Hearing on reducing barriers to capital formation

Statement of David Weild, Senior Advisor — Grant Thornton LLP
before the U.S. House of Representatives Financial Services Committee
Capital Markets and Government Sponsored Enterprises Subcommittee
June 12, 2013

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Introduction

Chairman Garrett, Ranking Member Maloney and members of the Subcommittee, thank you for inviting me to speak today about an issue of great importance to many Americans: how to reduce barriers to capital formation, particularly for small companies — the growth engine of the U.S. economy.

My name is David Weild. I oversee Capital Markets at Grant Thornton LLP, one of the six global audit, tax and advisory organizations. I was formerly vice chairman of The NASDAQ Stock Market with responsibility for all of its listed companies, and I ran the equity new issues business of a major investment bank for many years.

Grant Thornton's Capital Markets Group provides support to companies accessing today's global capital markets. These companies run the gamut from private companies and entrepreneurs to venture capital and private equity-backed companies — both small and large.

I recently authored a study with Edward Kim and Lisa Newport for the Organisation for Economic Co-operation and Development (OECD)[1] — a study that analyzes the world's 26 largest IPO markets. It demonstrates that higher tick sizes (minimum price increments) are essential to bring back U.S. IPO markets and the associated higher rates of innovation, economic growth and job creation that are driven by more productive public markets.

[1] Organisation for Economic Co-operation and Development. See www.OECD.org

Summary

U.S. capital markets have undergone a profound transformation in less than a generation, leaving both investors and the U.S. economy worse off. U.S. public markets have lost nearly half of all listed companies since their peak in 1997. While there were 8,823 exchange-listed companies in 1997, at the end of 2012 only 4,916 remained. Moreover, U.S. stock markets are now — on a gross domestic product (GDP) weighted basis — some of the worst in the world, particularly for small companies. Despite having the world's largest GDP, the U.S. small IPO market has fallen from 1st to 12th place among the top 26 IPO markets.

The U.S. IPO market should be producing five to 10 times the number of IPOs it has produced over the last 13 years, but we won't see a resurgence until we address its biggest obstacle: the lack of aftermarket support. Regulatory and structural changes that have occurred since 1997 led to a collapse in tick sizes from 25 cents to 1 cent — tick sizes that used to pay for the infrastructure small companies need to go and stay public. The collapse in tick sizes has left small companies without aftermarket support, specifically the support of small broker dealers, research analysts and capital.

The U.S. stock markets are now essentially governed by a one-size-fits-all framework, with 1-cent tick sizes for every stock regardless of share price, market capitalization or liquidity. In today's market, small companies can't survive — only big brands and large companies can sustain adequate visibility with investors. Small cap stocks require broker-dealers to support liquidity, sales and equity research, and those don't exist in a 1-cent-tick-size world.

Given the current structural deficiencies in the U.S. stock market, a merger or acquisition is now the exit strategy of choice for many small companies that previously would have chosen to go public. When these companies sell their businesses because they can't raise capital effectively through the IPO market, jobs are generally lost, not gained.

I present today three ways that we can promote capital formation for small companies.

1 Encourage the SEC's full and timely implementation of the Regulation A+ provisions of the JOBS Act, and Senate adoption of H.R. 701 that provides a due date for implementation of Regulation A+. While we wait for the JOBS Act provisions to be enacted, entrepreneurs' access to capital is limited, and job creation and economic recovery have been put on hold. Grant Thornton has been particularly supportive of Title IV — commonly referred to as Regulation A+ — which increases from $5 million to $50 million the cap on public issues of stock utilizing the SEC's Regulation A

exemption. Regulation A+ will allow small companies to issue securities through a registration and disclosure process that is less complex, time-consuming and expensive. As the U.S. continues its struggle to emerge from the Great Recession, the higher offering limit and increased investor protections make Regulation A+ an important catalyst by which small companies can go public, grow and contribute to job creation. For these reasons we support passage of H.R. 701, a bill that would require the SEC to finalize rulemaking for Regulation A+ by October 31, 2013. We are encouraged that the House of Representatives has already passed this bill by an overwhelming vote of 416-6 and hope the Senate follows suit.

2 We support an SEC pilot program of at least five years in length to let Emerging Growth Companies (EGCs) (sub-$1 billion in revenues) and small cap companies (sub-$2 billion in equity market value) expand their tick sizes and regenerate the infrastructure to support small cap stocks. Grant Thornton believes higher tick size increments will increase liquidity and capital formation for small companies by increasing the aftermarket incentives required to fuel investments in equity distribution, sales and aftermarket support. As markets realign economic incentives and refocus distribution on long-term investors — not on short-term traders — share performance and returns on investment will improve — all while laying a foundation for increased IPOs, economic growth and job creation.

