

Crapo Statement at Legislative Hearing on Capital Formation and Corporate Governance

February 28, 2019

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at hearing on “Legislative Proposals on Capital Formation and Corporate Governance.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today’s hearing will focus on a number of legislative proposals that encourage capital formation and improve corporate governance.

“It is my intent to collaborate with Senator Brown and other Senators on this Committee to identify and advance legislative proposals that achieve these goals.

“While there are bills for consideration today that I have previously expressed concerns with, as well as a number that Senator Brown has stated concerns with, I believe this is the fairest way to consider all of the legislative proposals that remain outstanding from last Congress.

“Last year, the Committee held three hearings on legislative proposals related to capital formation, corporate governance and the proxy process.

“We are considering all of those bills again today, in the context of identifying areas where we can find bipartisan consensus in the new Congress.

“A number of the bills previously considered had strong bipartisan support.

“For example, the HALOS Act, which would allow more startups to access the capital and knowledge of angel investor groups that they need to grow, had seven bipartisan cosponsors, including Senators Schatz, Toomey and Tillis.

“The Fair Investment Opportunities for Professional Experts Act, which expands the definition of an accredited investor for the purposes of participating in private offerings, had six bipartisan co-sponsors, including Senators Tillis, Toomey and Cortez-Masto.

“Six members of this Committee—three Republican and three Democrats—worked together to introduce the Corporate Governance Fairness Act, an important step in this Committee’s discussion on the proxy process.

“Senators Toomey, Menendez and Rounds introduced the Consumer Financial Choice and Capital Markets Protection Act, a bill that would provide more financing options for state and local governments seeking to raise money.

“It is my hope that we can build off this previous momentum as we consider legislative action this Congress.

“We will also consider a number of provisions included in last Congress’ JOBS 3.0 bill, which passed the House of Representatives with over 400 votes.

“These non-prudential provisions largely passed out of the House Financial Services Committee and the House by voice vote, indicating their strong bipartisan support.

“Today’s hearing provides the Committee with the opportunity to publicly discuss many of these JOBS Act provisions for the first time in the Senate.

“For example, the Family Office Technical Correction Act passed the House by voice vote. This bill provides that family offices and their family clients meeting certain thresholds can be considered accredited investors that qualify for various exemptions under federal securities rules.

“Senators Rounds and Moran introduced a bipartisan Senate companion to the Options Markets Stability Act, which amends capital rules to more accurately reflect exposure for centrally-cleared exchange-listed derivatives.

“These bills and their underlying aims of encouraging capital formation and improving corporate governance require collaboration between Congress and the SEC.

“I commend the SEC and Chairman Clayton for their ongoing work on a number of the issues we will discuss today.

“For example, last fall, the SEC conducted a staff roundtable on the proxy process and rules, and I encourage them to take action with the information they gathered.

“It is time to re-examine the standards of inclusion of proposals pursuing environmental, social or political agendas and ensure the fiduciary focus throughout the proxy process reflects the economic interest of the retail investors.

“Last week, the SEC announced that it is considering expanding its ‘test-the-waters’ process beyond emerging growth companies to all companies as they determine whether to seek an IPO.

“Senators Tillis and Van Hollen introduced the Encouraging Public Offerings Act last Congress which requires the SEC to do just that.

“I share Chairman Clayton’s goal of making it easier and more appealing for companies to go public and will continue to work with the SEC to advance this effort.

“I look forward to hearing from our witnesses on these legislative proposals and working with members of the Committee to identify bills with bipartisan support.”

###