



February 14, 2018

The Honorable Job Hensarling  
Chairman  
Committee on Financial Services  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
United States House of Representatives  
Washington, D.C. 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of our nation's venture capital investors and the entrepreneurs they support, I write to express our support for H.R. 1645, the *Fostering Innovation Act*, sponsored by Representatives Kyrsten Sinema (D-AZ) and Trey Hollingsworth (R-IN). This important piece of legislation would reduce the significant and sometimes overwhelming costs for small capitalization companies to go public and encourage more startups to access the public markets.

The ability of startups to access capital markets to grow is critical to the U.S. economy. In fact, research has shown that 92 percent of job growth occurs after a company's initial public offering (IPO). But the United States is unfortunately averaging less than half the number of IPOs since 2000 than in either the 1990s or 1980s, a very troubling statistic for the country's economic health. The total number of public companies in America has dropped by half in only twenty years, which is partly due to a dramatic reduction in the number of IPOs. Simply put, the U.S. public capital markets are no longer hospitable to startups seeking capital to scale into the successful firms of tomorrow.

The *Jumpstart Our Business Startups Act* (JOBS) was a great first step to reopening our public capital markets to startups and small capitalization companies. But structural challenges remain that discourage so many of our nation's startups from going public. One of those challenges is the enormous cost of going public, in large part due to compliance with Sarbanes-Oxley regulations. Importantly, the costs imposed by these regulations fall harder on small capitalization companies, which is why the *Fostering Innovation Act* is so important.

Representatives Sinema and Fitzpatrick understand these challenges, and we applaud them for their efforts. The *Fostering Innovation Act* will encourage more companies to go

public, with attendant job creation and economic growth creating significant benefits for the economy.

Reforming our capital markets to once again make them more welcoming to startups and small capitalization companies is a difficult and complex issue, but critical to the nation. Our nation's venture investors strongly support the *Fostering Innovation Act* and encourage Congress to pass this important piece of legislation.

Sincerely,

A handwritten signature in black ink that reads "Bobby Franklin". The signature is written in a cursive, slightly slanted style.

Bobby Franklin  
President and CEO