3 We also support the creation of a new, parallel stock market for public companies under $2 billion in market value. Adequate aftermarket support is a continuing challenge for small companies, and this new market could allow higher commissions to provide incentives for small investment firms to return to the business of underwriting and supporting small-cap companies. While established markets would continue to operate as they do today, this solution would give issuers a choice in markets.

Capital markets landscape

U.S. capital markets have lost their way. They've undergone a profound transformation in less than a generation — from the heights where they were the envy of the other world markets to the current depths where they're effectively closed to more than 80% of the companies that need them: small entrepreneurial companies.

Our small company market failure is now reverberating across our economy.

IPOs have decreased since the mid-1990s

In the early 1990s, we witnessed over 520 IPOs per year in the U.S., 80% of which were small deals raising less than $50 million. Just 20 years later, that average has dwindled to fewer than 130 transactions annually, with just 113 in 2012. Of that 113, only 14 were small deals.[2]

Public company listings peaked in the U.S. in 1997, with 8,823 exchange-listed companies. At the end of 2012, there were only 4,916 — a massive decline of 44.3%.[3] In fact, since the peak, the U.S. has suffered ***15 consecutive years of lost listings***. As the world's largest economy, the U.S. should be producing five to 10 times the number of IPOs it has produced over the past 13 years.

According to our OECD study, U.S. stock markets are now — on a GDP-weighted basis — some of the worst in the world, particularly for small company IPOs. In the 1990s, the U.S. was the top-ranked IPO market for both small and large IPOs.[4] Today, despite having the world's largest GDP, the U.S. ranking for small IPOs has fallen to a dismal 12th place — ***worse than many much smaller economies*** that offer more appropriate (higher) aftermarket incentives.

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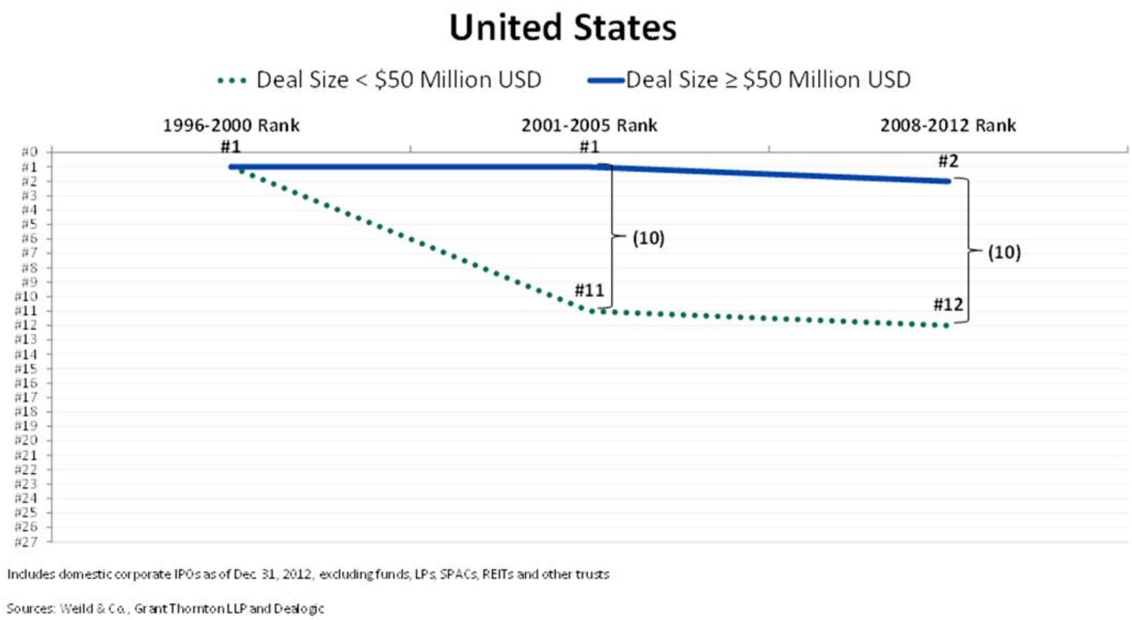
[2] Source: Weild & Co., Grant Thornton LLP and Dealogic. Excludes closed-end funds, REITs, LPs, SPACs and other non-operating company financial vehicles.

[3] Ibid.

[4] To determine which IPO-producing nations have been gaining or losing ground, in terms of the number of small and large domestic IPOs they have produced, we examined the relative rankings of 26 jurisdictions (Australia, Brazil, Canada, Chile, China, France, Germany, Hong Kong, India, Indonesia, Israel, Italy, Japan, Malaysia, Mexico, Norway, Poland, Saudi Arabia, Singapore, South Korea, Spain, Taiwan, Thailand, Turkey, the United Kingdom and the United States) for three different time periods (1996 to 2000, 2001 to 2005, and 2008 to 2012). We found that countries with higher than average tick sizes as a percentage of share price in smaller stocks, such as Australia and Canada, have significantly increased their relative ranking in the number of small IPOs. The U.S., which was once in first place for the number of deals under $50 million USD from 1996 to 2000, and now has low tick sizes as a percentage of share price, has fallen to 12th place for small IPOs — a decline of 11 positions that is among the largest moves, up or down, for the 26 jurisdictions we studied.



