

the FAA, and we have brought a bill to the floor to protect them.

As a doctor, I know firsthand that sleeping disorders are incredibly serious and can be very dangerous. However, I also know that you can't diagnose any patient by a set of arbitrary guidelines and stereotypes. Like any major disease, it can only be diagnosed through proper testing and conversation with a doctor. Issuing guidance based on nonmedical factors on this issue for pilots and air traffic controllers will cause doctors to order unnecessary tests, driving up the costs of health care and potentially affecting our Nation's airline travelers.

I urge all of my colleagues to vote "yes" on this piece of legislation.

Mr. LARSEN of Washington. Mr. Speaker, I continue to reserve the balance of my time.

Mr. LOBIONDO. Mr. Speaker, I do not have any more speakers, and I am prepared to close when Mr. LARSEN is finished.

Mr. LARSEN of Washington. Mr. Speaker, in closing, I would like to again ask my colleagues to support this legislation. It is bipartisan. We have worked hard to get it here quickly, and we appreciate people supporting this.

With that, I yield back the balance of my time.

Mr. LOBIONDO. Mr. Speaker, in closing, I again thank my colleague Mr. LARSEN and colleagues who were interested in this issue.

I would like to reiterate that this bill is about transparency and about working with stakeholders, two areas in which the Federal Government desperately needs to improve. I strongly urge all of my colleagues to support the bill.

I yield back the balance of my time. The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. LOBIONDO) that the House suspend the rules and pass the bill, H.R. 3578, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. LOBIONDO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

The point of no quorum is considered withdrawn.

□ 1530

SMALL CAP LIQUIDITY REFORM ACT OF 2013

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3448) to amend the Securities Exchange Act of 1934 to provide for an op-

tional pilot program allowing certain emerging growth companies to increase the tick sizes of their stocks, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3448

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Cap Liquidity Reform Act of 2014".

SEC. 2. LIQUIDITY PILOT PROGRAM FOR SECURITIES OF CERTAIN EMERGING GROWTH COMPANIES.

(a) IN GENERAL.—Section 11A(c)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78k-1(c)(6)) is amended to read as follows:

"(6) LIQUIDITY PILOT PROGRAM FOR SECURITIES OF CERTAIN EMERGING GROWTH COMPANIES.—

"(A) QUOTING INCREMENT.—Beginning on the date that is 90 days after the date of the enactment of the Small Cap Liquidity Reform Act of 2014, the securities of a covered emerging growth company shall be quoted using—

"(i) a minimum increment of \$0.05; or

"(ii) if, not later than 60 days after such date of enactment, the company so elects in the manner described in subparagraph (D)—

"(I) a minimum increment of \$0.10; or

"(II) the increment at which such securities would be quoted without regard to the minimum increments established under this paragraph.

"(B) TRADING INCREMENT.—In the case of a covered emerging growth company the securities of which are quoted at a minimum increment of \$0.05 or \$0.10 under this paragraph, the Commission shall determine the increment at which the securities of such company are traded.

"(C) FUTURE RIGHT TO OPT OUT OR CHANGE MINIMUM INCREMENT.—

"(i) IN GENERAL.—At any time beginning on the date that is 90 days after the date of the enactment of the Small Cap Liquidity Reform Act of 2014, a covered emerging growth company the securities of which are quoted at a minimum increment of \$0.05 or \$0.10 under this paragraph may elect in the manner described in subparagraph (D)—

"(I) for the securities of such company to be quoted at the increment at which such securities would be quoted without regard to the minimum increments established under this paragraph; or

"(II) to change the minimum increment at which the securities of such company are quoted from \$0.05 to \$0.10 or from \$0.10 to \$0.05.

"(ii) WHEN ELECTION EFFECTIVE.—An election under this subparagraph shall take effect on the date that is 30 days after such election is made.

"(iii) SINGLE ELECTION TO CHANGE MINIMUM INCREMENT.—A covered emerging growth company may not make more than one election under clause (i)(II).

