IssuWorks

Hearing on Legislation to Further Reduce Impediments to Capital Formation

Statement of David Weild, Founder, Chairman & CEO of IssuWorks Holdings LLC, before the U.S. House of Representatives Financial Services Committee, Capital Markets and Government Sponsored Enterprises Subcommittee, October 23, 2013.

David.Weild@IssuWorks.com • (212) 705-8731 • www.IssuWorks.com

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Introduction

Chairman Garrett, Ranking Member Maloney and members of the Subcommittee, thank you for inviting me to speak today about an issue of great importance to many Americans: "Legislation to Further Reduce Impediments to Capital Formation."

My name is David Weild. I am the Chairman & CEO of IssuWorks Holdings ("IssuWorks"), which was recently founded to develop technologies to improve capital formation in the public markets. I was formerly vice chairman of The NASDAQ Stock Market with responsibility for all of its listed companies, and I ran the equity new issues business of Prudential Securities, back when Prudential Securities was one of the ten largest underwriters of new issues equities in the United States.

Improving access to equity capital in the United States is one of the most important needs for our economy. Access to equity capital fuels job growth and innovation, which, in turn, enables free markets to solve problems from poverty and unemployment to finding cures to cancer, global warming and many of the other challenges that this generation, and every other generation, will face.

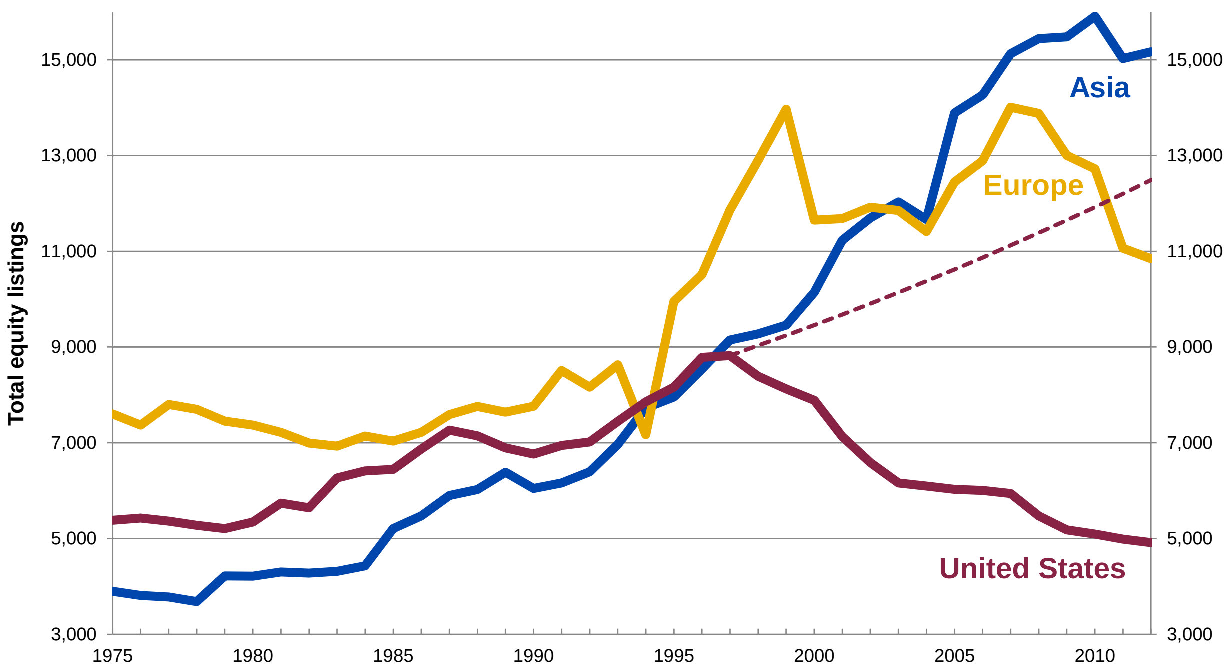
I'd like to start by thanking you for the terrific bipartisan work that culminated with the signing into law of the JOBS Act on April 5, 2012. I know what an integral part so many of you played in making the JOBS Act a reality. But, while the JOBS Act created so-called "On-Ramps" to facilitate companies getting public, it did nothing to improve the aftermarket for these companies and their investors. One might legitimately ask, "Have we created the "On-Ramp to Nowhere?" So with this in mind, I would like to convey my view that we have much more work to do. The American people will need the equivalent of a JOBS Act 2 and 3 if we are really going to restore the innovation and job creation engine to the US economy that once made US stock markets the envy of stock markets the world over.

