



James C. Greenwood
President & CEO

May 23, 2016

The Honorable Paul Ryan
Speaker of the House of Representatives
H-232 United States Capitol
Washington, DC 20515

Dear Mr. Speaker:

On behalf of the Biotechnology Innovation Organization (BIO) and its 1,100 members, I am writing in strong support of H.R. 4139, the Fostering Innovation Act. This important bill would reduce the regulatory burden on biotech small businesses and support the search for the next generation of breakthrough medicines. I urge you to support this legislation when it is considered by the House of Representatives.

Since the JOBS Act became law nearly four years ago, more than 190 biotechs have gone public as emerging growth companies (EGCs). The capital raised through these successful offerings is driving the development of life-saving medical advances, and the Fostering Innovation Act will build upon the successes of the JOBS Act. This bipartisan legislation is sponsored by Reps. Kyrsten Sinema (D-AZ), Michael Fitzpatrick (R-PA), and John Delaney (D-MD) and was approved by the House Financial Services Committee by a 42-15 vote.

The Fostering Innovation Act would extend the Sarbanes-Oxley (SOX) Section 404(b) exemption in the JOBS Act's IPO On-Ramp to a certain subset of low-revenue/low-public float EGCs in years 6 through 10 after their IPO. Under current law, a company generally retains its EGC status for five years, but most biotechs remain pre-revenue long after their EGC status expires – so they will see a damaging diversion of capital from science to compliance in the form of expiring JOBS Act exemptions at the dawn of year 6 on the market.

The Fostering Innovation Act would allow a growing pre-revenue company to maintain its SOX 404(b) exemption for years 6-10 after its IPO if it maintains a public float below \$700 million and average annual revenues below \$50 million. This targeted reform, which only benefits the smallest pre-revenue innovators, will allow companies to focus on advancing their research rather than complying with costly regulatory burdens that do not provide significant insights to investors.

BIO supports strong investor protections and appropriate reporting standards. Innovators in the biotech industry strive to keep investors informed of scientific progress and clinical trial advancement – the true indicators of a biotech company's health. However, costly regulatory burdens that do not provide useful insights to investors can slow the development process, diverting capital from the lab and increasing the time that it takes to deliver life-saving medicines to patients. The Fostering Innovation Act will build on the success of the JOBS Act, enhancing capital formation and spurring scientific advancement at biotech small businesses across the country.

I urge you to join with America's emerging biotech innovators and support this important legislation when it is considered by the House of Representatives.

Sincerely,

A handwritten signature in black ink that reads "Jim Greenwood". The signature is fluid and cursive, with a large loop at the beginning of the first name.

James C. Greenwood
President and CEO