Harris
Hartzler
Hastings (WA)
Hayworth
Heck
Hensarling
Herger
Herrera Beutler
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Hurt
Issa
Jenkins
Johnson (IL)
Johnson (OH)
Johnson, Sam
Jordan
Kelly
King (IA)
King (NY)
Kingston
Kinzinger (IL)
Kline
Lamborn
Lance
Landry
Lankford
Latham
LaTourette
Latta
Lewis (CA)
LoBiondo
Long
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
Marino
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McKeon
McKinley
McMorris Rodgers
Meehan
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mulvaney
Murphy (PA)
Myrick
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Owens
Palazzo
Paulsen
Pearce
Pence
Petri
Pitts
Platts
Poe (TX)
Polis
Pompeo
Posey
Price (GA)
Quayle
Reed
Rehberg
Reichert
Renacci
Ribble
Rigell
Rivera
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Roskam
Ross (FL)
Royce
Runyan
Ryan (WI)
Scalise
Schilling
Schock
Schweikert
Scott (SC)
Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Southerland
Stearns
Stivers
Stutzman
Sullivan
Terry
Thompson (PA)
Thornberry
Tiberi
Tipton
Turner (NY)
Turner (OH)
Upton
Walden
Walsh (IL)
Webster
West
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Womack
Yoder
Young (AK)
Young (FL)
Young (IN)

NOT VOTING—13

Dicks
Hinojosa
Labrador
Moore
Paul
Peterson
Rangel
Schmidt
Shuler
Visclosky
Walberg
Watt
Woodall

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining.

□ 1434

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HASTINGS of Washington. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 265, nays 154, not voting 13, as follows:

[Roll No. 100]

YEAS—265

Adams
Aderholt
Akin
Alexander
Amash
Amodei
Austria
Baca
Bachmann
Bachus
Barletta
Barrow
Bartlett
Barton (TX)
Bass (NH)
Benishek
Berg
Berkley
Biggert
Bilbray
Bilirakis
Bishop (GA)
Bishop (UT)
Black
Blackburn
Bonner
Bono Mack
Boren
Boswell
Boustany
Brady (TX)
Brooks
Broun (GA)
Buchanan
Bucshon
Buerkle
Burgess
Burton (IN)
Calvert
Camp
Campbell
Canseco
Cantor
Capito
Cardoza
Carney
Carter
Cassidy
Chabot
Chaffetz
Coble
Coffman (CO)
Cole
Conaway
Costa
Costello
Courtney
Cravaack
Crawford
Crenshaw
Cuellar
Culberson
Denham
Dent
DesJarlais
Diaz-Balart
Dold
Donnelly (IN)
Dreier
Duffy
Duncan (SC)
Duncan (TN)
Ellmers
Emerson
Farenthold
Farr
Fincher
Fitzpatrick
Flake
Fleischmann
Fleming
Flores
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garamendi
Gardner
Garrett
Gerlach
Gibbs
Gibson
Gingrey (GA)
Gohmert
Goodlatte
Gosar
Gowdy
Granger
Graves (GA)
Graves (MO)
Griffin (AR)
Griffith (VA)
Grimm
Guinta
Guthrie
Hall
Hanna
Harper
Harris
Hartzler
Hastings (WA)
Hayworth
Heck
Hensarling
Herger
Herrera Beutler
Himes
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Hurt
Issa
Jenkins
Johnson (IL)
Johnson (OH)
Johnson, Sam
Jones
Jordan
Kelly
King (IA)
King (NY)
Kingston
Kinzinger (IL)
Kissell
Kline
Lamborn
Lance
Landry
Lankford
Latham
LaTourette
Latta
Lewis (CA)
LoBiondo
Loebsack
Long
Lucas
Luetkemeyer
Luján
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
Marino
Matheson
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McIntyre
McKeon
McKinley
McMorris Rodgers
Meehan
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mulvaney
Murphy (PA)
Myrick
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Owens
Palazzo
Paulsen
Pearce
Pence
Perlmutter
Peterson
Petri
Pitts
Platts
Poe (TX)
Polis
Pompeo
Posey
Price (GA)
Quayle
Reed
Rehberg
Reichert
Renacci
Ribble
Rigell
Rivera
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Roskam
Ross (AR)
Ross (FL)
Royce
Runyan
Ryan (WI)
Scalise
Schilling
Schock
Schrader
Schweikert
Scott (SC)
Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Southerland
Stearns
Stivers
Stutzman
Sullivan
Terry
Thompson (PA)
Thornberry
Tiberi
Tipton
Turner (NY)
Turner (OH)
Upton
Walberg
Walden
Walsh (IL)
Webster
Welch
West
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Womack
Woodall
Yoder
Young (AK)
Young (FL)
Young (IN)

NAYS—154

Ackerman
Altmire
Andrews
Baldwin
Bass (CA)
Becerra
Berman
Bishop (NY)
Blumenauer
Bonamici
Brady (PA)
Braley (IA)
Brown (FL)
Butterfield
Capps
Capuano
Carnahan
Carson (IN)
Castor (FL)
Chandler
Chu
Cicilline
Clarke (MI)
Clarke (NY)
Clay
Cleaver
Clyburn
Cohen
Connolly (VA)
Conyers
Cooper
Critz
Crowley
Davis (CA)
Davis (IL)
DeFazio
DeGette
DeLauro
Deutch
Dicks
Dingell
Doggett
Doyle
Edwards
Ellison
Engel
Eshoo
Fattah
Filner
Frank (MA)
Fudge
Gonzalez
Green, Al
Grijalva
Gutierrez
Hahn
Hanabusa
Hastings (FL)
Heinrich
Higgins
Hinchey
Hirono
Hochul
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson Lee (TX)
Johnson, E. B.
Kaptur
Keating
Kildee
Kind
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lewis (GA)
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McNerney
Meeks
Michaud
Miller (NC)
Miller, George
Moran
Murphy (CT)
Nadler
Napolitano
Neal
Olver
Pallone
Pascrell
Pastor (AZ)
Pelosi
Peters
Pingree (ME)
Price (NC)
Quigley
Rahall
Reyes
Richardson
Richmond
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (VA)
Scott, David
Serrano
Sewell
Sherman
Sires
Slaughter
Smith (WA)
Speier
Stark
Sutton
Thompson (CA)
Thompson (MS)
Tierney
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Walz (MN)
Wasserman Schultz
Waters
Waxman
Wilson (FL)
Woolsey
Yarmuth

NOT VOTING—13

Cummings
Davis (KY)
Green, Gene
Hinojosa
Johnson (GA)
Labrador
Moore
Paul
Rangel
Schmidt
Shuler
Visclosky
Watt

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There is 1 minute remaining.

□ 1443

Ms. FOXX and Mr. CARNEY changed their vote from ''nay'' to ''yea.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

JUMPSTART OUR BUSINESS STARTUPS ACT

The SPEAKER pro tempore. The unfinished business is the vote on ordering the previous question on the resolution (H. Res. 572) providing for consideration of the bill (H.R. 3606) to increase American job creation and economic growth by improving access to the public capital markets for emerging growth companies, on which the yeas and nays were ordered.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 244, nays 177, not voting 11, as follows:

[Roll No. 101]

YEAS—244

Adams
Aderholt
Akin
Alexander
Amash
Amodei
Austria
Bachmann
Bachus
Barletta
Bartlett
Barton (TX)
Bass (NH)
Benishek
Berg
Biggert
Bilbray
Bilirakis
Bishop (UT)
Black
Blackburn
Bonner
Bono Mack
Boren

Boustany
Brady (TX)
Brooks
Broun (GA)
Buchanan
Bucshon
Buerkle
Burgess
Burton (IN)
Calvert
Camp
Campbell
Canseco
Cantor
Capito
Carter
Cassidy
Chabot
Chaffetz
Coble
Coffman (CO)
Cole
Conaway
Costa
Cravaack
Crawford
Crenshaw
Cuellar
Culberson
Denham
Dent
DesJarlais
Diaz-Balart
Dold
Dreier
Duffy
Duncan (SC)
Duncan (TN)
Ellmers
Emerson
Farenthold
Fincher
Fitzpatrick
Flake
Fleischmann
Fleming
Flores
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Gardner
Garrett
Gerlach
Gibbs
Gibson
Gingrey (GA)
Gohmert
Goodlatte
Gosar
Gowdy
Granger
Graves (GA)
Graves (MO)
Green, Gene
Griffin (AR)
Griffith (VA)
Grimm
Guinta
Guthrie
Hall
Hanna
Harper
Harris
Hartzler
Hastings (WA)
Hayworth
Heck
Hensarling
Herger
Herrera Beutler
Hochul
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Issa
Jenkins
Johnson (IL)
Johnson (OH)
Johnson, Sam
Jordan
Kelly
Kind
King (IA)
King (NY)
Kingston
Kinzinger (IL)
Kline
Lamborn
Lance
Landry
Lankford
Latham
LaTourette
Latta
Lewis (CA)
LoBiondo
Long
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
Marino
Matheson
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McKeon
McKinley
McMorris Rodgers
Meehan
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mulvaney
Murphy (PA)
Myrick
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Palazzo
Paulsen
Pearce
Pence
Peterson
Petri
Pitts
Platts
Poe (TX)
Pompeo
Posey
Price (GA)
Quayle
Reed
Rehberg
Reichert
Renacci
Ribble
Rigell
Rivera
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Roskam
Ross (AR)
Ross (FL)
Royce
Runyan
Ryan (WI)
Scalise
Schilling
Schock
Schweikert
Scott (SC)
Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Southerland
Stearns
Stivers
Stutzman
Sullivan
Terry
Thompson (PA)
Thornberry
Tiberi
Tipton
Turner (NY)
Turner (OH)
Upton
Walberg
Walden
Walsh (IL)
Webster
West
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Womack
Woodall
Yoder
Young (AK)
Young (FL)
Young (IN)

NAYS—177

Ackerman
Altmire
Andrews
Baca
Baldwin
Barrow
Bass (CA)
Becerra
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Bonamici
Boswell
Brady (PA)
Braley (IA)
Brown (FL)
Butterfield
Capps
Capuano
Cardoza
Carnahan
Carney
Carson (IN)
Castor (FL)
Chandler
Chu
Cicilline
Clarke (MI)
Clarke (NY)
Clay
Cleaver
Clyburn
Cohen
Connolly (VA)
Conyers
Cooper
Costello
Courtney
Critz
Crowley
Cummings
Davis (CA)
Davis (IL)
DeFazio
DeGette
DeLauro
Deutch
Dicks
Dingell
Doggett
Donnelly (IN)
Doyle
Edwards
Ellison
Engel
Eshoo
Farr
Fattah
Filner
Frank (MA)
Fudge
Garamendi
Gonzalez
Green, Al
Grijalva
Gutierrez
Hahn
Hanabusa
Hastings (FL)
Heinrich
Higgins
Himes
Hinchey
Hirono
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson Lee (TX)
Johnson (GA)
Johnson, E. B.
Jones
Kaptur
Keating
Kildee
Kissell
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maloney
Markey
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNerney
Meeks
Michaud
Miller (NC)
Miller, George
Moran
Murphy (CT)
Nadler
Napolitano
Neal
Olver
Owens
Pallone
Pascrell
Pastor (AZ)
Pelosi
Perlmutter
Peters
Pingree (ME)
Polis
Price (NC)
Quigley
Rahall
Reyes
Richardson
Richmond
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schrader
Schwartz
Scott (VA)
Scott, David
Serrano
Sewell
Sherman
Sires
Slaughter
Smith (WA)
Speier
Stark
Sutton
Thompson (CA)
Thompson (MS)
Tierney
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Walz (MN)
Wasserman Schultz
Waters
Waxman
Welch
Wilson (FL)
Woolsey
Yarmuth

NOT VOTING—11

Davis (KY)
Hinojosa
Hurt
Labrador
Moore
Paul
Rangel
Schmidt
Shuler
Visclosky
Watt

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There is 1 minute remaining.

□ 1450

So the previous question was ordered.

The result of the vote was announced as above recorded.

(By unanimous consent, Mr. MEEHAN was allowed to speak out of order.)

CONGRESSIONAL HOCKEY CAUCUS

Mr. MEEHAN. Mr. Speaker, it is my great pleasure to stand with my colleagues, ERIK PAULSEN, MIKE QUIGLEY, LARRY BUCSHON, and BRIAN HIGGINS, in a true bipartisan fashion to deliver the exciting news to the entire House that this team, skating together as part of the Congressional Hockey Caucus after a 2-year absence, on Sunday at the Verizon Center won back the important cup in a victory of 5–3 over the Lobbyists.

It's tough enough staying together, but QUIGLEY is awfully chippy and we have to watch his back. There's absolutely no question about that.

Mr. Speaker, this is a great game for the spirit of the conference, but in all honesty, the true value of this game is it is a charity. With the great cooperation and support of the National Hockey League, the Washington Capitals and owner Ted Leonsis, we were able to raise in excess of $160,000; and those dollars first will be dedicated to support a program that the National Hockey League has, which is, Hockey is for Everyone, and that is to bring the game of hockey to inner-city youth who would otherwise not have an opportunity.

More significantly, Mr. Speaker, in cooperation with the National Hockey League, and for the first time, there has been a commitment that has been made. Part of these proceeds will be matched with commitments that will, with Gary Bettman, the commissioner of the National Hockey League, support scholarships now for the Thurgood Marshall Scholarship Fund, to the college fund. They will help support 4-year scholarships to one of the 47 public Historically Black Colleges and Universities for an inner-city youth. We are excited and grateful to be a part of it.

I yield to my friend, the gentleman from Illinois (Mr. QUIGLEY).

Mr. QUIGLEY. Mr. Speaker, I want to thank the lobbyists for the day, Nick Lewis who helped organize this. The game did get a little chippy, that's true, but it has no connection with the 20-point lobbying reform measure that we're putting out tomorrow.

I also want to thank the staff who helped carry this older team of guys, our captain, Tim Regan right over here, for helping us win the game and bring back the cup and beat back the evil horde.

Thanks, everyone.

The SPEAKER pro tempore. Without objection, 5-minute voting will continue.

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. POLIS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 252, noes 166, not voting 14, as follows:

[Roll No. 102]

AYES—252

Adams
Aderholt
Akin
Alexander
Amash
Amodei
Austria
Bachmann
Bachus
Barletta
Bartlett
Barton (TX)
Bass (NH)
Benishek
Berg
Biggert
Bilbray
Bilirakis
Bishop (UT)
Black
Blackburn
Bonner
Bono Mack
Boren
Boustany
Brooks
Broun (GA)
Buchanan
Bucshon
Buerkle
Burgess
Burton (IN)
Calvert
Camp
Campbell
Canseco
Cantor
Carney
Carter
Cassidy
Chabot
Chaffetz
Coble
Coffman (CO)
Cole
Conaway
Cravaack
Crawford
Crenshaw
Culberson
Davis (KY)
Denham
Dent
DesJarlais
Diaz-Balart
Dold
Donnelly (IN)
Dreier
Duffy
Duncan (SC)
Duncan (TN)
Ellmers
Emerson
Farenthold
Fincher
Fitzpatrick
Flake
Fleischmann
Fleming
Flores
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Gardner
Garrett
Gerlach
Gibbs
Gibson
Gingrey (GA)
Gohmert
Goodlatte
Gosar
Gowdy
Granger
Graves (GA)
Graves (MO)
Griffin (AR)
Griffith (VA)
Grimm
Guinta
Guthrie
Hall
Hanna
Harper
Harris
Hartzler
Hastings (WA)
Hayworth
Heck
Hensarling
Herger
Herrera Beutler

Himes
Hochul
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Hurt
Issa
Jenkins
Johnson (IL)
Johnson (OH)
Johnson, Sam
Jones
Jordan
Kelly
Kind
King (IA)
King (NY)
Kingston
Kinzinger (IL)
Kissell
Kline
Lamborn
Lance
Landry
Lankford
Latham
LaTourette
Latta
Lewis (CA)
Lipinski
LoBiondo
Long
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
Marino
Matheson
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McIntyre
McKeon
McKinley
McMorris Rodgers
Meehan
Mica
Michaud
Miller (FL)
Miller (MI)
Miller, Gary
Mulvaney
Murphy (CT)
Murphy (PA)
Myrick
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Palazzo
Paulsen
Pearce
Pence
Peterson
Petri
Pitts
Platts
Poe (TX)
Pompeo
Posey
Price (GA)
Quayle
Quigley
Reed
Rehberg
Reichert
Renacci
Ribble
Richardson
Rigell
Rivera
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Roskam
Ross (AR)
Ross (FL)
Royce
Ryan (WI)
Scalise
Schilling
Schock
Schrader
Schweikert
Scott (SC)
Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Southerland
Stearns
Stivers
Stutzman
Sullivan
Terry
Thompson (PA)
Thornberry
Tiberi
Tipton
Turner (NY)
Turner (OH)
Upton
Walberg
Walden
Walsh (IL)
Webster
West
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Womack
Woodall
Yoder
Young (AK)
Young (FL)
Young (IN)

NOES—166

Ackerman
Altmire
Andrews
Baca
Baldwin
Barrow
Bass (CA)
Becerra
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Bonamici
Boswell
Brady (PA)
Braley (IA)
Brown (FL)
Butterfield
Capps
Capuano
Cardoza
Carnahan
Carson (IN)
Castor (FL)
Chandler
Chu
Cicilline
Clarke (MI)
Clarke (NY)
Clay
Cleaver
Clyburn
Cohen
Connolly (VA)
Conyers
Cooper
Costa
Costello
Courtney
Critz
Crowley
Cuellar
Cummings
Davis (CA)
Davis (IL)
DeFazio
DeGette
DeLauro
Deutch
Dicks
Dingell
Doggett
Doyle
Edwards
Ellison
Engel
Eshoo
Farr
Fattah
Filner
Frank (MA)
Fudge
Garamendi
Gonzalez
Green, Al
Green, Gene
Grijalva
Gutierrez
Hahn
Hanabusa
Hastings (FL)
Heinrich
Higgins
Hinchey
Hirono
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson Lee (TX)
Johnson (GA)
Johnson, E. B.
Kaptur
Keating
Kildee
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lewis (GA)
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maloney
Markey
Matsui
McCarthy (NY)
McCollum
McGovern
McNerney
Meeks
Miller (NC)
Miller, George
Moran
Nadler
Napolitano
Neal
Olver
Owens
Pallone
Pascrell
Pastor (AZ)
Pelosi
Perlmutter
Peters
Pingree (ME)
Polis
Price (NC)
Rahall
Reyes
Richmond
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (VA)
Scott, David
Serrano
Sewell
Sherman
Sires
Slaughter
Smith (WA)
Speier
Stark
Sutton
Thompson (CA)
Thompson (MS)
Tierney
Tonko
Towns
Tsongas
Van Hollen
Walz (MN)
Wasserman Schultz
Waters
Waxman
Welch
Wilson (FL)
Woolsey
Yarmuth

NOT VOTING—14

Brady (TX)
Capito
Hinojosa
Labrador
McDermott
Moore
Paul
Rangel
Runyan
Schmidt
Shuler
Velázquez
Visclosky
Watt

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There is 1 minute remaining.

□ 1501

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BACHUS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3606 and to insert extraneous materials therein.

The SPEAKER pro tempore (Mr. LANDRY). Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 572 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 3606.

□ 1501

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3606) to increase American job creation and economic growth by improving access to the public capital markets for emerging growth companies, with Mr. DOLD in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Alabama (Mr. BACHUS) and the gentleman from Massachusetts (Mr. FRANK) each will control 30 minutes.

The Chair recognizes the gentleman from Alabama.

Mr. BACHUS. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I rise in strong support of the JOBS Act and urge my House colleagues to approve this bill with an overwhelming bipartisan support.

This is a legislative package that we believe will help jump-start our economy by creating new growth opportunities for America's small businesses, for start-up companies, and for entrepreneurs.

As chairman of the Financial Services Committee, I'm happy to report to the House that the JOBS Act is comprised of six bills that originated in our committee and were approved by the committee. I'm also proud that these six bills received overwhelming, strong bipartisan support in our committee. It shows that Republicans and Democrats can come together, find common ground and work together to help America's small businesses. In fact, after being approved by the Financial Services Committee, several of these bills moved to the House floor and gained almost unanimous approval by the House and are now in the Senate.

Not only do these measures have support from Republicans and Democrats, but we received a letter from the President this morning dated March 6 endorsing this legislation, strongly endorsing it. So it not only has the support of Republicans, Democrats, but also the President and the leadership.

A consistent observation that I've heard and many others have heard from our business community is that the Federal Government is making it hard for them to expand and hire new workers with all of its new regulations, mandates and spending, as well as those not-so-new regulations.

We've not recovered from this recession as quickly as we have from past recessions, and the reason is that we have not gotten the job growth that we had hoped, and the job growth we have gotten has been from large corporations. The difference in this recovery and the last one is not large companies not hiring—they are. It's small companies not hiring.

Now, there are two reasons that small companies are not hiring, and these are small companies that generate traditionally 65–70 percent of the new jobs. The first is regulation and the second is capital. It's harder for these companies to get traditional bank financing. We all know that. We've talked to bankers. We've talked to small businesses. Because they can't always get bank financing, they must turn to investors and to the capital market. These bipartisan measures will make it easier for them to do that. They'll increase capital formation which spurs the growth in start-up companies, creates jobs, and encourages companies, small companies, to add jobs and to invest.

We know that, as I've said, small businesses are the generators of our economy. In fact, large corporations, 70–80 percent of their business is from small businesses.

That's why we, as Congress, hearing from our constituents, must cut the red tape that prevents our small businesses and entrepreneurs, the same people that created Google, that created Apple, that created a lot of our biotech companies, they were small businesses but now they are the growth businesses. They are creating the most jobs. This legislation will give them the freedom to access capital, to hire workers, and to grow jobs.

I want to talk about just one of these bills, and that is the bill that came out

of our committee with strong bipartisan support; and I want to commend three gentlemen, the gentleman from Tennessee (Mr. FINCHER), the gentleman from Delaware (Mr. CARNEY) and Mr. HIMES, who crafted it. It allows the IPO market, which has been in a funk, to come back and create small companies and allow them to capitalize.

I reserve the balance of my time.

STATEMENT OF ADMINISTRATION POLICY

H.R. 3606—JUMPSTART OUR BUSINESS STARTUPS ACT

(Rep. Fincher, R–Tennessee, and 53 cosponsors, March 6, 2012)

The Administration supports House passage of the Rules Committee Print of H.R. 3606. Helping startups and small businesses succeed and create jobs is fundamental to having an economy built to last. The President outlined a number of ways to help small businesses grow and become more competitive in his September 8, 2011, address to a Joint Session of Congress on jobs and the economy, as well as in the Startup America Legislative Agenda he sent to the Congress last month. In both the speech and the agenda, the President called for cutting the red tape that prevents many rapidly growing startup companies from raising needed capital. The President is encouraged to see that there is common ground between his approach and some of the proposals in H.R. 3606. The Administration looks forward to continuing to work with the House and the Senate to craft legislation that facilitates capital formation and job growth for small businesses and provides appropriate investor protections.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. ESHOO), a Member not on the committee but one of those most active for pushing for one of the bills here.

Ms. ESHOO. Mr. Chairman, I thank the ranking member, Mr. FRANK. I'm pleased to rise in support of H.R. 1070, which is a provision, actually a bill, that is contained in the underlying legislation which we're going to be voting on today.

I want to pay tribute to Mr. FRANK because he recognized the worth of the idea of expanding on Regulation A which was part of the Securities Act of 1933. He was more than interested in the idea. He said come and testify on it, which I did in December of 2010. So I was proud to do that. Both sides of the aisle at that hearing became heavily engaged in it. They were really fascinated by what it was and what it could do relative to capital formation.

So now this bipartisan bill, which passed the House in November of this last year 421–1, is now in this bill. It increases the offering limit from $5 million to $50 million under the SEC Regulation A, which, as I think I said, was enacted during the Great Depression to facilitate the flow of capital to small businesses. Look at the genius of FDR. A reformed Regulation A is important for small businesses and start-ups not only in my Silicon Valley district but across the country. This is especially true in high-tech, sustainable energy and the life sciences fields where research and development start-up costs routinely exceed $5 million. And in 2010, only seven companies actually took advantage of it.

So I'm very pleased that this is part of this overall legislation. I salute the ranking member, Mr. FRANK, for recognizing it, for supporting it early on, and for getting the ball rolling at his committee with a Member who is not a member of his committee; and I think the country is going to win with this provision, and I'm proud to support it.

Mr. HENSARLING. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, it is clear that jobs and the economy are issue number one for our constituents. Many of them don't see the recovery. Even though professional economists may see it, it is clearly the slowest and weakest recovery in the postwar era. We still have now 3 full years of 8-plus percent unemployment, half of our population now being classified as either low income or in poverty. Again, our constituents are demanding jobs.

Public policy makes a difference. Republicans have many disagreements with our President over public policy. We disagree with the $11 trillion of additional debt that he has put into his budget. We disagree with the $1.9 trillion in new job-killing tax increases he wants to impose, much of it on small businesses. We disagree—we believe the Keystone pipeline, with its 20,000 shovel-ready jobs, should be approved. We believe these policies harm job growth and the economy.

□ 1510

But, Mr. Chairman, we have a rare occasion today, and that is there is something that we do agree on. We have found an opportunity to work on a bipartisan basis, on common ground, with the President of the United States. The President said:

It is time to cut away the redtape that prevents too many rapidly growing start-up companies from raising capital and going public.

House Republicans agree, and thus we are happy to bring to the floor, on a bipartisan basis, the JOBS Act.

