

COVID Capital Markets Roundtable

Investor Protection Entrepreneurship and Capital Markets Subcommittee

Opening Remarks by Tom Quadman, Executive Vice President, U.S. Chamber of Commerce's Center for Capital Markets Competitiveness'

Chairman Sherman, Ranking Member Huizenga and members of the subcommittee, thank you for inviting me to participate in this virtual roundtable on the impacts of the COVID-19 pandemic on U.S. capital markets. I appreciate the opportunity to share my views on behalf of the U.S. Chamber of Commerce.

Since stay at home orders were issued in March, many sectors of the economy have come to a standstill. Nearly 39 million Americans have filed for unemployment benefits, and businesses of every size and industry need capital in order to survive.

The CARES Act through the PPP has provided temporary payroll support for small businesses, while Federal Reserve lending facilities have kept capital markets liquid and functioning for larger businesses. The Main Street Lending Program, expected to come on line in days, is targeted to help middle market companies that employ 68 million Americans. This quick action by Congress will be critical in saving jobs, stabilizing businesses and putting the Nation on the road to recovery.

Restarting the economy will have its own challenges.

We should explore means to inject private investment into the American economy. Persistent issues such as a lack of decision useful information for investors, a lack of liquidity for smaller companies and barriers to investment continue to exist. These issues have caused our capital markets to underperform and may hinder economic recovery.

The SEC has already enacted timely and targeted relief for companies by extending disclosure filing deadlines, permitting small businesses to pursue expedited crowdfunding offerings, and allowing BDC's to provide additional financial support for their portfolio companies.

The SEC's regulatory agenda contains several provisions that would help increase access to capital and reduce regulatory burdens during this time. These include modifications to crowdfunding, harmonizing exempt offerings, amendments to the definition of an "accredited investor," and disclosure simplification. These rulemakings should be finalized and implemented without delay, and the SEC has stated it has the capacity to continue this agenda while properly managing the COVID crisis.

Finally, there are several legislative proposals that Congress should consider that would expand opportunities for capital. Much of the bipartisan JOBS 3.0 package negotiated by Chairwoman Waters is even more timely. Swift enactment of the JOBS Act 3.0 package would assist thinly traded securities, improve investment research, facilitate follow-on investments for venture capital, and provide investors with more opportunity for return. There are new helpful proposals under consideration, including allowing companies greater leeway to grant employee equity compensation as well as temporarily extending EGC status for companies expecting to "phase-out" during the pandemic.

We should avoid proposals that could harm the ability of businesses to grow including one size fits all mandated ESG disclosures, or further restrictions on dividends and stock buybacks that harm investors.

We also look forward to working with Congress to carefully consider measures of critical import to our capital markets, such as measures to delist Chinese companies from U.S. exchanges. This is an issue that warrants further discussion and in a different forum. Thank you and I look forward to the discussion.