Disproportionate cost for smaller issuers

Reduces corporate innovation (decline in patents)

Significantly reduces market capitalizations

Bio-EGCs increase employment by an average of 178% during the five years after IPO

Bio-EGCs are less likely to have ineffective internal controls on financial reporting or restate financials than other issuers.

404(b) disclosures do not yield significant stock market responses, meaning investors do not change their long-term views on the companies.

Investors do not see benefits. Low market demand for voluntary 404(b) compliance (compared to high demand for voluntary compliance for beneficial regulatory requirements).

“Collectively, our evidence demonstrates that an extended exemption from Section 404(b) for Bio-EGCs would achieve the SEC’s mission of balancing investor protection and capital formation.”