The President has issued his Statement of Administration Policy endorsing this legislation. Again, a rare occurrence, and I believe it's something that our constituents would like to see us do. They want to see us stand on principle, but they also want to see us compromise on policies to advance those principles. And so this is a bill that will give these emerging growth companies—again, perhaps the future Googles, perhaps the future Apples, the future Home Depots and the future Starbucks—that opportunity to begin to access equity capital where the hurdles, the redtape, and the cost burdens have been too high.

We know that, of many of the root causes of the economic debacle we had, clearly this was an economy that was overleveraged. So we in the Congress need to do whatever we can to enable the start-up companies, the job engines of America, to be able to access the equity markets, not just the debt markets. So this is a bill most of which has been previously approved by large majorities either in the Financial Services Committee or on the floor.

I want to thank the gentleman from Tennessee (Mr. FINCHER) for his leadership, Chairman BACHUS, Leader CANTOR, and the ranking member, Mr. FRANK from Massachusetts. The American people want to see jobs, hope, and opportunity. So let's pass the JOBS Act, and let's pass it now.

I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, first, I yield myself 1 minute to say that I regret that my friend from Texas felt the need to absolve himself from the charge of excessive bipartisanship by engaging in a partisan diatribe that was factually shaky. It is true that this recovery from the recession has been slower than any previous one, but that's because the economy Barack Obama inherited from George Bush was the weakest since the Great Depression. Yes, it was a deeper economic downfall under George Bush than we've had in 8 years, and that's why the recovery was slower. But it's also the case, if you look at the chart recently presented to us by a Bush appointee, Ben Bernanke, the chairman of the Federal Reserve, it would show that in the beginning of 2006, there was a very steep drop in jobs, a month-by-month increase to the hundreds and hundreds of thousands of jobs lost in the last couple of years in the Bush administration, and then less than 2 months after Barack Obama took office, and we were able to begin some policies to stimulate the economy, an equally sharp rise. So we haven't come as far back as we'd like to, but that's because we were so deeply in the hole when we started.

Now I yield 2 minutes to one of the Members who has been a major shaper of this bill, the gentleman from Delaware (Mr. CARNEY).

Mr. CARNEY. Mr. Chairman, I rise today to encourage all my colleagues, Democrats and Republicans, to support this important piece of legislation to create jobs.

In December, Representative FINCHER and I introduced H.R. 3606, the Reopening American Capital Markets to Emerging Growth Companies Act of 2011. Today, our legislation is the vehicle for a package of bills to help small businesses access capital and grow.

I'd also like to recognize Mr. FINCHER and his staff, Jim Hall and Erin Bays, for their bipartisan work on this bill. I would also like to thank Ranking Member FRANK and Representative WATERS for their assistance and leadership throughout this process.

The original bill, H.R. 3606, which is contained in the bill today before us, will create jobs in part by making it easier for emerging growth companies to undertake IPOs and go public. On average, research tells us that 92 percent of a company's growth, job

growth, occurs after they go public. But in recent years, the number of companies going public has fallen off dramatically.

This legislation takes a commonsense approach to reduce the cost of going public for these so-called ''on ramp'' status companies by phasing in, not exempting, by phasing in certain costly regulatory requirements. Our bill creates a new category of issuers called ''emerging growth companies.'' They have annual revenues of less than $1 billion and, following the initial public offering, less than $700 million in publicly traded shares. Exemptions for these on-ramp status companies would either end after 5 years or when the company reaches $1 billion in revenue or $700 million in public float.

The legislation will also make it easier for potential investors to get access to research and company information in advance of an IPO, and this is an issue around which there's been quite a bit of discussion in committee. This is critical, though, for small and medium-sized companies trying to raise capital that have less visibility in the marketplace.

Last month, these provisions were passed out of the Financial Services Committee with a bipartisan vote of 54–1. We've worked hard to craft legislation that could garner support from Democrats and Republicans and that can pass both the House and the Senate. And as you heard earlier, it's supported by the administration. In fact, many of the ideas in this bill were generated out of a process started by the Treasury Department itself.

Making it easier for small and medium-sized companies to grow is an effective way to create jobs and improve the economy, and we all know how important that is to the constituents that we serve. This legislation will encourage more entrepreneurs to start businesses and allow more start-ups to become public companies and grow and create jobs.

Please join me in supporting H.R. 3606.

Mr. HENSARLING. Mr. Chairman, I now would like to yield 2 minutes to the gentleman from Arizona (Mr. QUAYLE).

Mr. QUAYLE. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of H.R. 3606, the Jumpstart Our Business Startups Act. This bill will do just that, jump-start our small businesses by removing costly, outdated compliance requirements so businesses and community banks can grow, invest, and hire again. I want to thank Chairman BACHUS for including my legislation, H.R. 4088, the Capital Expansion Act, in the JOBS Act.

Our economy is being held back by onerous and outdated regulations that keep small community banks from expanding. By making it easier for banks to raise capital and invest in our Nation's small businesses, our entire economy benefits. This legislation is essential to small businesses and will allow them greater access to necessary capital. Community banks make up 11 percent of the banking industry's assets in America, but they provide 40 percent of all loans to small businesses.

Currently, community banks with 500 or more shareholders must register with the SEC, and in so doing, submit to the costly compliance requirements. The 500 shareholder threshold hasn't been updated since 1964. This bill would raise the threshold and lower compliance costs for our community banks.

Under this act, a bank would be able to expand to 2,000 shareholders before having to register with the SEC. This will lower compliance costs for the average community bank by $250,000 annually. That $250,000 can be lent to small businesses or used to expand its operations.

I've been concerned about these issues addressed by this act since I came to Congress, and it is gratifying to see these solutions being put forward. I'm particularly grateful for Mr. FINCHER for his leadership on H.R. 3606, which addresses the high cost of compliance with section 404 of Sarbanes-Oxley. As I've been meeting with small businesses within my district, I've been engaged in trying to roll back the costly regulations on our start-ups imposed by Sarbanes-Oxley.

I urge my colleagues to support the JOBS Act.

Mr. FRANK of Massachusetts. Madam Chair, I yield myself such time as I may consume.

I now have an answer to a question. There was a bill in this package, H.R. 4088, that had never had a hearing, it had never been to our committee, everything else had been through the process, and I asked the gentleman from Texas (Mr. SESSIONS) about it. He represented the Rules Committee, and he told me it was a good bill, and therefore, there was no need for it to go to a hearing or through subcommittee or committee. That struck me as rather odd. I've never heard that before, particularly from a party that says they wanted to bring us regular order.

□ 1520

But now that the gentleman from Arizona has spoken, let me make a confession, Madam Chair. I was being a little disingenuous. Now, let me alert people to the rules who may be new to the place. You may not accuse anyone else of being disingenuous under the House rules, but you can cop to it.

I knew what H.R. 4088 was, and we just heard it. We heard the gentleman from Arizona—surprisingly, to me—talk about his legislation. His legislation is the bill I was referring to. It was introduced on February 24, I believe, of this year. It had no hearing. It had no subcommittee markup. But it sounded very familiar as he described it, because that's not just a bill. It's a shape-shifter. It used to be the Himes-Schweikert bill.

So let me be clear: yes, we did consider this in subcommittee and in committee. It was voted on and debated. But it wasn't the Quayle bill then. There was no Quayle bill then. This bill had been the product of bipartisan collaboration between two of our Members: the gentleman from Connecticut (Mr. HIMES), the gentleman from Arizona (Mr. SCHWEIKERT). It had a great deal of appeal, particularly for the bank community.

So what happened?

Apparently, the Republican leadership decided it was Christmas in March, so they stole the bill from Mr. SCHWEIKERT and Mr. HIMES and made a present of it to the gentleman from Arizona (Mr. QUAYLE). And Mr. QUAYLE, I must say, someone told him, Always be grateful, never look a gift bill in the mouth; because when they took the bill from the two men who had created it and took it away from them so that the gentleman from Arizona could get the credit for the bill—in which he had done no work—he seemed perfectly happy with it.

Now, I want to say, Madam Chairman, I've been here for 31½ years. I'm about to be not here anymore, but I do want to say—and I have thought very much about what I am about to say—that's shameful, shameful on the part of the Republican leadership that engaged in this cheap maneuver, shameful on the part of a Member who would be the beneficiary of it. I am deeply disappointed.

Yeah, it's a good bill. It was a good bill when it was the Himes-Schweikert bill. It was a good bill when it went through the hearing in the subcommittee. And for two Members who worked hard on this to then have it taken away and credit given to someone who had nothing to do with it previously is a bad idea.

Then, for the gentleman from Texas (Mr. SESSIONS), on behalf of the Rules Committee, he did not want to admit this theft, so, instead, he announced a new principle—and I hope we can now be clear that's not going to be a precedent—namely, that if it's a good bill and a short bill, it doesn't have to go through a hearing; it doesn't have to go through subcommittee; it doesn't have to go through committee. That was the defense the gentleman from Texas made because he was, to his credit, embarrassed to acknowledge the truth.

But having understood that that was the truth, I do want to make it clear: it would have been better if he had not pretended, as it seems to me he did, that this was such a wonderful bill it didn't need to go through the procedure but, rather, had admitted that it was a bill that had gone through the procedure but had been kidnapped along the way and brought here under another Member.

As I said, I am very disappointed in a leadership that would do this and in a Member who would accept credit for a bill with which he had so little to do with.

I reserve the balance of my time.

Mr. HENSARLING. Madam Chairman, I yield myself 10 seconds to say that the American people care about jobs and economic growth, not a John Grisham novel of intrigue. Either the gentleman, the ranking member, likes the policy—in which case, he can vote for it. If he doesn't like the policy, he can vote against it. The President of the United States apparently supports it.

At this time, I yield 3 minutes to the gentleman from Tennessee (Mr. FINCHER), the author of the JOBS Act.

Mr. FINCHER. I thank the gentleman for yielding.

I want to thank my colleague, Mr. CARNEY, for his hard work and his staff for helping work on something good for the country, for the private sector, getting people back to work. That's what we were sent here to do.

I'm pleased to be the lead sponsor on H.R. 3606, the Jumpstart Our Business Startups Act.

Today, according to the Bureau of Labor Statistics, the unemployment rate is currently 8.3 percent. However, in December of last year, all but one of the counties I represent had a higher unemployment rate than the national average of 8.5 percent. At the top of the list was Obion County, with an unemployment rate of 15.3 percent, and Crockett County, where I live, 10.5 percent.

It is no secret that our Nation has seen a decline in small business startups over the last few years, which means less jobs created for American workers. I think we all can agree that small businesses and entrepreneurs are the backbone of our Nation and our economy.

The heartbeat of America is in the heartland of America, not here in Washington. The best thing our government can do right now to get our economy moving in the right direction is to help create an environment where new ideas and start-up companies have a chance to grow and succeed. The provisions in the JOBS Act will put the focus on the private sector, capitalism, and the free market, providing the jump-start our Nation's entrepreneurs need.

Title I of this bill is legislation that I introduced with Congressman CARNEY, the Reopening American Capital Markets to Emerging Growth Companies Act, which would help more small and mid-size companies go public. During the last 15 years, fewer and fewer start-up companies have pursued initial public offerings because of burdensome costs created by a series of one-size-fits-all laws and regulations. These changes have driven up costs and uncertainty for young companies looking to go public. Not going public deprives companies of the needed capital to expand their businesses, develop innovative products, and hire more American workers.

Title I would create a new category of issuers called emerging growth companies that have less than $1 billion in annual revenues when they register with the SEC and less than $700 million in public float after the IPO.

Emerging growth companies will have as many as 5 years, depending on size, to transition to full compliance with a variety of regulations that are expensive and burdensome. This on-ramp status will allow small and mid-size companies the opportunity to save on expensive compliance costs and create the cash needed to successfully grow their business and create American jobs. It will also make it easier for potential investors to get access to research and company information in advance of an IPO in order to make informed decisions about investing. This is critical for small and medium-sized companies trying to raise capital that have less visibility in the marketplace.

Our bill had tremendous bipartisan support when passed by the Financial Services Committee 2 weeks ago. It's my hope that we can continue to work together as we move this package of bills forward.

Madam Chairman, the JOBS Act will provide companies some valuable tools they need to grow and create jobs. I urge my colleagues to support this bill.

Mr. FRANK of Massachusetts. Madam Chair, preliminarily, I yield myself 15 seconds to say the gentleman from Texas said the American people don't care about this intrigue. Then the question is: Why do they involve in it? Why do they engage in it? Why didn't they just leave the bill with the sponsors? So apparently they cared enough to play that double-game.

I now yield 3 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY. I thank the gentleman.

I rise to support H.R. 3606, which would help start-ups and small businesses succeed and create jobs during this economic recovery.

I want to really congratulate and thank the ranking member for his leadership, along with the administration, during the worst recession after the Great Depression.

Christina Romer testified before this Congress that the economic shocks to our economy were three times greater than the Great Depression. We were shedding over 700,000 jobs a month when the President assumed office.

In a report by Chairman Bernanke, he showed a chart where we are digging our way out under his leadership. We have gained 3.7 million private sector jobs. This is an important step forward.

The financial reform bill that Ranking Member BARNEY FRANK—we're going to miss you, BARNEY. You did a great job, and we all owe you a debt of gratitude for your leadership during this time.

But what we need now is a real jobs bill, not just a tweaking around the corners with a few words and a few changes in the securities law. What we should be debating today, which would have a huge impact on jobs, is the transportation bill or the President's American Jobs Act, which would create more than a half million jobs and move us forward.

This particular bill, the package is important, but it is not a comprehensive jobs bill or agenda which we need. There are some modest steps forward, but they are no substitute for a major job-creating highway bill or a passage of a full American Jobs Act.

These bills make only very modest changes for start-up companies, making it easier for them to raise capital through the Internet and the solicitation of accredited investors, and loosening certain filing and regulatory requirements for start-ups and small banks.

□ 1530

I support it, but it does not really do a great deal to create more jobs, which we need.

I must say that I have cosponsored parts of it, and all four of them have already passed this body overwhelmingly with over 300 votes. And I'd like to note that the administration supports the passage of this act, as Congress clearly has already done.

I do want to join the chairman in speaking in support of my colleagues, Mr. HIMES and Mr. SCHWEIKERT, on the committee. They championed the provision of the bill that raises the shareholder threshold for having to register with the SEC, and this title passed this body on its own already by a 420–2 margin. That's quite an achievement for them.

But by putting another person's name on it, we have a clear example of the majority more interested in scoring points than in working in a bipartisan way for job development. I will place in the RECORD further comments on these bills and their importance and my work with Mr. MCHENRY on crowdfunding.

SUMMARY OF HR 3606, JUMPSTART OUR BUSINESS STARTUPS ACT

TITLE I ''REOPENING AMERICAN CAPITAL MARKETS TO EMERGING GROWTH COMPANIES ACT OF 2011'' (HR 3606, CARNEY-FINCHER)

HR 3606 creates an expanded on-ramp for newly public companies by exempting a new category ''emerging growth companies'' (companies with less than $1 billion in revenues or $700 million in public float) for up to five years from a variety of securities law requirements, including: say-on-pay votes; certain executive compensation reporting; requirements to provide 3-years of audited financials (would only need 2 years worth), SOx section 404(b) auditing of internal controls over financial reporting; and any future auditor rotation or other auditor requirements. HR 3606 also eases restrictions on communications and research related to an IPO. HR 3606 passed the Financial Services Committee by a vote of 54–1 on 2/16/12, has not previously come to the floor action.

TITLE II, ''ACCESS TO CAPITAL FOR JOB CREATORS ACT'' (HR 2940, MCCARTHY OF CA)

HR 2940 amends section 4(2) of the Securities Act of 1933 to permit use of public solicitation in connection with private securities offerings, provided that the issuer or underwriter verifies that all purchasers of the securities are accredited investors. In addition,

the SEC would have to share offering materials and documentation with the states. HR 2940 passed the House 413–11 on 11/3/11.

TITLE III ''ENTREPRENEUR ACCESS TO CAPITAL ACT'' (HR 2930 MCHENRY)

HR 2930 creates a new exemption from registration under the Securities Act of 1933 for ''crowdfunding'' securities. HR 2930 permits a company to raise up to $2 million a year, with investors permitted to invest the lesser of $10,000 or 10% of his or her income annually in such companies. HR 2930 pre-empts the state regulators' registration authority for the exempt securities, but websites and issuers must register with and provide notice to the SEC, which would be shared with the states. HR 2930 passed House 407–17 on 11/3/11.

TITLE IV, THE ''SMALL COMPANY CAPITAL FORMATION ACT OF 2011'' (HR 1070, SCHWEIKERT)

HR 1070 requires the Securities and Exchange Commission (SEC) to create a new and larger exemption, effectively raising the limit from $5 million to $50 million for its Regulation A (''Reg A'') security offerings and permitting a more streamlined approach for smaller issuers. The current limit is $5 million, but the mechanism is little used due to the small size of issuances permitted. The bill would permit SEC to impose conditions on issuance under the rule, and would require periodic review of the limit. HR 1070 passed House 421–1 on 11/2/11.

TITLE V, ''PRIVATE COMPANY FLEXIBILITY AND GROWTH ACT'' (HR 2167, SCHWEIKERT)

HR 2167 allows companies to remain private longer, with no SEC filings, by raising the minimum shareholder threshold triggering public reporting for all companies from 500 to 1000 shareholders, and by excluding employees from the definition of a shareholder. HR 2167 passed the Financial Services Committee on voice vote 10/26/11, but has not previously come to the floor.

TITLE VI, ''CAPITAL EXPANSION'' (HR 4088, QUAYLE)

HR 4088 is identical to House-passed HR 1965 (Himes) except that HR 4088 removes a cost-benefit analysis study on raising the shareholder threshold for all companies (see Title V). HR 4088 allows banks and bank holding companies to remain private longer by raising the threshold triggering public reporting from 500 shareholders to 2000 shareholders. The bill also eases restrictions for discontinuing public reporting by increasing the minimum threshold from 300 shareholders to 1200 shareholders. The employee exclusion discussed in Title V also applies to banks and bank holding companies. HR 4088 has not been considered in the Financial Services Committee. However, HR 1965 passed the House 420–2 on 11/2/11.

Mr. HENSARLING. I yield myself 10 seconds just to say that President Reagan once said there's no limit to what the American people can achieve if they don't mind who gets the credit. We seem to hear the ranking member say, if I and my friends can't take credit, we're going to pick up our toys and go home. All of us can take credit if we will support the JOBS Act.

I yield 2 minutes to the gentlewoman from Illinois (Mrs. BIGGERT), the chair of the Housing and Insurance Subcommittee.

Mrs. BIGGERT. I thank the gentleman for yielding me the time.

Madam Chair, when it comes to promoting economic growth, no government program is as effective as the old-fashioned drive and ingenuity of the hardworking American people. But to harness that power and the jobs that come with it, we need to clear a path for the start-ups and fledgling businesses that bring new goods and ideas into the marketplace. That's the purpose of the JOBS Act.

This jobs package includes several bills that I've had the opportunity to work on closely with my colleagues on the House Financial Services Committee. All together, it includes six bipartisan proposals that the committee has reviewed to streamline or eliminate the regulatory and legal barriers that prevent emerging businesses from reaching out to investors, accessing capital, and selling shares to the public market.

This legislation will make it possible for promising businesses to go public and access financial opportunities that currently are limited to large corporations, and it eliminates needless costs and delays imposed by the SEC and other regulators.

These ideas are not political. These ideas are not partisan. They come from the small business community in districts like mine, where I meet regularly with local employees who tell me that accessing capital is the hardest part of enduring the recession. Many of these changes have bipartisan backing and have been endorsed by members of the President's Council on Jobs and Economic Competitiveness.

Madam Chair, I urge my colleagues to support this important jobs package and unite behind good ideas that will free American businesses to do what they do best.

Mr. FRANK of Massachusetts. Madam Speaker, I yield myself 30 seconds.

* * *

Mr. HENSARLING. Madam Chair, I ask that the gentleman's words be taken down.

The Acting CHAIR (Ms. FOXX). The gentleman from Massachusetts will please take a seat.

The Clerk will report the words.

The Clerk read as follows:

Mr. FRANK of Massachusetts. I have never seen truth stood on its head more rapidly than by my colleague from Texas. This notion that who cares about the credit—if that were honestly what the Republican leadership believed, why did they take the credit from Mr. SCHWEIKERT and Mr. HIMES and give it to Mr. QUAYLE? It is they who decided that substance was less important. For the gentleman from Texas, having been part of the leadership that engaged in that shameful maneuver, to now accuse us of being excessively concerned with credit is the most hypocritical and dishonest statement I have heard uttered in this House.

The Acting CHAIR. The Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. HURT) having assumed the chair, Ms. FOXX, Acting Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 3606) to increase American job creation and economic growth by improving access to the public capital markets for emerging growth companies, reported that certain words used in debate were objected to and, on request, were taken down and read at the Clerk's desk, and herewith reported the same to the House.

The SPEAKER pro tempore. The Clerk will report the words objected to.

The Clerk read as follows:

Mr. FRANK of Massachusetts. I have never seen truth stood on its head more rapidly than by my colleague from Texas. This notion that who cares about the credit—if that were honestly what the Republican leadership believed, why did they take the credit from Mr. SCHWEIKERT and Mr. HIMES and give it to Mr. QUAYLE? It is they who decided that substance was less important. For the gentleman from Texas, having been part of the leadership that engaged in that shameful maneuver, to now accuse us of being excessively concerned with credit is the most hypocritical and dishonest statement I have heard uttered in this House.

The SPEAKER pro tempore. The Chair finds that the remarks constitute a personality directed toward an identifiable Member.

Without objection, the offending words are stricken from the RECORD.

There was no objection.

The SPEAKER pro tempore. The Committee will resume its sitting.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 3606) to increase American job creation and economic growth by improving access to the public capital markets for emerging growth companies, with Ms. FOXX (Acting Chair) in the chair.

The Clerk read the title of the bill.

The Acting CHAIR. When the Committee of the Whole rose earlier today, 31½ minutes remained in general debate.

The gentleman from Texas (Mr. HENSARLING) has 15½ minutes remaining, and the gentlewoman from California (Ms. WATERS) has 16 minutes remaining.

Ms. WATERS. I yield myself 4 minutes.

Madam Chair, I rise today in support of H.R. 3606, the Jumpstart Our Business Startups Act.

Before I begin my remarks, I would like to thank Chairman BACHUS, Chairman GARRETT and, certainly, Ranking Member FRANK for their assistance and support on this bill. We were able to work in a bipartisan manner on this bill in our committee, passing many of the provisions in the bill with strong bipartisan majorities.

H.R. 3606 is an omnibus package of small business capital formation bills, some of which we already passed through the House back in November. I was pleased to work with Representative MCCARTHY on a provision now included in the bill to amend securities law in order to remove the prohibition on general solicitation, or general advertising, for the Office of Securities made under rule 506 of regulation D if those securities are only sold to accredited investors.

Last year, I worked with Representative MCHENRY to add critical investor protection provisions to this crowdfunding bill, which previously passed the House and is now included in this package. I was also pleased to support the provision from Representative SCHWEIKERT to allow companies to raise more funds through the Regulation A process and another provision to raise minimum shareholder thresholds at which companies must register their securities with the SEC.

On the title of this bill, which deals with the emerging growth companies, the IPOs, I support the goal of this legislation, and I hope that many of the amendments offered today on this title are accepted, including my own, which is dealing with the provision of research. Again, I am supportive of this legislation, but I think that more investor protection provisions are needed.

Why did we work together to get this legislation passed?

We worked from both sides of the aisle because we are all concerned about job creation and access to capital. We have gone through a recession in this country, starting with the loans that were made in the subprime market in 2003 to 2007. We almost reached a depression, and we destroyed the housing industry in this country. So we are all working to try and not only get the housing industry revitalized, but we are also working to make sure that our small businesses have access to capital and, thus, job creation.

I am very pleased that we were able to work together on this legislation despite the fact that what Mr. FRANK brought to our attention today is the kind of effort that could interfere with attempts to have bipartisanship on some of these legislative attempts that we have made. What Congressman FRANK brought to our attention was that title VI of the bill, a provision that was drafted by Representative HIMES, with the support of Republicans, seems to have been bare minimally reworked and rebranded as a Representative Quayle bill.

While I support the provision, I think that taking Mr. HIMES' work product undermines the spirit of bipartisanship and the cooperation that was otherwise demonstrated by this bill.

□ 1600

Do I like every one of these bills 100 percent? No, I don't. I have some concerns and I have some questions. I even have some uncertainty when we talk about crowdfunding. I want to make sure that we're protecting the investors. I want to make sure that the proper research is isolated from the underwriters who have connections to those people that they're writing the bills for.

The Acting CHAIR. The time of the gentlewoman has expired.

Ms. WATERS. I yield myself an additional 30 seconds.

To sum up this bill, it will make it just a bit easier for some companies to raise funds in our capital markets, enabling them to grow their businesses. But make no mistake, I believe that this Congress still needs to do more on jobs. In addition to these legislative changes that enable capital formation, we need to keep teachers, police officers, and firefighters on the job; extend unemployment insurance for laid-off workers; and revitalize neighborhoods devastated by foreclosures.

A truly comprehensive approach is needed to get Americans working again, and I hope my colleagues are willing to work with me on these issues.

I reserve the balance of my time.

Mr. HENSARLING. I yield myself 10 seconds just to say the gentlelady alluded to the gentleman from Massachusetts for bringing something to our attention. What he brought to our attention is that he violated House rules and is prohibited from speaking the rest of the day when the rest of the Chamber wishes to promote jobs for the American people.

At this time, I am happy to yield 2 minutes to the gentleman from Illinois (Mr. DOLD).

Mr. DOLD. I want to thank my good friend from Texas for yielding me the time.

As a small-business owner, I understand firsthand what small businesses are facing today when they try to meet a payroll or a budget, try to expand their business, or try to hire an extra worker.