Specific responses to legislative proposals

H.R. , To amend the Securities Exchange Act of 1934 to provide for an optional pilot program allowing certain emerging growth companies to increase the tick sizes of their stocks. (Mr. Duffy)

This is the most important Bill in this package for its potential to improve capital formation broadly and to create jobs in the United States. Our listed stock markets are in the midst of a long-term and protracted collapse which has been self-inflicted. As seen from recent data compiled by the CFA Institute's Jason Voss, the United States today has fewer publicly listed companies than we did at any point since 1975 (see Figure 1).

Figure 1: U.S. stock market listings have collapsed since 1997
The United States has fewer than 4,900 listed companies when it should be approaching 13,000.



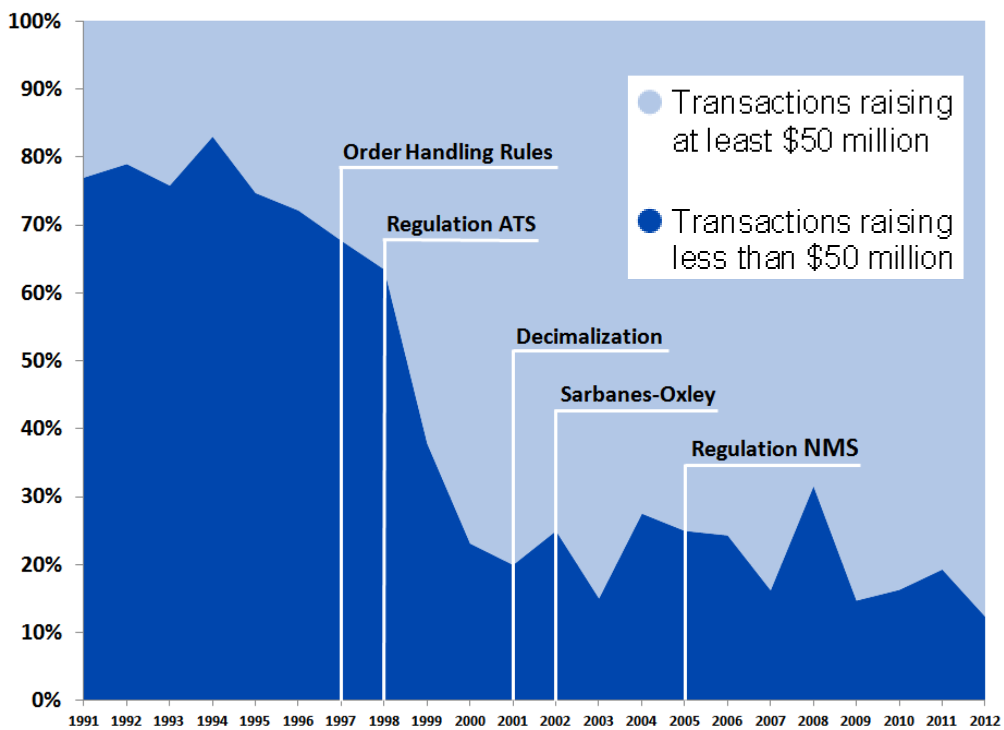
Sources: Jason Voss, CFA Institute (cited by Bloomberg Finance, Oct. 11, 2013) and IssuWorks

In fact, we have less than 4,900 publicly listed companies, when we should have closer to 13,000 public companies, but for the fact that changes to market structure gutted the aftermarket support model in 1997 with the implementation of the Order Handling Rules followed by the shift to electronic markets in 1998 with Regulation ATS (Alternative Trading Systems) and one-size-fits-all penny stock trading in 2001 with "Decimalization" (see Figure 2).

Consumer activists that promote low cost trading in innately illiquid (small-, micro- and nano-cap) stocks are trafficking very bluntly in "Fool's gold." Low cost trading in illiquid stocks perversely harms consumers by depriving them of higher disposable incomes while wreaking havoc on the lowest socioeconomic classes of our society.

Low-income groups which are disproportionately made up of minorities, single mothers, blue collar workers, many union workers, older Americans, and kids graduating from college are not day trading stocks.[1] None of these groups benefit from this market structure. Indeed, they are all harmed by this market structure inasmuch as it deprives them of employment opportunities and higher disposable income.

Figure 2: The acceleration to electronic markets in 1998 (Reg. ATS) triggered a wholesale the collapse in economic incentives to support small cap stocks which, in turn, gutted the small IPO market.



Sources: IssuWorks and Dealogic.
Data includes corporate IPOs as of Dec. 31, 2012, excluding closed-end funds, REITs, SPACs and LPs

[1] For example, according to statistics from the Economic Policy Institute on asset ownership by race and ethnicity, the average dollar value of stocks owned by Black and Hispanic households was $12,300 and $10,800, respectively, in 2010, while the median dollar value of stocks owned by both groups was $0. See http://stateofworkingamerica.org/chart/swa-wealth-table-6-8-average-median-assets/.

