



March 7, 2024

Dear Representative:

We, the undersigned organizations, write to you today to express our support for Representative Patrick McHenry's H.R. 2799, the Expanding Access to Capital Act, which we believe is a transformational piece of legislation that can improve the capital formation landscape in both private and public markets. We urge you to support its passage when it is considered on the House floor.

Capital markets play a vital role in the U.S. economy, empowering small businesses, entrepreneurs, and startups with the critical access to capital to innovate, grow their business, and create more jobs to power the American economy. This legislation presents a unique opportunity to improve upon the successes of the JOBS Act of 2012 by reducing and eliminating additional barriers that prevent them from being in a position to be successful.

The Expanding Access to Capital Act would make several important changes. The legislation would exempt individuals who are serving as finders for small businesses from broker registration requirements to ensure that they do not face unnecessary barriers to accessing investor pools, which is particularly helpful for small businesses launching in areas where people often might not fit the definition of an accredited investor by the SEC. Additionally, the legislation would allow for a micro-offering exemption for issuers less than \$250,000 in securities over a 12-month period. Exemptions like these can help clear a runway for businesses focusing on growing their company to meet market needs and not have overburdensome regulations hampering their ability to get off the ground.

The legislation would help improve conditions in public markets as well. For example, the legislation would allow Emerging Growth Company status to extend an additional 5 years beyond the timeframe set out by the JOBS Act. This designation makes the pathway to IPO a more attractive option to fundraise for companies. The legislation would ensure that pursuing such a path doesn't force a company to go public prematurely.

We applaud Chairman McHenry, and the House Financial Services Committee for its leadership in taking action to expand the accredited investor definition under this legislation. Individuals should have the opportunity to invest their hard-earned money how they see fit, regardless of their socioeconomic status. Doing so also helps empower businesses by providing access to an expanded pool of potential investors. Congress can play a role in ensuring the accredited investor definition is as inclusive as possible, and not reserved exclusively for individuals and institutions with significant resources at their disposal.

Thankfully, the United States is second to none, having the largest capital markets in the world, yet that position is not something that should be taken for granted. It is critical that lawmakers continually revisit regulations in this space to ensure that the country retains its status as the world's hub of innovation and job creation. Especially in the current economic climate, it is imperative to ensure that businesses have unimpeded access to capital through both public and private securities offerings, as that flexibility can help bolster our economic outlook moving forward.



We applaud the House for taking up these proposals under H.R. 2799, the Expanding Access to Capital Act and urge you support it when it is considered on the House floor.

Sincerely,

Brent Gardner  
Chief Government Affairs Officer  
Americans for Prosperity

Daniel Garza  
President  
The LIBRE Initiative

Grover Norquist  
President  
Americans for Tax Reform

Karen Kerrigan  
President & CEO  
Small Business and Entrepreneurship Council

John Berlau  
Director of Finance Policy  
Competitive Enterprise Institute

Ryan Walker  
Executive Vice President  
Heritage Action for America