



Opening Statement of Chairman David Schweikert
Small Business Subcommittee on Investigations, Oversight and Regulations
JOBS Act Implementation Update
April 11, 2013

Good morning. I call this hearing to order. I want to thank both of today's witness panels for their participation in this important hearing.

On April 5, 2012, the president signed the '*JOBS Act*' into law. This bill was a rare display of bipartisanship forged to create new opportunities in capital formation and job creation by decreasing excessive regulatory burdens. The American people deserve a government that upholds the principles of economic freedom and does not create harmful barriers to free enterprise and capital formation.

In an effort to achieve this, the '*JOBS Act*' addressed numerous capital formation issues and regulatory roadblocks that were negatively impacting small businesses.

To ease regulatory burdens on raising capital through the public markets, the '*JOBS Act*' provides for an IPO On-Ramp for small businesses to achieve full regulatory compliance with SEC registration requirements. The Act also updates the amount that small companies can raise through current exemptions to full registration from \$5 million to \$50 million. Changes like these, when exercised, will help high growth companies raise capital so they can grow and create jobs.

To help businesses raise money through private capital markets, the '*JOBS Act*' requires the SEC to eliminate the ban on general solicitation and advertising. This ban prohibits companies from broadly marketing their company to investors, forcing them to rely on ever-shrinking investor pools that cannot be expected to be the sole source of early stage capital in the marketplace. Allowing businesses to broadly market themselves to investors will give our engines of economic growth access to a host of new potential investors.

The '*JOBS Act*' also creates an exemption to allow the use of equity-based crowdfunding. We have seen how donation-based crowdfunding websites like Kickstarter have helped entrepreneurs turn their dreams of business

ownership into realities by harnessing the power of the Internet to raise funds. The *'JOBS Act'* unlocks this tool by allowing businesses to seek equity-based investors through the Internet in exchange for equity ownership stakes.

The *'JOBS Act'* makes important progress in giving job creators the freedom to achieve prosperity.

Unfortunately, one year down the road, we are still waiting on the SEC's ground rules that are long past due.

These statutorily mandated rules are needed to ensure that the *'JOBS Act'* would do what it was intended to do – spur economic growth and create desperately needed jobs. The longer we wait for action by the regulators, the more our engines of economic growth will continue to simply tread water, or worse yet starve, for lack of opportunity.

It is my hope that over the course of our hearing today we will explore ways with both the SEC and the small business community for us to get the good ideas contained in the *'JOBS Act'* out to our job creators.

Again, I would like to thank our witnesses for being here today and I would now like to yield to Ranking Member Clarke for her opening statement.