

## NOT VOTING—16

Barragán	DeGette	Perry
Bridenstine	DesJarlais	Pocan
Brooks (AL)	Garamendi	Polis
Clyburn	Gomez	Smith (NE)
Collins (NY)	Hill	
Cummings	Nadler	

sage from the Secretary of the Senate on November 1, 2017, at 11:44 a.m.:

Appointments:  
Virgin Islands of the United States Centennial Commission.

With best wishes, I am  
Sincerely,

KAREN L. HAAS.

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

□ 1353

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.

## PERSONAL EXPLANATION

Mr. PERRY. Mr. Speaker, I was unavoidably detained. Had I been present, I would have voted "Yea" on rollcall No. 592, and "Yea" on rollcall No. 593.

## MAKING IN ORDER

## CONSIDERATION OF H. RES. 599

Mr. NEWHOUSE. Mr. Speaker, I ask unanimous consent that it be in order at any time to consider H. Res. 599 in the House, if called up by the chair of the Committee on Foreign Affairs or his designee; that the resolution be considered as read; that the previous question be considered as ordered on the resolution and preamble to adoption without intervening motion or demand for division of the question except for 1 hour of debate equally divided and controlled by Representative ROYCE of California and Representative KHANNA of California or their respective designees; and that notwithstanding any previous order of the House, the provisions of section 7 of the War Powers Resolution, 50 U.S.C. 1546, shall not apply to H. Con. Res. 81.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

## PERSONAL EXPLANATION

Ms. JACKSON LEE. Mr. Speaker, I was unavoidably detained with constituents when rollcall vote No. 592 was cast on the floor of the House, the motion on ordering the previous question on the rule. If I had been present, I would have voted "no."

## COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, November 1, 2017.

Hon. PAUL D. RYAN,  
The Speaker, House of Representatives,  
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following mes-

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ROGERS of Kentucky). Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or votes objected to under clause 6 of rule XX.

The House will resume proceedings on postponed questions at a later time.

## ENCOURAGING PUBLIC OFFERINGS ACT OF 2017

Mr. HUIZENGA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3903) to amend the Securities Act of 1933 to expand the ability to use testing the waters and confidential draft registration submissions, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3903

*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 "Encouraging Public Offerings Act of 2017".

## SEC. 2. EXPANDING TESTING THE WATERS AND CONFIDENTIAL SUBMISSIONS.

The Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended—

(1) in section 5(d)—

(A) by striking "Notwithstanding" and inserting the following:

"(1) IN GENERAL.—Notwithstanding";

(B) by striking "an emerging growth company or any person authorized to act on behalf of an emerging growth company" and inserting "an issuer or any person authorized to act on behalf of an issuer"; and

(C) by adding at the end the following:

"(2) ADDITIONAL REQUIREMENTS.—

"(A) IN GENERAL.—The Commission may issue regulations, subject to public notice and comment, to impose such other terms, conditions, or requirements on the engaging in oral or written communications described under paragraph (1) by an issuer other than an emerging growth company as the Commission determines appropriate.

"(B) REPORT TO CONGRESS.—Prior to any rulemaking described under subparagraph (A), the Commission shall issue a report to the Congress containing a list of the findings supporting the basis of such rulemaking.";

(2) in section 6(e)—

(A) in the heading, by striking "EMERGING GROWTH COMPANIES" and inserting "DRAFT REGISTRATION STATEMENTS";

(B) by redesignating paragraph (2) as paragraph (4); and

(C) by striking paragraph (1) and inserting the following:

"(1) PRIOR TO INITIAL PUBLIC OFFERING.—Any issuer, 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 15 days before the date on which the issuer conducts a road show (as defined under section 230.433(h)(4) of title 17, Code of Federal Regulations) or, in the absence of a road show, at least 15 days prior to the requested effective date of the registration statement.

"(2) WITHIN ONE YEAR AFTER INITIAL PUBLIC OFFERING OR EXCHANGE REGISTRATION.—Any issuer, within the one-year period following its initial public offering or its registration of a security under section 12(b) of the Securities Exchange Act of 1934, 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 15 days before the date on which the issuer conducts a road show (as defined under section 230.433(h)(4) of title 17, Code of Federal Regulations) or, in the absence of a road show, at least 15 days prior to the requested effective date of the registration statement.