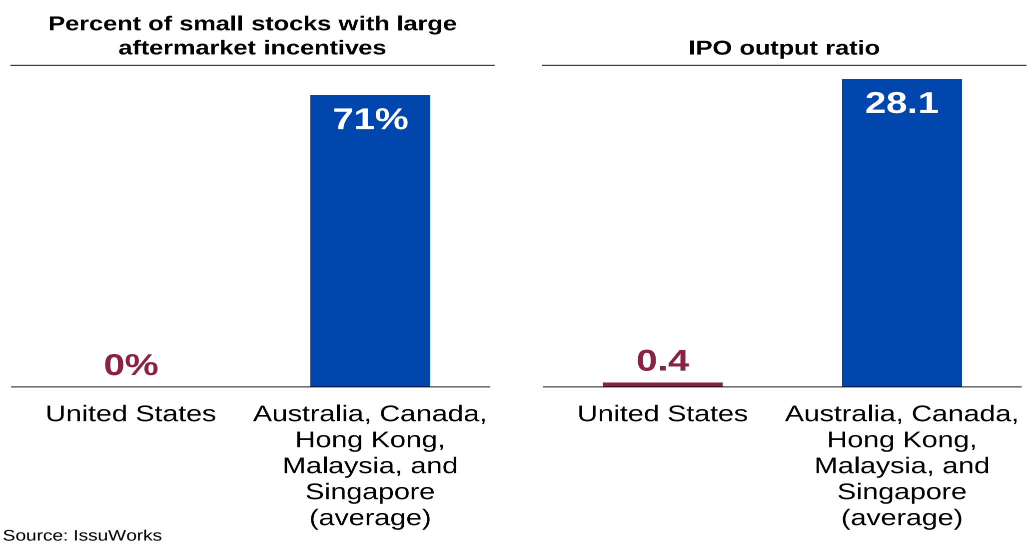
It takes no great leap to understand that the loss of the so-called "Multiplier effect" in job creation, where as many as five service sector jobs are created for every technology job[2], is exacerbating the disparity between the "haves" and "have nots" of our society. Poor people don't day trade stocks, but they do need a robust economy that will create jobs. People at the lower end of the economy are the "LIFOs" in our job market: Last in, first out. When we have a slack economy, they suffer most.

It also takes no great leap to understand that the great growth companies of tomorrow, the great innovators of tomorrow, those very companies that will find the cure to Alzheimer's and global warming and advance the technologies for sourcing renewable energy, need a United States IPO market that is as vibrant as it used to be when companies like Intel, Microsoft and Amgen went public.

In our work for the OECD comparing the top 26 IPO markets in the World, it became crystal clear that the IPO market in the United States collapsed from what today should be on the order of 900 IPOs per year to levels which have averaged 135 IPOs a year since 2000. Today, of the top 26 IPO markets, the United States is ahead of only Mexico and Brazil in GDP-weighted small IPO production.

Today, the United States has the lowest aftermarket incentives of any market as measured by how many micro-cap stocks offer tick size incentives that are greater than 1% of the share price. In the United States, zero (0) micro-cap stocks have tick sizes greater than 1% of share price while stock markets that dramatically outproduce the United States in small IPOs on a GDP weighted basis – including Australia, Canada, Hong Kong, Malaysia and Singapore (see Figure 3) – have fully 71% of their micro-cap stocks with tick sizes in excess of 1% of share price.

Figure 3: The U.S. has the lowest aftermarket incentives of any market in the world



Source: IssuWorks

We have been penny wise and pound foolish in our efforts to save consumers money on transaction costs, and if we do nothing to improve the aftermarket, we have built an "IPO

[2] Moretti, Enrico, Professor of Economics, University of California, Berkeley, *The New Geography of Jobs*, 2013

On-Ramp to Nowhere." We not only support this bill, we believe that this Bill needs to go further:

- In addition to 5 cent and 10 cent tick size options, we believe that nano-cap stocks – defined as stocks under $100 million in market value – may need a 20 cent tick size option.
- We believe the Bill should require that trading be done only at the outer bounds of minimum tick size increments (not within the tick increment)
- We believe that there should be no payment for order flow allowed that would make a mockery of the intent of this structure.

While this may be controversial, the fact is that in an "Issuer choice of tick size" model, investors are invited to "Vote with their feet." They don't have to invest in these stocks if they don't want to. And, the vast majority of equity market value that is large-cap will still trade at penny tick size increments – thus satiating special trading interests.

Too many people on Wall Street fight to increase their slice of the pie without working to grow the size of the pie. These changes are essential to growing the pie. They will lead to more liquidity… which will bring more institutional investment… which will raise stock prices in smaller stocks… leading to more IPOs and more job creation that will grow the economy.

