report archive lists it as the 2026 third quarter, and its year-over-year comparisons use "revised Q3 2025 figures." The figures below are that report's, quoted as published.

Volume and price. "A total of 2,132 businesses changed hands during Q3, essentially flat from the previous quarter and down 7% from the same quarter last year." The median sale price "rose 17% year-over-year to $350,000," and BizBuySell itself says this "partly reflects a shift in deal mix rather than rising prices across the board."

The $1 million split. Businesses selling for more than $1 million "made up 22% of Q3 transactions, the highest share on record." Above $1 million the median sale price was $1.8 million and the average cash flow multiple 3.73x; below it, $250,000 and 2.30x.

Buyers and financing. Brokers named SBA financing "the most common financing obstacle of the quarter, cited by 38%, ahead of interest rates at 34%," and "reported seeing more search fund operators (32%), private equity firms (31%) and family offices (20%) than a year ago." Among buyers surveyed, 31% named finding a quality business as what was holding them back.

Method. The report is "based on approximately 50,000 businesses for sale and those recently sold," and "closed transactions are reported to BizBuySell.com on a voluntary basis by business brokers nationwide" (BizBuySell Insight Report).

What the dataset cannot show:

- **Unbrokered and off-platform sales.** Only broker-reported closings enter the count. Owner-to-owner sales, sales to employees and sales run by firms that do not report are absent.
- **A market total.** 2,132 is the number of reported closings, not the number of U.S. small-business sales.
- **Like-for-like price change.** The publisher attributes part of the median price rise to mix. A rising median does not show that a given business is worth more.
- **Buyer shares.** The 32%, 31% and 20% are broker survey responses about seeing more of a buyer type, not shares of closed deals won by those buyers.

What IBBA / M&A Source Market Pulse reports

The Market Pulse is a quarterly survey run by the IBBA and M&A Source. The Q2 2026 edition "was conducted July 1-15, 2026 and was completed by 255 Business Brokers and M&A Advisors. Respondents completed 181 transactions this quarter. This is the 57th edition of the report" (PR Newswire release, August 25, 2026).

Headline findings, quoted from the release:

Measure	Q2 2026 figure
Offers on deals over $5M	"87% of deals over $5 million attracted at least three offers, with 33% attracting an impressive 10+ bids"
Offers on deals under $500K	"frequently receive just one or two offers"
Seller leverage	"Roughly three-quarters of advisors described the $2M-$50M market as favoring sellers"
Time to close	"Main Street transactions averaged six to 10 months from engagement to close, while lower middle market deals averaged 11 to 12 months"

Measure	Q2 2026 figure
Largest timeline change	$2M-$5M segment "rose from nine months to 11.5 months"
Cash at close	"sellers received 83% to 92% cash at close on average"
$5M-$50M multiple	"climbed from 5.5 to 5.8 (its highest since Q1 2022)"
Seller motive	Retirement "peaking at 72% in the $1 million to $2 million market"; 45% below $500,000

Three details matter when using these numbers.

Different earnings bases. The highlights PDF states that multiples for the under-$500K to $2M segments are expressed on SDE (seller's discretionary earnings) and $2M-$50M on EBITDA. A Main Street multiple and a lower-middle-market multiple are not on the same denominator.

Median or average. The release's summary bullet says "Median timelines varied from six to 10 months," while its time-to-close section says transactions "averaged" six to 10 months. Treat the timeline as a range reported by segment, not as a precise statistic.

Sentiment versus activity. The PDF's sector chart of net buyer interest is labeled a "one-time advisor sentiment question; not completed transaction activity." It shows where advisors think interest is moving, not where deals closed.

What Pepperdine adds

Pepperdine Graziadio Business School's annual Private Capital Markets Report widens the lens beyond intermediaries. The 2026 report, free to download, surveys lenders, investors, appraisers, brokers and other private capital market participants. Its appraiser respondents report a median discount for lack of marketability (DLOM) of 15%; its private equity respondents report median required returns of 20% for a $1M-EBITDA company, 25% at $5M and $10M, and 19% at $50M, and a median expected IRR of 20% on completed buyouts in the $1M-$4.99M EBITDA band (Pepperdine, 2026 Private Capital Markets Report). The private equity sample is 38 respondents, so the size pattern is thin.

Those benchmarks describe what capital providers say they require, which is a different question from what brokers report closing. Read alongside the Market Pulse, they let a buyer compare a broker's view of a segment with the return hurdles investors state for the same size band.

Reading the data: coverage and selection bias

Each dataset is shaped by who chooses to report. Neither is a random sample of U.S. business sales.

