

and a similar version of this legislation passed the House in the last Congress by a vote of 411-6.

I urge all my colleagues to support this bill today, and I reserve the balance of my time.

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

I thank my colleague from Arkansas (Mr. HILL) for his years of hard bipartisan work that went into this bill.

I am proud to support this bill today because I believe that it will strengthen the abilities of investors to make informed decisions. This legislation would add transparency in the financial markets that will ultimately benefit consumers.

Exchange-traded funds are valuable and popular tools for investors to get exposure to diversified risk through a single security with low costs. My wife and I use them ourselves. They are, however, like the iPhone, very simple on the outside but incredibly complicated products on the inside. They often can be thoroughly understood only by those with the background and the time to analyze the way the ETF is constructed, as well as each of the underlying securities and the sectors they are targeting.

Retail investors and retirement savers often do not have this time and often do not have the expertise in the markets. High-quality research can help them make informed decisions about which ETFs to invest in, equipping them to make decisions on how to diversify across different sectors and indices.

ETFs are continuously issued, so they present unique potential risks to underwriting broker-dealers under the Federal securities laws.

Generally, the Federal securities laws prohibit a broker-dealer from participating in a securities offering from publishing research 15 days before or 30 days after the issuance for very good reason. This is to prevent research that could hype the security ahead of the offering or try to puff its price afterwards.

ETF pricing, however, reflects a wide variety of data across many issuers and classes of securities. Because they are continuously brought to market, it is necessary to provide a clarification in the law that research is permitted to be published continuously, because they are also continually traded on the exchanges. The antifraud provisions of the securities laws will still apply.

To be clear, this bill does not vitiate any rights of investors or responsibilities of broker dealers with respect to the accuracy and truthfulness of statements. Specifically, section 2(c)(1) provides that the antifraud and antimanipulation provisions of the securities laws are not limited by anything in this bill. Moreover, this applies only to bona fide research, and FINRA can require sales materials to be posted to the public.

Section 2(c)(2) preserves the powers of the SROs to oversee all of the prac-

tices of broker-dealers, including the publication of these reports.

Lastly, the bill provides for a statutory safe harbor should the Commission not be able to promulgate a rule in the 270-day period established by the bill. This statutory safe harbor is only available to research on funds that have been reported to the SEC for the last year, ensuring that it is true to the purpose of the bill to provide research to be used by investors for existing securities.

Statutory safe harbors exist elsewhere in the Federal securities laws, most notably section 4(a)(2) of the 1933 Act. A statutory private offering exemption can be perfected without relying on regulation D. In practice, though, that does not happen, and I trust that the SEC will prescribe an appropriate set of rules consistent with section 2(a) of this bill so that the regulatory safe harbor will be effective.

I urge my colleagues to support this bill, and I reserve the balance of my time.

Mr. HILL. Mr. Speaker, I thank my friend from Illinois for his comments and his constructive help on designing and completing the legislative process on this bill.

Mr. Speaker, an integral process of getting this bill completed was certainly by our staff, and I want to pay particular attention to Holli Heiles of my personal staff, who, this day, leaves the world of the personal staff and moves to the Subcommittee on Capital Markets, Securities, and Investments of the House Financial Services Committee. I want to thank Holli Heiles for her outstanding work on this bill and for her outstanding work on behalf of the people of the Second Congressional District of Arkansas, as well as to congratulate her on her move to the committee.

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

Mr. FOSTER. Mr. Speaker, I again thank my colleague from Arkansas (Mr. HILL) and now-Governor Carney, as well, for working on this bill over the past years. I look forward to it being signed into law.

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

Mr. HILL. Mr. Speaker, I appreciate the work done together on this bill. I don't have any other speakers on this particular bill.

I yield back the balance of my time.

The SPEAKER pro tempore (Mr. BACON). The question is on the motion offered by the gentleman from Arkansas (Mr. HILL) that the House suspend the rules and pass the bill, H.R. 910, as amended.

The question was taken.

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

Mr. HILL. 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 pro-

ceedings on this motion will be postponed.

□ 1645

SMALL BUSINESS CAPITAL FORMATION ENHANCEMENT ACT

Mr. HILL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1312) to amend the Small Business Investment Incentive Act of 1980 to require an annual review by the Securities and Exchange Commission of the annual government-business forum on capital formation that is held pursuant to such Act, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1312

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 "Small Business Capital Formation Enhancement Act".

SEC. 2. ANNUAL REVIEW OF GOVERNMENT-BUSINESS FORUM ON CAPITAL FORMATION.

Section 503 of the Small Business Investment Incentive Act of 1980 (15 U.S.C. 80c-1) is amended by adding at the end the following:

"(e) The Commission shall—

"(1) review the findings and recommendations of the forum; and

"(2) each time the forum submits a finding or recommendation to the Commission, promptly issue a public statement—

"(A) assessing the finding or recommendation of the forum; and

"(B) disclosing the action, if any, the Commission intends to take with respect to the finding or recommendation.

"(f) FORUM FINDINGS.—Nothing in this section shall require the Commission to agree to or act upon any finding or recommendation of the forum."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Arkansas (Mr. HILL) and the gentlewoman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Arkansas.

GENERAL LEAVE

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

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

There was no objection.

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

Mr. Speaker, today I rise in support of H.R. 1312, the Small Business Capital Formation Enhancement Act, which would require the Securities and Exchange Commission to respond to the recommendations from its annual forum on small business capital formation.

Small businesses are the backbone of the U.S. economy, and, according to the SBA, have provided 55 percent of all jobs and 66 percent of all net new jobs over the past 40 years. These small

businesses are intimately familiar with their businesses and the regulatory environment, and who better to provide insights to regulators and lawmakers on how to best provide and promote capital formation and remove unnecessary regulatory barriers and burdens?

