

United States House of Representatives
Committee on Financial ServicesWashington, D.C. 20515
November 12, 2010

The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Schapiro:

During this time of economic uncertainty, the U.S. Securities and Exchange Commission (SEC or Commission) must avoid unduly impeding small businesses which are our country's main engine of economic growth and wealth creation. Despite its sweeping scope, the Dodd-Frank Act does little to spur the type of capital formation that is essential for any real and lasting economic recovery to take hold. Without access to capital, business slows, and without regulatory certainty, capital disappears. A small company should not be subject to the same regulatory demands that a Fortune 500 company is required to meet.

As our nation faces near 10% unemployment, a budget deficit of \$1.35 trillion, and a national debt of more than \$13.2 trillion, all government agencies should be carefully reviewing the statutes they administer and the rules they have promulgated to ensure that they are contributing to, rather than inhibiting, economic growth. We write to you today about the SEC's efforts to facilitate capital formation for U.S. companies.

We are concerned that the current regulatory climate is having the effect of discouraging access to the U.S. capital markets. As the Commission prepares to convene the 29th Annual SEC Government-Business Forum on Small Business Capital Formation on November 18, we would like to follow up on the securities-based recommendations from previous Forums to determine if and when the SEC plans to implement those recommendations through the Commission's regulatory authority, and which reforms may require legislative action to implement.

Specifically, the 2009 securities reform recommendations 3, 6(2), 8(1), 10, 15(1), 15(2), and 15(3), implemented together, can help strengthen the economy by improving access to public and private capital and providing small public companies with enhanced regulatory flexibility. By making access to the capital markets less expensive and eliminating outdated regulatory burdens, we can foster a business environment that will grow small companies, create badly needed jobs, and provide new opportunities for American investors.

In the 112th Congress, promoting capital formation that leads to the creation of jobs will be at the forefront of our agenda for economic growth. We look forward to your prompt response on the actions the Commission plans to take to implement these important recommendations.

Sincerely,



KEVIN McCARTHY
Member of Congress

SPENCER BACHUS
Ranking Member
Committee on Financial Services