

October 22, 2015

The Honorable John Carney
1406 Longworth House Office Building
Washington, D.C. 20515

The Honorable Ander Crenshaw
2161 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Sean Duffy
1208 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mike Quigley
2458 Rayburn House Office Building
Washington, D.C. 20515

Dear Representatives Carney, Crenshaw, Duffy and Quigley:

As representatives of America's small and medium size businesses and the small and medium size business investing community, we are writing this letter to thank you for introducing **H.R. 3784**, the **SEC Small Business Advocate Act of 2015**. This legislation is critical to ensure small and medium size businesses have a strong, independent voice at the Securities and Exchange Commission (SEC or Commission).

This important and necessary legislation will establish an Office of the Small Business Advocate at the SEC, formalize the current SEC Advisory Committee on Small & Emerging Companies as a permanent Small Business Advisory Committee, and bring the annual Government-Business Forum on Small Business Capital Formation under the authority of the newly formed Office. The new Office will be a strong, independent voice for America's small businesses at the SEC, helping the SEC to meet some of its core missions: facilitating and encouraging capital formation, maintaining fair, orderly and efficient markets, and protecting investors.

Currently, there is no independent voice at the Commission to bring attention to the important goals of facilitating capital formation, and helping small businesses across the country access the capital they need to grow and create jobs. The regulations and policy decisions made by the Commission weigh heavily on small businesses seeking to access the capital markets, and often create significant regulatory burdens on small business and small business investors. While positive steps in facilitating capital formation have occurred in recent years, most recently through the passage of the Jumpstart Our Business Startups Act (JOBS Act), more work remains to be done to ensure these businesses can access the capital they need to expand operations and hire Americans.

Creating this Office will establish a voice at the Commission regarding the impact of its rules and regulations on small businesses, and the Office also will be a source of new ideas and concepts. Many of these ideas and concepts are already being formulated through the Government-Business Forum on Small Business Capital Formation and the Advisory Committee on Small & Emerging Companies, but oftentimes they are not heard or considered for implementation at the Commission. In fact, many of the

elements of the successful JOBS Act arose out of these two groups, which potentially would have been brought to the forefront earlier, and by the Commission itself, if the Office had existed at that time.

In September 2014, then SEC Commissioner Daniel Gallagher highlighted the necessity of this Office, pointing out that small business is “regularly and systematically underrepresented in the legislative and regulatory process”, and that “issues specific to *small business* capital formation too often remain on the proverbial back burner.”¹ Due to this situation, former Commissioner Gallagher stated that the SEC needs to create an Office of the Small Business Advocate, stating:

This office would be modeled on the Office of Investor Advocate created by the Dodd-Frank Act. There’s a natural parallel here, in that our staff perennially faces difficulty in receiving views from certain segments of the market that find it difficult and expensive to participate in the normal notice and comment rulemaking process: retail investors and small businesses. Having a single point of contact for outreach to these underrepresented groups, who can then turn around and advocate their views to the staff is critical. Finally, just as the Investor Advocate now runs the Investor Advisory Committee, the Small Business Advocate could take charge of the SEC’s Advisory Committee on Small and Emerging Companies and the Government-Business Forum, an incredibly important group that does not have the profile it deserves at the Commission.²

Thank you again for supporting this critical legislation to ensure small and medium size businesses and their investors receive the voice they deserve at the SEC. We look forward to working with you.

Sincerely,

Small Business Investor Alliance
U.S. Chamber of Commerce
Biotechnology Industry Organization
Small Business & Entrepreneurship Council
Association for Corporate Growth
National Small Business Association
Crowdfunding Professional Association
National Venture Capital Association
National Development Council

¹ Commissioner Daniel M. Gallagher, *Whatever Happened to Promoting Small Business Capital Formation*, Washington, D.C., September 17, 2014, available at:

http://www.sec.gov/News/Speech/Detail/Speech/1370542976550#.VFI1m_nF-VM

² *Id.*