

This bill updates emerging growth company financial reporting accommodations to clarify that an emerging growth company, as well as any company that qualifies as such, when it is conducting its initial public offering, does not need to provide financial statements for a period earlier than 2 years, which is required during the emerging growth company's initial public offering. That is a lot of words.

This update will increase efficiency by ensuring that these companies will be able to consistently rely on the JOBS Act's scaled financial reporting requirement accommodation. It will eliminate an aberrational result that actually has been shown to require burdensome and unnecessary financial reporting obligations.

This bill clearly establishes that an emerging growth company will not be required to provide audited financial statements for any period earlier than 2 years, including in those instances I mentioned that were not previously addressed in the original JOBS Act.

Mr. Speaker, after 11 years of the JOBS Act, this particular section of the JOBS Act has shown that it has been wonderfully successful. We have more IPOs using the statute than any other change in security laws we have made as a Congress in recent memory. That is a great success.

We want to update that existing statute, and we are doing so in a bipartisan way. That should be a welcome sign for Congress, that we can do complicated things in a bipartisan way. That is what we are here to do.

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

Mr. SHERMAN. Mr. Speaker, I yield myself such time as I may consume for closing.

This bill passed our committee by a 41-to-0 vote. In passing H.R. 2608, Congress is making sure that smaller companies have scaled-down disclosure obligations in all instances rather than just the initial public offering. We apply the same standard to acquisitions and follow-on offerings. This is a commonsense reform. It reduces the burden on small companies and still provides investors with 2 years of audited financial statements.

Mr. Speaker, I urge my colleagues to support this bill, and I yield back the balance of my time.

Mrs. WAGNER. Mr. Speaker, I strongly urge my colleagues to support H.R. 2608, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise today to speak on H.R. 2608, a bill to amend the Federal securities laws to specify the periods for which financial statements are required to be provided by an emerging growth company, and for other purposes.

H.R. 2608 would change the reporting period for financial statements submitted to the Securities and Exchange Commission (SEC) by an emerging growth company (EGC) or former EGC when it acquires another company.

The bill would ensure that EGCs and former EGCs submit financial statements for their tar-

get companies that cover a reporting period that does not exceed the earliest audited period for the EGC or former EGC, as presented in connection with an initial public offering.

Under current law, when reporting to the SEC, acquiring companies (including EGCs) must submit up to two years of financial statements for their target companies.

H.R. 2608 is a measure that will limit the financial information an emerging growth company must submit to the Securities and Exchange Commission.

Specifically, an emerging growth company is not required to present a financial statement for any period prior to the earliest audited period of the emerging growth company in connection with its initial public offering, such as a statement for an acquired company.

This bill is being amended to clarify and specify language in the original text.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Missouri (Mrs. WAGNER) that the House suspend the rules and pass the bill, H.R. 2608, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

REGISTRATION STATEMENT CONTENTS FOR EMERGING GROWTH COMPANIES

Mrs. WAGNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2610) to amend the Securities Exchange Act of 1934 to specify certain registration statement contents for emerging growth companies, to permit issuers to file draft registration statements with the Securities and Exchange Commission for confidential review, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2610

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REGISTRATION STATEMENTS.

Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(b)) is amended—

(1) in paragraph (1)(K), by striking "years," and inserting "years (or, in the case of an emerging growth company, not more than the two preceding years)."; and

(2) by adding at the end the following:

"Any issuer 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 10 days before listing on a national securities exchange. Notwithstanding any other provision of this title, the Commission shall not be compelled to disclose any information provided to or obtained by the Commission pursuant to this subsection. For purposes of section 552 of title 5, this subsection shall be considered a statute described in subsection (b)(3)(B) of such section 552. Information described in or obtained pursuant to this subsection shall be deemed

to constitute confidential information for purposes of section 24."

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Missouri (Mrs. WAGNER) and the gentleman from California (Mr. SHERMAN) each will control 20 minutes.

The Chair recognizes the gentlewoman from Missouri.

GENERAL LEAVE

Mrs. WAGNER. 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 gentlewoman from Missouri?