While the IPO decline is most extreme in the U.S., the world supply of IPOs has also suffered a material decline with the proliferation of electronic markets. Work by the OECD shows that the global number of IPOs has declined from over 2,000 per year in the early 1990s to less than 750 IPOs in 2012. Two-thirds of this decline comes from outside of the U.S.

The IPO market is not in recovery

While the JOBS Act has made it easier for small companies to go public, the IPO market has not recovered, as some news reports would have us believe. The media has focused on a handful of high profile, large transactions, but the actual pace of IPO activity is not much better this year than last.

There were 113 corporate[5] IPOs in 2012.[6] There have been 66 corporate IPOs through May 2013, matching last year's pace of 63 as of May 2012. During May 2013 Dealogic tracked 28 total IPOs, which the media touted as a sign of a healthy IPO market. Seven of them, however, were closed-end funds, REITs and SPACs, leaving just 21 corporate IPOs.

And small company IPOs remain an endangered species. *Only six* of the 66 deals in 2013 raised less than $50 million — not unlike year-to-date May 2012 when *only seven* of 63 deals were under $50 million. Moreover, as of year-to-date May 2013, deal size averaged $272 million, compared to $164 million at this same time in 2012 (excluding the $16 billion Facebook IPO).

Factor in that we are enjoying a Bull Market in equities, buoyed by the Federal Reserve's stimulative monetary policy, and the number of IPOs to date can only be seen as disappointing. We aren't surprised, because the underlying infrastructure remains damaged, as evidenced by the lack of small issuers tapping the market. Despite the good intentions of the JOBS Act in creating "on-ramps," U.S.

[5] "Corporate" IPOs are IPOs of operating companies. We exclude IPOs that are strictly financial vehicles, including closed-end funds, REITs, SPACs and LPs.
[6] Source: Dealogic.

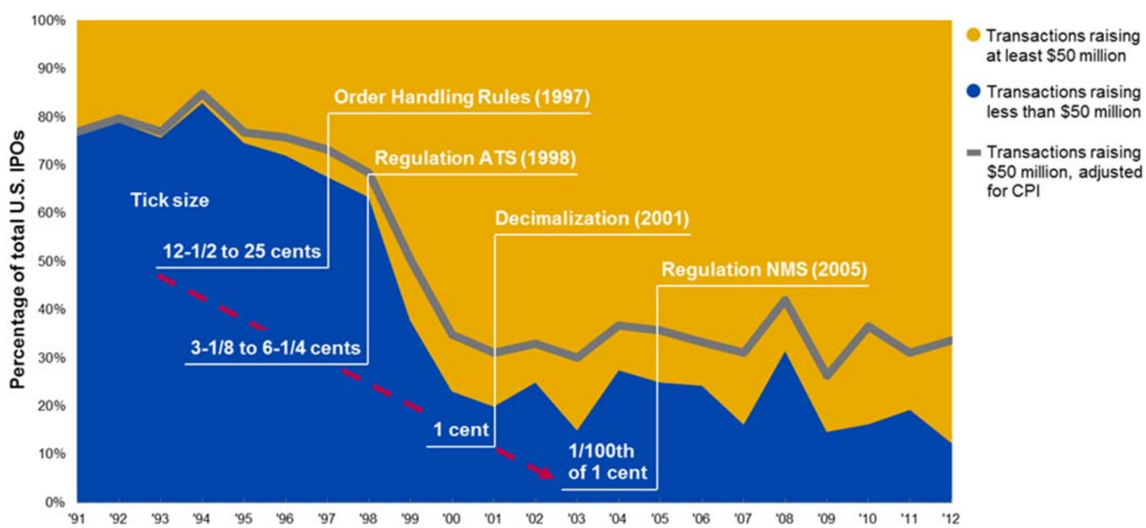
capital markets still need the "highways" — the economic infrastructure that can support small companies in the aftermarket. That aftermarket support can be brought back through higher tick sizes.

Structural and regulatory changes to U.S. capital markets have impacted IPOs

As we have mentioned in previous testimony to this Committee, structural and regulatory changes to U.S. stock markets have been exceptionally harmful to capital formation. The U.S. was once the greatest capital formation engine in the world, but it has been reduced to a shadow of its former productivity because of the elimination of nearly all of the economics that once fueled the growth of the ecosystem.

Since 1997, the U.S. stock market has suffered a devastating decline in the numbers of small IPOs — a result of SEC-implemented regulations that put in motion a decade-long erosion of the U.S. capital formation and support infrastructure on which small companies relied. The structural and regulatory changes that began with new Order Handling Rules in 1997, continued with Regulation Alternative Trading System (ATS) in 1998 and Decimalization in 2001, and culminated with Regulation National Market System (NMS) in 2005 set in motion a dramatic shrinkage in trading spreads and tick sizes in all stocks.

