



May 23, 2016

House Speaker Paul Ryan (R-WI)  
Office of the Speaker  
H-232 U.S. Capitol  
Washington, DC 20515

Leader Nancy Pelosi (D-CA)  
Office of the Democratic Leader  
H-204 U.S. Capitol  
Washington, DC 20515

Dear Speaker Ryan and Leader Pelosi,

On behalf of our nation's venture capital investors and the entrepreneurs they support, I write to express our support for H.R. 4139, the *Fostering Innovation Act*, sponsored by Reps. Kyrsten Sinema (D-AZ) and Michael Fitzpatrick (R-PA). This important legislation would reduce the significant and sometimes overwhelming costs for small capitalization companies to go public, encouraging more startups to access the public markets.

The ability of startups to access the 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 annually post-2000 than we did before, 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 than they do large 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 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 legislation.

Sincerely,

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

Bobby Franklin  
President and CEO