There was no objection.

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

Mr. Speaker, I rise in support of H.R. 2610, a bill to harmonize the emerging growth company, EGC, financial statement requirements originally enacted in the JOBS Act of 2012.

I thank my colleague, and our esteemed chair of the Financial Services Committee, Chairman MCHENRY, for his leadership on this important piece of bipartisan legislation that will attract companies to go public here in the United States.

Title I of the bipartisan JOBS Act of 2012 established a new class of public companies, or issuers, called emerging growth companies, to attract small companies to go public and reverse the steady decline of small initial public offerings, IPOs, in American capital markets.

Under the JOBS Act, EGCs are granted scaled reporting and disclosure requirements for a limited time after they go public. This attractive accommodation allows the company to grow before absorbing the costly regulatory burdens faced by large public companies.

One accommodation EGCs may take advantage of under the JOBS Act is providing 2 years of audited financial statements rather than 3 years when conducting an IPO.

Sometimes an EGC in its entirety does not undertake an IPO and instead spins off a segment of its business as a new company and takes that spin-off public. However, spin-offs of an EGC may not take advantage of the 2-year financial statement accommodation.

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The EGC financial statement accommodations should apply equally, whether an EGC is conducting an IPO or spinning off a segment of its business and taking that company public.

Mr. Speaker, H.R. 2610 ensures consistency and equal application by clarifying that an EGC may present 2 years rather than 3 years of audited financial statements in both IPOs and spinoff transactions.

Mr. Speaker, for this reason, I urge my colleagues to support H.R. 2610, and I reserve the balance of my time.

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

Mr. Speaker, I rise in support of H.R. 2610, sponsored by the gentleman from North Carolina, the chairman of the Financial Services Committee.

Mr. Speaker, both this bill and the last bill we considered are seeking to reduce the obligations of emerging growth companies, or EGCs.

H.R. 2608 would allow an EGC to provide only 2 years of audited financial statements in the case of an acquisition or a follow-on offering. We just passed that bill on this floor by a voice vote. We are now considering H.R. 2610, which takes that concept one step further and allows an EGC to provide only 2 years of audited financial statements in the case of a spinoff.

Logically, if we are going to adopt that bill, we should adopt this bill.

A spinoff transaction is one where one company creates a new independent company by selling new shares of its existing business.

Both H.R. 2608, which we just passed, and this bill, H.R. 2610, reduce the obligations for EGCs by saying that they need to provide not 3 years of audited financial statements but 2 years of audited statements.

We should keep in line what is required for EGCs, whether they are going public, whether they are acquiring, whether they are doing an initial public offering, or, as this bill does, whether they are doing a spinoff.

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

Mrs. WAGNER. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. MCHENRY), the chairman of the full Financial Services Committee.

Mr. MCHENRY. Mr. Speaker, I thank Chairwoman WAGNER for her great leadership on the committee.

Mr. Speaker, I think it has been well-explained about emerging growth companies. We have had a nice discussion here on the House floor of what we had done in Congress 11 years ago to ensure that fast-growing, smaller companies can access our capital markets and do so with less regulatory burden, enticing them into our public markets, which enable average, everyday investors to have more investment opportunities and ownership of American society, as well.

Speaking to that, this bill clarifies the periods for which financial statements are required to be provided by an emerging growth company when conducting a spinoff transaction. This legislation will strengthen public markets by addressing an irregularity that was not addressed under the JOBS Act of 2012 and ensure consistent treatment for emerging growth companies, whether they are going public or spinning off a portion of their business.

Mr. Speaker, I have talked about the positive impact of emerging growth companies and of the JOBS Act, generally, since it was enacted into law. At that period of time, in 2012, you had a Republican House of Representatives,

a Democrat Senate, a Democrat in the White House, and very few things got done.

President Obama at the time wanted to address the jobs challenge in American society and wanted us to change law and regulations so that we can actually lift people out of poverty and back into the workforce.

