

**CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA**

**NEIL L. BRADLEY**  
EXECUTIVE VICE PRESIDENT &  
CHIEF POLICY OFFICER

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September 11, 2019

The Honorable Carolyn Maloney  
Chairwoman  
Subcommittee on Investor  
Protection, Entrepreneurship,  
and Capital Markets  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Bill Huizenga  
Ranking Member  
Subcommittee on Investor  
Protection, Entrepreneurship,  
and Capital Markets  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairwoman Maloney and Ranking Member Huizenga:

The U.S. Chamber of Commerce writes regarding several bills that the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets is expected to consider at the September 11, 2019 hearing, “Examining Private Market Exemptions as a Barrier to IPOs and Retail Investment.” The decline in public companies in the US over the last two decades is a major policy issue worthy of consideration, as the US is now home to roughly half the number of public companies than existed twenty years ago. What is clear is that the rules governing public companies have failed to keep up with the times and are a contributing factor to businesses deciding not to complete an initial public offering (IPO).

The JOBS Act helped make the public markets marginally more attractive, but Congress and the SEC must do more to revive the public company model. Last year, the House of Representatives took a major step towards bringing our capital markets into the 21<sup>st</sup> Century by passing the JOBS and Investor Confidence Act of 2018, which was negotiated with current Chairwoman Maxine Waters. We are pleased to see some of the provisions of that bill included in this hearing, many of which passed individually with strong bipartisan votes and the support of a broad spectrum of market participants. Accordingly, there is no compelling reason for these bills to undergo further changes.

While the Chamber believes that improvements can be made to the public company model, we do not seek to minimize the strength of our private markets and do not believe that financing for businesses is a “zero sum game.” Policymakers should focus on allowing companies to raise capital at every stage of their lifecycle, which will ultimately help businesses grow from small to large and lead to more IPOs.

The Chamber is pleased to **support** the following measures being considered at the September 11 hearing.

**H.R. \_\_\_\_\_, The Family Office Technical Correction Act**

The Family Office Technical Correction Act would provide certainty for “family offices” defined under securities laws by clarifying that such offices are accredited investors. This bill would help preserve the ability of family offices to invest in certain private offerings and help them remain an important source of capital for growing businesses.

### **H.R. 609, The Small Business, Mergers, Acquisitions, Sales & Brokerage Simplification Act**

This legislation would simplify SEC registration requirements and provide a safe harbor for certain financial professionals who assist small and mid-size businesses that are looking to transfer corporate ownership. Importantly, the legislation also includes strong investor protections such as requiring the disclosure of relevant information to clients as well as the owners of eligible privately held companies. The bill does not impede in any way upon the ability of the SEC to crack down on bad actors, or to prohibit past securities law violators from taking advantage of the exemption.

### **H.R. \_\_\_\_\_, The Crowdfunding Amendments Act**

The Crowdfunding Amendments Act would allow for the creation of “crowdfunding vehicles” to pool investor money in order to acquire securities in a single company. The Crowdfunding Amendments Act would help ease some of the concerns and reduce burdens that have developed since implementation of Title III of the JOBS Act, such as allowing money to be pulled together into one vehicle rather than potentially tracking thousands of investors. Additionally, crowdfunding vehicles would have to be advised by an SEC-registered investment adviser and the limits for what can be raised under the crowdfunding rules would still apply. Therefore, this legislation does not compromise any existing investor protections.

### **H.R. \_\_\_\_\_, The Fair Investment Opportunities for Professional Experts Act**

The Fair Investment Opportunities for Professional Experts Act would provide an innovative way to expand accredited investor definitions in a limited manner to bring more sophisticated investors into the market. Traditionally, the accredited investor threshold has been determined through asset and income tests, which has resulted in both an under and over-inclusive definition which leaves out sophisticated and savvy investors who may not meet financial thresholds while including a wealthy person with no experience in financial markets. We support the idea that an individual who has met the educational and licensing requirements to sell securities and investments can qualify to be an accredited investor and that the SEC should, through notice and comment rulemaking, consider further ways to expand the accredited investor definition. This process would help balance investor protection concerns with the need to facilitate capital formation.

### **H.R. 2889, The Main Street Growth Act**

The Chamber, in concept, supports legislation that would establish the legal framework for the creation of “venture exchanges.” Technological changes in equity markets over the last two decades have helped reduce trading costs, increase liquidity and made markets more efficient. However, many small and midsize public companies, including merging growth companies (EGCs), still operate in a less liquid and more fragmented trading environment compared to the overall equity market. Venture exchange legislation would move policymakers from a regulatory “one size fits all” model by providing a tailored trading platform for certain

thin liquidity stocks, whereby a company could choose to have their shares traded on a single venue. This would help concentrate liquidity and also exempt those stocks from rules that are more appropriate for deeply liquid and highly valued stocks, such as “tick size” and auction rules.

We look forward to working with the Committee as these bills advance through the legislative process. In addition, the U.S. Chamber **opposes** the following measures that will be considered during the hearing:

**H.R. \_\_\_\_\_, Private Securities Transparency and Reform Act**

This legislation would hamper capital formation in the private markets by requiring additional form filing and compliance during a capital raise, which would affect the flexibility and ability of negotiations to take place in a private offering. Currently, a Form D is required to be filed within 15 days after the first sale in a Regulation D offering; however, if pre-filing of Form D before the first sale as well as a closing amendment is required, it would further hamper the ability of communications and private sales to occur.

**H.R. \_\_\_\_\_, To require the Securities and Exchange Commission to submit a report to Congress about private securities offerings**

This legislation would add burdensome and duplicative requirements for the SEC before being able to move forward with any modification of a private securities offering exemption. The SEC already conducts cost-benefit analysis and considers investor protection concerns as part of any notice-and-comment rulemaking, as well as one of the three pillars of the SEC’s mission. In addition, the SEC is currently undergoing a concept release and request for comment on ways to harmonize private securities offering exemptions, which will further examine many of the items listed in the bill. This bill would only further add burdensome and redundant requirements on the SEC.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil L. Bradley", with a stylized flourish at the end.

Neil Bradley

cc: Members of the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets