



ANGEL CAPITAL ASSOCIATION



July 24, 2019

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-0609

Re: File No. S7-06-19: Amendments to the Accelerated Filer and Large Accelerated Filer Definitions

Dear Ms. Countryman:

On behalf of a coalition of small businesses and their investors¹, we are pleased to support the SEC's proposed rule to amend the definitions of "accelerated" and "large accelerated" filers. The nation's startups and early-stage companies depend on access to capital to fuel the innovation economy. However, in recent years, a number of factors have reduced the attractiveness of being a public company, resulting in a collapse of IPOs and a disproportionate decline in small public companies. Decreasing the costs and complexity of regulatory burdens for small public companies will help arrest this trend and make the public markets a more viable option for growth companies. Accordingly, the thoughtful and targeted regulatory changes proposed by the Commission will improve the attractiveness of the public markets for small companies.

The proposed rule will expand the universe of small public companies that are exempt from Sarbanes-Oxley (SOX) 404(b), the auditor's attestation of internal controls over financial reporting. While well-intentioned, SOX 404(b) has harmed small public companies because of its significant expense, which is borne disproportionately by small companies. These costs siphon off capital from productive uses that

¹ The coalition includes the following organizations:

The Advanced Medical Technology Association (AdvaMed), together with its small-company division, AdvaMed Accel, represent over 400 medical technology manufacturers who produce the medical devices, diagnostic products and health information systems that are transforming health care through earlier disease detection, less invasive procedures and more effective treatments.

The Angel Capital Association (ACA), which represents over 14,000 accredited investors who provide an estimated \$25 billion annually to over 70,000 start-up companies fueling innovation and job creation in the US economy.

The Biotechnology Innovation Organization (BIO), a not-for-profit trade association that represents approximately 1,000 biotechnology companies, academic institutions, state biotechnology centers, and related organizations in all 50 states. BIO members are working toward groundbreaking cures and treatments for devastating diseases, developing technologies for advanced biofuels and renewable chemicals, and researching novel gene traits for identifying food sources that could help combat global hunger.

The National Venture Capital Association (NVCA) empowers the next generation of American companies that will fuel the economy of tomorrow. As the voice of the U.S. venture capital and startup community, NVCA advocates for public policy that supports the American entrepreneurial ecosystem.



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would grow businesses and towards regulatory compliance, which is of little use to investors. We strongly believe that this proposed rule will benefit startups and their investors by freeing up more capital to hire talent, pursuing research and development, and other productive uses that will improve their ability to innovate and build successful companies. For these reasons, the SEC's proposal to expand relief from SOX 404(b) for small public companies is a welcome step forward to making our public capital markets more accessible and attractive to small companies.

We commend the SEC's efforts to ease the regulatory burdens facing small companies and believe this change will encourage more growth companies to go public and access the capital necessary to create jobs, grow the economy, and preserve America's role as the chief hub for innovation.

Sincerely,

Advanced Medical Technology Association
Angel Capital Association
Biotechnology Innovation Organization
National Venture Capital Association