Question	BizBuySell Insight Report	IBBA / M&A Source Market Pulse
Who reports	Brokers, voluntarily, on closed deals	Brokers and M&A advisers who complete the survey
Sample this period	2,132 reported closings (Q3)	255 respondents, 181 transactions (Q2)

Question	BizBuySell Insight Report	IBBA / M&A Source Market Pulse
Size range	Mostly Main Street; split at $1M	Under $500K to $50M, five segments
Earnings basis	Cash flow and revenue multiples	SDE under $2M, EBITDA $2M-$50M
Main known bias	Mix shifts move medians	Small samples per segment; sentiment items
Period	Third quarter (2026)	Second quarter 2026

Checklist before quoting either source:

- [ ] Name the period and edition. The two reports above cover different quarters.
- [ ] Say whether a figure is a median, an average or a survey share.
- [ ] Say whether a multiple is on SDE, EBITDA, cash flow or revenue.
- [ ] Separate closed-deal data from sentiment questions.
- [ ] Check whether the publisher flags a mix effect or a revision (BizBuySell revised its Q3 2025 base).
- [ ] Do not convert a reported count into a market size.
- [ ] Do not compare a sub-$2M SDE multiple with a $5M-$50M EBITDA multiple as if they measured the same thing.

What it means for proprietary versus intermediated sourcing

The public data support one modest conclusion: competition in intermediated processes rises with deal size. In the Market Pulse, deals under $500,000 "frequently receive just one or two offers," while 87% of deals over $5 million drew at least three and 33% drew ten or more (PR Newswire release). BizBuySell's brokers report seeing more search funds, private equity and family offices, and its above-$1 million deals sold at 100.8% of asking price on average versus 93.6% below (BizBuySell Insight Report).

For a sponsor buying in the $5M-$50M band, that points to crowded broker-run auctions. For a searcher in the sub-$1 million band, intermediated deals are less contested but more financing-dependent. Neither dataset measures sales that never reach a broker, so neither can say how much opportunity sits outside intermediated channels or what direct outreach yields. The trade-offs are laid out in intermediated vs proprietary sourcing; the data here describe only the intermediated side.

Mapping brokers in a market (worksheet)

Before relying on brokers for coverage of a sector or region, build a reconciled list of who is active. The aim is one record per firm with sourced fields, not a scraped directory.

Illustrative example (fictional): a buyer targeting commercial HVAC service businesses in a three-state region pulls broker names from listing platforms, association directories and past teasers.

Raw name seen	Where seen	Resolved firm	Registration evidence	Size band evidenced	Action
"Ridgeline Biz Advisors"	Listing platform	Ridgeline Business Advisors LLC	None found; state entity record active	Listings $400K-$1.5M	Keep; Main Street
"Ridgeline Business Advisors"	Association directory	Same as above	Same	Same	Merge duplicate
"Northgate Capital Partners"	Teaser PDF	Northgate Capital Partners LLC	FINRA BrokerCheck record found	Teaser states EBITDA $4M	Keep; lower middle market
"J. Doe, CBI"	Listing platform	Individual at Ridgeline	Designation stated, not checked	n/a	Attach to firm record
"Harbor Exit Group"	Old directory page	No active entity found	None	None	Exclude; mark unresolved

Worksheet fields:

1. **Raw name and source URL**, with the date seen.
2. **Resolved legal entity**, from the state business registry.
3. **Registration evidence**: a FINRA BrokerCheck record if the firm is registered, or a note that none was found. A missing record is not evidence of a violation.
4. **Size band evidenced** by the firm's own listings or teasers, not by its title.
5. **Sector evidence**: listings in the target sector within a stated look-back window.
6. **Status**: keep, merge, exclude or unresolved, with the reason.

Unresolved records stay visible as unresolved. A broker list that silently drops them overstates coverage.

Docket runs this kind of evidence check on target lists before outreach; see evidence standards.

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Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. https://www.ibba.org/wp-content/uploads/2026/08/mp-highlights-q2-2026.pdf
2. https://www.prnewswire.com/news-releases/the-market-pulse-survey-q2-2026-reports-the-latest-trends-in-business-sales-up-to-50m-302858664.html
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A useful target list needs more than company names. Docket focuses on the questions that determine whether a company fits an investment mandate, including the evidence needed to support or qualify each answer. Our research approach makes the connection between screening criteria, source material and conclusions visible to the team reviewing the work.

Triage, Scout and Audit

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Evidence that supports investment-team judgment

Our research library covers market mapping, screening criteria, private-company data, succession and ownership, source evaluation and evidence standards. These resources explain the methods and limitations behind origination research. Findings support a team's judgment; they do not establish that a company is for sale or guarantee a transaction or investment outcome.

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Public examples are illustrative unless explicitly identified otherwise. Research preparation and authorized outreach are separate activities; confidential target lists and customer outcomes should never be inferred from an educational example.

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