

# United States Senate

WASHINGTON, DC 20510

November 30, 2012

The Honorable Mary Schapiro  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, Northeast  
Washington, D.C. 20549

Dear Chairman Schapiro:

We write regarding the commission's proposed rule to implement Section 201 of the Jumpstart Our Business Startups (JOBS) Act. As members who supported the JOBS Act, we write to clarify the congressional intent behind Section 201 of this Act.

The overall purpose of the JOBS Act was to promote capital formation by modifying, on a targeted and careful basis, certain requirements of the 1933 and 1934 Acts that have proven to be impediments to that very purpose. Section 201 of the JOBS Act was intended to do just that, and we believe that the Securities and Exchange Commission (SEC) has proposed a reasonable approach that will promote the broader underlying purpose of the legislation.

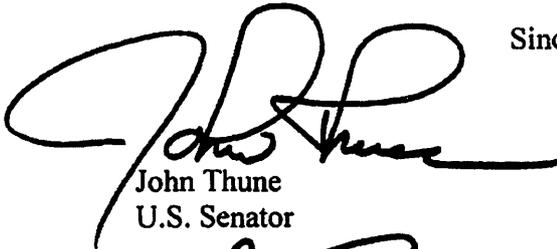
The proposed rule properly implements Congress' intent to remove the general solicitation ban in a consistent manner for all types of issuers conducting private offerings under Rule 506. Paragraph (b) of Section 201 clearly effectuates this by providing that all issuers subject to other federal securities laws will be able to conduct private offerings pursuant to amended Rule 506.

The proposed rule also correctly follows Congress' clear directive to the commission regarding how to amend Rule 506. Section 201 instructs the commission to amend Rule 506 to remove the ban on general solicitation provided that all purchasers of the securities are accredited investors, and to require that issuers take reasonable steps to verify that the purchasers are accredited investors. These instructions reflect Congress' considered decision of what additional investor protection measures should be included in an amended Rule 506, and the SEC has appropriately determined not to ignore Congress' judgment in response to those who disagree with Congress' policy decisions.

For example, we believe that the proposed objective test for an issuer to take reasonable steps to verify an investor is fully consistent with congressional intent. A more intrusive and prescriptive test would be unnecessarily burdensome in many cases and insufficiently protective in many others, and it also would effectively overturn Congress' intent in enacting Section 201 of the JOBS Act. The statutory purpose would be undermined by new, complex and prescriptive requirements that would unduly inhibit the use of 506 and 144A for capital raising by small and medium-sized businesses that remain the engine of job growth in the United States.

We respectfully urge the commission to move forward with the proposed rule and issue a final rule before the end of the year. Thank you for your consideration of our comments.

Sincerely,



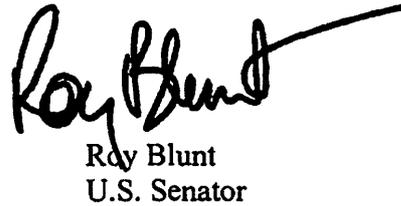
John Thune  
U.S. Senator



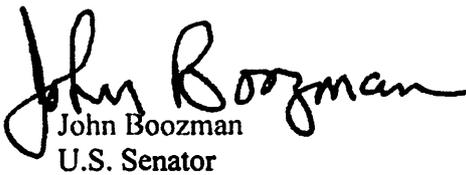
Pat Toomey  
U.S. Senator



John Barrasso  
U.S. Senator



Roy Blunt  
U.S. Senator



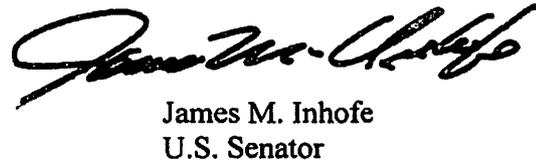
John Boozman  
U.S. Senator



Mike Enzi  
U.S. Senator



John Hoeven  
U.S. Senator



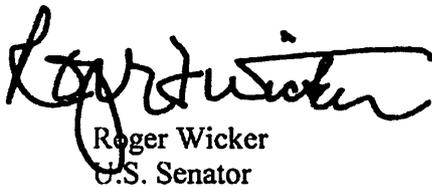
James M. Inhofe  
U.S. Senator



Lisa Murkowski  
U.S. Senator



Jeff Sessions  
U.S. Senator



Roger Wicker  
U.S. Senator

cc: The Honorable Elisse B. Walter, Commissioner, U.S. Securities and Exchange Commission  
The Honorable Luis A. Aguilar, Commissioner, U.S. Securities and Exchange Commission  
The Honorable Troy A. Paredes, Commissioner, U.S. Securities and Exchange Commission  
The Honorable Daniel M. Gallagher, Commissioner, U.S. Securities and Exchange Commission