However, one thing is clear, that at current rates of decline in the IPO market, if we do nothing, investors will have fewer and fewer choices in public companies: Today, there are already fewer than 3,700 operating companies in the Wilshire 5000 index.

We urge Congress to come together in the same bipartisan manner that brought us the JOBS Act, to finish the job and develop the essential "JOBS Act 2" that will restore aftermarket support and brings U.S. IPO markets back to where once again, the United States stock markets will rightfully be the envy of stock markets the World over and Americans may be put back to work.

Business Development Companies (H.R. 1973, 1800 and 31 broadly)

We generally support the thrust of these three bills.

Business Development Company ("BDC") rules are antiquated and should be modernized to support streamlined filing practices, including shelf registrations, that are the customary practice for operating companies. BDCs typically lend money to businesses, and, in a world where banks are required to maintain higher regulatory capital ratios, there is a public interest to be served by streamlining the capital raising activities of BDCs (to use shelf registrations as is indicated by H.R. 1800) and widening their scope of investment (as is indicated by H.R. 1973) to make financial services companies, including community banks, leasing companies, factoring firms, and automobile financing companies so-called "Qualifying" investments.

A policy that limits BDC investments to no more than 30% of small- and medium-sized financial services companies runs counter to the objective of helping attract capital for the benefit of small- and medium-sized American companies, since these financial institutions may in turn lend money to other businesses. In fact, we could easily foresee BDCs that are dedicated exclusively to investing in financial institutions as being something clearly in the public interest in light of the aftereffects of the Financial Crisis of 2007-2008.

However, since BDC shares are widely held by retail investors, and both both H.R. 1800 and H.R. 31 would increase the ability to leverage BDCs, from a current ratio of $2 of assets to every $1 of equity to $1.5 of assets to every $1 of equity, we would like to see portfolio stress tests before we endorse any increase to leverage limits. A higher leverage ratio may boost yields to investors and result in an increase in share price values which would allow BDCs to raise more equity capital. Increased leverage applied to these portfolios, while increasing the potential for return, will also increase downside risk, and we believe that the Sub-Committee would be wise to understand fully how BDCs might perform when fully leveraged in a variety of environments that include inverted yield curves (where short-term liabilities of such funds are higher than the yields of long-term assets) and periods of higher corporate defaults, financial crisis (such as the Financial Crisis of 2007-2008) and recession.

H.R. 2274, Small Business Mergers, Acquisitions, Sales, and Brokerage Simplification Act of 2013

We support H.R. 2274 because it creates clarity in the regulation of the M&A market. M&A advisory firms that took the conservative approach of registering with FINRA have been frustrated by those many firms that transact in the M&A market without a FINRA registration. Most types of M&A, especially in private markets, pose very little risk to the public: Transactions are negotiated among professionals and/or business owners who conduct their own due diligence. It is widely accepted that these transactions should be held to what has been called a “Broker-dealer lite” standard. For the reason that all participants should adhere to the same set of rules and that these rules should not be unduly burdensome, we support the formation of a new regime, overseen by the SEC, as contemplated by H.R. 2274. However, we believe that the Bill should explicitly state that FINRA-Registered Broker Dealers could also file with the Commission under H.R. 2274 as an M&A Broker and that qualifying transactions would be subject to no additional review by FINRA.

H.R. , To direct the Securities and Exchange Commission to revise its regulations relating to requiring the use of eXtensible Business Reporting Language for periodic reporting to exempt smaller public companies from such requirements. (Sponsor Not Named)

I helped organize the first demonstration of XBRL while vice chairman of NASDAQ. We did this for a group of semiconductor companies. We generally applaud the intent of XBRL. However, requiring smaller issuers to bear the costs of services that largely benefit investors, especially large ones, is not fair and will only cause companies to avoid going public. We believe that the cost is better borne by investors and not the companies. We also believe that a transaction tax model, or subscription to XBRL model, would better serve the purpose of acquiring funds to pay for the cost of XBRL tagging of smaller companies' data. Smaller issuers need reduced costs to incentivize them to go public. Absent an alternative, we support exempting smaller public companies from the requirement to file XBRL-enabled financial statements.

H.R. , To amend certain provisions of the securities laws relating to the treatment of emerging growth companies. (Mr. Fincher)

We support this Bill as it creates generally greater optionality for issuers without altering the ultimate level of required disclosure to investors. This Bill is in keeping with the philosphy that underlies Title I of the JOBS Act and the creation of safe harbors such as "Testing the waters" and "Confidential filings." We believe, for example, that providing issuers with the ability to file without full financial statements will cut issuer time-to-market which is beneficial in mitigating market risk and speeding access to capital.