"(D) MANNER OF ELECTION.—

"(i) IN GENERAL.—An election is made in the manner described in this subparagraph by informing the Commission of such election.

"(ii) NOTIFICATION OF EXCHANGES AND OTHER TRADING VENUES.—Upon being informed of an election under clause (i), the Commission shall notify each exchange or other trading venue where the securities of the covered emerging growth company are quoted or traded.

"(E) ISSUERS CEASING TO BE COVERED EMERGING GROWTH COMPANIES.—

"(i) IN GENERAL.—If an issuer the securities of which are quoted at a minimum increment

of \$0.05 or \$0.10 under this paragraph ceases to be a covered emerging growth company, the securities of such issuer shall be quoted at the increment at which such securities would be quoted without regard to the minimum increments established under this paragraph.

"(ii) EXCEPTIONS.—The Commission may by regulation, as the Commission considers appropriate, specify any circumstances under which an issuer shall continue to be considered a covered emerging growth company for purposes of this paragraph after the issuer ceases to meet the requirements of subparagraph (L)(i).

"(F) SECURITIES TRADING BELOW \$1.—

"(i) INITIAL PRICE.—

"(I) AT EFFECTIVE DATE.—If the trading price of the securities of a covered emerging growth company is below \$1 at the close of the last trading day before the date that is 90 days after the date of the enactment of the Small Cap Liquidity Reform Act of 2014, the securities of such company shall be quoted using the increment at which such securities would be quoted without regard to the minimum increments established under this paragraph.

"(II) AT IPO.—If a covered emerging growth company makes an initial public offering after the day described in subclause (I) and the first share of the securities of such company is offered to the public at a price below \$1, the securities of such company shall be quoted using the increment at which such securities would be quoted without regard to the minimum increments established under this paragraph.

"(ii) AVERAGE TRADING PRICE.—If the average trading price of the securities of a covered emerging growth company falls below \$1 for any 90-day period beginning on or after the day before the date of the enactment of the Small Cap Liquidity Reform Act of 2014, the securities of such company shall, after the end of such period, be quoted using the increment at which such securities would be quoted without regard to the minimum increments established under this paragraph.

"(G) FRAUD OR MANIPULATION.—If the Commission determines that a covered emerging growth company has violated any provision of the securities laws prohibiting fraudulent, manipulative, or deceptive acts or practices, the securities of such company shall, after the date of the determination, be quoted using the increment at which such securities would be quoted without regard to the minimum increments established under this paragraph.

"(H) INELIGIBILITY FOR INCREASED MINIMUM INCREMENT PERMANENT.—The securities of an issuer may not be quoted at a minimum increment of \$0.05 or \$0.10 under this paragraph at any time after—

"(i) such issuer makes an election under subparagraph (A)(ii)(II);

"(ii) such issuer makes an election under subparagraph (C)(i)(I), except during the period before such election takes effect; or

"(iii) the securities of such issuer are required by this paragraph to be quoted using the increment at which such securities would be quoted without regard to the minimum increments established under this paragraph.

"(I) ADDITIONAL REPORTS AND DISCLOSURES.—The Commission shall require a covered emerging growth company the securities of which are quoted at a minimum increment of \$0.05 or \$0.10 under this paragraph to make such reports and disclosures as the Commission considers necessary or appropriate in the public interest or for the protection of investors.

"(J) LIMITATION OF LIABILITY.—An issuer (or any officer, director, manager, or other agent of such issuer) shall not be liable to

any person (other than such issuer) under any law or regulation of the United States, any constitution, law, or regulation of any State or political subdivision thereof, or any contract or other legally enforceable agreement (including any arbitration agreement) for any losses caused solely by the quoting of the securities of such issuer at a minimum increment of \$0.05 or \$0.10, by the trading of such securities at the increment determined by the Commission under subparagraph (B), or by both such quoting and trading, as provided in this paragraph.