Smaller tick sizes undermined U.S. small-company IPOs



Sources: Grant Thornton LLP, Weild & Co. and Dealogic
Data include corporate IPOs as of December 31, 2012, excluding funds, REITs, SPACs and LPs.

The collapse in tick sizes from 25 cents to 1 cent significantly changed the stock market structure that paid for the infrastructure of small broker dealers, research analysts and capital support required to take small companies public and to support them in the aftermarket (once they are public). This infrastructure is analogous to the system of highways — with roads, on-ramps, bridges, tunnels and tolls — required to support commerce.

Economic infrastructure supporting U.S. capital markets	
Stakeholders: • **Roads** — Trade execution venues (e.g., NYSE) • **On-ramps** — Investment banks • **Bridges** — Market-makers committing capital • **Tunnels** — Analyst and broker support to investors	**Economic incentives:** • **Tolls** — Tick sizes and commissions that support the market's operations and upkeep

In the same way that a city's infrastructure cannot be maintained without adequate capital to support it, an equity market must also be supported with adequate economic incentives in order to maintain vibrancy. Investment banks acting as primary underwriters (or bookrunners) today lose money supporting small company IPOs after they go public. Many investment banks have gotten out of the book-run IPO business, and weak capital commitment from investment banks remains a serious impediment to small businesses accessing U.S. capital markets. Small companies need salesmen, traders and analysts to create liquidity for their securities, but today, computers have taken the place of these people, thereby decreasing the visibility of small cap stocks.

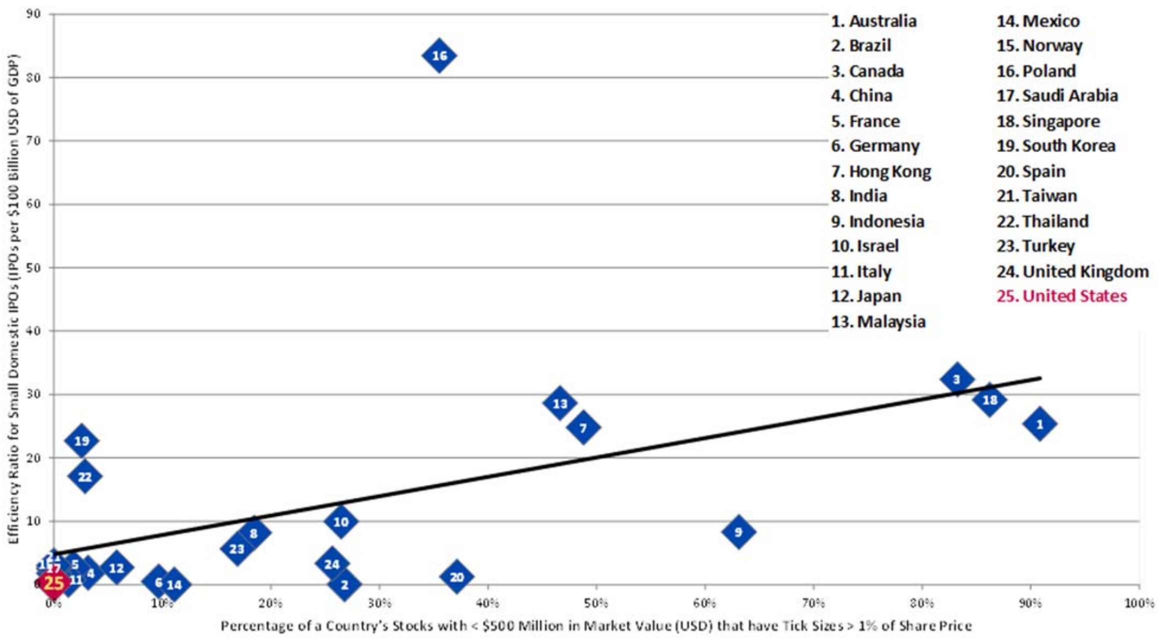
The U.S. stock markets are now essentially governed by a one-size-fits-all framework, with 1-cent tick sizes for every stock regardless of share price, market capitalization or liquidity. One-size-fits-all is a poor basis for regulation. One-size-fits-all stock market structures will underperform markets that are optimized separately to the needs of large cap and small cap stocks and their respective constituencies. Large cap stocks are inherently liquid and benefit from the interest of many investors looking to buy and sell the stocks at the same time. By contrast, small cap stocks typically are less liquid, with asymmetrical — or one-sided — order-book markets. Only big brands and large companies can sustain adequate visibility with investors in today's market. Small cap stocks require broker-dealers to support liquidity, sales and equity research in order to sustain active markets.

The market changes also favored short-term rapid trading over long-term fundamental investing. Hedge funds and other hyper-trading institutions have become the dominant force in the 1-cent tick size market — at the expense of long-term fundamental investors and liquidity providers (intermediaries). When trading interests overwhelm fundamental investor interests, price distortions occur, the marketing of individual stocks is displaced by derivatives (including exchange-traded funds), and capital formation and allocation become less effective. In turn, economic cycles are made more extreme, and long-term economic growth may be stunted.

Ultimately, while lower tick sizes have benefitted short-term, high-turnover traders through lower transaction costs, long-term, fundamental investors are worse off today. The paradox is that smaller spreads and tick sizes have undermined the very infrastructure and services required to take new small companies public and sustain those stocks in the aftermarket.

The U.S. economy is also worse off as a result of the regulatory and market structure changes affecting the U.S. capital markets. We offer compelling evidence in our OECD paper that the primary determinant of long-term sustainability of IPO markets and, as a consequence, an important driver of economic growth is the relative size of aftermarket incentives. Specifically, low aftermarket incentives (defined as tick sizes that are less than 1% of share price for sub-$500 million market value stocks) and low numbers of small public companies lead to low levels of IPO activity. Broker-dealers — who are the facilitators of capital formation — must have adequate incentives in order to support small company IPO activity. Higher tick sizes and larger numbers of small public companies combine to sustain the critical mass infrastructure and services required to support a vibrant domestic IPO market. That vibrant market will, in turn, generate jobs, economic growth and tax receipts.

The U.S. is among the least productive IPO markets globally due to poor aftermarket incentives (tick sizes)



Small companies today face unsuitable options

Given the current structural deficiencies in the U.S. stock market, a merger or acquisition is now the exit strategy of choice for many small companies that previously would have chosen to go public. When these companies can't raise capital effectively through the IPO market and must look to a sale of their business, generally job loss is the result.

It's not uncommon to hear suggestions that the decrease in numbers of IPOs is a misplaced concern, because alternative sources of capital can take the place of the IPO market. In fact, these challenges offer no compelling data to back up their claims. The two most prominent theories maintain that the private equity market or the equity private placement markets have displaced the IPO market in fund raising.

These arguments, however, don't hold up considering that 1) the private equity industry is largely confined to positive cash flowing companies (not venture capital companies), and 2) venture-capital backed IPO exits are depressed despite unprecedented amounts of venture capital invested, while the "gestation period" time-to-IPO for venture-backed companies more than doubled from 4.5 years in

1998 to 9.6 years in 2008.[7] Finally, the IPO Crisis Task Force was led by Kate Mitchell, a former National Venture Capital Association (NVCA) chairman. Clearly, if the venture capital industry in the United States had been enjoying "alternatives," it would not be spending its time trying to fix the IPO market.

[7] NVCA 4-Pillar Plan to Restore Liquidity in the U.S. Venture Capital Industry, April 29/30, 2009, see slide 7 at http://www.slideshare.net/NVCA/nvca-4pillar-plan-to-restore-liquidity-in-the-us-venture-capital-industry-1360905.

Ways we can promote capital formation

Fully implement the Regulation A+ provisions of the JOBS Act

We commend Congress for its bipartisanship in passing the JOBS Act and paving the way for improved capital formation. The JOBS Act was an important first step to encourage small businesses to access U.S. capital markets, spur innovation, generate new jobs and revitalize the U.S. economy. However, many of the regulations required to implement the job-creating provisions of the JOBS Act have not yet been enacted. As a result, entrepreneurs' access to capital is limited, and job creation and economic recovery have been put on hold.

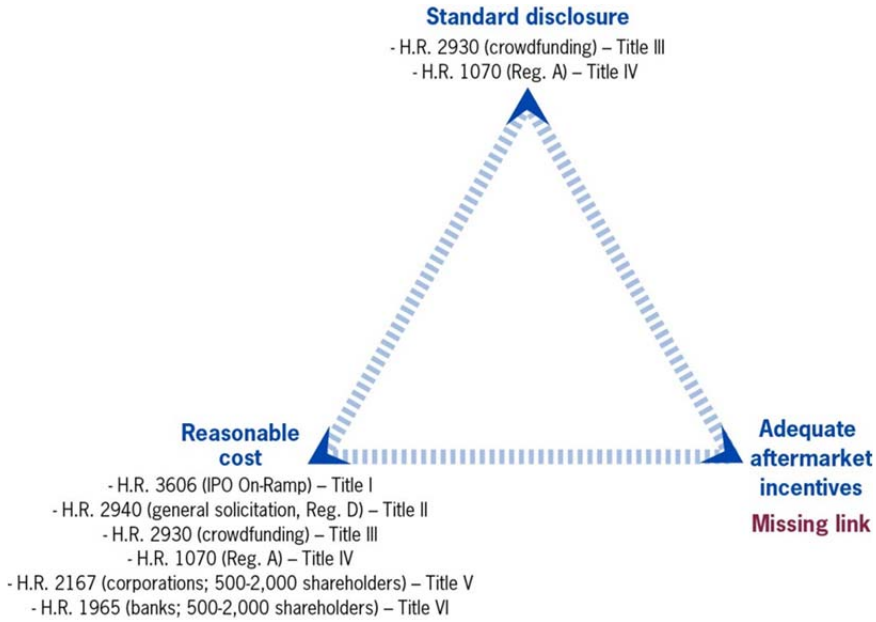
Grant Thornton has been particularly supportive of Title IV — commonly referred to as Regulation A+. It increases from $5 million to $50 million the cap on public issues of stock utilizing the SEC's Regulation A exemption, which allows a small company to issue securities through a registration and disclosure process that is less complex, time-consuming and expensive. Title IV also includes additional investor protections, including that issuers file audited financial statements annually with the SEC and comply with any other terms or conditions established by the SEC — which may include requirements that the issuer file with the SEC and distribute or make available to investors an offering statement and post-offering periodic disclosures regarding its business operations, financial condition, corporate governance principles and other matters.