"(3) ADDITIONAL REQUIREMENTS.—

"(A) IN GENERAL.—The Commission may issue regulations, subject to public notice and comment, to impose such other terms, conditions, or requirements on the submission of draft registration statements described under this subsection by an issuer other than an emerging growth company as the Commission determines appropriate.

"(B) REPORT TO CONGRESS.—Prior to any rulemaking described under subparagraph (A), the Commission shall issue a report to the Congress containing a list of the findings supporting the basis of such rulemaking."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Michigan (Mr. HUIZENGA) and the gentleman from Illinois (Mr. FOSTER) each will control 20 minutes.

The Chair recognizes the gentleman from Michigan.

□ 1400

## GENERAL LEAVE

Mr. HUIZENGA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HUIZENGA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, over the last two decades, our Nation has experienced a 37 percent decline in the number of U.S. listed companies—public companies. Equally troubling, we have seen the number of publicly traded companies fall to around 5,700. These statistics are concerning because they are similar to the data we saw in the 1980s when our economy was less than half its current size.

Mr. Speaker, since 2000, the average number of initial public offerings, or IPOs, has fallen to approximately 135 per year, which pales in comparison to the more than 450 IPOs filed per year in

the early 1990s. Notably, there has not been a corresponding downward trend in the creation of new companies over that same period. This demonstrates that the regulatory costs associated with going public is deterring new and emerging companies from making the decision to go public.

Now, you may ask: Why is this important?

Well, first of all, it is preventing our capital markets from reaching their full potential, which sounds very academic and pie in the sky.

What does that mean, though?

What it really means is that it is not allowing Mr. and Mrs. 401(k) from participating in the economic successes that we have seen lately.

Federal securities regulations are typically written for large public companies, and this one-size-fits-all framework imposes a disproportionate burden on small and emerging companies looking to go public.

The 2012 Jumpstart Our Business Startups Act, or JOBS Act, which was a bipartisan bill signed into law by President Obama, created a new type of issue called an emerging growth company, which allowed these so-called EGCs with less than \$1 billion in revenue to be allowed to communicate with potential investors before an initial public offering and file confidential draft registration statements with the Securities and Exchange Commission.

On June 29, 2017, the SEC extended to all companies the option of submitting in advance draft registration statements for IPOs and follow-on offerings within 1 year of an IPO.

H.R. 3903, the Encouraging Public Offerings Act, would ensure that all issues making an IPO would be allowed to communicate with potential investors before an offering and file confidential draft registration statements with the Securities and Exchange Commission. In other words, we are going to codify what the Securities and Exchange Commission has said we should be doing.

H.R. 3903 simply codifies that practice into law and it will allow these companies to finalize their registration documents without undue expectations from outside influences, and it allows companies to time their offering with the market before making their Form S-1s public and beginning an investor road show.

I commend the bipartisan work of Representatives BUDD and MEEKS on this important bill to ensure that H.R. 3903 applies to all companies, without losing valuable investor protections—a key element in this.

This bill will also help encourage companies to go public, and I encourage all of my colleagues to vote in favor of H.R. 3903.

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

Mr. FOSTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 3903. This bill will expand the

ability of companies to test the waters prior to going public and to submit confidential filings for feedback from the SEC staff prior to filing of an IPO.

The JOBS Act of 2012 created these mechanisms for emerging growth companies. Emerging growth companies are those with less than \$1 billion in revenue, \$700 million in public float, and \$1 billion in nonconvertible debt. The JOBS Act enabled these companies to speak to institutional investors prior to an IPO without it being considered an unregistered offering for sale of securities.

The definition of a securities offering is appropriately broad to protect investors and ensure transparency in our markets by requiring registration and significant disclosures. However, companies considering a public offering should be able to talk to the most sophisticated investors in the markets, large institutional investors, to gauge the interest in the offering. Having that ability will help encourage public offerings because it enables companies to realize efficiencies in assessing demand.

Research-intensive firms are more likely to test the waters because it lowers the cost of proprietary disclosure. These are the firms that drive economic growth by bringing new ideas to market.

Research is obviously a passion of mine, having founded a company that was based on my intellectual property and subsequently designing particle accelerators as a physicist at Fermi National Lab. It is the new ideas that grow our GDP and improve the standard of living for all Americans.

Moreover, new businesses with new ideas do more to grow the economy than incumbents with new ideas or just acquisitions. The public market presents an opportunity for small businesses to become big businesses without being bought out.