“(K) REPORT TO CONGRESS.—Not later than 6 months after the date of the enactment of the Small Cap Liquidity Reform Act of 2014, and every 6 months thereafter, the Commission, in coordination with each exchange on which the securities of covered emerging growth companies are quoted or traded, shall submit to Congress a report on the quoting and trading of securities in increments permitted by this paragraph and the extent to which such quoting and trading are increasing liquidity and active trading by incentivizing capital commitment, research coverage, and brokerage support, together with any legislative recommendations the Commission may have.

“(L) DEFINITIONS.—In this paragraph:

“(i) COVERED EMERGING GROWTH COMPANY.—The term ‘covered emerging growth company’ means an emerging growth company, as defined in the first paragraph (80) of section 3(a), except that—

“(I) such paragraph shall be applied by substituting ‘\$750,000,000’ for ‘\$1,000,000,000’ each place it appears; and

“(II) subparagraphs (B), (C), and (D) of such paragraph do not apply.

“(ii) SECURITY.—The term ‘security’ means an equity security.

“(M) SAVINGS PROVISION.—Notwithstanding any other provision of this paragraph, the Commission may—

“(i) make such adjustments to the pilot program specified in this paragraph as the Commission considers necessary or appropriate to ensure that such program can provide statistically meaningful or reliable results, including adjustments to eliminate selection bias among participants, expand the number of participants eligible to participate in such program, and change the duration of such program for one or more participants; and

“(ii) conduct any other study or pilot program, in conjunction with or separate from the pilot program specified in this paragraph (as such program may be adjusted pursuant to clause (i)), to evaluate quoting or trading in various minimum increments.”

(b) SUNSET.—Effective on the date that is 5 years after the date of the enactment of this Act, section 11A(c)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78k-1(c)(6)) is repealed.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from Delaware (Mr. CARNEY) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and submit extraneous materials for the RECORD on H.R. 3448, as amended, currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GARRETT. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 3448, the Small Cap Liquidity Reform Act of 2013. This bill, approved by a vote of 57–0 in the Financial Services Committee last year, represents yet again another bipartisan and commonsense effort by the House to promote small business capital formation.

I want to thank the gentleman from Wisconsin (Mr. DUFFY) for all of his hard work and leadership in bringing this very important piece of legislation to the floor. I also would like to thank Mr. CARNEY from Delaware for all of his hard work and support for this legislation as well.

What are we talking about here?

Today, many small, publicly traded companies are finding it more and more difficult to attract investor demand and trading liquidity for their stocks. As a result, these companies may have trouble obtaining the investor capital they need for their companies to grow and create jobs.

H.R. 3448 would begin to address this liquidity crunch by testing, through a pilot program, whether increasing the minimum trading increment, also called the “tick” size, for certain emerging growth company stocks, or EGCs, from a penny to 5 cents or 10 cents would promote liquidity by incentivizing market makers and others investors to trade these stocks, and by concentrating this trading interest around fewer price points.

All of this may sound like a lot of Wall Street and stock market jargon, but at its core this bill is a simple bill aimed at helping small American companies obtain the capital that they need from investors so that they can grow their businesses.

What the bill does is leave most of the details of designing and administering the tick size pilot program to the experts at the SEC. As a result, the SEC should have the discretion it needs to devise a pilot program that reflects the views of all market participants and interested parties, and that generates the maximum amount of deep and useful data on how different tick sizes impact trading liquidity in small-cap stocks.

By first establishing a temporary pilot program, this bill will ensure that any potential and permanent changes to tick sizes that may be done sometime in the future will be done only in a thoughtful, incremental, and data-driven manner.

The data generated from this pilot program may also be useful into how other aspects of the stock market work, but on this point, let me be clear. This bill is focused on improving small business capital formation. This is not a bill to reform the fundamental structure of U.S. equity markets, nor is it intended to be a substitute for a more detailed, holistic review by the SEC of how these markets work.