My small business employs just about 100 people. For me, that's 100 families. It's a responsibility that I take very seriously.

All across our country, we've got 29 million small businesses throughout our Nation. We should be doing everything we can, everything within our power to create an environment that enables those small businesses to hire one more worker. That's why I'm pleased today to stand up and voice my support for this bipartisan JOBS Act on the floor today.

Many of the bills in this package passed the House with over 400 votes each. Today, we hear a lot about gridlock; we hear a lot about partisanship. These are bipartisan bills. What we had are 400 bills, 400 votes here in the United States Congress that were sent over to the United States Senate without action, and I'm glad that we're able to package them today to have another crack at that.

These measures were introduced by Republicans and Democrats and are aimed at allowing small businesses to gain access to capital. This is exactly the type of legislation that the United States Senate should be passing and that the President should sign into law.

This week we're sending another message to the United States Senate, and we urge them to take action on these important matters.

These are bipartisan bills. Our small businesses and hardworking families don't have the luxury of waiting for gridlock in Washington to end, specifically in the United States Senate. We sent 30 jobs bills from this body over to the United States Senate without any action. So it's time that I ask that the Senate join the House and work together with us on the issues that I think we can all agree on in empowering our small-business owners and job creators.

I believe that bipartisanship is extremely important; and when we find common ground, we must act. That's why it's critical that we empower our job creators and small-business owners to spur our economy and get America back to work.

The JOBS Act is an example of how we can put people before politics and progress before partnership, which is why I am delighted to be able to support this bill and thank my colleagues, Mr. CARNEY, and my friend, Mr. FINCHER.

Ms. WATERS. Madam Chair, I yield 3 minutes to the minority whip, the gentleman from Maryland, Mr. STENY HOYER.

Mr. HOYER. I thank the gentlelady for yielding, and I rise in strong support of these six pieces of legislation which have been put together and called a jobs bill.

I think they have a positive effect on economic growth in our country. I think they are good bills. I particularly support the Himes bill, currently called the Quayle bill; but I'm pleased to support it by whoever's name it might have on it.

Four out of the six components of this legislation have been previously passed overwhelmingly. This is a recycle, but doing a good thing twice is not bad. So I'm going to vote for it, and I'm going to be enthusiastic about voting for it. As a matter of fact, I suggested a number of these ideas on our side of the aisle.

This bill makes it easier for small businesses to go public and raise the capital they need to expand and hire new workers by reducing regulatory burdens. It also raises the SEC registration thresholds for community banks, which will free up bank capital for lending to small businesses and individuals. That's an important step we ought to be taking.

A number of my Democratic colleagues worked hard on these provisions, including, as I said earlier, Representative JAMES HIMES of Connecticut, who introduced one of these bills months and months and months ago, and it passed 420–2 in this body. He has been a leader on this issue of small business access to capital, and I congratulate him for his efforts.

I'm glad the Republican leadership is bringing this bill to the floor, and I hope it signals a new willingness to work with us to create jobs.

This bill is called a JOBS bill. Catchy title. I sort of refer to it as the ''just old bills'' bill, but they are good bills. As I said, we're doing a good thing

twice in hoping the Senate will pass it; and I hope the Senate does pass all of these bills and this bill as a package.

But make no mistake about it, Madam Chair—and America should make no doubt about it—this is not the jobs bill America needs, one with tweaking around the edges and pretending that we've put something together that's going to create a significant number of jobs. This will help and in the longer term it will create jobs. I'm for it. I think it's a positive step forward. But make no mistake about it, this is not the jobs bill that the President asked for. This is not the jobs bill that America needs. This is not the jobs bill that millions who are unemployed and can't find employment are crying out for in America.

America needs a comprehensive jobs plan to help get the millions who have lost jobs and are still looking for work. This bill alone simply is not enough. We must do more. And I will tell my friend—and he is my friend—from Texas, I'm prepared to work with him on a real jobs bill. This is a real jobs bill, but you and I both know it's a small-bore jobs bill. That doesn't make it bad. It doesn't mean that we shouldn't pass it. I thank you for bringing it to the floor. But let us not delude America or deceive ourselves that this is the jobs bill that we need to be passing.

Mr. HENSARLING. I yield myself 10 seconds simply to respond to my friend that we have tried the President's jobs bill, the stimulus, the health care package, Dodd-Frank; and yet we still have the highest duration of 8 percent-plus unemployment since the Great Depression. Here's at least a bipartisan bill we can work on, and I look forward to that today.

At this point, I will yield 2 minutes to the gentleman from New Jersey (Mr. GARRETT), the chairman of the Capital Markets Subcommittee.

Mr. GARRETT. I thank the Chair and I thank the gentleman from Texas as well.

I also rise to express support for the JOBS Act today.

I strongly believe that the JOBS Act will ease the burden of capital formation on the entrepreneurial growth companies that have traditionally served as the U.S. economy's primary job creators and provide a larger pool of investors with access to information and investment options on these companies that currently doesn't exist.

With venture capital fundraising basically stagnant and the IPO market largely closed off, innovative start-up companies who can't have access to the capital market they need have been forced literally to delay research on promising medical and scientific and technological breakthroughs, and that has hurt our economy and our global competitiveness because emerging companies need capital. Developing medical cures to help people live longer and healthier and more productive lives needs capital; developing technology to improve the speed of communication needs capital; and developing alternative energy technologies to reduce our dependence on foreign sources requires capital.

With the passage of this bill, we will provide those companies with the innovation and creativity needed in the marketplace which is essential to keeping American companies competitive with a cost-effective means to access that capital and keep this country at the forefront of medical, scientific, and technological breakthroughs.

□ 1610

Economic growth occurs when companies go public. Just recently I met with the New Jersey Technology Council, and they stressed the importance of removing the regulatory burdens of bringing companies they invest in to market. And the JOBS bill does that. It restores that innovation for early-stage investors to provide the capital that America's entrepreneurs need.

So we do this by chipping away at the albatross of regulations that have strangled and held back the IPO market since the passage of the Sarbanes-Oxley law. This bill provides America's entrepreneurs with access to the capital that they need to basically go after and seek their dreams. It provides the venture capital investors with the exit strategy they need to help make their dreams a reality and create a welcoming environment.

With that, I believe the JOBS Act is a commonsense bill, and I will support the legislation before us.

Ms. WATERS. Madam Chair, I yield 1 minute to the gentleman from Maryland (Mr. SARBANES).

Mr. SARBANES. I thank the gentlelady for yielding.

I actually rise with some significant concerns about the IPO on-ramp provisions of this bill. I'm concerned because there already is exempted from the Sarbanes-Oxley compliance requirements about 60 percent of the IPOs that we see, and this would extend the period in which companies have the requirement of complying with Sarbanes-Oxley to 5 years for companies that exceed that $75 million and go up to $1 billion in revenues. My concern about that is that's a period of time in which a lot of mischief can be done when it comes to financial fraud, and I think it exposes investors to significant potential damage.

My hope would have been that this could have been remedied along the way. Because of my concerns about it, I'm going to be compelled to vote against the bill because I think it really has the effect of gutting significant investor protections.

Ms. WATERS. Madam Chair, I yield 3 minutes to the gentleman from Connecticut (Mr. HIMES).

Mr. HIMES. Madam Chair, I rise today very excited about what we are about to do on this floor. As has been said over the course of many hours, we are about to pass legislation that will be good for the core strength of this country, for our entrepreneurs, for our small banks that we trust to provide credit in our communities. This is a good bill.

I'm sorry it has been marred by a couple of things that have been the topic of much discussion today. I'm sorry that the Republican majority has used this debate as an opportunity to promote the canard—not my word, Bruce Bartlett's word, which I think means ''baloney''—that the main problem with our economy today is regulation. Bruce Bartlett, conservative economist and former adviser to President Reagan said:

> In my opinion, regulatory uncertainty is a canard invented by Republicans that allows them to use current economic problems to pursue an agenda supported by the business community year in and year out.

We have an obligation to make sure that our regulation is good, that it keeps us safe, that it keeps our air clean, that it keeps our banks alive without quashing the entrepreneurship and economic vitality. We should do that every day.

But what we have heard, the ideology, this notion that regulation is the problem in our economy is just what Bruce Bartlett called it, a canard.

And I'm sorry that this bill has been spoiled by the antics of the Republican majority. I'm thrilled that this bill includes H.R. 1965.

At the end of the day—I mentioned Reagan—Reagan said you'd get a lot done in Washington, DC, if you didn't care who gets the credit. There may be only one way to spell ''potato,'' but there are a lot of ways to skin a cat. And if we're going to skin this cat this way, I'm okay with that, because small banks need the flexibility to go public when they should go public; because we should, for those companies that want to go public, provide them with some relief from the regulations that might be more appropriate for larger companies. All of these things, though we have passed many of these measures on the floor, are important.

And so, marred though it has been by the antics of the Republican majority, this is fundamentally a bipartisan, good bill, and it is a rare step forward for this House of Representatives, something that I think will cause every American to say they can get something done. And for that I'm grateful and urge the passage of this bill.

Mr. HENSARLING. Madam Chair, I now yield 2 minutes to the gentleman from Virginia (Mr. HURT).

Mr. HURT. Madam Chair, I thank the gentleman for yielding.

Madam Chair, I rise today in support of the bipartisan JOBS Act, and I thank Chairman BACHUS for his leadership in putting the Financial Services Committee at the forefront of the effort to advance job-creating policies in this House.

After recently touring Virginia's Fifth District, I am freshly reminded

that Federal Government overregulation continues to stand in the way of the lifeblood of our economy, our small family businesses, our Main Street banks, and our family farms.

Across the Fifth District, I regularly hear stories of how unnecessary regulations have served as a barrier to existing family business owners who wish to hire and expand their companies and as a barrier to aspiring Fifth District entrepreneurs who are discouraged from investing in new start-ups.

Our committee has worked to offer solutions that would give citizens across this country the ability to harness the American Dream by starting a new business, working to make that business successful, and working to create the jobs Americans desperately need.

The JOBS Act represents a legislative package that has support from Members of Congress on both sides of the aisle and from the President. This legislation collectively reduces burdens that prevent small businesses from accessing the capital necessary to hire and expand, and it encourages our entrepreneurs to get their start-ups off the ground. This legislation represents an opportunity for Congress and the President to work together to advance legislation for the good of the American people.

Small family businesses and family farms are the backbone of our economy in central and southside Virginia; and as we work to grow our economy and spur job creation, it is critical that we adopt legislation like the JOBS Act to make it easier for them to succeed, not harder. We must act now to put the American people back to work and sustain the American Dream for our children and our grandchildren.

I urge my colleagues to support this legislation.

Ms. WATERS. Madam Chair, I yield myself 2 minutes.

To the Members of this House and to those who are listening to this debate, you've heard this described as a jobs bill. In my earlier remarks, I, too, described this as a jobs bill. You've heard us talk about job creation, access to capital, ways by which we can support small businesses in general but IPOs in particular. You heard us talk about crowdfunding and creative means by which we can help to invigorate this economy. And so certainly this is a jobs bill. But then you heard some reference to the President's jobs bill by our minority whip, Mr. STENY HOYER, who talked about a comprehensive approach.

Make no mistake, this jobs bill is important, and I certainly hope that it will help to stimulate the economy in ways that all of us thought that it could. However, when you take a look at this compared to the President's comprehensive legislation, then you understand what Mr. STENY HOYER was talking about.

Mr. STENY HOYER was talking about the President's comprehensive jobs bill that would do some very important things. It talked about job sharing. It will make sure that our teachers and our firefighters are kept on the job. It talks about school construction. It talks about aid to community college and comprehensive efforts to provide tax credits for small businesses.

So, you see, we would like everybody to understand that we're not abandoning a comprehensive effort to do real job creation and access to capital and support for small businesses. We're trying to take every opportunity, every step, as it has been mentioned time and time again.

The Acting CHAIR. The time of the gentlewoman has expired.

Ms. WATERS. I yield myself 1 minute.

Continuing the comparison between the two efforts, as has been said over and over again today, we certainly have joined in a bipartisan fashion to move this bill. Even though I am not sure and some of our Members are not sure that everything that's in all of these bills is what we absolutely understand and we're willing to say we know that it will help, it will help to deal with this economy in ways that we want it to, but we are willing to take a chance. We're willing to try.

Now, when you compare this with the President's comprehensive jobs bill, then you can see this is only one effort; and in comparison, it's a small effort in comparison to what the President has proposed. And so, let us not forget, we still have work to do. We still have to be concerned about the unacceptably high unemployment rate. As we speak today, the unemployment rate is still in excess of 8 percent.

The Acting CHAIR. The time of the gentlewoman has again expired.

Ms. WATERS. I yield myself the balance of my time.

Madam Chair, I would like for us all to recognize that we are taking a step that we are constantly accused of not being able to do, and that is move something in a bipartisan fashion.

I'm appreciative for my colleagues on the opposite side of the aisle who have been so cooperative, and I'm appreciative for the leadership that has been provided on this side of the aisle. But we still must remember that unemployment is unacceptably high. We must remember that we must have a comprehensive approach. We must remember that the President has presented us with a comprehensive, realistic approach by which we can stimulate this economy, create jobs, support education and our schools, and help the unemployed in ways that they are desperately waiting for.

With that, Madam Chair, I yield back the balance of my time.

□ 1620

Mr. HENSARLING. Madam Chairman, at this time, I am happy to yield 2 minutes to the vice chairman of the Capital Markets Subcommittee, one of the prime authors of this bill, the gentleman from Arizona (Mr. SCHWEIKERT).

Mr. SCHWEIKERT. To my good friend from Texas, thank you. I actually feel somewhat blessed being able to stand here today. I am blessed because I have multiple pieces of legislation that are rolled into this jobs bill as well as multiple amendments. So, first, let me make sure that I have said my proper thank yous. I also want to make sure that the chairman of the Financial Services Committee, SPENCER BACHUS, has my appreciation for allowing me to work on these over the last year. But I also need to reach across the aisle to Mr. HIMES and many of the others who made me defend some of the ideas, who argued with me and helped me make these better pieces of legislation through the last year as we vetted the process.

I wanted to touch on two of the pieces of legislation that are in here and help folks understand why these are actually really important to capital formation for small businesses. The first one we refer to is H.R. 1070, the Small Capital Formation Act. Many people will refer to it as Regulation A—Reg A. Well, in today's world, if you wanted to go public in this streamlined, simplified process, you could only go public with a capitalization of $5 million. Well, no one is going to the stock market for $5 million. This will raise it to 50. Why is 50 so important? Fifty is the minimum threshold to be traded on the big exchanges, on the public exchanges. This allows an organization to find a path, a less expensive path, to become publicly traded and be publicly traded on those exchanges, where it can be viewed and vetted and hopefully grow and grow jobs.

The second bill I have in here that I'm very proud of is one that—we realized capital formation is changing in the world. And for many, many, many, many years, if you were an organization and you got the 500 shareholders, you had to stop, because at 501 you had to go to the SEC and do a public filing. Well, what if you were a high-tech company or a biotech company and you were giving shares, bits of ownership of the company, to your employees?

The Acting CHAIR. The time of the gentleman has expired.

Mr. HENSARLING. Madam Chair, I yield the gentleman an additional 1 minute.

Mr. SCHWEIKERT. This will give those employees an exemption, so a company that's growing, that's actually in some ways, to use a term that's often used around here, ''spreading the wealth'' inside that organization and encouraging folks to vest their time and their talents in what are often speculative ventures as the company is growing—this lifts that cap, but it also raises it to 1,000 shareholders. There may be an amendment to come that raises that up to 2,000, and that is something I will support.

That last thing here is, in committee we also heard discussion last year of

why should community banks, why should we raise their shareholder limit to 2,000? We actually had some community banks come to us and say, look, we've been around here many, many, many, many years. We have legacy stockholders in the company. We're at that 500 share, but because of our long history, we can no longer raise the capital, the equity capital that's necessary. And that's why that concept is so important, raising that to 2,000 shareholders.

Mr. HENSARLING. I yield myself as much time as I may consume.

Madam Chair, again, jobs and growing the economy is what our constituents care about. Again, we are unfortunately and regrettably in the midst of the slowest and weakest recovery in the postwar era. And, in fact, many of my constituents, they don't feel the recovery. They don't see it. They still know many of their friends, neighbors, and family members remain unemployed. That's why the number one priority of House Republicans has been to grow this economy and create more jobs. That is why House Republicans have a plan for America's job creators.

Now, Madam Chair, it's very difficult, very difficult, to find common ground in this institution, as we all know. Regrettably, the vast majority of these bills are stacked up like cordwood in the United States Senate. They won't take them up. We've tried many of the President's ideas. For 2 years we tried every single one of his ideas. We tried the stimulus program, which helped stimulate the national debt to the level it is today. We tried the President's health care plan that we were told would help grow jobs and the economy. Dodd-Frank, our financial institutions—the big get bigger, the small get smaller, and the taxpayer gets poorer.

We disagreed with those policies, and so we have tried to find common ground. We heard the distinguished minority whip lament that the bill didn't do more. This is the common ground we can find with our friends on the other side of the aisle. It's important. It's not as important as repealing the President's health care program, which is absolutely strangling our small businesses. It's not as important as turning back so much of the red tape that impacts every single small business in America by enacting the REINS Act to ensure that Congress, not the unelected bureaucracy, controls whether or not we impose job-killing regulations on our small business enterprises. But it's still an important bill nonetheless. It's a bill that will allow these emerging growth companies, again, perhaps the Googles of tomorrow and the Apples of tomorrow, to be able to access vital equity capital. And so it's an important piece of legislation. I wish it did more.

I wish my friends from the other side of the aisle would acknowledge that we have tried many of their partisan ideas, and they haven't worked. But here's at least a bipartisan idea where we have worked with the President. We have his support right here—right here—Madam Chair, where the President of the United States supports this legislation. So I'm happy that at least one portion of the House Republican plan for America's job creators stands a very good chance of being turned into law and that the American people will see that we continue to work to find that common ground.

So I'm happy, again, to be able to encourage my colleagues to support this today. I look forward to the day that the President can sign this into law.

At this time, Madam Chair, I would like to yield 2 minutes to the gentleman from North Carolina (Mr. MCHENRY).

Mr. MCHENRY. Madam Chairman, I want to thank my colleague, Mr. HENSARLING, for his leadership on the Financial Services Committee, and I want to thank my colleague, Mr. FINCHER, for offering the legislation before us today.

The American people understand that entrepreneurship is at a record low, that it's actually at a 17-year low in the United States. We know that small businesses create the majority of new jobs in our country and have done so for generations. We also know that we have record unemployment. We've had 8 percent unemployment for a record 36 months at that very high level. It's not acceptable. We have to do something.

Now, we cannot fix everything in one piece of legislation. This idea that you can have just simply a large bill that fixes all the problems in the world simply is not in accordance with American history or what the American people want and desire.

But we also know, and the American people understand, especially small business folks and entrepreneurs understand, that red tape gets in the way of job creation. We saw with the Dodd-Frank Act that it restricts lending and makes it more costly to get lending. If you talk to small business folks, their one biggest complaint is a restriction on access to capital. That's on the debt side.

We also see that we have regulations and laws written in 1933 and 1934 in an era when the telephone was the new technology of the day.

□ 1630

We need to update those regulations. That is at the heart of what this JOBS Act does. It doesn't simply say about debt fundraising; it says on the equity side that you can go around the red tape and actually allow the average, everyday investor access to the capital markets and the new, great ideas of the future.

This is what the legislation is about. I urge my colleagues to vote for it, and I ask my colleagues to move forward on this, especially in the Senate.

Mr. HENSARLING. Mr. Chairman, might I inquire how much time I have remaining.

The Acting CHAIR (Mr. YODER). The gentleman from Texas has exactly 1 minute remaining.

Mr. HENSARLING. In that case, Mr. Chairman, I'm happy to yield exactly that 1 minute to the prime author of the JOBS Act, the gentleman from Tennessee (Mr. FINCHER).

Mr. FINCHER. I want to thank the gentleman from Texas for yielding.

I stand today heartbroken that something that we've meant for good here—myself and my colleague, Mr. CARNEY—a JOBS Act would be tied up in some heated rhetoric.

I want to urge my colleagues on the other side of the aisle that jobs aren't Democrat or Republican; they're American. People are begging for Congress to get out of the way and let the private sector get back in the business of creating jobs. That's what we're doing with this jobs bill that we're pushing through.

So hopefully, hopefully, we can get beyond some feelings—hurt feelings maybe—and let's focus back on the reason why we were sent up here, and that's to put the people back in power and not Washington.

Mr. FITZPATRICK. Mr. Chair, I rise today in support of the JOBS Act. This bill is a package designed to jumpstart our economy and restore opportunities for our small-business job creators.

It represents a combination of several job creation measures aimed at increasing capital formation, spurring the growth of startups and small businesses, and paving the way for more small-scale businesses to go public and create more jobs.

The JOBS Act will provide certainty to small business owners and entrepreneurs in terms of access to capital and the federal regulatory environment.environment. Because without access to capital, businesses cannot expand, and without regulatory certainty, capital disappears.

Dr. Tim Block is the President of the Pennsylvania Biotechnology Center in my home of Bucks County. He had this to say when I shared the JOBS Act with him this afternoon: "We appreciate the support for nurturing entrepreneurial development and investment. Innovation is going to drive the future of the economy in southeast Pennsylvania and around the United States. Capital is the lifeblood that sustains these dynamic entrepreneurs who are harnessing innovation to create new companies and new jobs."

Mr. Chair, it is risk-takers like Tim and the companies he works with that hold the keys to a lasting recovery and a strong American economy if we only give them the tools they need.

Most of this Act enjoys overwhelming bipartisan support in the House, as well as from the President and successful entrepreneurs such as Steve Case, of the President's Council on Jobs and Economic Competitiveness.

In addition to parts of this bill, I have joined my colleagues in the House since last January in sending over 30 pro-growth jobs bills to the Senate for their consideration and they have piled up there like cordwood. If we are going to jumpstart a real and lasting economic recovery, I am urging the Senate to immediately take up and pass the JOBS Act, which I expect to receive widespread support tomorrow,

as well as the other measures that have passed the House with bipartisan support.

Mr. DINGELL. Mr. Chair, I rise in opposition to H.R. 3606, the JOBS Act. This unfortunate amalgam of bad ideas is being sold to us as an easy way to create jobs and help small businesses. I fully support both causes, but passing H.R. 3606 is not the way to see them to fruition.

The JOBS Act takes as its premise the tired rhetoric that deregulation naturally will lead to business growth and job creation. The bill contains four others, H.R. 1070, H.R. 1965, H.R. 2930, and H.R. 2940, which the House passed in November of last year. I am the only Member of this body to have voted against all four, and my conviction in their potential to facilitate investor fraud and abuse remains strong. Simply put, increasing the amount of capital a company may raise and the number of shareholders it may have before registering with the Securities Exchange Commission (SEC), carving out registration requirements for crowdfunding in the Securities Act, and removing the long-standing prohibition on public solicitation in the sale of unregistered stock offerings will create more risk than reward. Mark my words: Investors will be swindled, and great sums of money will be lost, all because of the dubious assumption that deregulation stimulates economic growth.

As if this were not bad enough, H.R. 3606 goes one step further to allow all but the very largest new companies up to five years to raise money from the public without having to assess the adequacy of their own internal controls. The Sarbanes-Oxley Act requires this for good reason: to protect investors, promote higher-quality financial reporting, and thereby create lower costs of capital for companies.

We have just survived the greatest shock to the Nation's financial services sector since the Great Depression. Regulation subsequent to 1929 created decades of stability and prosperity. The gradual erosion of the laws and regulations put in place in the aftermath of the Great Depression ultimately caused the crash in 2008, which cost this country millions of jobs and wiped out trillions of dollars in our constituents' collective net worth. Now is not the time to deregulate.

If my colleagues wish to create jobs, I suggest we consider investing in improving our country's crumbling infrastructure, supporting research and development with grants and low-interest loans, and assuring our citizens have the education they need to compete in the future. Exposing American investors to all manner of fraud and rascality will create misery instead of jobs.

Vote down H.R. 3606.

Mr. HENSARLING. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIR. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule.

In lieu of the amendment in the nature of a substitute printed in the bill, an amendment in the nature of a substitute consisting of the text of the Rules Committee Print 112–17 is adopted and the bill, as amended, shall be considered as an original bill for the purpose of further amendment under the 5-minute rule and shall be considered as read.

The text of the bill, as amended, is as follows:

H.R. 3606

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Jumpstart Our Business Startups Act''.

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
TITLE I—REOPENING AMERICAN CAPITAL MARKETS TO EMERGING GROWTH COMPANIES
Sec. 101. Definitions.
Sec. 102. Disclosure obligations.
Sec. 103. Internal controls audit.
Sec. 104. Auditing standards.
Sec. 105. Availability of information about emerging growth companies.
Sec. 106. Other matters.
Sec. 107. Opt-in right for emerging growth companies.
Sec. 108. Review of Regulation S-K.
TITLE II—ACCESS TO CAPITAL FOR JOB CREATORS
Sec. 201. Modification of exemption.
TITLE III—ENTREPRENEUR ACCESS TO CAPITAL
Sec. 301. Crowdfunding exemption.
Sec. 302. Exclusion of crowdfunding investors from shareholder cap.
Sec. 303. Preemption of State law.
TITLE IV—SMALL COMPANY CAPITAL FORMATION
Sec. 401. Authority to exempt certain securities.
Sec. 402. Study on the impact of State Blue Sky laws on Regulation A offerings.
TITLE V—PRIVATE COMPANY FLEXIBILITY AND GROWTH
Sec. 501. Threshold for registration.
Sec. 502. Employees.
Sec. 503. Commission rulemaking.
TITLE VI—CAPITAL EXPANSION
Sec. 601. Shareholder threshold for registration.
Sec. 602. Rulemaking.