Nearly four decades ago, in 1980, Congress recognized the importance of our small-business owners and their having a voice and sharing their recommendations with the SEC, and Congress required the SEC to conduct an annual forum to review the current status and issues surrounding small business capital formation. But while the Commission is required to conduct this forum, its obligation goes no further.

Though the SEC often praises this small business forum and the insights and recommendations from the small business community, the SEC has no obligation to respond to or act on the forum's recommendations and findings and has rarely done so. For example, many of the provisions of the JOBS Act came from recommendations from the small business forum, but it was Congress who had to move forward with these ideas, not the SEC.

This commonsense bill introduced by Mr. POLIQUIN and Mr. VARGAS would require the SEC to formally respond to these recommendations just like they legally have to acknowledge and respond to recommendations from their Investor Advisory Committee. Similar legislation passed the House last Congress by a nearly unanimous vote, and, earlier this year, H.R. 1312 passed the House Financial Services Committee by a unanimous vote.

I urge my colleagues on both sides of the aisle to support this bill, and I thank, again, my good friends from Maine and from California for their hard work on this bipartisan bill that ensures the voice of our small business community is heard.

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

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

Mr. Speaker, I rise in support of H.R. 1312, a commonsense measure that will ensure the SEC responds to recommendations that will reduce barriers to small businesses' capital formation. Access to capital is the lifeblood of every business. As ranking member of the House Small Business Committee, I hear this on a near daily basis. It is as true today as it was 65 years ago when Congress created the Small Business Administration.

Since that time, Congress has taken steps to better understand the needs of our small businesses and find ways to improve access to capital. In 1980, we created the Government-Business Forum on Small Business Capital Formation at the SEC. This body helps policymakers learn about unnecessary impediments to small business capital formation and address how they can be eliminated or reduced. However, the SEC isn't currently required to act on the forum's recommendations.

The Small Business Capital Formation Enhancement Act changes the SEC's obligation by requiring the Commission to respond to the recommendations made by the annual Government-Business Forum. This bill is modeled after a similar provision in the Dodd-Frank Act requiring the SEC to respond to the recommendation of the Investor Advisory Committee.

However, there are important distinctions between the recommendations of the IAC and the forum. Specifically, the IAC is limited by statute to 23 members. By contrast, the forum is open to all public and private participants. As a result, the IAC has only issued 12 recommendations since its first meeting in 2012. During the same timeframe, the forum issued 98 recommendations.

While I understand the desire to have the SEC respond to each of the forum's recommendations, I would remind my colleagues that the SEC has the important duty to police our financial markets. Therefore, I hope my colleagues will remember these additional duties and set appropriate funding levels for the SEC to ensure agency resources are not being diverted from its crucial examination and enforcement activities.

I would like to thank Mr. POLIQUIN and Mr. VARGAS for crafting this bipartisan bill to ensure that the voice of our small business community is heard.

Mr. Speaker, I urge Members to support this legislation, and I reserve the balance of my time.

Mr. HILL. Mr. Speaker, again, I appreciate the gentlewoman from New York's views and her helpful work on this legislation.

We have lost over the last 20 years some 50 percent of our public companies. When I was getting out of college, one of the great dreams in business would be that you could have a company that was so successful that you could go public. Over the years, obviously that process has made it more and more difficult for our entrepreneurs to pursue their dream of a public company.

So what better way to make sure their voice about our rules, our laws, the process of being public, and the process of registering and disclosing is all made in a way that does not discourage our entrepreneurs and our small-business people from pursuing that dream of going public.

Mr. Speaker, I yield 2 minutes to the gentleman from Maine (Mr. POLIQUIN), my distinguished friend who serves on the House Financial Services Committee and is a gentleman who is a voice for small business at every meeting of the House Financial Services Committee.

Mr. POLIQUIN. Mr. Speaker, I thank the chairman, and I appreciate it very much. I do want to thank the Congresswoman from New York and also Congressman JUAN VARGAS of California who stepped up as the lead cosponsor of this legislation.

As Mr. HILL mentioned a moment ago, about two-thirds of our new jobs in the last decade have been created by small business. This is the bloodstream of our economy, and certainly in Maine, Mr. Speaker, where we are a State and a district of small businesses, this is very particular to my interest.

Those of us who have run small businesses know that one of the biggest challenges you have is how to borrow money—access to capital—because unless you have access to capital and unless you have the funds you need to grow and expand, you can't create new opportunities and new jobs for our kids and our grandkids. So access to capital is absolutely critical when it comes to growing our economy and providing more opportunities for the next generation.

As has already been said today, the SEC holds these annual forums where small-business leaders who are on the ground creating jobs and those in the public sector get together, and they review and explore new ways and better ways to change the regulations and the rules we have in this country such that access to capital is enhanced.

What better idea; what more common sense do we need than to have a bill, H.R. 1312, that I am very proud to sponsor, that requires the SEC to assess every recommendation by this forum every year—not necessarily act upon it, but take it off the shelf, assess it, and determine if action should be taken.

I want to thank all the folks who have participated in our forums over the years, both the public and the private sector, and I ask, Mr. Speaker, that all my colleagues in this House, Republicans and Democrats, please support H.R. 1312.

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

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arkansas (Mr. HILL) that the House suspend the rules and pass the bill, H.R. 1312, 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. HILL. 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.

U.S. TERRITORIES INVESTOR PROTECTION ACT OF 2017

Mr. HILL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1366) to amend the Investment Company Act of 1940 to terminate an exemption for companies located in Puerto Rico, the Virgin Islands, and any other possession of the United States.