Ultimately, there are no guarantees that a tick size pilot program will

achieve the desired results and that the benefits of any future action on tick sizes will outweigh the cost, but we should all be agreed that this commonsense approach will help small businesses grow. It is worth trying, and we need many more like it.

Again, I will conclude by saying that this bill was approved by the Financial Services Committee 57–0. In addition, many market participants, as well as SEC Chair White; at least two of her colleagues, Commissioners Gallagher and Piwowar; and the SEC’s Advisory Committee on Small and Emerging Companies, have all vocally supported the concept of a tick size pilot program.

So I hope that this legislation will serve as a final push forward getting this tick size program forward and moving off the ground. I urge my colleagues to, again, promote small business capital formation by passing H.R. 3448, and I urge my friends over in the Senate to take up this bill immediately as well.

With that, I reserve the balance of my time.

Mr. CARNEY. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 3448. I would like to thank Mr. GARRETT, chairman of the Capital Markets Subcommittee. Particularly, I would like to thank the gentleman from Wisconsin (Mr. DUFFY) for his good work on this piece of legislation. I certainly enjoyed working with him on it.

I particularly want to applaud Mr. DUFFY for his willingness to address concerns raised by stakeholders, members of the committee, and those we heard from during the hearing on this bill. I appreciate his commitment to working in a bipartisan way in developing good and workable policy in this legislation.

As has been already said, the purpose of our bill is really pretty simple. We know that small businesses are the engine of job creation in this country. We want to encourage investors to take a closer look at small businesses and invest in them so that they can continue to grow and create jobs once they have gone public.

In my home State of Delaware, as a corporate center, we have a lot of people who spend a lot of time paying attention to corporate formation and corporate governance. In a former life as the State secretary of finance and as Lieutenant Governor, I worked with a lot of these people. They have been following the trends over the past 10 years, and they have seen and observed the decline in IPOs and the changes in the growth of emerging growth companies after going public.

That is why last year I worked with my colleague, Mr. FINCHER from Tennessee, on a provision in the JOBS Act that created an onramp for companies to go public. The bill has already been credited with helping fuel the recent uptick we have seen in the initial public offerings, which is very good for job

growth in this economy. H.R. 3448 builds on that work by helping companies grow after their IPO.

Our hope, as has been described, is that increasing the increments that stocks trade in will draw more attention to these small emerging growth companies. We hope that brokers will spend more time and resources researching these companies and, ultimately, encourage greater investment in them. This increased coverage from brokers and analysts will help small companies grow and create jobs.

We have heard concerns about some unintended consequences that increased tick size could have, which is why this bill instructs the SEC to conduct a pilot program to better examine the effects and effectiveness of larger spreads. Additionally, this bill gives the SEC the flexibility to implement a pilot program in a way that will produce the best information on how to proceed afterwards.

Thanks to members and staff on both sides of the aisle working closely together, we were able to come up with a bill that makes sense and that addresses the concerns that we heard from other members, from stakeholders, and from the Financial Services Committee hearing that we had.

The four amendments accepted in the committee were all consistent with our original objective. Each improved the bill based on input that we received from members and stakeholders.

This bill is truly a bipartisan effort. As Mr. GARRETT pointed out, it passed out of the committee on a 57-0 vote. As with any piece of legislation, once we got into the weeds, it turned out to be a little bit more complicated than we initially thought, but the end result is a good product that Members on both sides of the aisle can support.

I want to close by again thanking Mr. DUFFY and his staff for their hard work and for working together with us and involving us in the discussions about the particulars of this bill.

I urge Members on both sides of the aisle to support H.R. 3448, the Small Cap Liquidity Reform Act of 2013.

I yield back the balance of my time.

Mr. GARRETT. Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. DUFFY), the prime sponsor of this legislation and the gentleman who has been the driving force behind this idea.

Mr. DUFFY. Thank you, Mr. Chairman, for yielding time.