TITLE I—REOPENING AMERICAN CAPITAL MARKETS TO EMERGING GROWTH COMPANIES

SEC. 101. DEFINITIONS.

(a) SECURITIES ACT OF 1933.—Section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)) is amended by adding at the end the following:

''(19) The term 'emerging growth company' means an issuer that had total annual gross revenues of less than $1,000,000,000 during its most recently completed fiscal year. An issuer that is an emerging growth company as of the first day of that fiscal year shall continue to be deemed an emerging growth company until the earliest of—

''(A) the last day of the fiscal year of the issuer during which it had total annual gross revenues of $1,000,000,000 or more;

''(B) the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under this title; or

''(C) the date on which such issuer is deemed to be a 'large accelerated filer', as defined in section 240.12b–2 of title 17, Code of Federal Regulations, or any successor thereto.''.

(b) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended—

(1) by redesignating paragraph (77), as added by section 941(a) of the Investor Protection and Securities Reform Act of 2010 (Public Law 111–203, 124 Stat. 1890), as paragraph (79); and

(2) by adding at the end the following:

''(80) The term 'emerging growth company' means an issuer that had total annual gross revenues of less than $1,000,000,000 during its most recently completed fiscal year. An issuer that is an emerging growth company as of the first day of that fiscal year shall continue to be deemed an emerging growth company until the earliest of—

''(A) the last day of the fiscal year of the issuer during which it had total annual gross revenues of $1,000,000,000 or more;

''(B) the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act of 1933; or

''(C) the date on which such issuer is deemed to be a 'large accelerated filer', as defined in section 240.12b–2 of title 17, Code of Federal Regulations, or any successor thereto.''.

(c) OTHER DEFINITIONS.—As used in this title, the following definitions shall apply:

(1) COMMISSION.—The term ''Commission'' means the Securities and Exchange Commission.

(2) INITIAL PUBLIC OFFERING DATE.—The term ''initial public offering date'' means the date of the first sale of common equity securities of an issuer pursuant to an effective registration statement under the Securities Act of 1933.

(d) EFFECTIVE DATE.—Notwithstanding section 2(a)(19) of the Securities Act of 1933 and section 3(a)(80) of the Securities Exchange Act of 1934, an issuer shall not be an emerging growth company for purposes of such Acts if the first sale of common equity securities of such issuer pursuant to an effective registration statement under the Securities Act of 1933 occurred on or before December 8, 2011.

SEC. 102. DISCLOSURE OBLIGATIONS.

(a) EXECUTIVE COMPENSATION.—

(1) EXEMPTION.—Section 14A(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78n–1(e)) is amended—

(A) by striking ''The Commission may'' and inserting the following:

''(1) IN GENERAL.— The Commission may'';

(B) by striking ''an issuer'' and inserting ''any other issuer''; and

(C) by adding at the end the following:

''(2) TREATMENT OF EMERGING GROWTH COMPANIES.—

''(A) IN GENERAL.—An emerging growth company shall be exempt from the requirements of subsections (a) and (b).

''(B) COMPLIANCE AFTER TERMINATION OF EMERGING GROWTH COMPANY TREATMENT.—An issuer that was an emerging growth company but is no longer an emerging growth company shall include the first separate resolution described under subsection (a)(1) not later than the end of—

''(i) in the case of an issuer that was an emerging growth company for less than 2 years after the date of first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act of 1933, the 3-year period beginning on such date; and

''(ii) in the case of any other issuer, the 1-year period beginning on the date the issuer is no longer an emerging growth company.''.

(2) PROXIES.—Section 14(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78n(i)) is amended by inserting '', for any issuer other than an emerging growth company,'' after ''including''.

(3) COMPENSATION DISCLOSURES.—Section 953(b)(1) of the Investor Protection and Securities Reform Act of 2010 (Public Law 111–203; 124 Stat. 1904) is amended by inserting '', other than an emerging growth company, as that term is defined in section 3(a) of the Securities Exchange Act of 1934,'' after ''require each issuer''.

(b) FINANCIAL DISCLOSURES AND ACCOUNTING PRONOUNCEMENTS.—

(1) SECURITIES ACT OF 1933.—Section 7(a) of the Securities Act of 1933 (15 U.S.C. 77g(a)) is amended—

(A) by striking ''(a) The registration'' and inserting the following:

''(a) INFORMATION REQUIRED IN REGISTRATION STATEMENT.—

''(1) IN GENERAL.—The registration''; and

(B) by adding at the end the following:

''(2) TREATMENT OF EMERGING GROWTH COMPANIES.—An emerging growth company—

''(A) need not present more than 2 years of audited financial statements in order for the registration statement of such emerging growth company with respect to an initial public offering of its common equity securities to be effective, and in any other registration statement to be filed with the Commission, an emerging growth company need not present selected financial data in accordance with section 229.301 of title 17, Code of Federal Regulations, for any period prior to the earliest audited period presented in connection with its initial public offering; and

''(B) may not be required to comply with any new or revised financial accounting standard until such date that a company that is not an issuer (as defined under section 2(a) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(a)) is required to comply with such new or revised accounting standard, if such standard applies to companies that are not issuers.''.

(2) SECURITIES EXCHANGE ACT OF 1934.—Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) is amended by adding at the end the following: ''In any registration statement, periodic report, or other reports to be filed with the Commission, an emerging growth company need not present selected financial data in accordance with section 229.301 of title 17, Code of Federal Regulations, for any period prior to the earliest audited period presented in connection with its first registration statement that became effective under this Act or the Securities Act of 1933 and, with respect to any such statement or reports, an emerging growth company may not be required to comply with any new or revised financial accounting standard until such date that a company that is not an issuer (as defined under section 2(a) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(a)) is required to comply with such new or revised accounting standard, if such standard applies to companies that are not issuers.''.

(c) OTHER DISCLOSURES.—An emerging growth company may comply with section 229.303(a) of title 17, Code of Federal Regulations, or any successor thereto, by providing information required by such section with respect to the financial statements of the emerging growth company for each period presented pursuant to section 7(a) of the Securities Act of 1933 (15 U.S.C. 77g(a)). An emerging growth company may comply with section 229.402 of title 17, Code of Federal Regulations, or any successor thereto, by disclosing the same information as any issuer with a market value of outstanding voting and nonvoting common equity held by non-affiliates of less than $75,000,000.

SEC. 103. INTERNAL CONTROLS AUDIT.

Section 404(b) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262(b)) is amended by inserting '', other than an issuer that is an emerging growth company (as defined in section 3 of the Securities Exchange Act of 1934),'' before ''shall attest to''.

SEC. 104. AUDITING STANDARDS.

Section 103(a)(3) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7213(a)(3)) is amended by adding at the end the following:

''(C) TRANSITION PERIOD FOR EMERGING GROWTH COMPANIES.—Any rules of the Board requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer (auditor discussion and analysis) shall not apply to an audit of an emerging growth company, as defined in section 3 of the Securities Exchange Act of 1934. Any additional rules adopted by the Board after the date of enactment of this subparagraph shall not apply to an audit of any emerging growth company, unless the Commission determines that the application of such additional requirements is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.''.

SEC. 105. AVAILABILITY OF INFORMATION ABOUT EMERGING GROWTH COMPANIES.

(a) PROVISION OF RESEARCH.—Section 2(a)(3) of the Securities Act of 1933 (15 U.S.C. 77b(a)(3)) is amended by adding at the end the following: ''The publication or distribution by a broker or dealer of a research report about an emerging growth company that is the subject of a proposed public offering of the common equity securities of such emerging growth company pursuant to a registration statement that the issuer proposes to file, or has filed, or that is effective shall be deemed for purposes of paragraph (10) of this subsection and section 5(c) not to constitute an offer for sale or offer to sell a security, even if the broker or dealer is participating or will participate in the registered offering of the securities of the issuer. As used in this paragraph, the term 'research report' means a written, electronic, or oral communication that includes information, opinions, or recommendations with respect to securities of an issuer or an analysis of a security or an issuer, whether or not it provides information reasonably sufficient upon which to base an investment decision.''.

(b) SECURITIES ANALYST COMMUNICATIONS.—Section 15D of the Securities Exchange Act of 1934 (15 U.S.C. 78o–6) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

''(c) LIMITATION.—Notwithstanding subsection (a) or any other provision of law, neither the Commission nor any national securities association registered under section 15A may adopt or maintain any rule or regulation in connection with an initial public offering of the common equity of an emerging growth company—

''(1) restricting, based on functional role, which associated persons of a broker, dealer, or member of a national securities association, may arrange for communications between a securities analyst and a potential investor; or

''(2) restricting a securities analyst from participating in any communications with the management of an emerging growth company that is also attended by any other associated person of a broker, dealer, or member of a national securities association whose functional role is other than as a securities analyst.''.

(c) EXPANDING PERMISSIBLE COMMUNICATIONS.—Section 5 of the Securities Act of 1933 (15 U.S.C. 77e) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following:

''(d) LIMITATION.—Notwithstanding any other provision of this section, an emerging growth company or any person authorized to act on behalf of an emerging growth company may engage in oral or written communications with potential investors that are qualified institutional buyers or institutions that are accredited investors, as such terms are respectively defined in section 230.144A and section 230.501(a) of title 17, Code of Federal Regulations, or any successor thereto, to determine whether such investors might have an interest in a contemplated securities offering, either prior to or following the date of filing of a registration statement with respect to such securities with the Commission, subject to the requirement of subsection (b)(2).''.

(d) POST OFFERING COMMUNICATIONS.—Neither the Commission nor any national securities association registered under section 15A of the Securities Exchange Act of 1934 may adopt or maintain any rule or regulation prohibiting any broker, dealer, or member of a national securities association from publishing or distributing any research report or making a public appearance, with respect to the securities of an emerging growth company, either—

(1) within any prescribed period of time following the initial public offering date of the emerging growth company; or

(2) within any prescribed period of time prior to the expiration date of any agreement between the broker, dealer, or member of a national securities association and the emerging growth company or its shareholders that restricts or prohibits the sale of securities held by the emerging growth company or its shareholders after the initial public offering date.

SEC. 106. OTHER MATTERS.

(a) DRAFT REGISTRATION STATEMENTS.—Section 6 of the Securities Act of 1933 (15 U.S.C. 77f) is amended by adding at the end the following:

''(e) EMERGING GROWTH COMPANIES.—

''(1) IN GENERAL.—Any emerging growth company, prior to its initial public offering date, may confidentially submit to the Commission a draft registration statement, for confidential nonpublic review by the staff of the Commission prior to public filing, provided that the initial confidential submission and all amendments thereto shall be publicly filed with the Commission not later than 21 days before the date on which the issuer conducts a road show, as such term is defined in section 230.433(h)(4) of title 17, Code of Federal Regulations, or any successor thereto.

''(2) CONFIDENTIALITY.—Notwithstanding any other provision of this title, the Commission shall not be compelled to disclose any information provided to or obtained by the Commission pursuant to this subsection. For purposes of section 552 of title 5, United States Code, this subsection shall be considered a statute described in subsection (b)(3)(B) of such section 552. Information described in or obtained pursuant to this subsection shall be deemed to constitute confidential information for purposes of section 24(b)(2) of the Securities Exchange Act of 1934.''.

(b) TICK SIZE.—Section 11A(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78k-1(c)) is amended by adding at the end the following new paragraph:

''(6) TICK SIZE.—

''(A) STUDY AND REPORT.—The Commission shall conduct a study examining the transition to trading and quoting securities in one penny increments, also known as decimalization. The study shall examine the impact that decimalization has had on the number of initial public offerings since its implementation relative to the period before its implementation. The study shall also examine the impact that this change has had on liquidity for small and middle capitalization company securities and whether there is sufficient economic incentive to support trading operations in these securities in penny increments. Not later than 90 days after the date of enactment of this paragraph, the Commission shall submit to Congress a report on the findings of the study.

''(B) DESIGNATION.—If the Commission determines that the securities of emerging growth companies should be quoted and traded using a minimum increment of greater than $0.01, the Commission may, by rule not later than 180 days after the date of enactment of this paragraph, designate a minimum increment for the securities of emerging growth companies that is greater than $0.01 but less than $0.10 for use in all quoting and trading of securities in any exchange or other execution venue.''.

SEC. 107. OPT-IN RIGHT FOR EMERGING GROWTH COMPANIES.

(a) IN GENERAL.—With respect to an exemption provided to emerging growth companies under this title, or an amendment made by this

title, an emerging growth company may choose to forgo such exemption and instead comply with the requirements that apply to an issuer that is not an emerging growth company.

(b) SPECIAL RULE.—Notwithstanding subsection (a), with respect to the extension of time to comply with new or revised financial accounting standards provided under section 7(a)(2)(B) of the Securities Act of 1933 and section 13(a) of the Securities Exchange Act of 1934, as added by section 102(b), if an emerging growth company chooses to comply with such standards to the same extent that a non-emerging growth company is required to comply with such standards, the emerging growth company—

(1) must make such choice at the time the company is first required to file a registration statement, periodic report, or other report with the Commission under section 13 of the Securities Exchange Act of 1934 and notify the Securities and Exchange Commission of such choice;

(2) may not select some standards to comply with in such manner and not others, but must comply with all such standards to the same extent that a non-emerging growth company is required to comply with such standards; and

(3) must continue to comply with such standards to the same extent that a non-emerging growth company is required to comply with such standards for as long as the company remains an emerging growth company.

SEC. 108. REVIEW OF REGULATION S-K.

(a) REVIEW.—The Securities and Exchange Commission shall conduct a review of its Regulation S-K (17 C.F.R. 229.10 et seq.) to—

(1) comprehensively analyze the current registration requirements of such regulation; and

(2) determine how such requirements can be updated to modernize and simplify the registration process and reduce the costs and other burdens associated with these requirements for issuers who are emerging growth companies.

(b) REPORT.—Not later the 180 days after the date of enactment of this title, the Commission shall transmit to Congress a report of the review conducted under subsection (a). The report shall include the specific recommendations of the Commission on how to streamline the registration process in order to make it more efficient and less burdensome for the Commission and for prospective issuers who are emerging growth companies.

TITLE II—ACCESS TO CAPITAL FOR JOB CREATORS

SEC. 201. MODIFICATION OF EXEMPTION.

(a) REMOVAL OF RESTRICTION.—Section 4(2) of the Securities Act of 1933 (15 U.S.C. 77d(2)) is amended by adding before the period the following: '', whether or not such transactions involve general solicitation or general advertising''.

(b) MODIFICATION OF RULES.—Not later than 90 days after the date of the enactment of this Act, the Securities and Exchange Commission shall revise its rules issued in section 230.506 of title 17, Code of Federal Regulations, to provide that the prohibition against general solicitation or general advertising contained in section 230.502(c) of such title shall not apply to offers and sales of securities made pursuant to section 230.506, provided that all purchasers of the securities are accredited investors. Such rules shall require the issuer to take reasonable steps to verify that purchasers of the securities are accredited investors, using such methods as determined by the Commission.

TITLE III—ENTREPRENEUR ACCESS TO CAPITAL

SEC. 301. CROWDFUNDING EXEMPTION.

(a) SECURITIES ACT OF 1933.—Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) (as amended by section 201) is further amended by adding at the end the following:

''(6) transactions involving the offer or sale of securities by an issuer, provided that—

''(A) the aggregate amount sold within the previous 12-month period in reliance upon this exemption is—

''(i) $1,000,000, as such amount is adjusted by the Commission to reflect the annual change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, or less; or

''(ii) if the issuer provides potential investors with audited financial statements, $2,000,000, as such amount is adjusted by the Commission to reflect the annual change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, or less;

''(B) the aggregate amount sold to any investor in reliance on this exemption within the previous 12-month period does not exceed the lesser of—

''(i) $10,000, as such amount is adjusted by the Commission to reflect the annual change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics; and

''(ii) 10 percent of such investor's annual income;

''(C) in the case of a transaction involving an intermediary between the issuer and the investor, such intermediary complies with the requirements under section 4A(a); and

''(D) in the case of a transaction not involving an intermediary between the issuer and the investor, the issuer complies with the requirements under section 4A(b).''.

(b) REQUIREMENTS TO QUALIFY FOR CROWDFUNDING EXEMPTION.—The Securities Act of 1933 is amended by inserting after section 4 the following:

''SEC. 4A. REQUIREMENTS WITH RESPECT TO CERTAIN SMALL TRANSACTIONS.

''(a) REQUIREMENTS ON INTERMEDIARIES.—For purposes of section 4(6), a person acting as an intermediary in a transaction involving the offer or sale of securities shall comply with the requirements of this subsection if the intermediary—

''(1) warns investors, including on the intermediary's website used for the offer and sale of such securities, of the speculative nature generally applicable to investments in startups, emerging businesses, and small issuers, including risks in the secondary market related to illiquidity;

''(2) warns investors that they are subject to the restriction on sales requirement described under subsection (e);

''(3) takes reasonable measures to reduce the risk of fraud with respect to such transaction;

''(4) provides the Commission with the intermediary's physical address, website address, and the names of the intermediary and employees of the intermediary, and keep such information up-to-date;

''(5) provides the Commission with continuous investor-level access to the intermediary's website;

''(6) requires each potential investor to answer questions demonstrating—

''(A) an understanding of the level of risk generally applicable to investments in startups, emerging businesses, and small issuers;

''(B) an understanding of the risk of illiquidity; and

''(C) such other areas as the Commission may determine appropriate by rule or regulation;

''(7) requires the issuer to state a target offering amount and a deadline to reach the target offering amount and ensure the third party custodian described under paragraph (10) withholds offering proceeds until aggregate capital raised from investors other than the issuer is no less than 60 percent of the target offering amount;

''(8) carries out a background check on the issuer's principals;

''(9) provides the Commission and potential investors with notice of the offering, not later than the first day securities are offered to potential investors, including—

''(A) the issuer's name, legal status, physical address, and website address;

''(B) the names of the issuer's principals;

''(C) the stated purpose and intended use of the proceeds of the offering sought by the issuer; and

''(D) the target offering amount and the deadline to reach the target offering amount;

''(10) outsources cash-management functions to a qualified third party custodian, such as a broker or dealer registered under section 15(b)(1) of the Securities Exchange Act of 1934 or an insured depository institution;

''(11) maintains such books and records as the Commission determines appropriate;

''(12) makes available on the intermediary's website a method of communication that permits the issuer and investors to communicate with one another;

''(13) provides the Commission with a notice upon completion of the offering, which shall include the aggregate offering amount and the number of purchasers; and

''(14) does not offer investment advice.

''(b) REQUIREMENTS ON ISSUERS IF NO INTERMEDIARY.—For purposes of section 4(6), an issuer who offers or sells securities without an intermediary shall comply with the requirements of this subsection if the issuer—

''(1) warns investors, including on the issuer's website, of the speculative nature generally applicable to investments in startups, emerging businesses, and small issuers, including risks in the secondary market related to illiquidity;

''(2) warns investors that they are subject to the restriction on sales requirement described under subsection (e);

''(3) takes reasonable measures to reduce the risk of fraud with respect to such transaction;

''(4) provides the Commission with the issuer's physical address, website address, and the names of the principals and employees of the issuers, and keeps such information up-to-date;

''(5) provides the Commission with continuous investor-level access to the issuer's website;

''(6) requires each potential investor to answer questions demonstrating—

''(A) an understanding of the level of risk generally applicable to investments in startups, emerging businesses, and small issuers;

''(B) an understanding of the risk of illiquidity; and

''(C) such other areas as the Commission may determine appropriate by rule or regulation;

''(7) states a target offering amount and ensures that the third party custodian described under paragraph (9) withholds offering proceeds until the aggregate capital raised from investors other than the issuer is no less than 60 percent of the target offering amount;

''(8) provides the Commission with notice of the offering, not later than the first day securities are offered to potential investors, including—

''(A) the stated purpose and intended use of the proceeds of the offering sought by the issuer; and

''(B) the target offering amount and the deadline to reach the target offering amount;

''(9) outsources cash-management functions to a qualified third party custodian, such as a broker or dealer registered under section 15(b)(1) of the Securities Exchange Act of 1934 or an insured depository institution;

''(10) maintains such books and records as the Commission determines appropriate;

''(11) makes available on the issuer's website a method of communication that permits the issuer and investors to communicate with one another;

''(12) does not offer investment advice;

''(13) provides the Commission with a notice upon completion of the offering, which shall include the aggregate offering amount and the number of purchasers; and

''(14) discloses to potential investors, on the issuer's website, that the issuer has an interest in the issuance.

''(c) VERIFICATION OF INCOME.—For purposes of section 4(6), an issuer or intermediary may rely on certifications as to annual income provided by the person to whom the securities are sold to verify the investor's income.

''(d) INFORMATION AVAILABLE TO STATES.—The Commission shall make the notices described under subsections (a)(9), (a)(13), (b)(8), and (b)(13) and the information described under subsections (a)(4) and (b)(4) available to the States.

''(e) RESTRICTION ON SALES.—With respect to a transaction involving the issuance of securities described under section 4(6), a purchaser may not transfer such securities during the 1-year period beginning on the date of purchase, unless such securities are sold to—

''(1) the issuer of such securities; or

''(2) an accredited investor.

''(f) CONSTRUCTION.—

''(1) NO REGISTRATION AS BROKER.—With respect to a transaction described under section 4(6) involving an intermediary, such intermediary shall not be required to register as a broker under section 15(a)(1) of the Securities Exchange Act of 1934 solely by reason of participation in such transaction.

''(2) NO PRECLUSION OF OTHER CAPITAL RAISING.—Nothing in this section or section 4(6) shall be construed as preventing an issuer from raising capital through methods not described under section 4(6).''.

(c) RULEMAKING.—Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange Commission shall issue such rules as may be necessary to carry out section 4A of the Securities Act of 1933. In issuing such rules, the Commission shall consider the costs and benefits of the action.

(d) DISQUALIFICATION.—Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange Commission shall by rule or regulation establish disqualification provisions under which an issuer shall not be eligible to utilize the exemption under section 4(6) of the Securities Act of 1933 based on the disciplinary history of the issuer or its predecessors, affiliates, officers, directors, or persons fulfilling similar roles. The Commission shall also establish disqualification provisions under which an intermediary shall not be eligible to act as an intermediary in connection with an offering utilizing the exemption under section 4(6) of the Securities Act of 1933 based on the disciplinary history of the intermediary or its predecessors, affiliates, officers, directors, or persons fulfilling similar roles. Such provisions shall be substantially similar to the disqualification provisions contained in the regulations adopted in accordance with section 926 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 77d note).

SEC. 302. EXCLUSION OF CROWDFUNDING INVESTORS FROM SHAREHOLDER CAP.

Section 12(g)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(5)) is amended—

(1) by striking ''(5) For the purposes'' and inserting:

''(5) DEFINITIONS.—

''(A) IN GENERAL.—For the purposes''; and

(2) by adding at the end the following:

''(B) EXCLUSION FOR PERSONS HOLDING CERTAIN SECURITIES.—For purposes of this subsection, securities held by persons who purchase such securities in transactions described under section 4(6) of the Securities Act of 1933 shall not be deemed to be 'held of record'.''.

SEC. 303. PREEMPTION OF STATE LAW.

(a) IN GENERAL.—Section 18(b)(4) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)) is amended—

(1) by redesignating subparagraphs (C) and (D) as subparagraphs (E) and (F), respectively; and

(2) by inserting after subparagraph (B) the following:

''(C) section 4(6);''.

(b) CLARIFICATION OF THE PRESERVATION OF STATE ENFORCEMENT AUTHORITY.—

(1) IN GENERAL.—The amendments made by subsection (a) relate solely to State registration, documentation, and offering requirements, as described under section 18(a) of Securities Act of 1933 (15 U.S.C. 77r(a)), and shall have no impact or limitation on other State authority to take enforcement action with regard to an issuer, intermediary, or any other person or entity using the exemption from registration provided by section 4(6) of such Act.

(2) CLARIFICATION OF STATE JURISDICTION OVER UNLAWFUL CONDUCT OF INTERMEDIARIES, ISSUERS, AND CUSTODIANS.—Section 18(c)(1) of the Securities Act of 1933 is amended by striking ''with respect to fraud or deceit, or unlawful conduct by a broker or dealer, in connection with securities or securities transactions.'' and inserting the following: '', in connection with securities or securities transactions, with respect to—

''(A) fraud or deceit;

''(B) unlawful conduct by a broker or dealer; and

''(C) with respect to a transaction described under section 4(6), unlawful conduct by an intermediary, issuer, or custodian.''.

TITLE IV—SMALL COMPANY CAPITAL FORMATION

SEC. 401. AUTHORITY TO EXEMPT CERTAIN SECURITIES.

(a) IN GENERAL.—Section 3(b) of the Securities Act of 1933 (15 U.S.C. 77c(b)) is amended—

(1) by striking ''(b) The Commission'' and inserting the following:

''(b) ADDITIONAL EXEMPTIONS.—

''(1) SMALL ISSUES EXEMPTIVE AUTHORITY.—The Commission''; and

(2) by adding at the end the following:

''(2) ADDITIONAL ISSUES.—The Commission shall by rule or regulation add a class of securities to the securities exempted pursuant to this section in accordance with the following terms and conditions:

''(A) The aggregate offering amount of all securities offered and sold within the prior 12-month period in reliance on the exemption added in accordance with this paragraph shall not exceed $50,000,000.

''(B) The securities may be offered and sold publicly.

''(C) The securities shall not be restricted securities within the meaning of the Federal securities laws and the regulations promulgated thereunder.

''(D) The civil liability provision in section 12(a)(2) shall apply to any person offering or selling such securities.

''(E) The issuer may solicit interest in the offering prior to filing any offering statement, on such terms and conditions as the Commission may prescribe in the public interest or for the protection of investors.

