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MARCH 22, 2011, 3:07 PM ET

# Issa Challenges SEC Over Investments and IPOs

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By Jessica Holzer

A powerful Republican lawmaker has called on the Securities and Exchange Commission to overhaul its rules governing investment in private and public companies, saying they are hampering U.S. businesses' ability to raise capital and hurting the competitiveness of U.S. capital markets.

U.S. House Oversight Committee Chairman **Darrell Issa** (R., Calif.), in a thirteen-page letter to SEC Chairman **Mary Schapiro**, asked the SEC to justify several of its rules having to do with raising capital, including the "quiet period" restricting a company's communications ahead of an initial public offering and rules restricting investments in private companies.

"The SEC should take all possible steps to arrest the decline of capital formation – both public and private – and expand opportunities for domestic entities to raise capital within the U.S.," Issa wrote to Schapiro.

Issa is planning to hold a hearing on the impact of SEC rules on companies' appetite to go public or raise capital in the coming weeks, an aide said, and Schapiro will be asked to testify.

Tuesday's letter contains 32 questions for Schapiro, including several that relate to the SEC's rules governing investments in private companies such as Facebook Inc. and Twitter Inc.

The SEC recently opened a probe into whether it needs to rewrite the rules, which require firms with 500 or more shareholders of record in a given type of stock to publicly disclose certain financial information.

In the letter, Issa asks whether it was time to revise the cap, which was put in place nearly 50 years ago.

"Why hasn't the SEC used its broad exemptive authority to modernize or eliminate the 499-shareholder cap?" Issa asked.

"We agree with the need to review our securities offering rules and have been doing so consistent with our mission of investor protection, capital formation, and fair and efficient markets," SEC spokesman John Nester said. He declined to comment on the specific questions posed in the letter ahead of Schapiro's written response to Issa.

Capital, Darrell Issa, IPO, SEC

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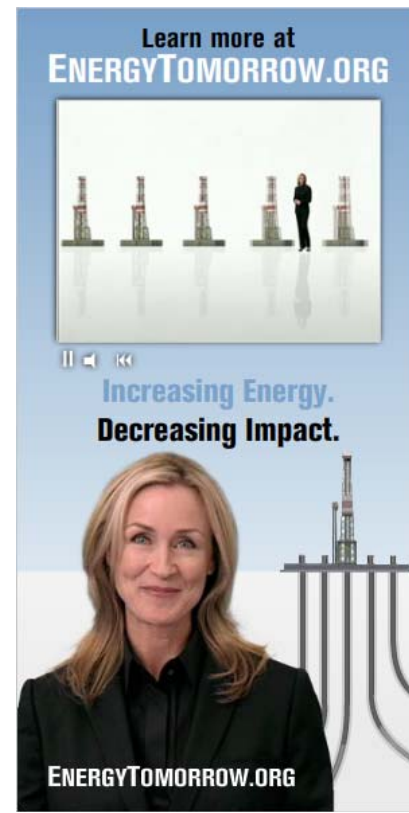
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4:04 pm March 25, 2011

**james** wrote:

darryl issa in the dictionary is a synonym for "sleaze"

1:10 pm March 24, 2011

**Anonymous** wrote:

How much do you know about "Mr. Issa"?

6:29 pm March 22, 2011

**Tea baggin' ain't easy** wrote:

Thank you, Mr. Issa, for having the courage to stand up for average Americans.

4:24 pm March 22, 2011

**Mr. Smearcase** wrote:

The SEC will agree to do just that as soon as you, Congressman, own up to your well-known past criminal misdeeds. It will be good for the soul, sir.

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