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United States Senate

WASHINGTON, DC 20510

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ARMED SERVICES
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The Honorable Gary Gensler
Chairman
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Dear Chairman Gensler:

I write today with serious concerns about the Rule 144 amendment proposed under former Chairman Clayton that would prohibit “tacking” of the time between the investment and the conversion in calculating the relevant holding period for market-adjustable convertible loans and other convertible securities provided to unlisted public companies.

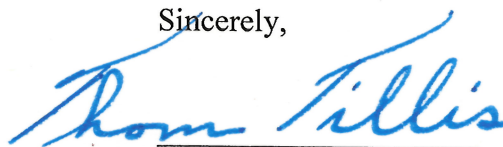
Small businesses are the lifeblood of our economy. These convertible securities provide critical, often last-resort, financing to small public companies in North Carolina and across the country as they seek to grow their businesses and increase long-term shareholder value. By increasing small business access to capital, these loans, which the companies typically publicly disclose at the time they are made, support the SEC’s longstanding commitment to promoting capital formation, particularly for smaller public companies that lack other sources of financing.

I fear that the proposed rule change, by significantly increasing the risk to lenders of making these loans, would dry up this type of financing, putting many small public companies that rely on them out of business. While there is no good time to make it harder for small businesses to raise capital and create jobs, doing so now, as our country emerges from the economic devastation wrought by the COVID-19 pandemic, would be especially ill-advised.

I therefore respectfully urge you and your fellow Commissioners to abandon this proposed rulemaking and refocus the agency’s efforts on its core mission of facilitating capital formation.

Thank you in advance for your attention to this important matter.

Sincerely,



Thom Tillis
United States Senator

Cc: Caroline A. Crenshaw, Commissioner, SEC
Allison Herren Lee, Commissioner, SEC
Hester M. Peirce, Commissioner, SEC
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