''(F) The Commission shall require the issuer to file audited financial statements with the Commission annually.

''(G) Such other terms, conditions, or requirements as the Commission may determine necessary in the public interest and for the protection of investors, which may include—

''(i) a requirement that the issuer prepare and electronically file with the Commission and distribute to prospective investors an offering statement, and any related documents, in such form and with such content as prescribed by the Commission, including audited financial statements, a description of the issuer's business operations, its financial condition, its corporate governance principles, its use of investor funds, and other appropriate matters; and

''(ii) disqualification provisions under which the exemption shall not be available to the issuer or its predecessors, affiliates, officers, directors, underwriters, or other related persons, which shall be substantially similar to the disqualification provisions contained in the regulations adopted in accordance with section 926 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 77d note).

''(3) LIMITATION.—Only the following types of securities may be exempted under a rule or regulation adopted pursuant to paragraph (2): equity securities, debt securities, and debt securities convertible or exchangeable to equity interests, including any guarantees of such securities.

''(4) PERIODIC DISCLOSURES.—Upon such terms and conditions as the Commission determines necessary in the public interest and for the protection of investors, the Commission by rule or regulation may require an issuer of a class of securities exempted under paragraph (2) to make available to investors and file with the Commission periodic disclosures regarding the issuer, its business operations, its financial condition, its corporate governance principles, its use of investor funds, and other appropriate matters, and also may provide for the suspension and termination of such a requirement with respect to that issuer.

''(5) ADJUSTMENT.—Not later than 2 years after the date of enactment of the Small Company Capital Formation Act of 2011 and every 2 years thereafter, the Commission shall review the offering amount limitation described in paragraph (2)(A) and shall increase such amount as the Commission determines appropriate. If the Commission determines not to increase such amount, it shall report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on its reasons for not increasing the amount.''.

(b) TREATMENT AS COVERED SECURITIES FOR PURPOSES OF NSMIA.—Section 18(b)(4) of the Securities Act of 1933 (as amended by section 303) (15 U.S.C. 77r(b)(4)) is further amended by inserting after subparagraph (C) (as added by such section) the following:

''(D) a rule or regulation adopted pursuant to section 3(b)(2) and such security is—

''(i) offered or sold on a national securities exchange; or

''(ii) offered or sold to a qualified purchaser, as defined by the Commission pursuant to paragraph (3) with respect to that purchase or sale;''.

(c) CONFORMING AMENDMENT.—Section 4(5) of the Securities Act of 1933 is amended by striking ''section 3(b)'' and inserting ''section 3(b)(1)''.

SEC. 402. STUDY ON THE IMPACT OF STATE BLUE SKY LAWS ON REGULATION A OFFERINGS.

The Comptroller General shall conduct a study on the impact of State laws regulating securities offerings, or ''Blue Sky laws'', on offerings made under Regulation A (17 C.F.R. 230.251 et seq.). The Comptroller General shall transmit a report on the findings of the study to the Committee on Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate not later than 3 months after the date of enactment of this Act.

TITLE V—PRIVATE COMPANY FLEXIBILITY AND GROWTH

SEC. 501. THRESHOLD FOR REGISTRATION.

Section 12(g)(1)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(1)(A)) is amended to read as follows:

''(A) within 120 days after the last day of its first fiscal year ended on which the issuer has total assets exceeding $10,000,000 and a class of equity security (other than an exempted security) held of record by 1,000 persons, and''.

SEC. 502. EMPLOYEES.

Section 12(g)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(5)) is amended by adding at the end the following: ''For purposes of determining whether an issuer is required to register a security with the Commission pursuant to paragraph (1), the definition of 'held of record' shall not include securities held by persons who received the securities pursuant to an employee compensation plan in transactions exempted from the registration requirements of section 5 of the Securities Act of 1933.''.

SEC. 503. COMMISSION RULEMAKING.

The Securities and Exchange Commission shall revise the definition of ''held of record'' pursuant to section 12(g)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(5)) to implement the amendment made by section 502. The Commission shall also adopt safe harbor provisions that issuers can follow when determining whether holders of their securities are accredited investors or that holders of their securities received the securities pursuant to an employee compensation plan in transactions that were exempt from the registration requirements of section 5 of the Securities Act of 1933.

TITLE VI—CAPITAL EXPANSION

SEC. 601. SHAREHOLDER THRESHOLD FOR REGISTRATION.

(a) AMENDMENTS TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934.—Section 12(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78l (g)) is further amended—

(1) in paragraph (1), by amending subparagraph (B) to read as follows:

''(B) in the case of an issuer that is a bank or a bank holding company, as such term is defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841), not later than 120 days after the last day of its first fiscal year ended after the effective date of this subsection, on which the issuer has total assets exceeding $10,000,000 and a class of equity security (other than an exempted security) held of record by 2,000 or more persons,''; and

(2) in paragraph (4), by striking ''three hundred'' and inserting ''300 persons, or, in the case of a bank, as such term is defined in section 3(a)(6), or a bank holding company, as such term is defined in section (2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841), 1,200 persons''.

(b) AMENDMENTS TO SECTION 15 OF THE SECURITIES EXCHANGE ACT OF 1934.—Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d)) is amended, in the third sentence, by striking ''three hundred'' and inserting ''300 persons, or, in the case of bank or a bank holding company, as such term is defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841), 1,200 persons''.

SEC. 602. RULEMAKING.

Not later than 1 year after the date of enactment of this Act, the Securities and Exchange Commission shall issue final regulations to implement this title and the amendments made by this title.

The Acting CHAIR. No further amendment to the bill, as amended, shall be in order except those printed in House Report 112–409. Each such further amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. FINCHER

The Acting CHAIR. It is now in order to consider amendment No. 1 printed in House Report 112–409.

Mr. FINCHER. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 3, line 18, after ''(80)'' insert the following: ''EMERGING GROWTH COMPANY.—''.

Page 9, line 3, strike ''7201(a))'' and insert ''7201(a)))''.

Page 37, line 3, strike ''is amended'' and insert the following: '', as amended by section 302, is amended in subparagraph (A)''.

Page 37, beginning on line 18, strike ''holders of their securities are accredited investors or that''.

Page 38, line 16, strike '', as such term is defined in section 3(a)(6),''.

Page 38, line 18, strike ''section (2)'' and insert ''section 2''.

The Acting CHAIR. Pursuant to House Resolution 572, the gentleman from Tennessee (Mr. FINCHER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Tennessee.

Mr. FINCHER. Mr. Chairman, I rise today, along with the gentleman from Delaware (Mr. CARNEY), to offer a technical amendment to H.R. 3606.

The amendment now pending would simply provide technical corrections to the underlying bill. Both Members and committee staff have heard from various groups and stakeholders affected by this bill. The amendment is a reflection of the technical advice given to us by these groups. I strongly believe that these technical changes improve the bill and would ask my colleagues to support this amendment.

I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I ask unanimous consent to claim the time in opposition to the amendment; although I'm not opposed to the amendment.

The Acting CHAIR. Without objection, the gentleman from Texas is recognized for 5 minutes.

There was no objection.

Mr. HENSARLING. I want to commend, again, the gentleman from Tennessee and the gentleman from Delaware for this amendment that I believe helps improve the underlying amendment with some technical corrections. I would urge all Members to adopt it.

Mr. Chairman, I yield back the balance of my time.

Mr. FINCHER. Mr. Chairman, I yield 1 minute to my colleague, the gentleman from Delaware (Mr. CARNEY).

Mr. CARNEY. I thank the gentleman. Being new at this, I think I was supposed to grab that time in opposition, but I don't oppose this amendment. So I stumbled there for a minute.

I rise in support of the technical amendment that is under consideration at this time and also say that, in the work through the committee, we also had a technical amendment that was adopted by the committee that addressed a number of the concerns that were raised by Ranking Member FRANK and by my good friend from Ohio (Mr. RENACCI) consistent with this amendment that's under consideration right now.

This is the spirit in which we've worked this bill, tried to address concerns that were raised both by interested parties as well as by individual Members. So I rise in support of the amendment.

Mr. FINCHER. Mr. Chairman, with that, I yield back the balance of my time.

The Acting CHAIR (Mr. BISHOP of Utah). The question is on the amendment offered by the gentleman from Tennessee (Mr. FINCHER).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. MCINTYRE

The Acting CHAIR. It is now in order to consider amendment No. 2 printed in House Report 112–409.

Mr. MCINTYRE. Mr. Chairman, I rise today in support of my amendment to Jumpstart Our Business Startups Act and would like to speak on the same.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 2, line 11, insert after ''$1,000,000,000'' the following: ''(as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest 1,000,000)''.

Page 2, line 18, insert after ''$1,000,000,000'' the following: ''(as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest 1,000,000)''.

Page 3, line 20, insert after ''$1,000,000,000'' the following: ''(as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest 1,000,000)''.

Page 4, line 3, insert after ''$1,000,000,000'' the following: ''(as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest 1,000,000)''.

The Acting CHAIR. Pursuant to House Resolution 572, the gentleman from North Carolina (Mr. MCINTYRE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from North Carolina.

Mr. MCINTYRE. Mr. Chairman, this important amendment addresses the emerging growth company definition for inflation, resulting in providing more flexibility for businesses.

The emerging growth company definition would ensure that our small businesses and start-ups thrive in our Nation's challenging economy and continue to create jobs that are so important to our citizens.

Similar to other parts of the bill, the amount related to regulation flexibility will be adjusted for inflation to take into account increased costs that small companies are currently facing. This will allow for more businesses to be able to enjoy the regulation flexibility and help them start up and grow.

Mr. Chairman, our economy continues to struggle, and many Americans are struggling with dwindling family finances while too many are facing joblessness. And no one knows better that our true job creators across the Nation need to be able to have relief from burdensome regulations. The small businesses and companies that

are being hit hard by these regulations need relief. It is imperative that we all work together to reduce regulations, to get rid of these onerous regulations on our small businesses and help them continue to create jobs and persevere.

My amendment, which the Congressional Budget Office has scored as having no cost to the Federal Government, reflects the needs and priorities of those small businesses and entrepreneurs across the Nation. By passing it today, we can truly make a difference for American families and businesses. Let's work together to rebuild our economy and put Americans back to work.

Mr. Chairman, I yield back the balance of my time.

Mr. HENSARLING. I ask unanimous consent, Mr. Chairman, to claim the time in opposition, although I'm not opposed to the amendment.

The Acting CHAIR. Without objection, the gentleman from Texas is recognized for 5 minutes.

There was no objection.

Mr. HENSARLING. Mr. Chairman, I would like to encourage the House to support the amendment from the gentleman from North Carolina. I believe it to be very straightforward, very simple, very common sense to ensure that there is an inflation adjustment that is applied to the underlying bill.

□ 1640

I think that it's helpful. I urge, again, all Members to adopt it.

I reserve the balance of my time.

Mr. MCINTYRE. I yield back the balance of my time.

Mr. HENSARLING. I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from North Carolina (Mr. MCINTYRE).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MR. HIMES

The Acting CHAIR. It is now in order to consider amendment No. 3 printed in House Report 112–409.

Mr. HIMES. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 2, line 11, strike ''$1,000,000,000'' and insert ''$750,000,000''.

Page 2, line 18, strike ''$1,000,000,000'' and insert ''$750,000,000''.

Page 2, line 18, add ''or'' at the end.

Page 3, line 5, strike ''; or'' and insert a period.

Page 3, strike lines 6 through 9.

Page 3, line 20, strike ''$1,000,000,000'' and insert ''$750,000,000''.

Page 4, line 3, strike ''$1,000,000,000'' and insert ''$750,000,000''.

Page 4, line 3, add ''or'' at the end.

Page 4, line 8, strike ''; or'' and insert a period.

Page 4, strike lines 9 through 12.

The Acting CHAIR. Pursuant to House Resolution 572, the gentleman from Connecticut (Mr. HIMES) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Connecticut.

Mr. HIMES. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chair, my amendment is very simple. This bill that we are discussing today creates what we have come to describe as the IPO on-ramp, which, for emerging growth companies, would lift some of the more burdensome requirements that are perhaps more appropriate for larger, more established companies.

Now, the question naturally arises, how should we define an emerging growth company? Currently, the bill specifies that a company with revenues at or in excess of $1 billion would not qualify, meaning revenues less than that, and you could qualify to be an emerging growth company.

My amendment, Mr. Chairman, and my belief is that this is far too expansive a definition of emerging growth companies. It's not just my belief. We heard in the hearing which we held on this bill from Mr. LeBlanc that something more like $250 million to $500 million in revenues would be appropriate. I offered in committee the notion similar to this amendment that we make the cap $750 million in revenues.

The Council of Institutional Investors has sent a letter to our leadership expressing the same concern about the billion dollar revenue number. And I would just read from that letter and quote:

> We note that some of the most knowledgeable and active advocates for small business capital formation have in the past agreed that a company with more than $250 million of public float generally has the resources and infrastructure to comply with existing U.S. security regulations.

It's hard to know—a billion dollars in revenue is an abstraction. Let me give you an example.

I have a list of the IPOs that have occurred in the last couple of years. Currently, what I think of as a fine company, Spirit Airlines, with some $800 million in revenues, would qualify as an emerging growth company. They went public in May of 2011.

Spirit Airlines is an established airline with 2,400 employees. They clearly are a company that has the capability to comply with the full array of protections that are there for investors and others. And I would note that the letter that I read from, of course, is from the association that is there to advocate on behalf of our investors.

So, Mr. Chairman, my amendment is common sense. It's supported by the hearing that we had. It's supported by the Council of Institutional Investors. It is common sense, dare I use that phrase, and, therefore, would urge adoption so that we get this definition right.

It's a great bill. It is good that we are making it easier for small and emerging companies to go public and to not bear the full burden of the protections that are out there, but we should get this definition right. We should make sure that this is a benefit that accrues to truly small entrepreneurial emerging companies.

And therefore, I think $750 million in revenue is a more appropriate benchmark and, therefore, I propose this amendment.

With that, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chair, I claim the time in opposition.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. I yield myself as much time as I may consume.

Mr. Chairman, again, the people of America care about jobs, they care about economic growth. Although we've had some recent improvement in our monthly unemployment figures, when we add in those who are working part-time who would prefer to be working full-time, and when we add in those who, frankly, have just given up and left the labor force, we know that the true unemployment rate in America is closer to 15.3 percent.

We know that the job engine of America is small business. And every big business had to start out as a small business.

I respect the gentleman's contribution to the bill. And this is about line drawing. I understand that. I respect his opinion. I know the professional background from which he has come. But I feel like his amendment would take this bill in the complete opposite direction of where we need to take this policy for emerging growth companies.

He used the example of Spirit Airlines. I don't have the figure at my fingertips, but I believe their market cap was in excess of what is provided for in the underlying bill, so I believe, again, they would not have qualified for the exemption in the first place.

But we want to provide this on-ramp for emerging growth companies, so, again, we can find tomorrow's Google, we can find tomorrow's Apple. And yes, this is drawing some lines in the sand, but it's clearly not a line that seems to be of great concern to the President.

We all know that the White House issues the Statement of Administration Policy, and when they have concerns about provisions in a piece of legislation, they have never been shy or reticent to share that with us. As I read the Statement of Administration Policy, the President doesn't seem to have a problem with where that line has been drawn.

I would also point out that the companion legislation on the Senate side, S. 1933, introduced by Senator SCHUMER of New York, Democrat, also has a gross revenue test of $1 billion. And so it appears that the President supports this. Senator SCHUMER supports this. This is bipartisan support for this $1 billion figure. I think at this particular time in our Nation's history the American people demand we err on the side of creating jobs and economic growth.

So, again, I respect the gentleman for his amendment, but I would urge that it be rejected.

I reserve the balance of my time.

Mr. HIMES. Mr. Chair, I yield 1 minute to the gentleman from Massachusetts (Mr. CAPUANO).

Mr. CAPUANO. Mr. Chairman, I thank the gentleman for yielding.

I believe the gentleman from Connecticut has made the salient points, but I do want to point out that this ''radical'' amendment, under current law, and current regulation, approximately 60 percent of all businesses are already exempt. They're exempted pursuant to a law that we passed in 2003, Sarbanes-Oxley, which was a bipartisan bill. Sarbanes, Oxley. Bipartisan.

All this ''radical'' amendment does is simply say that we're going up from 60 percent to allow 80 percent of the businesses to be exempted from these provisions. Now, I don't think that's radical by any definition. I think that's reasonable. The truth is I have some hesitancies even at these numbers, but I do believe that it's worth trying because it's worth taking a shot to see if some relief will help.

At the same time, it is not a wise provision to take a complete step backwards and say to investors that you're going to go in blind, you're going to be exempted from audits. This bill doesn't do that. I don't think that's the intent.

The Acting CHAIR. The time of the gentleman has expired.

Mr. HIMES. I yield an additional 30 seconds to the gentleman from Massachusetts.

Mr. CAPUANO. I don't think that's the intent. I actually think this bill has an underlying good purpose, and I'd like to be able to support it. But I think that the bill goes too far, particularly in this provision.

By going from 60 percent to 80 percent in one fell swoop, I think the risks are too high, having gone through the problems of the early 2000s, the problems of 2008, and the potential problems that are lurking there every single day.

A little extra transparency on behalf of investors is not a bad thing when we're only talking a handful of the largest corporations in the country.

□ 1650

Mr. HENSARLING. I continue to reserve the balance of my time.

The Acting CHAIR. The gentleman from Texas has 2 minutes remaining. The gentleman from Connecticut's time has expired.

Mr. HENSARLING. If the time of the gentleman from Connecticut has expired, in that case, Mr. Chairman, I will yield the remainder of the time to the gentleman from Tennessee (Mr. FINCHER).

Mr. FINCHER. I want to be clear: This bill is about new companies, not existing companies, but about new companies that are wanting to go public.

The $1 billion revenue and $700 million in public float thresholds for emerging growth companies in the underlying bill were recommended by the nonpartisan IPO task force comprised of industry experts, such as venture capitalists, public investors, entrepreneurs, investment bankers, accountants, professors, securities attorneys, and the exchanges.

If we strike the public float requirements, we break this provision's ties to an already defined SEC threshold. Seven hundred million in public float is the threshold for a company to be considered ''a large accelerated'' filer under SEC rules. This number is used by the SEC to define a mature company, meaning that the company will be able to handle complying with a variety of SEC regulations on day one of its IPO.

The $1 billion threshold in the bill serves as a backstop to the SEC's definition of an accelerated filer.

In addition, lowering the revenue thresholds would increase IPO costs for more companies and make the IPO path less attractive than merger and acquisition transactions. More mergers and less IPOs would mean less job creation here at home as a result of innovative companies being absorbed by larger purchasers, including non-U.S. companies.

Therefore, I appreciate the gentleman's position and understand his wanting to go in this direction, but we cannot support this amendment.

The Acting CHAIR. The gentleman from Texas has 15 seconds remaining.

Mr. HENSARLING. I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Connecticut (Mr. HIMES).

The question was taken; and the Acting Chair announced that the noes appeared to have it.

Mr. HIMES. Mr. Chairman, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Connecticut will be postponed.

AMENDMENT NO. 4 OFFERED BY MS. JACKSON LEE OF TEXAS

The Acting CHAIR. It is now in order to consider amendment No. 4 printed in House Report 112–409.

Ms. JACKSON LEE of Texas. I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 3, line 5, strike ''or''.

Page 3, after line 5, insert the following:

''(C) the date on which such issuer has, during the previous 3-year period, issued more than $1,000,000,000 in non-convertible debt; or''.

Page 3, line 6, strike ''(C)'' and insert ''(D)''.

Page 4, line 8, strike ''or''.

Page 4, after line 8, insert the following:

''(C) the date on which such issuer has, during the previous 3-year period, issued more than $1,000,000,000 in non-convertible debt; or''.

Page 4, line 9, strike ''(C)'' and insert ''(D)''.

The Acting CHAIR. Pursuant to House Resolution 572, the gentlewoman from Texas (Ms. JACKSON LEE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Texas.

Ms. JACKSON LEE of Texas. Let me acknowledge, first of all, the combined efforts that have generated this approach to putting Americans back to work. Let me acknowledge the manager that is on the floor, Congresswoman WATERS, for her enormous leadership on many of these issues, as well as the ranking member of the full committee; Mr. FRANK, who certainly has served and exercised his willingness to deal with questions of these markets; and, of course, my friend from Texas who is managing this and is, again, I hope working with us in a bipartisan way on some very serious matters.

Again, let me emphasize that the most effective way to reduce our deficit is to put Americans back to work. My amendment in this legislation deals with acknowledging that the emerging companies under this legislation—provides for 5 years from the date of the EGC's initial public offering; 2, the date an EGC has $1 billion in annual growth; and then the date the EGC becomes ''a large accelerated filer,'' which is defined by the Securities and Exchange; a number of provisions to, in essence, help small businesses. This is an important principle. But my amendment adds a requirement that a company would not be considered an emerging growth company, an EGC, if it has issued more than $1 billion in nonconvertible debt over the prior 3 years.

Let me suggest that we are doing better than many of us might think. Many aspects of this bill, for example, will help community banks, which will help other small businesses. But if we look to the economy as we speak, the private sector unemployment has grown for 23 straight months, the economy has grown for 10 straight quarters, overall business investment is going up, corporate profits are up, as are investments in equipment and software, and exports have been a source of growth.

But emerging growth of small businesses needs the extra push, because when you think of the backbone of America, you think of small businesses. As a matter of fact, it is not uncommon for a company to be financed with debt as opposed to equity, and that while $1 billion is not what it used to be, it is still a pretty substantial sum of money.

So what I am saying is I want to help small businesses, but I also want to ensure that we do not expand this legislation where it is not actually helping those smaller emergent growth companies that truly are in need. For years, both Wall Street and big banks lacked the requisite government and oversight

accountability, and I believe that it is important to ensure continued oversight but continued help for these particular companies.

With that, I'd ask my colleagues to support this amendment, and I reserve the balance of my time.

Mr. HENSARLING. I claim time in opposition.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. I'm not, frankly, certain I'm in opposition to the gentlelady's amendment, and I appreciate her bringing it to the floor.

If she would yield for a question, I'm just trying to understand the purpose of her amendment, and what is the deficiency in the underlying bill that she seeks to address with this amendment would be that question.

I would be happy to yield to the gentlelady.

Ms. JACKSON LEE of Texas. I thank the gentleman.

Mr. HENSARLING. I'm inquiring as to the perceived deficiency in the underlying bill that you seek to address with your amendment, and I would be happy to yield to my friend from Texas.

Ms. JACKSON LEE of Texas. I like the concept of emerging growth, and I think the concept is to build these businesses up, to give them greater opportunities. What I am suggesting is that, the amendment suggests that if you have issued more than a billion dollars, you have grown sufficiently to have an additional standard or a different standard. This particular amendment suggests that we have a framework for emerging growth.

Mr. HENSARLING. I have one other question for the gentlelady.

On the 3-year period, I'm just curious as to the thought or purpose behind that particular selection of a 3-year period.

I'd be once again be happy to yield to my friend, the gentlelady from Texas.

Ms. JACKSON LEE of Texas. I'd tell my good friend, it is not 3 years.

I thought that was an appropriate framework for a billion dollars. If you spread it out over a period of time, that's $300 million to $400 million a year.

Let me just say that I think the concept is so important, to my friend from Texas, that a friendly modification would be welcomed in the timeframe. But I think the billion dollars is an appropriate standard, if you will, for trying to ensure that we really do boost and give latitude to emerging growth companies.

Mr. HENSARLING. I thank the gentlelady for her responses.

I reserve the balance of my time.

Ms. JACKSON LEE of Texas. Let me just conclude my remarks, and if I might, let me yield to the gentleman, because I did not hear him clearly. Let me yield to the gentleman from Texas.

I'd like to raise the question, I did not hear your support or opposition to this initiative.

Mr. HENSARLING. Is the gentlelady yielding?

Ms. JACKSON LEE of Texas. I'm hoping for a good bipartisan effort here, but I am yielding to the gentleman.

Mr. HENSARLING. Yes, the gentlelady was very perceptive in her hearing. I was contemplating the answers that the gentlelady gave. At this time, I do not intend to oppose the amendment.

Ms. JACKSON LEE of Texas. The gentleman is very kind.

So let me just say, as my leader on the floor was trying to get an inquiry about it—and you always take a gift quickly and you say ''thank you''—I think that this will add to the confidence of this legislation.

And as I indicated, though this is not specifically to this point, I want to make sure that we're helping community banks provide more lending and access to small businesses. I want to make sure that we, under the definition of this bill, help emerging growth companies, as well, be stronger and, as well, to be part of the creation of jobs putting Americans back to work.

With that, I ask my colleagues to support the Jackson Lee amendment.

Mr. Chair, I rise today to offer my amendment No. 4 to H.R. 3606 "The Reopening American Capital Markets to Emerging Growth Companies Act of 2011." My amendment would create a five-year "on-ramp" for smaller companies to comply with certain provisions of Sarbanes-Oxley and Dodd-Frank.

In the bill, Emerging Growth Companies are exempted from certain regulatory requirements until the earliest of three dates: (1) five years from the date of the EGC's initial public offering; (2) the date an EGC has $1 billion in annual gross revenue; or (3) the date an EGC becomes a "large accelerated filer, which is defined by the Securities and Exchange Commission (SEC) as a company that has a worldwide public float of $700 million or more.

H.R. 3606 thus provides temporary regulatory relief to small companies, which encourages them to go public, yet ensures their eventual compliance with regulatory requirements as they grow larger.

I agree in principle that it is important to modernize and improve the ability of a company to raise capital in today's environment, but I am concerned H.R. 3606 goes beyond what is necessary at the expense of protecting the investor.

My amendment adds a requirement that a company would NOT be considered an "emerging growth company" (EGC) if it has issued more than $1 billion in non-convertible debt over the prior three years.