Additionally, this bill would allow companies of all sizes to file confidentially forms with the SEC. This allows the firm to receive feedback without making inappropriate or unrequired information public. Disclosing the correct information helps the markets understand risks and price an offering appropriately.

The bill also includes a provision giving the SEC discretion to ensure that these mechanisms are used in a way that benefits markets and investors. The U.S. capital markets are the deepest and most liquid in the world, and this bill will help more companies tap into that capital and grow our economy.

Mr. Speaker, I urge broad support for this bill today, and I reserve the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I am pleased to yield 5 minutes to the gentleman from North Carolina (Mr. BUDD), the sponsor of this very important legislation.

Mr. BUDD. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise today in support of the Encouraging Public Offerings Act, a bill that the gentleman from New York (Mr. MEEKS) and I have worked on together, and I thank him for that.

I also thank the Financial Services Committee, in particular, the staff and the subcommittee chairman, Mr. HUIZENGA.

I also thank the chairman, the gentleman from Texas (Mr. HENSARLING). His leadership of this committee and his devotion and fidelity to the conservative principles are legendary. His retirement will be a great loss to this institution. The Hensarling legacy of conservative leadership will not be forgotten, and I am certain that his next chapter will be as great as this one. He will be missed by all, especially by those of us—myself among them—who share his vision and his limited government principles.

Mr. Speaker, no other country has a better history of connecting money with vision than the United States of America. We rightfully celebrate our legendary entrepreneurs: Steve Jobs, Bill Gates, Andrew Carnegie, Tom Davis, John Rockefeller, and a whole host of others who built the companies that drive our economy. None of those men could have done what they did without capital. None of them could have done what they did without intermediaries to connect that capital to their vision.

So, Mr. Speaker, the depressing truth is that our capital markets are the biggest, strongest, and most transparent connectors between money and vision, and they are not where they once were. We have the same number of public offerings on our stock exchanges that we did in the 1980s, when the economy was much smaller. We have lost 50 percent of our public companies since the 1990s, and more and more companies choose to go private, or they never even sell their shares to the public.

The hope is that, with this bill, we will increase the desire of companies to go public, getting our financial markets back to being the number one method for capital formation. To that end, our bill does three things:

First, it allows the companies to file their paperwork for going public with the SEC confidentially. That way, if there is an error or a discrepancy in the documents, the company can work it out with the agency without getting embarrassed in public or exposing information to competitors.

Second, it allows all companies to confidentially file their paperwork for a second stock sale after an initial public offering. Again, the point being to allow for a dialogue between the company and the regulator.

Third, it also allows all companies considering an IPO to talk to sophisticated investors and qualified institutions and see if these investors might want to buy their stock before offering it to the public, which is called “testing the waters.” It is hard to know if

you should sell a product if you can't check and see if there is anyone out there who even wants to buy it.

Mr. Speaker, these changes to the securities laws have received broad support. I want to quote the SEC chairman on this when he spoke at a hearing in our committee. He said: "The initial data is positive. Not just people using it, but people saying, Thank you, we intend to use it. Both from an IPO perspective, but also from the perspective on follow-on offerings that occur in the first year . . . if there is any adverse views, I'd like to hear them. We haven't heard any."

The Center for American Progress, which has not traditionally been friendly to relaxing financial regulations, has said that these reforms, which were made available to smaller companies in the JOBS Act, were some of the most successful provisions in that law. This bill applies them to all companies, not just those with a certain amount of revenue.

Finally, the Treasury Department gave favorable mention to these reforms in its report on the capital markets earlier this year. This bill passed out of the House Financial Services Committee with unanimous support.

Mr. Speaker, the numbers on public companies are clear. We have a problem. The experts are clear that the changes in the Budd-Meeks bill would be a positive step towards fixing the problem. Similar bipartisan reforms have seen great success in the past.

Mr. Speaker, I urge support.

Mr. FOSTER. Mr. Speaker, I would like to, first off, reiterate my support of this bill. It is the sort of common-sense, bipartisan fix that will make an incremental improvement to our public markets.

However, I would also like to emphasize what I believe is the real threat to the health of our public markets, which is the concentration of wealth at the very top. It is no secret that the competition to our public markets are private equity and venture capital, and these are investment instruments largely, almost entirely, under the control of the very wealthy.

