

While it may be of some interest and I think it has some things that are either benign or not terribly objectionable, we do know—and I think we probably would both jointly agree—that oftentimes our problem isn't between us. It is between trying to get this body and the Senate to agree. If we can have one less thing to have a disagreement with them on as we are advancing this, I am all for it.

I will specifically say subsection (C) on page 1, as you are talking about, my amendment adds what you have in there and more bad actor disqualifications. Actually, your amendment would roll that back. I don't think that was your intention, but that is what it would do.

In subsection (D), our amendment adds the same disqualification, but is shorter and simpler to understand, which is also important as we are dealing with the Senate.

In subsection (E), there is no apparent reason to prevent private business sellers and buyers from getting a transaction fee from a bank that is affiliated with an M&A broker. There shouldn't be some sort of exclusion on that.

In subsection (F), it is highly, highly unusual that an M&A broker would work for both the seller and the buyer in the same transaction. So I think this is maybe a section in search of a problem.

Subsection (G), adding this prohibition is frankly redundant, in our view, and could cause some more confusion.

In subsection (H), the reasonable belief element sort of does the same thing. I am not sure what we are trying to get at other than maybe causing some more confusion. It is not, again, an intention of that but is what it would do.

Subsection (I) is simply restating the existing law.

So I think, as we are going through this, we are not wildly out of disagreement. I just believe that the amendment that was offered and passed earlier, which puts us in line, again, with the efforts of the Senate, is a better way to go.

Again, to my friend from California, this is not you that I will direct this at, but others on your side of the aisle who are pointing to the no-action letter as the reason why we don't have to do this legislation.

Yet, now we are saying we have to pass your amendment because it is only a no-action letter and we need this into the law. So we can't have it both ways.

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

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

The amendment was rejected.

The Acting CHAIR. The Committee will rise informally.

The Speaker pro tempore (Mr. THORNBERRY) assumed the chair.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Brian Pate, one of his secretaries.

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

#### ENCOURAGING EMPLOYEE OWNERSHIP ACT OF 2015

The Committee resumed its sitting.

The Acting CHAIR (Mr. BYRNE). It is now in order to consider amendment No. 4 printed in part A of House Report 114-414, which the Chair understands will not be offered.

It is now in order to consider amendment No. 5 printed in part A of House Report 114-414, which the Chair understands will not be offered.

#### AMENDMENT NO. 6 OFFERED BY MR. ISSA

The Acting CHAIR. It is now in order to consider amendment No. 6 printed in part A of House Report 114-414.

Mr. ISSA. 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 16, after line 9, insert the following:  
(d) LIMITATION TO NEW FILERS.—The exemptions set forth in subsections (a) and (b) shall apply only with respect to issuers that are first required to file financial statements and other periodic reporting with the Commission under the securities laws after the date of the enactment of this Act.

The Acting CHAIR. Pursuant to House Resolution 595, the gentleman from California (Mr. ISSA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California.

Mr. ISSA. Mr. Chair, my amendment quite simply makes this bill better. Since 2011, almost 5 years, virtually every single public company has reported financial statements to the SEC by electronic, searchable, readable data format, often called XBRL.

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This searchable data allows the investor community to look through data in a way they never could under paper, and its accuracy is as good or as bad as the source material that goes onto that paper.

Now, both the author of the bill and myself agree on one thing: printing paper and sending electronic format is outdated. There is no question at all that the SEC, the Securities and Exchange Commission, is long overdue to convert to an all-electronic filing.

As a matter of fact, for most of the people that will be listening and watching today, they are already electronically filing their income tax and then printing out a paper copy to stick in a drawer. The idea that a public company who spends two, three, four or more millions of dollars in compliance every year would file paper, and then that paper would be electronically

scanned, sent to India, converted to data, and then analyzed by the investment community is truly about the most backwards way one could imagine doing it.

What my amendment to Mr. HURT's bill that is enclosed in the larger bill says is, we understand that some small startup companies, even though they are going public, may have a difficult time transitioning, and the idea that they would be allowed to go optional, as Congressman HURT's bill intends, is acceptable if, in fact, it is for a short period of time, as the eventual transition to all-electronic filing goes forward.

The many thousands of companies who have been successfully filing electronically and who have software that makes it simply a push of a button, coming off of this would, in fact, be a giant step backwards.

As we go toward all-electronic filing and the elimination of the absurdity of paper as the standard of the Securities and Exchange Commission, we only ask that this provision be one that is focused on new companies for a short period of time. That is the reason the amendment takes the 5-year exemption to all companies to be simply an exemption to new IPOs; in other words, companies that may not at the time of their public offering already have the software in place to do this filing.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I claim the time in gentle opposition.

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

Mr. HENSARLING. Mr. Chairman, I say I rise in gentle opposition—I do not say that tongue in cheek—because the gentleman from California is highly respected as a Member of this body. His opinions are respected as an entrepreneur and as a small-business individual. His acumen is respected as an investor, and so it is not a pleasant experience to oppose one of his amendments. I appreciate the sentiment with which he offers it.

I would just remind all that title IV of the bill provides an optional exemption from the XBRL data filing requirements for emerging growth and smaller public companies for a limited period of time. I think there is an open question. One thing that the gentleman didn't get the benefit of was hearing all the testimony that we had within our committee. There was a lot of testimony about just how costly this is to a number of these companies.

Now, if the investing public demands it, then smaller companies will do it. For example, there was a Sarbanes-Oxley exemption for some smaller companies and only roughly half of them took it because for certain smaller companies what they found out was, well, the investors demanded it.

I would say, again, why don't we let the free market determine this. We are not talking about the types of information that are provided in disclosure. We