As a matter of fact, it is not uncommon for a company to be financed with debt as opposed to equity, and that while $1 billion dollars is not what it used to be—-it is still a pretty substantial sum of money. Frankly, Mr. Chair, a company that size needs to have some oversight to protect the public.

For years, both Wall Street and big banks lacked the requisite government oversight and accountability. Relying on Wall Street and big banks to police themselves resulted in the worst financial crisis since the Great Depression, the loss of 8 million jobs, failed businesses, a drop in housing prices, and wiped out personal savings.

We must restore responsibility and accountability in our financial system to give Americans confidence that there is a system in place that works for and protects them. We must create a sound foundation to grow the economy and create jobs.

To wit—this debt financing might be tax deductible, whereas the equity financing typically is not—which gives debt financing a distinct advantage.

H.R. 3606 encourages emerging growth companies (EGCs) to access the public capital markets by temporarily exempting EGCs from some registration procedures, prohibitions on initial public offering (IPO) communications, and independent audits of internal controls over financial reporting, among other exemptions.

I encourage my colleagues to vote for this amendment to H.R. 3606 that adds a requirement that a company not be considered to be as an "emerging growth company," if it has issued more than $1 billion in non-convertible debt over the prior three years.

Mr. Chair, let's continue to protect the investing public.

I yield back the balance of my time.

Mr. HENSARLING. I yield back the balance of my time.

□ 1700

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Texas (Ms. JACKSON LEE).

The amendment was agreed to.

AMENDMENT NO. 5 OFFERED BY MR. ELLISON

The Acting CHAIR. It is now in order to consider amendment No. 5 printed in House Report 112–409.

Mr. ELLISON. I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 5, strike line 7 and all that follows through page 6, line 13 (and redesignate succeeding paragraphs accordingly).

The Acting CHAIR. Pursuant to House Resolution 572, the gentleman from Minnesota (Mr. ELLISON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Minnesota.

Mr. ELLISON. Mr. Chair, this amendment is very simple. We brought this up in committee. I would like the whole body to be able to get a chance to have their say on Say on Pay. Say on Pay is a good, commonsense thing that empowers investors. It allows shareholders and companies to be able to say, Do I believe that the CEO pay in this company is too high?

Companies are not exercising the right to approve or to have a nonbinding vote on pay. As a matter of fact, Nabors Industries announced that its former CEO agreed to waive a $100 million termination payment, and that was regarded as a rare win for shareholders. In light of this, I would like to submit for the RECORD and for the purpose of this debate, an article entitled, ''A Rare Win for Say on Pay.''

Now, this is a bill that I would like to support. I think it's a good idea. The fact of the matter is—Mr. Chair, you would be shocked to know—that we actually, I think, passed this bill out of our committee without any dissenting votes.

The issue remains that there are a lot of advantages to this bill. It relieves the emerging growth companies of the pretty hefty burden of complying with 404(b) of Sarbanes-Oxley. It allows them to escape the obligation of providing 3 years of audited financial statements. Although I think they're good for our system with regard to controls, these things are costly and do take a toll.

Do you know what, Mr. Chair? Say on Pay is not costly, and it's not burdensome. It empowers investors and makes them more engaged and gives them greater reason to be plugged into what the company is doing.

I have a letter from the Council of Institutional Investors that I would also like to submit for the RECORD. They are concerned about this section that would waive Say on Pay because it would effectively limit the shareholders' ability to voice their concerns about executive compensation packages.

[From Real-Time Advice, Feb. 6, 2012]

A RARE WIN FOR SAY ON PAY

(By Sarah Morgan)

NABORS INDUSTRIES' (NBR) announcement that its former CEO agreed to waive a $100 million termination payment was a rare win for shareholders, who experts say often gripe about excessive compensation but rarely act.

Under pressure from shareholders, who voted against Nabors' pay packages and directors in a recent proxy voting, the oil drilling company said this morning that former CEO Eugene Isenberg will waive the huge payout. Instead, his estate will receive a payment of $6.6 million plus interest upon his death. ''Isenberg has more than enough money. So having him defer this $100 million is a good thing for shareholders,'' says Stephen Ellis, a Morningstar equity analyst.

In recent years, compensation has become a lightning rod for criticism from investor advocates, who say poorly designed pay policies often give executives the wrong incentives. Instead, shareholders want to see management paid for performance, says Jesse Fried, a professor of law at Harvard University. Nabors' $100 million payment was a perfect example of ''pay for failure,'' he says. ''There's a lot of things that are wrong with pay practices in the United States, but this was particularly egregious, so it's not surprising it drew shareholder anger,'' he says.

This case also proves that shareholder outrage has an impact: Boards pay attention, and companies do change their policies, Fried says. ''Pressure matters, and investors shouldn't feel shy about applying it,'' he says.

Thanks to the Dodd-Frank financial reform bill, and to the recession, investors are now paying more attention than ever to compensation issues, says Michael Littenberg, a partner at Schulte Roth & Zabel LLP who focuses on corporate governance issues. The Dodd-Frank bill required annual (though non-binding) say on pay votes, and companies do take those votes very seriously, because a few companies whose pay policies haven't passed muster have been sued by shareholders, Littenberg says.

But investors aren't taking as much advantage of this new power as some had hoped (or feared). Last year (the first with the new say on pay rule in place), shareholders voted down pay policies at only 36 companies in the Russell 3000, or 1.6%, although roughly another 350 companies saw their policies pass with low enough votes that they'd be considered at risk for a ''no'' vote in the future, Littenberg says.

Nabors is one of the few companies that has suffered a ''no'' vote on its pay practices, according to Governance Metrics International, an independent research firm. ''We have long rated Nabors poorly, because of concerns over poor compensation practices,'' including ''a bonus formula rarely seen in modern practice with no measure against a peer group,'' says Greg Ruel, a research associate with GMI.

Many companies that see ''no'' votes or worryingly low ''yes'' votes do make some changes, but they don't always change the actual pay policy, Littenberg says. Some companies might try to better explain how pay is determined, or simply sit down with institutional shareholders to figure out what's most important to investors, he says. Of course, individual shareholders aren't privy to those conversations.

All observers agree that Isenberg had long enjoyed an unusually lavish compensation package. He was ''extraordinarily well paid,'' in part because of an unusual compensation plan that was put in place back in 1987, when he took on the CEO role to lead the company out of bankruptcy, Ellis says. His contract with the company entitled him to a cash bonus of 10% of any amount of the company's cash flow that exceeded 10% of average shareholder equity. This arrangement made his pay work more like a hedge fund manager's than like a typical CEO's, Morningstar's Ellis says.

Since the current CEO, Tony Petrello, took over, the company has taken some other steps that show it's responding to widespread shareholder anger over pay practices, Ellis says. They're now going to allow their board of directors to be elected by a majority instead of a plurality, making it easier for shareholders to vote out directors they're not happy with, and hold annual ''say-on-pay'' votes. However, Petrello is still being paid in a similar hedge-fund-like fashion, getting a percentage of cash flow above a certain benchmark, and while the recent shareholder-friendly moves are good signs, it would certainly be better for investors if the company got rid of this unusual pay policy, Ellis says.

A spokesman for the company said that Isenberg, who holds more than 8 million shares of Nabors, decided that waiving the payment was best for his fellow shareholders, and that the company views the decision as ''positive,'' but declined to comment on whether any other changes would be made to pay policies in the future.

COUNCIL OF INSTITUTIONAL INVESTORS,
March 7, 2012.

Hon. JOHN BOEHNER,
Speaker, House of Representatives, Washington, DC.

Hon. NANCY PELOSI Minority Leader, House of Representatives,
Washington, DC.

DEAR SPEAKER BOEHNER AND MINORITY LEADER PELOSI: As a nonprofit, nonpartisan association of public, corporate and union pension plans, and other employee benefit funds, foundations and endowments with combined assets that exceed $3 trillion, the Council of Institutional Investors (Council) is committed to protecting the retirement savings of millions of American workers. With that commitment in mind, and in anticipation of the upcoming vote on the ''Jumpstart Our Business Startups (JOBS) Act,'' we would like to share with you some of our deep concerns about Title I of the proposed legislation.

Our questions and concerns about Title I are grounded in the Council's membership approved corporate governance best practices. Those policies explicitly reflect our members' view that all companies, including ''companies in the process of going public should practice good corporate governance.'' Thus, we respectfully request that you consider changes to, or removal of, the following provisions of Title I:

DEFINITIONS

We question the appropriateness of the qualities defining the term ''emerging growth company'' (EGC) as set forth in Sec. 101(a) and 101(b).

As you are aware, under Sec. 101(a) and 101(b), a company would qualify for special status for up to five years, so long as it has less than $1 billion in annual revenues and not more than $700 million in public float following its initial public offering (IPO). The Council is concerned that those thresholds may be too high in establishing an appropriate balance between facilitating capital formation and protecting investors.

For example, we note that some of the most knowledgeable and active advocates for small business capital formation have in the past agreed that a company with more than $250 million of public float generally has the resources and infrastructure to comply with existing U.S. securities regulations. We, therefore, urge you to reevaluate the basis for the proposed thresholds defining an EGC.

DISCLOSURE OBLIGATIONS

We have concerns about Sec. 102(a)(1) because it would effectively limit shareowners' ability to voice their concerns about executive compensation practices.

More specifically, Sec. 102(a)(1) would revoke the right of shareowners, as owners of an EGC, to express their opinion collectively on the appropriateness of executive pay packages and severance agreements.

The Council's longstanding policy on advisory shareowner votes on executive compensation calls on all companies to ''provide annually for advisory shareowner votes on the compensation of senior executives.'' The Investors Working Group echoed the Council's position in its July 2009 report entitled U.S. Financial Regulatory Reform: The Investors' Perspective.

Advisory shareowner votes on executive compensation and golden parachutes efficiently and effectively encourage dialogue between boards and shareowners about pay concerns and support a culture of performance, transparency and accountability in executive compensation. Moreover, compensation committees looking to actively rein in executive compensation can utilize the results of advisory shareowner votes to defend against excessively demanding officers or compensation consultants.

The 2011 proxy season has demonstrated the benefits of nonbinding shareowner votes on pay. As described in Say on Pay: Identifying Investors Concerns:

Compensation committees and boards have become much more thoughtful about their executive pay programs and pay decisions. Companies and boards in particular are articulating the rationale for these decisions much better than in the past. Some of the most egregious practices have already waned considerably, and may even disappear entirely.

As the U.S. House of Representatives deliberates the appropriateness of

disenfranchising certain shareowners from the right to express their views on a company's executive compensation package, we respectfully request that the following factors be considered:

1. Companies are not required to change their executive compensation programs in response to the outcome of a say on pay or golden parachutes vote. Securities and Exchange Commission (SEC) rules simply require that companies discuss how the vote results affected their executive compensation decisions.

2. The SEC approved a two-year deferral for the say on pay rule for smaller U.S. companies. As a result, companies with less than $75 million in market capitalization do not have to comply with the rule until 2013, thus the rule's impact on IPO activity is presumably unknown. We, therefore, question whether there is a basis for the claim by some that advisory votes on pay and golden parachutes are an impediment to capital formation or job creation.

We also have concerns about Sec. 102(a)(2) because it would potentially reduce the ability of investors to evaluate the appropriateness of executive compensation.

More specifically, Sec. 102(a)(2) would exempt an EGC from Sec. 14(i) of the Securities Exchange Act of 1934, which would require a company to include in its proxy statement information that shows the relationship between executive compensation actually paid and the financial performance of the issuer.

We note that the SEC has yet to issue proposed rules relating to the disclosure of pay versus performance required by Sec. 14(i). As a result, no public companies are currently required to provide the disclosure. We, therefore, again question whether a disclosure that has not yet even been proposed for public comment is impeding capital formation or job creation.

Our membership approved policies emphasize that executive compensation is one of the most critical and visible aspects of a company's governance. Executive pay decisions are one of the most direct ways for shareowners to assess the performance of the board and the compensation committee.

The Council endorses reasonable, appropriately structured pay-for-performance programs that reward executives for sustainable, superior performance over the long-term. It is the job of the board of directors and the compensation committee to ensure that executive compensation programs are effective, reasonable and rational with respect to critical factors such as company performance.

Transparency of executive compensation is a primary concern of Council members. All aspects of executive compensation, including all information necessary for shareowners to understand how and how much executives are paid should be clearly, comprehensively and promptly disclosed in plain English in the annual proxy statement.

Transparency of executive pay enables shareowners to evaluate the performance of the compensation committee and the board in setting executive pay, to assess pay-for-performance links and to optimize their role in overseeing executive compensation through such means as proxy voting. It is, after all, shareowners, not executives, whose money is at risk.

ACCOUNTING AND AUDITING STANDARDS

We have concerns about Sec. 102(b)(2) and Sec. 104 because those provisions would effectively impair the independence of private sector accounting and auditing standard setting, respectively.

More specifically, Sec. 102(b)(2) would prohibit the independent private sector Financial Accounting Standards Board from exercising their own expert judgment, after a thorough public due process in which the views of investors and other interested parties are solicited and carefully considered, in determining the appropriate effective date for new or revised accounting standards applicable to EGCs.

Similarly, Sec. 104 would prohibit the independent private sector Public Company Accounting Oversight Board from exercising their own expert judgment, after a thorough public due process in which the view of investors and other interested parties are solicited and carefully considered, in determining improvements to certain standards applicable to the audits of EGCs.

The Council's membership ''has consistently supported the view that the responsibility to promulgate accounting and auditing standards should reside with independent private sector organizations.'' Thus, the Council opposes legislative provisions like Sec. 102(b)(2) and Sec. 104 that override or unduly interfere with the technical decisions and judgments (including the timing of the implementation of standards) of private sector standard setters.

A 2010 joint letter by the Council, the American Institute of Certified Public Accountants, the Center for Audit Quality, the CFA Institute, the Financial Executives International, the Investment Company Institute, and the U.S. Chamber of Commerce explains, in part, the basis for the Council's strong support for the independence of private sector standard setters:

We believe that interim and annual audited financial statements provide investors and companies with information that is vital to making investment and business decisions. The accounting standards underlying such financial statements derive their legitimacy from the confidence that they are established, interpreted and, when necessary, modified based on independent, objective considerations that focus on the needs and demands of investors—the primary users of financial statements. We believe that in order for investors, businesses and other users to maintain this confidence, the process by which accounting standards are developed must be free—both in fact and appearance—of outside influences that inappropriately benefit any particular participant or group of participants in the financial reporting system to the detriment of investors, business and the capital markets. We believe political influences that dictate one particular outcome for an accounting standard without the benefit of public due process that considers the views of investors and other stakeholders would have adverse impacts on investor confidence and the quality of financial reporting, which are of critical importance to the successful operation of the U.S. capital markets.

INTERNAL CONTROLS AUDIT

We have concerns about Sec. 103 because that provision would, in our view, unwisely expand the existing exemption for most public companies from the requirement to have effective internal controls.

More specifically, Sec. 103 would exempt an EGC from the requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 (SOX). That section requires an independent audit of a company's assessment of its internal controls as a component of its financial statement audit.

The Council has long been a proponent of Section 404 of SOX. We believe that effective internal controls are critical to ensuring investors receive reliable financial information from public companies.

We note that Section 989G(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) already exempts most public companies, including all smaller companies, from the requirements of Section 404(b). We also note that Section 989G(b) of Dodd-Frank required the SEC to conduct a study on ''how the Commission could reduce the burden of complying with section 404(b) . . . while maintaining investor protections . . .

The SEC study, issued April 2011, revealed that (1) there is strong evidence that the provisions of Section 404(b) ''improves the reliability of internal control disclosures and financial reporting overall and is useful to investors,'' and (2) that the ''evidence does not suggest that granting an exemption [from Section 404(b)] . . . would, by itself, encourage companies in the United States or abroad to list their IPOs in the United States.'' Finally, and importantly, the study recommends explicitly against—what Sec. 103 attempts to achieve—a further expansion of the Section 404(b) exemption.

AVAILABILITY OF INFORMATION ABOUT EMERGING GROWTH COMPANIES

Finally, we have concerns about Sec. 105 because it appears to potentially create conflicts of interest for financial analysts.

More specifically, we agree with the U.S. Chamber of Commerce that the provisions of Sec. 105 as drafted ''may be a blurring of boundaries that could create potential conflicts of interests between the research and investment components of broker-dealers.'' The Council membership supports the provisions of Section 501 of SOX and the Global Research Analyst Settlement. Those provisions bolstered the transparency, independence, oversight and accountability of research analysts.

While the Council welcomes further examination of issues, including potential new rules, relating to research analysts as gatekeepers, it generally does not support legislative provisions like Sec. 105 that would appear to weaken the aforementioned investor protections.

The Council respectfully requests that you carefully consider our questions and concerns about the provisions of the JOBS Act. If you should have any questions or require any additional information about the Council or the contents of this letter, please feel free to contact me at 202.261.7081 or Jeff@cii.orq, or Senior Analyst Laurel Leitner at 202.658.9431 or Laurel@cii.org.

Sincerely,

JEFF MAHONEY,
General Counsel.

With that, Mr. Chair, as I have with me today Members who want to offer some remarks in support, I will inquire as to how much time I have remaining.

The Acting CHAIR. The gentleman has 2½ minutes remaining.

Mr. ELLISON. I reserve the balance of my time.

Mr. HENSARLING. I rise in opposition to the amendment.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Chairman, again, when we add in those who want full-time work and yet have part-time work, those who have given up and have left the labor force, those who have been unemployed for weeks and months on end, we know that the true unemployment rate in America is, regrettably, close to 15.3 percent.

Jobs is the number one concern, jobs and the economic growth of the American people, and it has to be our number one concern as well. And as ever well-intentioned as the gentleman

from Minnesota's amendment is, it is not one particular regulatory burden; it is the cumulative impact of them all that is inhibiting job growth in America today.

Anytime I talk to small business people in the Fifth District of Texas, which I have the honor and privilege of representing, and whether I'm talking to small business people or, frankly, to Fortune 50 CEOs, this is what they tell me: it is the government red tape. Now, it doesn't mean all regulation is bad, but we have to look at the cumulative impact, particularly in the midst of what our constituents view as a crisis.

John Mackey, cofounder and CEO of Whole Foods Market:

> In some cases, regulations have gone too far, and it really makes it difficult for small businesses. There's too much bureaucracy and red tape. Taxes on businesses are very high. So we're not creating the enabling conditions that allow businesses to get started.

Again, on a bipartisan piece of legislation that is supported by the President of the United States, most of the provisions have been overwhelmingly supported either on the House floor or in the Financial Services Committee. Regrettably, the gentleman from Minnesota's amendment takes a huge step backwards and makes it more difficult for these emerging growth companies to get started.

Now, I understand his particular concern on Say on Pay, but I would note that emerging growth companies still have to disclose their executive compensation arrangements to shareholders in their SEC filings in the same way that the SEC requires for smaller reporting companies. How many votes do you want to compel shareholders to take, particularly on emerging growth companies?

We could require votes on patent filings. We could require votes on the retention of the accounting firm. Maybe we could require it on the acquisition of real estate. Perhaps shareholders should be compelled to vote to ratify any particular union contract. Maybe we should compel a vote on the IT system. We could go to the ridiculous. Maybe we have to have shareholder votes to choose between Coke and Pepsi in the break room, or as to whether or not the coffee is organically grown or not organically grown. What is the company logo?

At some point, it begs the question: Are we here to stand up for shareholder value or for somebody's subjective, personal values, which I respect, but which, again, can harm emerging growth companies as they're trying to grow jobs and the economy.

I reserve the balance of my time.

Mr. ELLISON. I yield 1 minute to the gentleman from Massachusetts (Mr. CAPUANO).

Mr. CAPUANO. I thank the gentleman for yielding.

This argument makes no sense to me. If we are interested in creating jobs, how does it hurt jobs by simply allowing the people who actually own the company, the shareholders, the ability to have a nonbinding vote on the pay of their CEO? By the way, if they choose to pay the CEO a gazillion dollars, that's fine. It's their money. They can do what they want with it. If, however, they choose to cut the CEO's salary, maybe they could use some of that money to actually create more jobs.

This amendment doesn't affect the creation of one job. It simply recognizes the fact that shareholders own the company. They should be able to decide how to spend their money. Some people have not liked this provision since it was adopted. This is simply an opportunity to take a bite out of something they've never liked. It has no effect whatsoever on the creation of a job. And I would dare say to empower the shareholders might actually free up some corporate money in order to hire one or two more people.

Mr. HENSARLING. Mr. Chairman, how much time remains on both sides, please?

The Acting CHAIR. Both sides have 1½ minutes remaining.

Mr. HENSARLING. I continue to reserve the balance of my time.

Mr. ELLISON. I yield 1 minute to the gentleman from Massachusetts, Mr. STEPHEN LYNCH.

Mr. LYNCH. I want to thank the gentleman for yielding.

The gentleman from Minnesota has a very good amendment here. Here is what we're talking about.

This would strengthen title I by keeping in place the requirement that all public companies, including emerging growth companies, hold a nonbinding shareholder vote on executive compensation and golden parachutes once every 3 years. One vote. They're having a meeting anyway. These are the companies that we know the least about. We support the underlying bill, but we think that requiring a nonbinding vote once every 3 years is good for the shareholders.

The question is: Will this inhibit the operation of these emerging growth companies? No, it will not.

I think the gentleman from Minnesota has a great amendment here. These are the companies we know the least about. They have the shortest track records. These shareholders and investors are taking a leap of faith, and this would allow them to have a vote on the CEO salaries and also on the golden parachutes, so I ask Members to support the amendment.

Mr. HENSARLING. Mr. Chairman, I yield the balance of my time to the gentleman from Tennessee (Mr. FINCHER).

□ 1710

Mr. FINCHER. I thank the gentleman from Texas for yielding.

The SEC already provides smaller reporting companies with an additional year to comply with executive-compensation disclosure and say-on-pay vote compliance.

This bill would simply extend the extension to emerging growth companies during the on-ramp period. They would still disclose compensation arrangements to shareholders in the same way that the SEC requires for smaller reporting companies, we think, forcing shareholder votes on internal issues such as compensation levels, risk, undermining the emerging growth companies' ability to exercise independent judgment on behalf of all the corporation's shareholders. The bottom line here is that we must spare emerging growth companies from the costly litigation that could result if an emerging growth company's board of directors reject or refuse to abide by the results of the shareholder vote.

I would just remind all of my colleagues the President is supporting this jobs bill. We think this is something that will really, really put Americans back to work.

The Acting CHAIR. The gentleman from Minnesota has 30 seconds remaining, and the gentleman from Texas has 15 seconds remaining.

Mr. ELLISON. Mr. Speaker, we are talking about a vote once a year, probably at the annual meeting, probably take a sum total of a few seconds; and my friends on the other side of the aisle don't want to at least agree to this small thing that empowers investors and shareholders and puts them in the position to be good stewards of the company that they own.

Now, you would think that we could come together on something like this; but when you want to stand up for the highest, most grotesque and egregious executive pay imaginable, then, of course, you're going to say no. In 2010, median pay for CEOs and large corporations was $11 million. It's time to get some say on pay.

I yield back the balance of my time.

Mr. HENSARLING. Mr. Chairman, every single regulation imposes some type of financial burden on a company that cannot be used to create a job.

If this was a concern, why don't we find it listed in the Statement of Administration Policy. It's not a concern of the President. Let's work together and pass this bill.

I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Minnesota (Mr. ELLISON).

The question was taken; and the Acting Chair announced that the noes appeared to have it.

Mr. ELLISON. Mr. Chairman, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Minnesota will be postponed.

AMENDMENT NO. 6 OFFERED BY MS. WATERS

The Acting CHAIR. It is now in order to consider amendment No. 6 printed in House Report 112–409.

Ms. WATERS. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 11, line 12, strike ''paragraph (10) of this subsection and''.

Page 11, line 16, insert after the period the following: ''Any such research report published or distributed by a broker or dealer that is participating or will participate in the registered offering of the securities of the issuer shall be filed with the Commission by the later of the date of the filing of such registration statement or the date such report is first published or distributed. Such research report shall be deemed a prospectus under paragraph (10).''.

Page 13, line 18, after the first period insert the following: ''Any written communication (as such term is defined in section 203.405 of title 17, Code of Federal Regulations) provided to potential investors in accordance with this subsection shall be filed with the Commission by the later of the date of the filing of such registration statement or the date the written communication is first engaged in. Such written communication shall be deemed a prospectus under section 2(a)(10).''.

The Acting CHAIR. Pursuant to House Resolution 572, the gentlewoman from California (Ms. WATERS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California.

Ms. WATERS. I offer my amendment today in the spirit of improving the underlying bill in the area of investor protection with regard to the provisions of research provisions in title I.

First, my amendment attempts to mitigate against potentially damaging conflicts of interest between the people who will profit from an emerging growth company's IPO and the people who write research about such IPOs. This amendment provides that if a broker or a dealer is underwriting an IPO and also providing research to the public about that IPO, those research reports need to be filed with the SEC and underwriters need to be held to stricter liability for their comments.

Second, this amendment provides that if emerging growth companies are communicating orally or in writing with potential investors before or following an offering, they need to file those communications with the SEC.

During the dot-com boom of the 2000s, it was uncovered that certain research analysts were recommending companies to the investing public because their firms had an economic interest in the firm's IPO, or wanting to get other businesses from the company.

Meanwhile, those same analysts were telling their colleagues in internal emails that the company's IPOs were junk. Essentially, these analysts misled the investing public and didn't disclose their economic interest in hyping the company.

Through a global settlement and related rules coming from the scandal, we cracked down on some of these conflicts of interest. My amendment, rather than letting these conflicts be restored, would require that if underwriters are also issuing reports about a company's IPOs, they need to file those with the SEC. Filing of materials subjects underwriters to more robust liability.

