



Thomas Farley
President

New York Stock Exchange
11 Wall Street
New York, NY 10005
T +1 212 748 4208
M +1 917 865 2084
thomas.farley@nyse.com

May 23, 2016

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

Re: Letter in Support of the Fostering Innovation Act of 2015 (H.R. 4139)

Dear Mr. Speaker:

The NYSE Group, Inc. (“NYSE” or “Exchange”) appreciates the initiative that the House of Representatives has taken to focus on the needs of small businesses in the United States. We especially commend the efforts of House Financial Services Committee Chairman, Jeb Hensarling, to date to revisit issues associated with small business compliance with the Sarbanes-Oxley Act of 2002 (“SOX”) and the Jumpstart Our Business Startups Act (“JOBS Act”). Accordingly, we write to you to express our strong support for the Fostering Innovation Act of 2015, H.R. 4139, which seeks to reduce the regulatory burden for compliance with SOX Section 404(b) for low-revenue issuers. 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 in March 2016.

The Exchange strongly supports the objectives of the JOBS Act and is a dedicated advocate for minimizing disproportionate and unnecessary regulatory cost burdens on smaller public companies. The Fostering Innovation Act of 2015 extends the existing exemption in the JOBS Act’s “IPO On-Ramp” to provide low-revenue issuers additional time to comply with the auditor attestation requirements of SOX Section 404(b). Specifically, H.R. 4139 permits a low-revenue issuer to remain exempt from SOX Section 404(b) requirements for years six through ten following the issuer’s IPO if the issuer maintains a public float below \$700 million¹ and has average annual revenues below \$50 million.²

Small business is the lifeblood of economic activity and job creation in the U.S., and public capital is an essential source of financing for small businesses who wish to expand their operations and continue to innovate. An animating force behind the JOBS Act was the desire to incentivize companies not only to *go* public, but to *stay* public. This required a concerted effort to make the benefits of being a public company greater than the costs. For low-revenue issuers such as those covered by H.R. 4139, a number of which are NYSE listed companies, that cost-benefit balance remains relevant today. The Fostering Innovation Act of 2015 embodies the

¹ Maintaining a public float below \$700 million also corresponds to the issuer not being deemed a “large accelerated filer” under Rule 12b-2 of the Exchange Act of 1934, a status that triggers additional SOX obligations.

² Under existing law, the exemption from SOX Section 404(b) auditor attestation requirements expires five years following an EGC’s IPO.

spirit of the JOBS Act to facilitate public capital formation and reduce unnecessary costs for low-revenue issuers, costs that would otherwise likely be shifted to shareholders.

The NYSE urges you to support H.R. 4139 when it is considered by the House of Representatives.

Sincerely,

A handwritten signature in black ink that reads "T W Farley". The signature is written in a cursive style with a large, looped "F" at the end.

Thomas W. Farley
President, NYSE

cc: The Honorable Jeb Hensarling (R-TX), Chairman, House Financial Services Committee
The Honorable Kyrsten Sinema (D-AZ)
The Honorable Michael Fitzpatrick (R-PA)
The Honorable John Delaney (D-MD)