



July 10, 2018

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
H-232, US Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
H-204, US Capitol
Washington, DC 20515

Dear Speaker Ryan and Minority Leader Pelosi,

The Securities Industry and Financial Markets Association (SIFMA)¹ recommends passage of H.R. 6139, the Improving Investment Research for Small and Emerging Issuers Act of 2018. Introduced by Rep. Huizenga (R-MI) and Ranking Member Waters (D-CA), and unanimously approved by the House Committee on Financial Services, this legislation would direct the Securities and Exchange Commission to study the provisioning of research on small issuers – a critically important issue affecting our capital markets.

Research is one of the most important, but least understood, facets of our public capital markets. Research coverage of companies can improve liquidity in thinly-traded stocks by increasing investor interest and awareness. Unfortunately, most smaller issuers have little research coverage with many only having two or three analysts covering their stock. Limited research coverage prevents prospective investors from learning about promising small companies and reduces the liquidity available to current investors, making smaller issuers less attractive investments overall.

We are pleased that there is strong bipartisan recognition of the importance of research to our capital markets. SIFMA urges adoption of H.R. 6139.

Sincerely,

David J. Oxner
Managing Director, Head of Federal Government Relations
Securities Industry and Financial Markets Association

¹ SIFMA is the voice of the U.S. securities industry. We represent the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over \$2.5 trillion for businesses and municipalities in the U.S., serving clients with over \$20 trillion in assets and managing more than \$67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).