Secondly, the filing of a pre- or post-offering communication with the SEC under this amendment will also hold companies to a higher level of legal liability, ensuring their communications accurately portrayed the nature of the offering. It also allows the SEC and the public to make sure that companies aren't inappropriately hyping their offering to investors.

Today we received communications, both from the Chamber of Commerce and from the Council of Institutional Investors. The Council of Institutional Investors simply said, ''The Council membership supports the provisions of section 501 of Sarbanes-Oxley and the Global Research Analyst Settlement. Those provisions bolstered the transparency, independence, oversight, and accountability of research analysts,'' and similar comments from the Chamber of Commerce.

I would urge support for my amendment and for the underlying bill. We must help our small businesses to access our capital markets, but we must also mitigate against conflicts of interest that would mislead investors. I believe my amendment strikes the right balance.

I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I rise to claim time in opposition to the amendment.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Chairman, we've had a vigorous debate over some amendments that were accepted, others that we thought were unwise. Frankly, this one, Mr. Chairman, we believe would simply gut the entire bill. You know, Mr. Chairman, you cannot sue your way into job growth. You are not going to be able to sue your way into economic growth.

This amendment takes us a huge, huge step in the opposite direction. The practical impact of the amendment from the gentlelady from California is to essentially squash any of the reporting that would take place on these emerging growth companies for imposing the prospectus level of liability imputed to the communications of the research reports.

I mean, in order to get onto this IPO on-ramp in order for the small growth companies to access our equity market, there has to be the research which is published. Without it, without it, the accredited investors will probably never know of the existence of the companies in the first place. I would point out that many of the concerns should have already been addressed.

Number one, all these emerging growth companies are still liable for the Global Research Analyst Settlement of 2003, which established a comprehensive set of rules that sever the link between investment banking and research activities, section 501 of Sarbanes-Oxley, which requires the research analysts and broker-dealers to disclose all potential conflicts of interest, Regulation AC, stock exchange-listing standards, FINRA codes of conduct, and the list goes on and on and on.

And so again, Mr. Chairman, to add yet another level of liability, one that we are told would simply have an incredibly dampening impact on the existence of these research reports, for all intents and purposes this would simply gut the bill. I suppose it would be an early evening in the House if we accepted it, but everything that Members of both sides of the aisle have worked for would be for naught.

Again, if this was a concern of the administration, why wasn't it listed in their Statement of Administration Policy where they always list their concern?

□ 1720

The President would like to see this passed. We would like to see it passed. There is bipartisan support in the Senate.

I would urge a strong rejection of this amendment, and I reserve the balance of my time.

Ms. WATERS. May I inquire as to how much time I have left.

The Acting CHAIR. The gentlewoman from California has 1½ minutes remaining.

Ms. WATERS. I yield the balance of my time to the gentleman from Massachusetts (Mr. CAPUANO).

Mr. CAPUANO. Mr. Chairman, I want to thank the gentlewoman for yielding.

I don't know if I am going to use the whole thing, but this must be Bizarro Congress because I'm about to agree with the Chamber of Commerce. I've been listening to my colleagues on the other side claiming that they're with the President on this one. Something must be wrong.

The Chamber of Commerce has raised the exact same issues that we're raising with this amendment. This amendment doesn't kill this bill. It simply says if you're going to give information to a handful of people, you have to file with the SEC and you have to stand by that information as being legitimate and honest information. That's really all it says. It says it in technical terms, but that's all it says.

By the way, I guess I need to be clear. We don't necessarily agree with everything the chamber says, even on this amendment. They just raise the same issue. And I would like to be clear that no one has since stated it, but even the President himself would like to see some amendments to this bill. I presume some of them will be passed in the Senate; and hopefully when they are, people like me will be a lot more supportive when it comes back.

I just thought it was important to point out I'm not with the chamber very often. When I am, I think that's worthy of note.

Mr. HENSARLING. Mr. Chair, I continue to reserve the balance of my time.

The Acting CHAIR. The gentlewoman from California has 15 seconds remaining.

Ms. WATERS. Mr. Chairman, I join with Mr. CAPUANO in saying that we don't normally agree with the Chamber of Commerce. As a matter of fact, this may be the first time that I've agreed with the Chamber of Commerce. But you have also the Council of Institutional Investors that is warning us about this research problem that we have unless we clear it up.

Mr. HENSARLING. May I inquire of the Chair how much time I have remaining.

The Acting CHAIR. The gentleman has 2 minutes remaining.

Mr. HENSARLING. In that case, I will yield 1 minute to the gentleman from Arizona (Mr. SCHWEIKERT).

Mr. SCHWEIKERT. I thank the gentleman from Texas.

First off, I actually think I have the letter here from the Chamber of Commerce, and I'm trying to find what has been discussed here. I thought I saw something come across where after 3 years they were willing to look at it. That would be an interesting one to find.

This is a classic case of an amendment that I believe the law of unintended consequences is potentially just devastating. How many times around here—particularly in the Financial Services Committee—do we have the discussion of what's the best regulator? It's information and yet you're running an amendment here that basically will destroy information because of the liability. That liability will make it so you're not going to do the research, you're not going to cover the stock. If you read the amendment, I fear it may be too broad. Does it cover someone that does a detailed investment newsletter? What level does it ultimately cover?

Mr. Chairman, I believe the law of unintended consequences here is very dangerous.

Mr. HENSARLING. I yield the balance of my time to the gentleman from New Jersey (Mr. GARRETT), the chairman of the Capital Markets Subcommittee.

Mr. GARRETT. I thank the chairman.

As we indicate, the President supports the underlying legislation and the gentleman indicated that he may be looking for some amendments to the bill, but I would assume quite candidly he would not be looking for this amendment.

As the gentleman from Arizona aptly points out, what we're trying to do is to facilitate the expansion and growth by the small companies. How do we do that? As the gentleman from Arizona says rightfully so, by the expansion of information. This information can and should get out there; but at the end of the day, we want to make sure that the liability that is imposed on the dissemination of information is not so grave and dangerous to it that you would basically supplement with an overarching desire to destroy that overall purpose of the legislation. You do that unfortunately with this amendment.

Why so? At the end of the day, you will get the same protections that you're looking for here, I think, in the sense that there will be strict liability imposed. Where? On the prospectus. So if you are the investor in this instance and you're trying to decide whether you're going to go and invest in this new company or not, the information that you'll be looking for will be where? In the prospectus. And the strict liability standard will be imposed at that period of time.

You do not want to impose that liability as you lead up to the situation with the other information that is going out by outside research analysts. With that, I will respectfully oppose the amendment.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from California (Ms. WATERS).

The question was taken; and the Acting Chair announced that the noes appeared to have it.

Ms. WATERS. Mr. Chairman, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from California will be postponed.

AMENDMENT NO. 7 OFFERED BY MS. JACKSON LEE OF TEXAS

The Acting CHAIR. It is now in order to consider amendment No. 7 printed in House Report 112–409.

Ms. JACKSON LEE of Texas. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 13, line 10, strike ''or institutions that are accredited investors''.

Page 13, line 11, strike ''terms are respectively'' and insert ''term is''.

Page 13, line 12, strike ''and section 230.501(a)''.

The Acting CHAIR. Pursuant to House Resolution 572, the gentlewoman from Texas (Ms. JACKSON LEE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Texas.

Ms. JACKSON LEE of Texas. I thank the chairman very much.

I started my earlier discussion with a previous amendment by suggesting that our underlying premise or the goal should be to reduce the deficit and to put America back to work. This concept of emerging growth opportunities or emerging growth companies is, in fact, I believe, a viable step of doing so.

I do want to remind my colleagues again that overall business investment is growing, corporate profits are up, as are investments in equipment and software. Exports have been a source of strength. We're working very hard to ensure that we reinvigorate manufacturing. We want to make it in America. We want to bring companies back home, and certainly we want to encourage investment. Private sector employment has grown for 23 months, and the economy has grown for 10 straight quarters.

My amendment is to discuss the fine distinctions between those who are very sophisticated and those who are not. My amendment narrows the permissible exemption to allow oral or written communications with potential investors who are qualified institutional investors, but it omits accredited investors from this exemption in the name of investor protection. That is simply to say that we know that the accredited investors are less, if you will, able with the information that they have to compete with what we have classified as qualified institutional investors.

The idea of this amendment is to ensure that an accredited investor would not be considered a qualified investor and therefore be taken advantage of. Under the bill, the commonly known test-the-waters provision would amend the Securities Act of 1933 to expand the range of permissible prefiling communication to sophisticated institutional investors to allow emerging growth companies to determine whether qualified institutional or accredited investors might have an interest in a contemplated securities offering.

Mine is an amendment simply being concerned about the accredited investors and whether or not there is the equal playing field alongside of the qualified institutional investors, which you would expect would have far more sophistication in making determinations about investments. It is simply an effort to provide extra protection for those who will now be out in the marketplace under these emerging growth concepts.

I ask my colleagues to support this amendment, and I reserve the balance of my time.

Mr. HENSARLING. I rise to claim time in opposition.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. I yield 1½ minutes to the gentleman from Tennessee (Mr. FINCHER).

Mr. FINCHER. I thank the gentleman for yielding.

Mr. Chair, I rise in opposition to the gentlelady's amendment.

Again, our goal here today is to help America's start-up companies grow, raise capital, create jobs. The amendment offered by the gentlelady from Texas would limit opportunities for emerging growth companies to expand business by cutting them off from experienced investors.

Part of generating a successful IPO is having the ability to test the waters through pre-IPO meetings with institutional qualified investors. These are the investors you want to talk to and receive feedback from before launching an IPO to ensure success. If a company learned that there is a good chance it

will have a successful IPO, it would be less likely to choose a merger and acquisition path, which often results in losing jobs, and continue to grow organically and create jobs. So it doesn't make sense to me to cut these investors off from emerging growth companies.

I understand there may be some concerns with investor protections. But in this amendment, emerging growth companies are only allowed to test the waters with highly sophisticated investors so existing investor protections are not weakened. Therefore, I cannot support this amendment.

□ 1730

Ms. JACKSON LEE of Texas. Mr. Chairman, who has the right to close?

The Acting CHAIR. The gentleman from Texas.

Ms. JACKSON LEE of Texas. Mr. Chairman, let me just maintain that this is a simple premise of protecting the less sophisticated investor, and I have no desire to not see jobs being created or the opportunity for emerging growth entities to have access to opportunities for investment. It is quite clear that qualified institutional investors are far more sophisticated than the accredited investors' status, and so I can't get clearer than that, trying to make sure that we protect those.

And as we noted for the Democrats who served on the Financial Services Committee, they made certain statements, if you would, to ensure that we have the greatest amount of protection for those who we want to see having greater opportunities.

So with that, Mr. Chairman, I happily yield back my time and ask my colleagues to support this very simple amendment that seeks to protect accredited investors.

Mr. Chair, I rise today to offer my amendment # 7 to H.R. 3606 "The Reopening American Capital Markets to Emerging Growth Companies Act of 2011." This amendment strikes language in the bill that allows an emerging growth company or its underwriter to communicate with "institutions that are accredited investors."

H.R. 3606 would exempt certain regulatory requirements until the earliest of three dates: (1) five years from the date of the EGC's initial public offering; (2) the date an EGC has $1 billion in annual gross revenue; or (3) the date an EGC becomes a "large accelerated filer, which is defined by the Securities and Exchange Commission (SEC) as a company that has a worldwide public float of $700 million or more.

The bill thus provides temporary regulatory relief to small companies, which encourages them to go public, yet ensures their eventual compliance with regulatory requirements as they grow larger.

My amendment narrows the permissible exemption to allow oral or written communications with potential investors who are "qualified institutional investors," but omits "accredited investors from this exemption, in the name of investor protection."

For example, this amendment would ensure that an accredited investor would not be considered a qualified institutional investor and therefore would not be able to engage in certain types of investments.

Under the bill, the commonly known "test the waters provision," would amend the Securities Act of 1933 to expand the range of permissible pre-filing communications to sophisticated institutional investors to allow Emerging Growth Companies (EGCs) to determine whether qualified institutional or accredited investors might have an interest in a contemplated securities offering.

I believe that while many Accredited Investors are sophisticated and prosperous, and meet the brokerage firm requirements for alternative investments.

My amendment is merely a continuation of the investor protection theme of Dodd-Frank. Specifically, investors that lack the necessary capital to absorb the losses that can arise when investing in an Emerging Growth Company.

Moreover, I would note that many qualified institutional investors have a minimum of $1 billion to invest, which simply may not be the case with accredited investors. My sentiments are similar to those expressed by my Democratic colleagues on the Financial Services Committee: that they and Republicans share the desire to create an accessible, robust and efficient capital market for the benefit of small businesses and investors, alike.

I too, expect that as H.R. 3606 moves forward, further refinements will be adopted to ensure that investor protections are not sacrificed.

Again, as my Democratic colleagues on the Financial Services Committee stated:

> H.R. 3606 encourages emerging growth companies (EGCs) to access the public capital markets by temporarily exempting EGCs from some registration procedures, prohibitions on initial public offering (IPO) communications, and independent audits of internal controls over financial reporting, among other exemptions.
>
> Democrats agree in principle that it is important to modernize and improve the ability of a company to raise capital in today's environment, but are concerned H.R. 3606 goes beyond what is necessary at the expense of protecting the investor.

I encourage my colleagues to vote for this consumer and investor-friendly amendment.

Mr. HENSARLING. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey, the chairman of the Capital Markets Subcommittee, Mr. GARRETT.

Mr. GARRETT. So the premise of the legislation is what? As we said before, to try to encourage the smaller growth companies to be able to development their businesses and go on and to eventually to go public. In light of the last conversation we had on the last amendment, we said how do we facilitate doing that? We do that by exchanging information out to the public to be able to share information from research analysts and the like.

Eventually, as was pointed out in the last amendment, we said that eventually at the end of the day you'd get to a prospectus where strict liability would incur and so that the investor would have the adequate information to do so, and they would also have the liability protection afforded to them that you would have with a prospective. All well and good.

Now we come to this amendment, and I have to scratch my head to understand exactly what the proponent of the legislation is trying to do here. Her last comment was that we want to protect who? Well, the less sophisticated investor. Okay, well, let's take a look at that. What are we dealing with here? What we're dealing with here would strike the language that would allow an emerging growth company to underwrite and communicate——

The Acting CHAIR. The time of the gentleman has expired.

Mr. HENSARLING. I yield the gentleman 30 additional seconds.

Mr. GARRETT. To deal with institutions that are accredited investors. Who is it that sets the standards for accredited investors? The SEC. So if your concern is that the level of accredited investors is not sophisticated enough to deal with the purchase of these investments, then your complaint is not with this underlying legislation. Your concern should be directed to who? The entity that sets the standards for that—the SEC.

This legislation basically says that these people who should be involved here are accredited, set by the SEC. They, therefore, by definition are sophisticated investors. That is why we oppose the amendment.

Mr. HENSARLING. Mr. Chairman, how much time do I have remaining?

The Acting CHAIR. The gentleman from Texas has 2 minutes remaining.

Mr. HENSARLING. At this time, I will yield 1½ minutes to the gentleman from Arizona (Mr. SCHWEIKERT).

Mr. SCHWEIKERT. Mr. Chairman, this is also one of those—my understanding is the way the amendment is drafted is this would basically say that an emerging growth company could not, would be prohibited from communicating with accredited investors. Okay. Do we all know, I think, the current definition of accredited investor is $1 million net worth not counting your residence, $200,000 income for, I think, 3 years running. And now we're telling an emerging growth company that that is the population that you're not allowed to talk to?

I appreciate investor protection and protecting the little guy; but at some point when someone is holding $1 million in equity outside their house and they've demonstrated they have $200,000 a year income, I actually think those are the very people I want to be having communications with a growth company, that give-and-take, that information flow. And that's why actually this is a bad amendment, and we need to stand up and oppose it.

Mr. HENSARLING. I yield myself the balance of the time.

I would just say to my friend, the gentlelady from Texas will have to settle for batting .500, as I supported her earlier amendment, but I have to rise in opposition to this one. The very purpose of an accredited investor is to

identify the class of individuals who have greater capacity to handle risk, do not require the enhanced protections. Her amendment would unnecessarily restrict capital formation and consequently job growth. I urge its rejection, and I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Texas (Ms. JACKSON LEE).

The amendment was rejected.

AMENDMENT NO. 8 OFFERED BY MS. JACKSON LEE OF TEXAS

The Acting CHAIR. It is now in order to consider amendment No. 8 printed in House Report 112–409.

Ms. JACKSON LEE of Texas. I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 15, line 16, strike the quotation mark and final period and after such line insert the following:

(3) ADDITIONAL FILING FEE.—In order to discourage frivolous filings with the Commission, the Commission shall establish a fee that shall apply to any draft registration statement submitted to the Commission for confidential nonpublic review pursuant to paragraph (1).

The Acting CHAIR. Pursuant to House Resolution 572, the gentlewoman from Texas (Ms. JACKSON LEE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Texas.

Ms. JACKSON LEE of Texas. Let me say to my good friend from Texas, I'm going to look forward to working with him on the previous amendment that simply was misconstrued, and we certainly want to respect those who have a million dollars outside their window, but we also want to ensure that we have protection for those less sophisticated investors.

The amendment that I have before me, likewise, has an intent to allow the SEC not to be plagued by frivolous filings. But I want to work with the committee going forward, and so I will not pursue this amendment. And, Mr. Chairman, I'm going to ask unanimous consent to withdraw this amendment No. 8 at this time.

I will conclude by saying I like batting .500, and I will continue to work with this committee on these important issues.

The Acting CHAIR. Without objection, the amendment is withdrawn.

There was no objection.

AMENDMENT NO. 9 OFFERED BY MR. CONNOLLY OF VIRGINIA

The Acting CHAIR. It is now in order to consider amendment No. 9 printed in House Report 112–409.

Mr. CONNOLLY of Virginia. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 19, after line 2, insert the following new section (and conform the table of contents accordingly):

SEC. 109. STUDY ON THE EFFECTS OF MARKET SPECULATION ON EMERGING GROWTH COMPANIES.

(a) STUDY.—The Securities and Exchange Commission, in consultation with the Commodity Futures Trading Commission, shall carry out an ongoing study on the ability of emerging growth companies to raise capital utilizing the exemptions provided under this title and the amendments made by this title, in light of—

(1) financial market speculation on domestic oil and gasoline prices; and

(2) business cost increases caused by such speculation.

(b) REPORT.—Not later than the end of the 60-year period beginning on the date of the enactment of this Act, and annually thereafter, the Securities and Exchange Commission shall issue a report to the Congress containing all findings and determinations made in carrying out the study required under subsection (a).

The Acting CHAIR. Pursuant to House Resolution 572, the gentleman from Virginia (Mr. CONNOLLY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Virginia.

Mr. CONNOLLY of Virginia. Mr. Chairman, this important amendment will help small and emerging growth businesses address a significant cost they incur—the rising price of gasoline. According to the National Federation of Independent Businesses, 10 percent of businesses say energy costs are their single largest cost, and 25 percent cite it as the second or third largest.

Although some argue for increased domestic drilling, at best it will take 5 years before new supplies are brought to market and have any effect on the current price of gasoline. Meanwhile, oil companies are producing more oil in America right now than at any point in the last 8 years; but since they're also exporting more oil, consumers aren't realizing the benefits of that production. Approving the Keystone XL pipeline, as some have proposed, actually would make gas prices even worse. The oil company TransCanada said in its pipeline application that Keystone will raise American oil prices by $3 a barrel. The price of a gallon of gasoline has risen 30 cents per gallon in the last month, and we need to drive down prices, not allow them to increase.

There are a number of factors involved in the rapidly increasing price of gasoline; however, one of the significant causes is the proliferation of financial market speculation on oil and gas products. During the last gas price spike, Goldman Sachs estimated that speculation added $27 to the price of a barrel of oil. Just last week, oil State Senator TOM COBURN of Oklahoma told the House Oversight and Government Reform Committee, on which I sit, the speculation is adding 13 to 15 percent to the price of a barrel of oil right now. And citing Goldman Sachs data, a recent Forbes news report said that excessive speculation leads to a 56-cent premium per gallon at the pump.

□ 1740

We cannot have financial institutions bidding up the price of oil solely to further line their own pockets and needlessly drive up cost to consumers. Domestic demand for oil is at its lowest point in the last 15 years, but the price of gasoline is hitting new highs.

The Commodity Futures Trading Commission is working to address oil and gas speculation, but they need to be more aggressive. I joined 44 Members of this House and 23 Senators in sending a letter to the CFTC to exercise its full authority to eliminate excessive speculation, as directed under the recently passed Dodd-Frank Act. This amendment will provide valuable information on how such speculation affects the ability of emerging growth companies to raise capital.

Access to capital remains a challenge for most entrepreneurs, and uncertain and often rising energy costs represent a potential impediment for start-up companies trying to convince prospective investors that they have in fact a competitive business model.

My simple amendment requires the Securities and Exchange Commission, in consultation with the CFTC, to study the effects of oil and gas speculation in financial markets on the ability of emerging growth companies to access capital. This will enable the CFTC to better address such speculation and to better protect the ability of American entrepreneurs to raise the capital necessary to innovate and succeed in the competitive global market.

I urge my colleagues to join me in the simple effort to study the excessive speculation and hopefully reduce energy costs for American innovators and consumers.

With that, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I rise to claim the time in opposition.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Chairman, I have some good news for the gentleman from Virginia. The very issue that he cares to study has already been studied. In January of 2011, Democrat CFTC Commissioner Michael Dunn said:

> To date, CFTC staff has been unable to find any reliable economic analysis to support either the contention that excessive speculation is affecting the markets we regulate or that position limits will prevent excessive speculation. With such a lack of concrete economic evidence, my fear is that, at best, position limits are a cure for a disease that does not exist or at worst a placebo for one that does.

A similar study has been conducted by the Federal Trade Commission.

Mr. Chairman, if we're going to be in the business of conducting studies, perhaps we should study why this administration has had over 3 years to study the Keystone pipeline and still refuses to allow more energy to come to America for Americans. Now, apparently, in a reversal, the President has decided that if the energy can hitchhike from

Canada successfully to the Red River, the northern border of Texas, he'll allow it to get to the refineries on the gulf coast. Otherwise, no energy.

Shouldn't, on the road to American energy independence, we ought to at least go through the road of North American energy independence. These are 20,000 shovel-ready jobs—and I know the administration gets confused at what is a shovel-ready job—but 20,000 shovel ready jobs, and yet it's rejected by this administration. Why? Well, because this is an administration that has essentially declared war on carbon-based industry, thus is trying to increase prices of energy for small businesses, for struggling American families, for hardworking taxpayers. Please don't take my word for it; take the word of the Secretary of Energy, Steven Chu: ''Somehow we have to figure out how to boost the price of gasoline to the levels of Europe.''

Well, again, I've got good news for the administration: they're doing a wonderful job. They have us on the road to increasing energy levels to the price of Europe, and the consequent unemployment that goes with it, and the consequence of having the fewest business start-ups in almost two complete decades. So, the matter that the gentleman cares to study has already been studied. It has already been studied.

I also recall a time when these people were called investors, and we actually welcomed them into the market. I suspect that it is fear of this administration's energy policies that is causing these prices to skyrocket even further. As bad as they are today, people know they're going to be even worse.

So I would urge a rejection of this amendment that takes this bill in the complete opposite direction that it needs to be going.

I reserve the balance of my time.

Mr. CONNOLLY of Virginia. I would inquire of the Chair how much time is left on our side.

The Acting CHAIR. The gentleman has 1½ minutes remaining.

Mr. CONNOLLY of Virginia. Well, I'm saddened, but of course not surprised, that my friend on the other side would not want a simple amendment to study the effect of oil speculation on the price of oil because it doesn't fit the political narrative. So while we're trying to have a very narrow narrative that somehow it's the responsibility of a particular administration in terms of the rise in the price of oil, I think the American consumer and American innovators and American start-up companies and entrepreneurs are actually entitled to know what percentage of the increase in a barrel of oil and at the pump is in fact due to oil speculators and financial institutions that the other side of this House wants to protect.

With respect to the Keystone pipeline—with all due respect to my colleague—it's 5,000 jobs, not 20,000 shovel-ready jobs. The Washington Post did an exhaustive study of the number of jobs that would be created, and they were all temporary. At most, 50 to 60 permanent jobs would be created.

The other thing my friends on the other side of the aisle don't want to talk about about Keystone is that almost all of that oil is going to go to Port Arthur, Texas, for export, not for domestic consumption. If my friends on the other side of the aisle want to contend otherwise, then let's support an amendment right here and now that says that pipeline can be produced and built so long as all of that oil is for domestic consumption.

With that, I yield back the balance of my time, Mr. Chairman.

Mr. HENSARLING. Mr. Chairman, how much time do I have remaining?

The Acting CHAIR. The gentleman from Texas has 1½ minutes remaining.

Mr. HENSARLING. In that case, I yield 1 minute to the gentleman from Tennessee (Mr. FINCHER).

Mr. FINCHER. I thank the gentleman from Texas.

It seems like the gentleman's amendment is trying to confuse the recent sharp rise in gas prices with the purpose of this bill, which is to provide emerging growth companies with a temporary break from costly compliance burdens.

It's true that gas prices have been going up, but emerging growth companies are not to blame. I introduced this bill, along with my colleague, Mr. CARNEY, to encourage small business to go public, to have access to more capital, and create more jobs. Job creation is the purpose of this bill, not gas prices.

Rising gas prices is a critical issue, and we would be glad to have the debate some other day. But today we're talking about job creation in the private sector. This is a very important piece of legislation that the President supports. So let's give the power back to the people.

Mr. HENSARLING. Mr. Chairman, I yield myself the balance of my time.