Regulation A was conceived during the Great Depression and enacted as part of the Securities Act of 1933. The current limit of $5 million — raised from $100,000 in 1992 — is of no use to small companies confronted with the needs of today's economy. As the U.S. continues to struggle to emerge from the Great Recession, the higher offering limit and increased investor protections make Regulation A+ an important catalyst by which small companies can go public, grow and contribute to job creation.

Unfortunately, Regulation A+ is awaiting proposed rules and is lacking an implementation deadline. We fear that without an imposed deadline, rulemaking for Title IV will remain on hold indefinitely. Without implementation of Regulation A+, the original intent of Congress to accelerate job growth — particularly by improving small business access to capital — will not be realized. For these reasons we support passage of H.R. 701, a bill that would require the SEC to finalize rulemaking for Regulation A+ by October 31, 2013. We are encouraged that the House of Representatives passed this bill by an overwhelming vote of 416-6 and hope the Senate follows suit.

Tick size pilot program

The JOBS Act also delivers provisions to help small companies mitigate the costs of going public and better communicate with and disclose information to investors. But a third provision is needed: smaller companies must also be able to attract significantly better aftermarket support. **All three** conditions are required for a vibrant IPO market.



Aftermarket support is the biggest obstacle to resurgence in the U.S. IPO market. Today's public markets are overly complex and don't behave in a manner that the average retail investor understands. Without adequate economic incentives, investment banks can't afford to compensate the salesmen, traders and research analysts who can provide greater transparency to investors regarding small company stocks. Instead of supporting all company sizes, U.S. market structure is optimized for trading (not investing) primarily in large cap stocks.

Grant Thornton believes higher tick size increments will increase liquidity and capital formation for small companies by increasing the aftermarket incentives required to fuel investments in equity distribution, sales and aftermarket support. As markets realign economic incentives and refocus distribution on investors — not on traders — share performance and returns on investment will improve — all while laying a foundation for increased IPOs, economic growth and job creation.

Grant Thornton specifically supports an SEC pilot program of at least five years in length to let Emerging Growth Companies (sub-$1 billion in revenues) and small cap companies (sub-$2 billion in equity market value) expand tick size and regenerate the infrastructure to support small cap stocks. We believe a pilot program should include the following parameters to ensure the integrity of the pilot and data.

- Include companies that are EGCs and already public.

- A "trade at" rule that eliminates trading rebates within the spread and requires trading at the tick increments. Such a rule is the surest way to ensure that the economic incentives we try to create through higher tick sizes are not undermined in dark pools and through sharing arrangements.
- An annual right to elect the tick size increment, understanding that companies require some leverage to grow and make acquisitions or to shrink (if they sell off divisions).
- A set of finite tick size options, such as 5 cents, 10 cents and 25 cents.

A pilot program would enable the SEC to gather valuable research and data to inform the debate on how best to structure the U.S. capital markets to support capital formation and job growth for companies of all sizes. We believe the SEC should file regular reports to Congress on liquidity, trading and analyst coverage. In order to provide the most complete story, we also recommend requiring the SEC to solicit and report on feedback from a broad range of securities firms that specialize in the markets for EGCs to ask why they have or have not committed capital, research or brokerage resources in the wake of the tick size changes, and what changes, if any, would impact these resource allocation decisions.

While the SEC can and should move forward with a pilot program without Congressional action, we are mindful of the SEC's burden in implementing the Dodd-Frank and JOBS Acts. Should the SEC fail to act on its own, Grant Thornton would support a Congressional legislative response.