Call for a *JOBS Act 2* (Significant ways Congress can help the U.S. economy)

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We take this opportunity to offer a range of ideas to improve the long-term effectiveness of the JOBS Act:

Title I of the JOBS Act – Emerging Growth Companies

We continue to believe that the single most critical impact on capital formation in the United States will be had by improving aftermarket incentives so that small-, micro- and nano-cap market makers will compete on the provision of value (e.g., capital commitment, sales coverage, and research coverage) and not on price. Whether this is done by increasing tick sizes (and eliminating incentives to engage in price competition through such practices as payment for order flow, rebates and price improvement by trading within the tick), or the wholesale creation of new market structures, is less important than the realization that current market structure has had a catastrophic impact on capital formation and the U.S. economy.

Please see views expressed above in the section entitled, "Specific responses to legislative proposals" where we generally endorse the Bills intended:

- "To amend the Securities Exchange Act of 1934 to provide for an optional pilot program allowing certain emerging growth companies to increase the tick sizes of their stocks." (Mr. Duffy)
- "To amend certain provisions of the securities laws relating to the treatment of emerging growth companies." (Mr. Fincher)

Title III of the JOBS Act – "Crowdfunding"

Professor John Coffee of Columbia University, in riveting testimony before the Senate, dubbed Crowdfunding the "Boiler room act of 2011." This understandably caused concern.

We submit that Crowdfunding Portals should be thought of differently, and treated separately, from broker-intermediated offerings under Title III of the JOBS Act. Crowdfunding Portals represent a paradigm shift in how securities, products and causes will be vetted and sold. The collective intelligence and scrutiny of the "Crowd" will result in dramatically lower rates of fraud, for example, than the tradtitional broker-intermediated sales process. One need only recall that when peer-to-peer auction markets such as eBay came into being, there were similar concerns over the risk of fraud. The portal (eBay), in order to grow, had to master quality control, which it did by being responsive to its users and harnessing the power of the Crowd.

We also believe that Crowdfunding has the potential to transform access to capital for small business. For these reasons, we recommend that Congress:

- Eliminate the $1 million cap on Crowdfunding that takes place on Portals. There are already limits in place on the amount that an investor can commit to any one investment. Two layers of protection are unnecessary in our view.
- Consider tax credits for investment in minority- and women-owned businesses, businesses where minorities and women make up a majority of employees, and businesses that are concentrated in targeted development zones. We believe that Crowdfunding and entrepreneurship, combined with tax incentives could be a powerful mechanism to incentivize “haves” to invest in “have nots” and thereby use free markets as a way to transform some of the structural challenges facing our society.

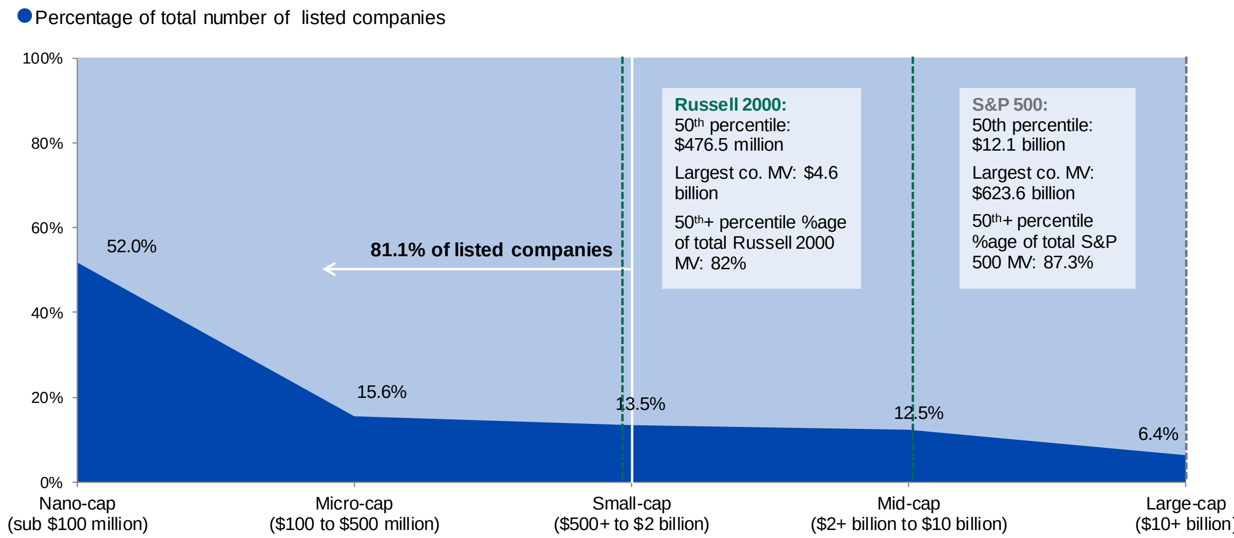
Title IV of the JOBS Act- Popularly known as “Reg. A+”