Regrettably, the ranking member is not here because he chose to violate House rules, and his speaking privileges were denied for the rest of the day. But during our committee markup, he said:

> First of all, studies are not done for free by the SEC. Given the current decision to restrict SEC funding, I will be much more careful about burdening them with studies which will inevitably come at the expense of more important duties.

One more reason to oppose the gentleman's amendment.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Virginia (Mr. CONNOLLY).

The question was taken; and the Acting Chair announced that the noes appeared to have it.

Mr. CONNOLLY of Virginia. Mr. Chairman, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Virginia will be postponed.

AMENDMENT NO. 10 OFFERED BY MR. MCCARTHY OF CALIFORNIA

The Acting CHAIR. It is now in order to consider amendment No. 10 printed in House Report 112–409.

Mr. MCCARTHY of California. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

> Page 19, beginning on line 6, strike ''(a) REMOVAL OF RESTRICTION.—'' and all that follows through line 11 and insert the following:
>
> (a) MODIFICATION OF RULES.—
>
> (1) Not later than 90
>
> Page 19, line 23, insert after the period the following: ''Section 230.506 of title 17, Code of Federal Regulations, as revised pursuant to this section, shall continue to be treated as a regulation issued under section 4(2) of the Securities Act of 1933 (15 U.S.C. 77d(2)).''
>
> Page 19, after line 23, insert the following:
>
> (2) Not later than 90 days after the date of enactment of this Act, the Securities and Exchange Commission shall revise subsection (d)(1) of section 230.144A of title 17, Code of Federal Regulations, to provide that securities sold under such revised exemption may be offered to persons other than qualified institutional buyers, including by means of general solicitation or general advertising, provided that securities are sold only to persons that the seller and any person acting on behalf of the seller reasonably believe is a qualified institutional buyer.
>
> (c) CONSISTENCY IN INTERPRETATION.—Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended—
>
> (1) by striking ''The provisions of section 5'' and inserting ''(a) The provisions of section 5''; and
>
> (2) by adding at the end the following:
>
> ''(b) Offers and sales exempt under section 230.506 of title 17, Code of Federal Regulations (as revised pursuant to section 201 of the Jumpstart Our Business Startups Act) shall not be deemed public offerings under the Federal securities laws as a result of general advertising or general solicitation.''.

The Acting CHAIR. Pursuant to House Resolution 572, the gentleman from California (Mr. MCCARTHY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California.

Mr. MCCARTHY of California. Mr. Chairman, this amendment is designed to make several small changes to make sure the regulation D, rule 506 provision in this bill meets its original intent.

In consultation with the Securities and Exchange Commission and our friends on the other side of the aisle, we identified several areas where the language in the bill could have had some unintended consequences that may have limited the effectiveness of the provision or expanded its reach beyond what we originally intended.

□ 1750

This amendment does three things:

Clarifies that general advertising provision should only apply to Regulation D, rule 506 of the securities offerings;

Protects investors by allowing for general advertising in the secondary sale of these securities, so long as only qualified institutional buyers purchase the securities;

Provides consistency in the interpretation for regulators that general advertising should not cause these private offerings to be considered public offerings.

Our goal with this amendment is to ensure that more small businesses have the opportunity to find the investors they need while preserving investor protections.

Mr. Chairman, as many people know on this floor, I created my first business at age 20. I was fortunate enough to be successful enough to pay my way through college.

Mr. Chairman, if I look today, I don't know if I could start that same small business. Entrance to market is great, access to capital. What our goal to do it in this bill and amendment is to expand that. And as we measure across America, the greatest growth we have is small business.

Mr. Chairman, I was reading the other day, if you looked at the challenge that we have, this current administration and their policies hampering our ability to grow, you look back to the end of the last recession, 2001, you look at the beginning of this recession in 2007, a lot of people in America say that was a time of growth in America, from 2001 to 2007.

Well, if you ever measured who created those jobs, small businesses. Companies under 500 employees added 7 million jobs, and 70 percent of those new 7 million jobs came from companies 5 years old or younger.

But, Mr. Chairman, under this new administration, we're at an all-time low of new start-ups. So we're hopeful, with this new legislation, that that will all change, that the future will be brighter, small businesses will continue to grow, and we'll put America back on the right path.

I reserve the balance of my time.

Mr. CARNEY. I rise to claim time in opposition, though I'm not opposed to the amendment.

The Acting CHAIR. Without objection, the gentleman from Delaware is recognized for 5 minutes.

There was no objection.

Mr. CARNEY. Mr. Chairman, I'd like to first thank the gentleman from California for his amendment and for working with the minority party and the ranking member on the provisions of the amendment. I understand there's support for the amendment on this side of the aisle as well.

I would like to take a minute, if I could, or a couple of minutes, to talk about the Waters amendment, which was discussed a few minutes ago, just to clarify a few points, if I may. Congresswoman WATERS, in committee, raised the concerns about the way information was used during the dot-com boom in the early 2000s, and there were obviously some problems with that.

But I think the RECORD needs to be clear that under our bill, all analyst research for emerging growth companies will remain subject to certain provisions. They will be subject to the Global Research Analyst Settlement, which was a court settlement that resulted from the problems in the early 2000s. This settlement established a comprehensive set of rules that severed the link between investment banking and research activities at large banks.

They will be subject to section 501 of Sarbanes-Oxley, which requires research analysts and broker dealers to disclose all potential conflicts of interest in research reports; they will be subject to Regulation AC, which requires research analysts to personally certify that the views expressed in research reports accurately reflect the research analysts' personal views about the securities, and to disclose whether research analysts were compensated in connection with specific recommendations; and, they would still be subject to stock exchange listing standards.

The point is that the protections against these conflicts that the gentlelady from California is concerned about are preserved under our bill, and we would argue that the amendment is not necessary. In fact, what the amendment would do is it would take away what we think is an advantage to our legislation, which is research that would be available on small emerging growth companies which are not covered currently by certain of these regulations.

So I'd like to just ask my colleagues on both sides of the aisle—obviously, the amendment failed on a voice vote, and I would ask, as the amendment goes to a recorded vote, that my colleagues keep in mind that these protections still exist for investors.

With that, I yield back the balance of my time.

Mr. MCCARTHY of California. Mr. Chairman, I urge adoption of the amendment and yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from California (Mr. MCCARTHY).

The amendment was agreed to.

ANNOUNCEMENT BY THE ACTING CHAIR

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments printed in House Report 112–409 on which further proceedings were postponed, in the following order:

Amendment No. 3 by Mr. HIMES of Connecticut.

Amendment No. 5 by Mr. ELLISON of Minnesota.

Amendment No. 6 by Ms. WATERS of California.

Amendment No. 9 by Mr. CONNOLLY of Virginia.

The Chair will reduce to 2 minutes the minimum time for any electronic vote after the first vote in this series.

AMENDMENT NO. 3 OFFERED BY MR. HIMES

The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Connecticut (Mr. HIMES) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIR. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 164, noes 245, not voting 23, as follows:

[Roll No. 103]

AYES—164

Ackerman
Altmire
Andrews
Baca
Baldwin
Barrow
Bass (CA)
Becerra
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Bonamici
Boswell
Brady (PA)
Brown (FL)
Butterfield
Capps
Capuano
Castor (FL)
Chandler
Chu
Cicilline
Clarke (MI)
Clarke (NY)
Clay
Cleaver
Clyburn
Connolly (VA)
Conyers
Cooper
Costello
Courtney
Critz
Cuellar
Cummings
Davis (CA)
DeFazio
DeGette
DeLauro
Deutch
Dicks
Dingell
Doggett
Donnelly (IN)
Doyle
Edwards
Ellison
Engel
Eshoo
Farr
Fattah
Frank (MA)
Fudge
Garamendi
Gibson
Gonzalez
Green, Al
Green, Gene
Grijalva
Gutierrez
Hahn
Hanabusa
Hastings (FL)
Heinrich
Higgins
Himes
Hinchey
Hirono
Hochul
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson Lee (TX)
Johnson (GA)
Johnson, E. B.
Kaptur
Keating
Kildee
Kind
Kissell
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maloney
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNerney
Meeks
Michaud
Miller (NC)
Miller, George
Moran
Murphy (CT)
Nadler
Napolitano
Neal
Olver
Owens
Pallone
Pascrell
Pastor (AZ)
Perlmutter
Peterson
Pingree (ME)
Price (NC)
Quigley
Rahall
Reyes
Richardson
Richmond
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Scott (VA)
Scott, David
Serrano
Sherman
Sires
Slaughter
Smith (WA)
Speier
Stark
Sutton
Thompson (CA)
Thompson (MS)
Tierney
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Walz (MN)
Wasserman Schultz
Waters
Watt
Waxman
Wilson (FL)
Yarmuth

NOES—245

Adams
Aderholt
Akin
Alexander
Amash
Amodei
Austria
Bachmann
Barletta
Bartlett
Barton (TX)
Bass (NH)
Benishek
Berg
Biggert
Bilbray
Bilirakis
Bishop (UT)
Black
Blackburn
Bonner
Bono Mack
Boren
Boustany
Brady (TX)
Brooks
Broun (GA)
Buchanan
Bucshon
Buerkle
Burgess
Calvert
Camp
Campbell
Canseco
Cantor
Capito
Cardoza
Carney
Carson (IN)
Carter
Cassidy
Chabot
Chaffetz
Coble
Coffman (CO)
Cole
Conaway
Costa
Cravaack
Crawford

Crenshaw
Crowley
Culberson
Davis (KY)
Denham
Dent
DesJarlais
Diaz-Balart
Dold
Dreier
Duffy
Duncan (SC)
Duncan (TN)
Ellmers
Emerson
Farenthold
Fincher
Fitzpatrick
Flake
Fleischmann
Fleming
Flores
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Gardner
Garrett
Gerlach
Gibbs
Gingrey (GA)
Gohmert
Goodlatte
Gosar
Gowdy
Granger
Graves (GA)
Graves (MO)
Griffin (AR)
Griffith (VA)
Grimm
Guinta
Guthrie
Hall
Hanna
Harper
Harris
Hartzler
Hastings (WA)
Hayworth
Heck
Hensarling
Herger
Herrera Beutler
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Hurt
Issa
Jenkins
Johnson (IL)
Johnson (OH)
Johnson, Sam
Jones
Jordan
King (IA)
King (NY)
Kingston
Kinzinger (IL)
Kline
Kucinich
Lamborn
Lance
Landry
Lankford
Latham
LaTourette
Latta
Lewis (CA)
LoBiondo
Long
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
Marino
Matheson
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McKeon
McKinley
McMorris Rodgers
Meehan
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mulvaney
Murphy (PA)
Myrick
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Palazzo
Paulsen
Pearce
Pence
Peters
Petri
Pitts
Platts
Poe (TX)
Polis
Pompeo
Posey
Price (GA)
Quayle
Reed
Rehberg
Reichert
Renacci
Ribble
Rigell
Rivera
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Ross (AR)
Ross (FL)
Royce
Runyan
Ryan (WI)
Scalise
Schilling
Schock
Schweikert
Scott (SC)
Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuler
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Southerland
Stearns
Stivers
Stutzman
Sullivan
Terry
Thompson (PA)
Thornberry
Tipton
Turner (NY)
Turner (OH)
Upton
Walberg
Walden
Walsh (IL)
Webster
Welch
West
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Womack
Woodall
Yoder
Young (AK)
Young (FL)
Young (IN)

NOT VOTING—23

Bachus
Braley (IA)
Burton (IN)
Carnahan
Cohen
Davis (IL)
Filner
Hinojosa
Kelly
Labrador
Markey
Moore
Paul
Pelosi
Rangel
Roskam
Schmidt
Schrader
Schwartz
Sewell
Tiberi
Visclosky
Woolsey

□ 1822

Messrs. POLIS, BUCSHON, GUINTA and ROKITA changed their vote from ''aye'' to ''no.''

Messrs. HINCHEY and GUTIERREZ changed their vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. FILNER. Mr. Chair, on rollcall 103, I was away from the Capitol due to prior commitments to my constituents. Had I been present, I would have voted "aye."

Mr. BRALEY of Iowa. Mr. Chair, during rollcall vote number 103 on Himes amdt. H.R. 3606, I was unavoidably detained. Had I been present, I would have voted "aye."

Stated against:

Mr. KELLY. Mr. Chair, on rollcall No. 103, my voting card would not register. Had I been able to vote, I would have voted "no."

AMENDMENT NO. 5 OFFERED BY MR. ELLISON

The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Minnesota (Mr. ELLISON) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIR. A recorded vote has been demanded.

A recorded vote was ordered.

The Acting CHAIR. This will be a 2-minute vote.

The vote was taken by electronic device, and there were—ayes 169, noes 244, not voting 19, as follows:

[Roll No. 104]

AYES—169

Ackerman
Altmire
Andrews
Baca
Baldwin
Barrow
Bass (CA)
Becerra
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Bonamici
Boswell
Brady (PA)
Braley (IA)
Brown (FL)
Butterfield
Capps
Capuano
Carnahan
Carson (IN)
Castor (FL)
Chandler
Chu
Cicilline
Clarke (MI)
Clarke (NY)
Clay
Cleaver
Clyburn
Conyers
Costello
Courtney
Critz
Crowley
Cuellar
Cummings
Davis (CA)
DeFazio
DeGette
DeLauro
Deutch
Dicks
Dingell
Doggett
Donnelly (IN)
Doyle
Duncan (TN)
Edwards
Ellison
Engel
Eshoo
Farr
Fattah
Frank (MA)
Fudge
Garamendi
Gonzalez
Green, Al
Green, Gene
Grijalva
Hahn
Hanabusa
Hanna
Hastings (FL)
Heinrich
Higgins
Hinchey
Hirono
Hochul
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson Lee (TX)
Johnson (GA)
Johnson, E. B.
Jones
Kaptur
Keating
Kildee
Kissell
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maloney
Markey
Matheson
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNerney
Meeks
Michaud
Miller (NC)
Miller, George
Moran
Murphy (CT)
Nadler
Napolitano
Neal
Olver
Pallone
Pascrell
Pastor (AZ)
Perlmutter
Peters
Peterson
Pingree (ME)
Polis
Price (NC)
Quigley
Rahall
Reyes
Richardson
Richmond
Rothman (NJ)
Roybal-Allard
Ruppersberger
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Scott (VA)
Scott, David
Serrano
Sewell
Sherman
Sires
Slaughter
Speier
Stark
Sutton
Thompson (CA)
Thompson (MS)
Tierney
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Walz (MN)
Wasserman Schultz
Waters
Watt
Waxman
Welch
Wilson (FL)
Yarmuth

NOES—244

Adams
Aderholt
Akin
Alexander
Amash
Amodei
Austria
Bachmann
Bachus
Barletta
Bartlett
Barton (TX)
Bass (NH)
Benishek
Berg
Biggert
Bilbray
Bilirakis
Bishop (UT)
Black
Blackburn
Bonner
Bono Mack
Boren
Boustany
Brady (TX)
Brooks
Broun (GA)
Buchanan
Bucshon
Buerkle
Burgess
Burton (IN)
Calvert
Camp
Campbell
Canseco
Cantor
Capito
Cardoza
Carney
Carter
Cassidy
Chabot
Chaffetz
Coble
Coffman (CO)
Cole
Conaway
Connolly (VA)
Cooper
Costa
Cravaack
Crawford
Crenshaw
Culberson
Davis (KY)
Dent
DesJarlais
Diaz-Balart
Dold
Dreier
Duffy
Duncan (SC)
Ellmers
Emerson
Farenthold
Fincher
Fitzpatrick
Flake
Fleischmann
Fleming
Flores
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Gardner
Garrett
Gerlach
Gibbs
Gibson
Gingrey (GA)
Gohmert
Goodlatte
Gosar
Gowdy
Granger
Graves (GA)
Graves (MO)
Griffin (AR)
Griffith (VA)
Grimm
Guinta
Guthrie
Hall
Harper
Harris
Hartzler
Hastings (WA)
Hayworth
Heck
Hensarling
Herger
Herrera Beutler
Himes
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Hurt
Issa
Jenkins
Johnson (IL)
Johnson (OH)
Johnson, Sam
Jordan
Kelly
Kind
King (IA)
King (NY)
Kingston
Kinzinger (IL)
Kline
Lamborn
Lance
Landry
Lankford
Latham
LaTourette
Latta
Lewis (CA)
LoBiondo
Long
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
Marino
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McKeon
McKinley
McMorris Rodgers
Meehan
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mulvaney
Murphy (PA)
Myrick
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Owens
Palazzo
Paulsen
Pearce
Pence
Petri
Pitts
Platts
Poe (TX)
Pompeo
Posey
Price (GA)
Quayle
Reed
Rehberg
Reichert
Renacci
Ribble
Rigell
Rivera
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Roskam
Ross (AR)
Ross (FL)
Royce
Runyan
Ryan (WI)
Scalise
Schilling
Schweikert
Scott (SC)
Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuler
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Southerland
Stearns
Stivers
Stutzman
Sullivan
Terry
Thompson (PA)
Thornberry
Tiberi
Tipton
Turner (NY)
Turner (OH)
Upton
Walberg
Walden
Walsh (IL)
Webster
West
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Womack
Woodall
Yoder
Young (AK)
Young (FL)
Young (IN)

NOT VOTING—19

Cohen
Davis (IL)
Denham
Filner
Gutierrez
Hinojosa
Labrador
Moore
Paul
Pelosi
Rangel
Rush
Schmidt
Schock
Schrader
Schwartz
Shuster
Visclosky
Woolsey

ANNOUNCEMENT BY THE ACTING CHAIR

The Acting CHAIR (during the vote). There is 1 minute remaining.

□ 1826

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. FILNER. Mr. Chair, on rollcall 104, I was away from the Capitol due to prior commitments to my constituents. Had I been present, I would have voted "aye."

PERSONAL EXPLANATION

Ms. SCHWARTZ. Mr. Chair, during rollcall vote number 103 and 104 on Himes and Ellison amendments, I was unavoidably detained. Had I been present, I would have voted "aye."

AMENDMENT NO. 6 OFFERED BY MS. WATERS

The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from California (Ms. WATERS) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIR. A recorded vote has been demanded.

A recorded vote was ordered.

The Acting CHAIR. This will be a 2-minute vote.

The vote was taken by electronic device, and there were—ayes 161, noes 259, not voting 12, as follows:

[Roll No. 105]

AYES—161

Ackerman
Andrews
Baca
Baldwin
Bass (CA)
Becerra
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Bonamici
Boswell
Brady (PA)
Braley (IA)
Brown (FL)
Butterfield
Capps
Capuano
Carnahan
Carson (IN)
Castor (FL)
Chandler
Chu
Cicilline
Clarke (MI)
Clarke (NY)
Clay
Cleaver
Clyburn
Cohen
Conyers
Costello
Courtney
Critz
Cummings
Davis (CA)
DeFazio
DeGette
DeLauro
Deutch
Dicks
Dingell
Doggett
Donnelly (IN)
Doyle
Edwards
Ellison
Engel
Eshoo
Farr
Fattah
Frank (MA)
Fudge
Gonzalez
Green, Al
Green, Gene
Grijalva
Gutierrez
Hahn
Hanabusa
Hastings (FL)
Heinrich
Higgins
Himes
Hinchey
Hirono
Hochul
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson Lee (TX)
Johnson (GA)
Johnson, E. B.
Kaptur
Keating
Kildee
Kucinich
Langevin
Larson (CT)
Lee (CA)
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maloney
Markey
Matsui
McCollum
McDermott
McGovern
McIntyre
McNerney
Meeks
Michaud
Miller (NC)
Miller, George
Moran
Murphy (CT)
Nadler
Napolitano
Neal
Olver
Pallone
Pascrell
Pastor (AZ)
Pelosi
Perlmutter
Peters
Pingree (ME)
Price (NC)
Quigley
Rahall
Reyes
Richardson
Richmond
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (VA)
Scott, David
Serrano
Sewell
Sherman
Sires
Slaughter
Speier
Stark
Sutton
Thompson (CA)
Thompson (MS)
Tierney
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Walz (MN)
Wasserman Schultz
Waters
Watt
Waxman
Welch
Wilson (FL)
Yarmuth

NOES—259

Adams
Aderholt
Akin
Alexander
Altmire
Amash
Amodei
Austria
Bachmann
Bachus
Barletta
Barrow
Bartlett
Barton (TX)
Bass (NH)
Benishek
Berg
Biggert
Bilbray
Bilirakis
Bishop (UT)
Black
Blackburn
Bonner
Bono Mack
Boren
Boustany
Brady (TX)
Brooks
Broun (GA)
Buchanan
Bucshon
Buerkle
Burgess
Burton (IN)
Calvert
Camp
Campbell
Canseco
Cantor
Capito
Cardoza
Carney
Carter
Cassidy
Chabot
Chaffetz
Coble
Coffman (CO)
Cole
Conaway
Connolly (VA)
Cooper
Costa
Cravaack
Crawford
Crenshaw
Crowley
Cuellar
Culberson
Davis (KY)
Dent
DesJarlais
Diaz-Balart
Dold
Dreier
Duffy
Duncan (SC)
Duncan (TN)
Ellmers
Emerson
Farenthold
Fincher
Fitzpatrick
Flake
Fleischmann
Fleming
Flores
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garamendi
Gardner
Garrett
Gerlach
Gibbs
Gibson
Gingrey (GA)
Gohmert
Goodlatte
Gosar
Gowdy
Granger
Graves (GA)
Graves (MO)
Griffin (AR)
Griffith (VA)
Grimm
Guinta
Guthrie
Hall
Hanna
Harper
Harris
Hartzler
Hastings (WA)
Hayworth
Heck
Hensarling
Herger
Herrera Beutler
Huelskamp
Huizenga (MI)
Hultgren
Hunter
Hurt
Issa
Jenkins
Johnson (IL)
Johnson (OH)
Johnson, Sam
Jones
Jordan
Kelly
Kind
King (IA)
King (NY)
Kingston
Kinzinger (IL)
Kline
Lamborn
Lance
Landry
Lankford
Larsen (WA)
Latham
LaTourette
Latta
Lewis (CA)
LoBiondo
Long
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
Marino
Matheson
McCarthy (CA)
McCarthy (NY)
McCaul
McClintock
McCotter
McHenry
McKeon
McKinley
McMorris Rodgers
Meehan
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mulvaney
Murphy (PA)
Myrick
Neugebauer
Noem
Nugent
Nunes
Nunnelee
Olson
Owens
Palazzo
Paulsen
Pearce
Pence
Peterson
Petri
Pitts
Platts
Poe (TX)
Polis
Pompeo
Posey
Price (GA)
Quayle
Reed
Rehberg
Reichert
Renacci
Ribble
Rigell
Rivera
Roby
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rokita
Rooney
Ros-Lehtinen
Roskam
Ross (AR)
Ross (FL)
Royce
Runyan
Ryan (WI)
Scalise
Schilling
Schock
Schrader
Schweikert
Scott (SC)
Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuler
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Southerland
Stearns
Stivers
Stutzman
Sullivan
Terry
Thompson (PA)
Thornberry
Tiberi
Tipton
Turner (NY)
Turner (OH)
Upton
Walberg
Walden
Walsh (IL)
Webster
West
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Womack
Woodall
Yoder
Young (AK)
Young (FL)
Young (IN)

NOT VOTING—12

Davis (IL)
Denham
Filner
Hinojosa
Kissell
Labrador
Moore
Paul
Rangel
Schmidt
Visclosky
Woolsey

ANNOUNCEMENT BY THE ACTING CHAIR

The Acting CHAIR (during the vote). There is 1 minute remaining.

□ 1833

Mr. CROWLEY changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. FILNER. Mr. Chair, on rollcall 105, I was away from the Capitol due to prior commitments to my constituents. Had I been present, I would have voted "aye."

AMENDMENT NO. 9 OFFERED BY MR. CONNOLLY OF VIRGINIA

The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Virginia (Mr. CONNOLLY) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIR. A recorded vote has been demanded.

A recorded vote was ordered.

The Acting CHAIR. This will be a 2-minute vote.

The vote was taken by electronic device, and there were—ayes 185, noes 236, not voting 11, as follows:

[Roll No. 106]

AYES—185

Ackerman
Altmire
Andrews
Baca
Baldwin
Barrow
Bass (CA)
Becerra
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Bonamici
Boswell
Brady (PA)
Braley (IA)
Brown (FL)
Burgess
Butterfield
Capps
Capuano
Carnahan
Carson (IN)
Castor (FL)
Chandler
Chu
Cicilline
Clarke (MI)
Clarke (NY)
Clay
Cleaver
Clyburn
Cohen
Connolly (VA)
Conyers
Costello
Courtney
Critz
Crowley
Cummings
Davis (CA)
DeFazio
DeGette
DeLauro
Deutch
Dicks
Dingell
Doggett
Donnelly (IN)
Doyle
Edwards
Ellison
Engel
Eshoo
Farr
Fattah
Fitzpatrick
Fortenberry
Frank (MA)
Fudge
Garamendi
Gerlach
Gibson
Gonzalez
Green, Al
Green, Gene
Griffith (VA)
Grijalva
Gutierrez
Hahn
Hanabusa
Hastings (FL)
Heinrich
Higgins
Hinchey
Hirono
Hochul
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson Lee (TX)
Johnson (GA)
Johnson (OH)
Johnson, E. B.
Jones
Kaptur
Keating
Kildee
Kind
Kissell
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lewis (GA)
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maloney
Markey
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNerney
Meeks
Michaud
Miller (NC)
Miller, George
Moran
Murphy (CT)
Nadler
Napolitano
Neal
Olver
Owens
Pallone
Pascrell
Pastor (AZ)
Paulsen
Pelosi
Perlmutter
Peters
Pingree (ME)
Platts
Polis
Price (NC)
Quigley
Rahall
Reyes
Richardson