Alternative exchange concept

In order to reignite the job-creation engine that once made U.S. stock markets the envy of the world, we also recommend the creation of a new, parallel stock market for public companies under $2 billion in value. The structure of this new market should be 1) exempt from Regulation NMS, 2) quote-based, and 3) provide for a governance structure with equal representation by market intermediaries, institutional investors and issuers. Most importantly, trading rules in a new market should allow higher commissions to provide adequate incentives for small investment firms to return to the business of underwriting and supporting small cap companies. This solution would allow issuers to choose the market option that makes the most sense to them, while established markets would continue to operate as they do today.

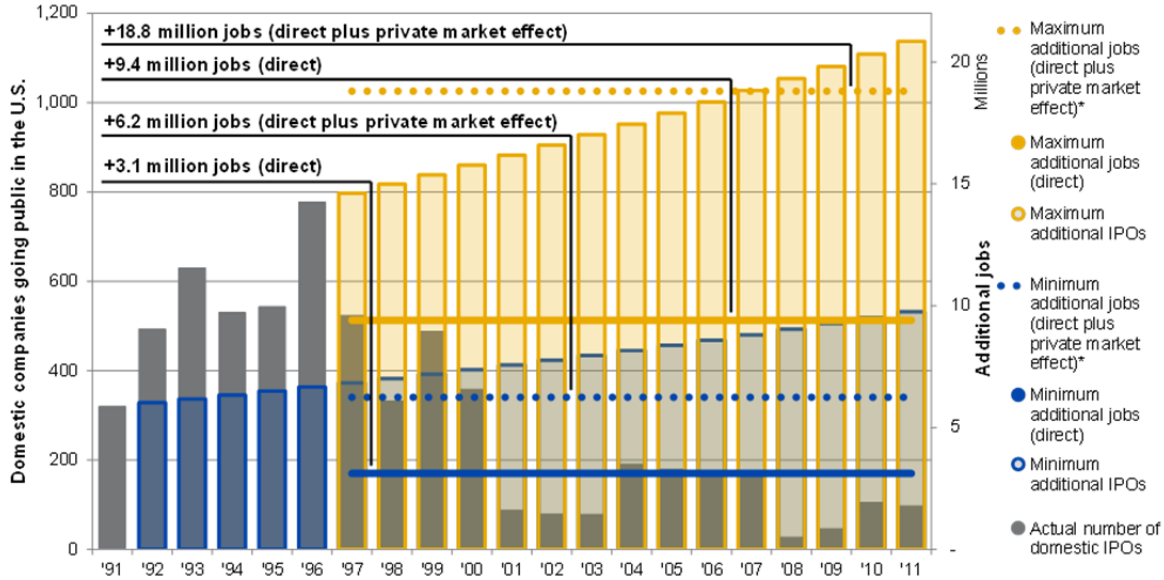
Conclusion: IPOs lead to job growth

A capital market is a multi-layered, complex ecosystem of competing and related interests. Each of the numerous constituents must be governed by rules and encouraged by incentives. The markets that succeed in balancing these many interests are the markets that will go the farthest in facilitating capital formation. Efficient markets need to do more than create rock-bottom trading costs for market speculators — they also need to improve the allocation of capital and enhance long-term economic growth.

If the rules become too burdensome or if the incentives become diminished for any party, the ecosystem will operate far below its potential efficiency. Companies will have difficulty reaching new investors, innovation and job creation will slow or stop altogether, and the macroeconomy will suffer. A vibrant capital market is the engine of a healthy economy that creates jobs.

We estimate that, if not for the scarcity in public offerings, 3.1 million to 9.4 million additional U.S. jobs might have been created by companies after going public. If we assume a multiplier effect where higher IPO activity accounts for a like-kind number of jobs created in the private market (a conservative effect of only one for one), the range of 3.1 million to 9.4 million jobs created jumps to between 6.2 million and 18.8 million.

A major contributor to employment



*Best estimate of the multiplier effect in the private market of more companies going public

Sources: Grant Thornton LLP, Dealogic and the U.S. Department of Commerce Bureau of Economic Analysis
Domestic corporate companies going public in the U.S. as of Dec. 31, 2011, excluding funds, REITs and other trusts, SPACs and LPs.
Assumes an annual growth rate of 2.57% (U.S. real GDP growth, 1991-2011) and 822 jobs created on average post-IPO (see "Post-IPO Employment and Revenue Growth for U.S. IPOs," *Kauffman Foundation*).

In fact, the so-called multiplier effect may be much larger than we estimate above. Enrico Moretti, Professor of Economics at the University of California, Berkeley, has estimated that as many as five local service sector jobs — ranging from doctors and teachers to wait staff and sales clerks — are created for every one technology and biotechnology sector job produced.[8] These are the very industries that once sought out public offerings as their preferred strategy to raise capital (and exit). This five-to-one ratio of job formation has served to increase the number of employment opportunities at all skill levels and, ultimately, the U.S. standard of living.