Need for a Reg A+ Blue Sky Exemption - **Background** - Reg. A+ is a stripped down (documentation) form of IPO for smaller offerings (a maximum of $50 million in proceeds) where public investors are solicited under a private placement exemption and where shares may be traded freely in the aftermarket (subject to State or “Blue Sky” limitations). Under Title IV of the JOBS Act, the cap on this exemption was raised from $5 million in proceeds to $50 million in proceeds. “Bad Actor” prohibitions and certain reporting and disclosure enhancements (e.g., audits) were added. However, the concern is that this Title (the SEC still has not issued the rules) will not find widespread use unless a Blue Sky (state filing) exemption is permitted. (note- the increase in aftermarket economic incentives through an increase in tick sizes or other structural change will be critical to Reg. A+ transactions working as well).

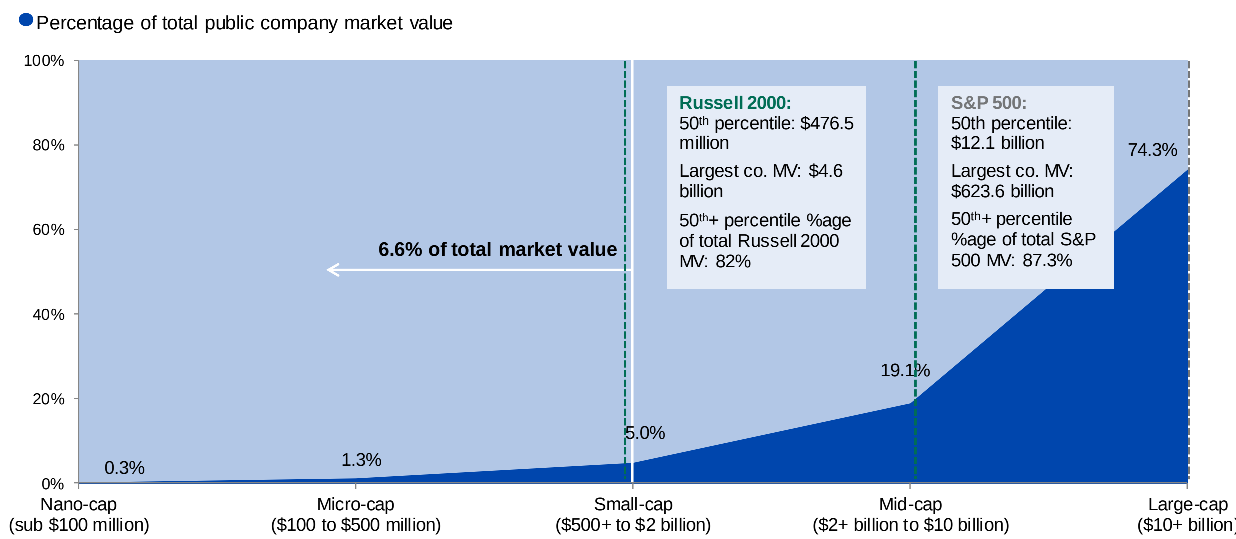
Possible legislative mechanism – Congress could make Title IV securities “Covered securities” under Section 18(b)(4) of the Securities Act of 1933 which would exempt these Securities Offerings under Title IV of the JOBS Act from State regulation. This small change would help ensure that Reg. A+ would fulfill its promise.

Creating a Core Competency to Protect and Sustain Small Company Markets

The drive to create one-size-fits-all stock markets with low transactional costs to benefit stock purchasers is at the heart of the collapse of the IPO and listings markets in the United States. Small-, micro- and nano-cap markets are fundamentally different in nature from large capitalization markets and yet their interests are often drowned out of the discussion for the simple reason that while they make up 81.1% of all listed companies, they only account for 6.6% of total market value. Market value is concentrated in larger (large-cap and mid-cap) stocks while capital formation, growth and innovation is concentrated in smaller stocks.



Sources: IssuWorks and Capital IQ
Includes NASDAQ, NYSE (including AMEX) and OTC listings. Corporate issuers only, excluding holding companies, funds, MLPs, SPACs, REITs and other trusts.



Sources: IssuWorks and Capital IQ
Includes NASDAQ, NYSE (including AMEX) and OTC listings. Corporate issuers only, excluding holding companies, funds, MLPs, SPACs, REITs and other trusts.