Those were some very important things that we discussed that Congress, but the foremost of that was the legislating we did out of the Financial Services Committee, which culminated in the passage of what was called the JOBS Act.

One of the best provisions in the JOBS Act was the emerging growth companies' section of that, or title of that bill, and that is what we are talking about and speaking of on this day.

What we are trying to do is tweak that law to make sure it functions appropriately. Like all things, whether it is your home, legislation, or your car, you want to adjust it from time to time to make sure it is running the way you intended it to run. That is what we are doing here today with these small changes to the emerging growth companies' statute and the JOBS Act.

Mr. Speaker, I urge my colleagues to vote "yes" on this important provision.

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

Mr. Speaker, the House, just a few minutes ago, adopted on a voice vote, H.R. 2608. That bill had passed the committee by a vote of 41-0. This bill is extremely similar, except it passed the committee with a vote of 42-0.

H.R. 2610 will ensure that there is uniformity regarding EGCs' financial disclosure obligations, in this case, in the event that an EGC conducts a spinoff.

Mr. Speaker, I urge my colleagues to support this bill, and I yield back the balance of my time.

Mrs. WAGNER. Mr. Speaker, I simply urge my colleagues to support H.R. 2610, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise today in support of H.R. 2610, which amends the Securities Exchange Act of 1934.

This amendment specifies certain registration statement contents for emerging growth companies.

Additionally, the amendment permits issuers to file draft registration statements with the Securities and Exchange Commission for confidential review prior to a public filing.

Further, emerging growth companies will only be required to submit profit and loss statements from the previous two years in registration statements submitted to the SEC, rather than the previous three years currently required by law.

This bill facilitates greater efficiency and capital formation without sacrificing investor protection.

In my home state of Texas, the Houston area leads the Nation in small business development and is one of the top emerging ecosystems for startups globally.

More broadly, Texas remains the top destination in the Nation for new companies.

Under this bill, emerging companies across Texas, the City of Houston, and the Nation will better be able to explore their options for future growth, evaluate required disclosures, and thoughtfully consider whether they will proceed with their public offering.

This bill will boost these businesses and enhance their ability to catalyze economic growth and job creation nationwide.

I urge my colleagues to join me in supporting H.R. 2610 and the economic growth of our Nation, which is fueled by these emerging growth companies.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Missouri (Mrs. WAGNER) that the House suspend the rules and pass the bill, H.R. 2610, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

AUTHORIZING THE USE OF CAPITOL GROUNDS FOR GREATER WASHINGTON SOAP BOX DERBY

Mr. EDWARDS. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 43) authorizing the use of the Capitol Grounds for the Greater Washington Soap Box Derby.

The Clerk read the title of the concurrent resolution.

The text of the concurrent resolution is as follows:

H. CON. RES. 43

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. USE OF CAPITOL GROUNDS FOR SOAP BOX DERBY RACES.

(a) IN GENERAL.—The Greater Washington Soap Box Derby Association (in this resolution referred to as the "sponsor") shall be permitted to sponsor a public event, soap box derby races (in this resolution referred to as the "event"), on the Capitol Grounds.

(b) DATE OF EVENT.—The event shall be held on June 17, 2023, or on such other date as the Speaker of the House of Representatives and the Committee on Rules and Administration of the Senate jointly designate.

SEC. 2. TERMS AND CONDITIONS.

(a) IN GENERAL.—Under conditions to be prescribed by the Architect of the Capitol and the Capitol Police Board, the event shall be—

- (1) free of admission charge and open to the public; and
- (2) arranged not to interfere with the needs of Congress.

(b) EXPENSES AND LIABILITIES.—The sponsor shall assume full responsibility for all expenses and liabilities incident to all activities associated with the event.

SEC. 3. EVENT PREPARATIONS.

Subject to the approval of the Architect of the Capitol, the sponsor is authorized to erect upon the Capitol Grounds such stage, sound amplification devices, and other related structures and equipment as may be required for the event.

SEC. 4. ADDITIONAL ARRANGEMENTS.

The Architect of the Capitol and the Capitol Police Board are authorized to make