Congressional support is needed

Congress has the power to help reverse our current situation and bring back the stock market that was once the envy of economies throughout the world for its ability to foster U.S. economic leadership. To reduce barriers to capital formation, we recommend that Congress support the measures we outlined:

- Encourage the SEC's full and timely implementation of the Regulation A+ provisions of the JOBS Act, and Senate adoption of H.R. 701 that provides a due date for implementation of Regulation A+.
- Support an SEC pilot program that allows Emerging Growth Companies and other already-public, small-capitalization companies to opt for higher tick sizes on their stocks.
- Support the creation of a new, parallel stock market for public companies under $2 billion in value.

[8] See Enrico Moretti, *"The New Geography of Jobs"* (2013).

Additional materials

Making Stock Markets Work to Support Economic Growth (OECD Corporate Governance Working Papers)

The trouble with small tick sizes: Larger tick sizes will bring back capital formation, jobs and investor confidence

June 20, 2012, testimony to the U.S. House of Representatives Financial Services Committee Capital Markets and Government Sponsored Entities Subcommittee

June 8, 2012, presentation to SEC's Advisory Committee on Small and Emerging Companies

Why are IPOs in the ICU?

Market structure is causing the IPO crisis — and more

A wake-up call for America

Wall Street Journal OpEd entitled, **"How to revive small-cap IPOs,"** October 27, 2011

About David Weild

David oversees Capital Markets at Grant Thornton LLP and is the Chairman and CEO of Weild & Co. (formerly Capital Markets Advisory Partners), an investment bank.

Experience

David is recognized as an expert in how market structure affects capital formation. His work has been cited by academics, regulators and lawmakers in the US and overseas and the IPO Task Force Report to the U.S. Treasury. He was the former vice-chairman and executive vice-president of The NASDAQ Stock Market, with oversight of the more than 4,000 listed companies. Prior to NASDAQ, he spent 14 years at Prudential Securities in a number of senior management roles, including president of eCommerce, head of corporate finance, head of technology investment banking and head of equity capital markets in New York, London and Tokyo. He worked on more than 1,000 IPOs, follow-on offerings and convertible transactions and was an innovator of new issue systems and securities underwriting structures, including the use of Form S-3s to mitigate risk for small capitalization companies raising equity and convertible debt capital. He created the Market Intelligence Desk — or MID — while at NASDAQ to support issuers in their quest to better understand what was impacting trading in their stocks.

Education

David holds an MBA from the Stern School of Business and a BA from Wesleyan University. He has studied on exchange at The Sorbonne, Ecole des Haute Etudes Commerciales and The Stockholm School of Economics.

Industry participation

David has participated in the NYSE's and National Venture Capital Association's Blue Ribbon Regional Task Force to explore ways to help restore a vibrant IPO market and keep innovation flourishing in the United States, and is Chairman of the International Stock Exchange Executives Emeriti (ISEEE) Small Business Financing Crisis Task Force. He has spoken at the OECD (Organisation for Economic Co-operation and Development) with the 35 member nations in attendance, plus the European Commission and IOSCO. David testified before the CFTC-SEC Joint Panel on Emerging Regulatory Issues in the wake of the May 2010 flash crash, and has spoken at the SEC a number of times, including the SEC Small Business Forum, the SEC Advisory Committee on Small and Emerging Companies and the SEC Roundtable on Decimalization. David is often interviewed by the financial news media. He has served as a Director of the National Investor Relations Institute's New York chapter, and he is the Chairman of the Board of Tuesday's Children, the nonprofit that serves 9/11 families, and recently expanded its charter to make its long-term programs available to first responders, wounded warriors, families of the fallen and those touched by other acts of political and apolitical terrorism (e.g., Newtown).

Publications

David and Edward Kim have co-authored a number of Grant Thornton studies, including *The trouble with small tick sizes: Larger tick sizes will bring back capital formation, jobs and investor confidence* (with Lisa Newport) in 2012 and *Why are IPOs in the ICU?* in 2008. Released in the fall of 2009, *Market structure is causing the IPO crisis* (updated by *Market structure is causing the IPO crisis — and more* in 2010) and *A wake-up call for America* have been entered into the Congressional Record and the Federal Register. They also authored *Making Stock Markets Work to Support Economic Growth (OECD Corporate Governance Working Papers)* (with Lisa Newport) and the chapter, *Killing the Stock Market That Laid the Golden Eggs* in the recent book on high frequency and predatory practices entitled, *Broken Markets,* by Sal Arnuk & Joseph Saluzzi, published in May 2012 by FT Press (Financial Times).

About Grant Thornton LLP

Grant Thornton has an instinct for growth, and every day we help dynamic organizations unlock their potential for growth. Our clients are the entrepreneurial private businesses and public companies that will generate new jobs. And serving them includes bringing our best thinking to Congress — because we believe members should know all the options in order to make informed policy decisions that foster economic growth.

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Alexandria
McLean

Washington
Seattle

Washington, D.C.
Washington, D.C.

Wisconsin
Appleton
Madison
Milwaukee