We are, this week, going to begin debate on a tax bill that will decide, to a large extent, whether we accelerate or decelerate the concentration of wealth at the very top. I just want to emphasize that connection to make everyone understand that the continued health of our public markets, which historically have been such an important contributor to middle class investment in growing businesses. So I want people to consider that as we debate this bill, which I fully support, and, as well, the variety of important issues that we debate that really affect the distribution of wealth in this country.

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

Mr. HUIZENGA. Mr. Speaker, I am pleased to yield such time as he may consume to the gentleman from Ohio (Mr. DAVIDSON), a member of the Financial Services Committee.

Mr. DAVIDSON. Mr. Speaker, access to capital is crucial to promoting a thriving U.S. economy. It allows companies to invest in growth and to develop new and innovative products and services. Historically, companies seeking a considerable amount of capital have preferred to use an initial public offering and have shares traded on a national securities exchange.

However, the United States has experienced a 37 percent decline in the number of U.S. listed public companies, which is considerably lower than in the 1980s and 1990s.

Public company compliance costs have grown sufficiently large that many smaller firms stay private rather than spend their profit overcoming these regulatory burdens. The Sarbanes-Oxley Act, the Dodd-Frank Act, and other legislative and regulatory actions have contributed to these costs.

□ 1415

Title I of the JOBS Act created a new category of issuers known as emerging growth companies, or EGCs. These issuers must have less than \$1 billion in annual revenue or \$700,000 million in public float when they register with the SEC.

While the JOBS Act made it easier for companies to go public, it was not enough to overcome capital formation obstacles entrepreneurs and small businesses are facing.

H.R. 3903, the Encouraging Public Offerings Act of 2017, would allow any company, regardless of size or EGC status, to take advantage of the popular provisions of title I of the 2012 JOBS Act.

Title I of the JOBS Act has proven to be a real policy success, and Congress and the SEC should continue to advance policy that will reduce or eliminate barriers to economic growth.

Mr. Speaker, I applaud Mr. BUDD and Mr. MEEKS for their work on this important piece of legislation. I appreciate our chairman, Mr. HUIZENGA, for moving it expeditiously through our committee; and our chairman, Mr. HENSARLING, for presiding over it.

Mr. Speaker, I urge my colleagues to vote "yes."

Mr. HUIZENGA. Mr. Speaker, I yielded myself the balance of my time.

Mr. Speaker, in closing, we know that trillions of dollars are invested in our economy through IRAs, 401(k)s, and other investment tools. However, these companies need to be publicly traded for Joe and Jane IRA or Mr. and Mrs. 401(k) to even be able to have the opportunity to invest in them. That is what this bill is trying to do.

This bill is trying to make sure that those emerging companies, those small startup kind of companies, who may be very innovative or, frankly, might be even more mundane, but they are small and they are looking to grow, that they have an opportunity to do so.

Who benefits? Everyone. Everyone is going to be able to take a much more

broad view of how they are going to invest their hard-earned dollars that they have worked so long and hard for.

Mr. Speaker, this is also, I believe, an important aspect, because we know that economic growth comes from small- and medium-sized businesses. That is where we are going to see really the engine of our economy rev up.

It is maybe not as much of a headline grabber as some of those big companies adding 100 or 200 or even thousands of jobs, but all of those smaller companies adding people into the workforce add up to far larger numbers than those numbers are.

Mr. Speaker, I ask all of my colleagues to join me in supporting H.R. 3903, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. HUIZENGA) that the House suspend the rules and pass the bill, H.R. 3903, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. HUIZENGA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

#### FAIR INVESTMENT OPPORTUNITIES FOR PROFESSIONAL EXPERTS ACT

Mr. HUIZENGA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1585) to amend the Securities Act of 1933 to codify certain qualifications of individuals as accredited investors for purposes of the securities laws, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1585

*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 "Fair Investment Opportunities for Professional Experts Act".*

#### SEC. 2. DEFINITION OF ACCREDITED INVESTOR.

(a) *IN GENERAL.*—Section 2(a)(15) of the Securities Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

(1) *by redesignating clauses (i) and (ii) as subparagraphs (A) and (F), respectively; and*

(2) *in subparagraph (A) (as so redesignated), by striking ":", or" and inserting a semicolon, and inserting after such subparagraph the following:*

*"(B) any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000 (which amount, along with the amounts set forth in subparagraph (C), shall be adjusted for inflation by the Commission every 5 years to the nearest \$10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics) where, for purposes of calculating net worth under this subparagraph—*

*"(i) the person's primary residence shall not be included as an asset;*