As both you and the gentleman from Delaware mentioned, it is pretty remarkable that on the Financial Services Committee, a committee which comes together and doesn't always agree on the particulars of every debate that we have, that this bill came out with a vote of 57-0, moving it forward, which I think underscores the fact that there was a lot of work put in on the front end, making sure we were working out the kinks and the concerns.

I am very appreciative of Mr. CARNEY from Delaware and all the effort and

help he put in, and for Mr. GARRETT's help in making sure that we could put a package together that we can get a lot of folks to buy into.

We all realize that job creation, especially in a slower moving economy, is incredibly important. Job creation at the higher levels comes from our small businesses, our emerging growth companies. As Mr. CARNEY earlier referenced, that is why Financial Services came together and passed a bill out of the House, along with the Senate moving it, and the President signing, the JOBS Act, which helped emerging growth companies actually get on the onramp and go public, accessing more and better capital.

What we have seen, though, are a few concerns from those small emerging growth companies that are going public that they are not as easily accessing capital as I thought they may. That is why we have come together to start a pilot program to see if we can enhance the interest and the capital and liquidity of these emerging growth companies.

It really is not very complicated, as Mr. GARRETT indicated. This is a 5-year pilot program. So if things don't go as expected, the program will end. If it goes as well as we think it may, we can continue this on permanently.

We are truly looking at small emerging growth companies—those that have revenue of less than \$750 million a year. Again, the small, fast-growing companies. It is a small space of the market. It is only 2 percent of trading on and off exchanges.

There has been a lot of debate as we have done this about what is an appropriate model to use when we increase the tick size. Do we do a trade-at, a quote-at, midpoint matches? A lot of people came to us with a lot of different ideas. All of us realized there is a larger debate going on right now that involves our "dark pools" and our exchanges.

To be very clear, no one here who worked on this legislation wants to impact that debate in this field. The intent of this bill is not to influence that debate at all. It is really very specifically and narrowly tailored to help small businesses as they look for additional capital to grow and create more jobs.

That is why we have given the SEC the ability to set up different baskets or different segments. One can be a trade-at, one can have price improvement of a different variation, but allowing us to get good quality data that will help us make decisions as we move forward.

One other thing: companies that may not want to participate will have the option to opt out if they don't feel like this kind of a program would work for them.

I just want to say I very much appreciate the gentleman from Delaware and the chairman from New Jersey for all the effort they have put into this bill. I hope that our colleagues, after seeing

the great support that we had in the committee, will support this bill today.

□ 1545

Mr. GARRETT. Mr. Speaker, I believe the gentleman from Delaware has already yielded back. So, at this point, I would just like to again thank the gentleman from Delaware for his work, the gentleman from Wisconsin for his leadership on this issue.

And, also on his page, I saw written in a large number was the magic number 57-0. I hope that does send a resounding message over to the other body, to the Senate, to do as they have not been doing for the last 14 months, which is to take up some of these good job-creation bills, a bill that helps promote jobs and small businesses in this country.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. GARRETT) that the House suspend the rules and pass the bill, H.R. 3448, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. CARNEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF S. 540, PATRICIA CLARK BOSTON AIR ROUTE TRAFFIC CONTROL CENTER, AND FOR OTHER PURPOSES

Mr. WOODALL, from the Committee on Rules, submitted a privileged report (Rept. No. 113-351) on the resolution (H. Res. 478) providing for consideration of the bill (S. 540) to designate the Air Route Traffic Control Center located in Nashua, New Hampshire, as the "Patricia Clark Boston Air Route Traffic Control Center", and for other purposes, which was referred to the House Calendar and ordered to be printed.

PROVIDING FOR CONSIDERATION OF S. 540, PATRICIA CLARK BOSTON AIR ROUTE TRAFFIC CONTROL CENTER, AND FOR OTHER PURPOSES

Mr. WOODALL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 478 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 478

Resolved, That upon adoption of this resolution it shall be in order to consider in the House the bill (S. 540), to designate the air route traffic control center located in Nashua, New Hampshire, as the "Patricia Clark