



November 30, 2011

The Honorable Tim Johnson  
Chairman, Committee on Banking, Housing and Urban Affairs  
United States Senate  
136 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Johnson:

We write today to express our support for the pending bill sponsored by Senators Pat Toomey and Tom Carper S. 1824, “the Private Company Flexibility and Growth Act.”


An often-repeated truism of the U.S. economy is that small businesses – generally defined as those with fewer than 500 employees – account for about 70 percent of net new job creation. But recent research has shown that, in fact, new businesses are the U.S. economy’s true engine of job creation. Businesses less than a year old contribute an average of 3 million new jobs each year. To be sure, existing small businesses and larger firms are important, too. But if the policy target is job creation, new business formation is the bull’s-eye.

Regrettably, America’s entrepreneurial economy is faltering. According to a recent BLS report on entrepreneurship, after increasing at a relatively steady rate for more than a decade, the number of new businesses created annually peaked in 2006, and then began a precipitous decline – a decline accelerated by the recent recession. Even more alarming, the new businesses that are being formed are creating fewer new jobs. If such patterns persist, over the next ten years new firms will likely create 7.5 million fewer jobs, suggesting that the United States may face chronic unemployment of 9 percent or higher for many years.

The Private Company Flexibility and Growth Act will meaningfully enhance the circumstances for new business formation and survival by facilitating access to critical investment capital. S. 1824 raises the threshold of total asset and security valuation that requires registration with the Securities and Exchange Commission from \$1,000,000 held by more than 500 persons to \$10,000,000 held by more than 2,000 persons, removing unnecessary costs to which start-ups and other small businesses seeking additional investors are currently subject.

Reductions of such costs will promote survival and growth of new and small businesses, improving broader economic circumstances and accelerating job creation.

Sincerely,

A handwritten signature in black ink that reads "ROB NICHOLS". The letters are slightly slanted and connected in a cursive-like style.

Rob Nichols  
President and CEO  
Financial Services Forum