We recommend the creation of a horiziontally-integrated small capitalization division within the SEC. This division would include under one roof, all three major disciplines including:

- Corporation Finance
- Trading and Markets
- Enforcement

Small cap markets are neglected because there is insufficient dedicated representation of the needs of small cap market structure. Prior to Reg. ATS, the stock exchanges performed this function by protecting market structures that would support capital formation and small cap stocks. At NASDAQ, it was through the dealer system and higher spreads. At the NYSE, it was through the allocation system (specialists were forced to subsidize liquidity and support small cap stocks that were assigned to their “Book.”).   With the flood of new entrants from Reg. ATS and the competition that ensued after the advent of Decimalization and Regulation NMS (National Market System), the one-size, hyper-competitive trading model caused the stock exchanges to lose the ability to effectively fight to preserve market quality for small-cap stocks. Today, neither the SEC nor the Stock Exchanges provide a holistic discipline focused on nurturing the small-, micro- and nano-cap ecosystems.   At the SEC, to the best of our knowledge, only the Division of Corporation Finance has a formal small company discipline. Without control over market structure and enforcement, that discipline has proven to be ineffectual.

By creating a horizontally integrated small-, micro- and nano-cap discipline at the SEC, with authority to optimize market structure for the benefit of the broader ecosystem of investors, intermediaries and issuers, market structure would avoid again being led down a path that compromised U.S. economic growth.

I have had occasion recently to present to the Investor Advisory Committee of the SEC. Again, I am struck by the fact that this committee is made up of mostly large-cap oriented, quantitative and index-oriented investors that have little-to-no direct experience in the fundamenal investing in, and trading of, small and micro-cap stocks. We believe that the SEC needs an Investor Advisory Committee made up exclusively of fundamentally-oriented investors in small-, micro- and nano-cap stocks.

Conclusion: IPOs lead to job growth

A capital market is a multi-layered, complex ecosystem of competing and related interests. Each of the numerous constituents must be governed by rules and encouraged by incentives. The markets that succeed in balancing these many interests are the markets that will go the furthest in facilitating capital formation. Efficient markets need to do more than create rock-bottom trading costs for market speculators — they also need to improve the allocation of capital and enhance long-term economic growth.

If the rules become too burdensome, or if the incentives become diminished for any party, the ecosystem operates far below its potential efficiency. Companies have difficulty reaching new investors, innovation and job creation slows or stops altogether, and the macro economy suffers.

A vibrant capital market is the engine of a healthy economy that creates jobs. We estimate that, if not for the scarcity in public offerings, 3.1 million to 9.4 million additional U.S. jobs might have been created by companies after going public. If we assume a multiplier effect where higher IPO activity accounts for a like-kind number of jobs created in the private market (a conservative effect of only one for one), the range of 3.1 million to 9.4 million jobs created jumps to between 6.2 million and 18.8 million.

A major contributor to employment

In fact, the so-called multiplier effect may be much larger than we estimate above. Enrico Moretti has estimated that as many as five local service sector jobs — ranging from doctors and teachers to wait staff and sales clerks — are created for every one technology and biotechnology sector job produced.[3]These are the very industries that once sought out public offerings as their preferred strategy to raise capital (and exit). This five-to- one ratio of job formation has served to increase the number of employment opportunities at all skill levels and, ultimately, the U.S. standard of living.

[3] Ibid.

Congressional support is needed

Congress has the power to help reverse our current situation and bring back the stock market that was once the envy of economies throughout the world for its ability to foster U.S. economic leadership. To grow the IPO markets – currently the key exit path putting pressure on access to capital in private markets – we need Congress to focus its attention on the so-called "Aftermarket support model" – the incentives required to sustain visibility and institutional liquidity in small-, micro- and nano-cap stocks.

We understand that it will not be easy. There are many entrenched interests that would prefer to argue over how to increase their share of the "pie" rather than to focus on how to grow the "pie" for all Americans. Unfortunately, those that can least afford to bear the brunt of a soft economy have been dealt the harshest blow by the folly that is one-size-fits-all stock markets.

Additional materials

The collapse in economic incentives to support small-, micro- and nano-cap stocks precipitated a collapse in the ecosystem of investment banks that acted as book running managers in 1994 verus 2012. Firms in red from 1994 (see below) were no longer in business in 2012. The number of book-running managers (so called "On-ramps") contracted dramatically.

Small-cap companies and capital formation			
	Before 1997	**After 2001**	**% change**
Tick sizes ("bankable spread")	**$0.25 per share**	**$0.01 per share**	**-96%**
Retail commissions	**$250 per trade**	**$5 per trade**	**-98%**
Investment banks (acting as a bookrunner)	**167** (1994)	**39** (2006)	**-77%**
Small company IPOs	**2,990** (1991–1997)	**233** (2001–2007)	**-92%**

Source: IssuWorks

1994			2012
AB Capital & Investment	Harriman Group Inc	Paragon Capital Markets Inc	Allen & Co LLC
Advest Inc	Harris Nesbitt Gerard Inc	Paribas Capital Markets	Ameriprise Financial Inc
AG Edwards & Sons Inc	HJ Meyers & Co Inc	Parker/Hunter Inc	BofA Merrill Lynch
Allen & Co LLC	Howe Barnes Investments Inc	Patterson Travis Securities	Barclays Capital Inc
Americorp Securities Inc	IAR Securities Inc	Paulson Investment Co Inc	BMO Capital Markets
Anderson & Strudwick	ING Barings	Piper Jaffray & Co	Capitol Securities Mgmt
AR Baron & Co Inc	International Assets Advisory	Principal Financial Securities	Chardan Capital Markets
AT Brod & Co Inc	Investec Inc	Prudential Securities Inc	Citigroup Global Markets
Auerbach Pollak Richardson	Investors Associates Inc	RAF Financial Corp	Cowen & Co LLC
Banc of America Securities	J Gregory & Co Inc	RAS Securities Corp	Credit Suisse Securities
Baraban Securities Inc	James Capel & Co	Raymond James	Dawson James Securities
Barber & Bronson Inc	Janney Montgomery Scott	Redstone Securities Inc	Deutsche Bank Securities
Baring Securities	JC Bradford & Co	Rickel & Associates Inc	Dominick & Dominick Inc
Barington Capital Group	Joseph Stevens & Co LP	RJ Steichen & Co	EarlyBird Capital Inc
Barron Chase Securities Inc	Josephthal & Co	Robert W Baird & Co	FBR Capital Markets & Co
Beacon Securities Inc	JP Morgan Securities LLC	Robertson Stephens	Goldman Sachs
Bear Stearns & Co Inc	JW Charles Securities Inc	Robinson-Humphrey Co	Janney Montgomery Scott
Brenner Securities Corp	Keane Securities Co Inc	Rocky Mountain Securities	Jefferies & Co Inc

Chase H&Q
CIBC World Markets
Citigroup Global Markets
Commonwealth Associates
Comprehensive Capital Corp
Craig-Hallum Group
Credit Suisse First Boston
D Blech & Co
Dain Rauscher Wessels
Daiwa Securities America
Dean Witter Reynolds Inc
Deutsche Bank Securities
Deutsche Morgan Grenfell
DH Blair
Dickinson & Co
Dillon-Gage Securities Inc
Donaldson Lufkin & Jenrette
Equity Securities Investment
Everen Securities Inc
FAC/Equities
FEB Investments Inc
First Asset Management
First Equity Corp of Florida
First Hanover Securities Inc
First Marathon
Friedman Billings Ramsey
Gilford Securities Inc
GKN Securities Corp
Glaser Capital Corp
Global Capital Securities Corp
Goldman Sachs
Grady & Hatch & Co Inc
Greenway Capital Corp
Hamilton Investments Inc
Hampshire Securities Corp
Hanifen Imhoff Inc

Kennedy Mathews Landis Healy
Kensington Wells Inc
Kidder, Peabody & Co Inc
Kleinwort Benson Securities
Ladenburg Thalmann & Co Inc
Laidlaw Global Securities Inc
Lam Wagner Inc
Lazard Freres & Co LLC
LC Wegard & Co Inc
Legg Mason Wood Walker
Lehman Brothers
LH Alton & Co
Mabon Securities Corp
Marleau Lemire Securities Inc
Mathews Holmquist & Assoc.
McDonald Investments Inc
Merrill Lynch & Co
MH Meyerson & Co Inc
Miller Johnson & Kuehn
Montgomery Securities
Morgan Keegan & Co Inc
Morgan Stanley
Murchison Investment Bankers
NatCity Investments Inc
NatWest Securities Corp
Needham & Co Inc
Neidiger Tucker Bruner Inc
Nesbitt Burns Inc
Nomura Securities Intl
Norcross Securities Inc
Oak Ridge Investments Inc
Oppenheimer & Co
Oscar Gruss & Son Inc
Pacific Crest Securities LLC
Pacific Growth Equities LLC
PaineWebber Inc

Rodman & Renshaw Inc
Roney Capital Markets
Roth Capital Partners
Royce Investment Group Inc
RvR Securities Corp
Ryan Lee & Co Inc
Salomon Brothers Inc
Sands Brothers & Co Ltd
Schneider Securities Inc
Schroder & Co
SG Cowen & Co LLC
Smith Barney Inc
Spectrum Securities Inc
Spelman & Co
Stephens
Sterling Foster
Sterne Agee & Leach Inc
Strasbourger Pearson Tulcin
Stratton Oakmont Inc
Summit Investment Corp
Texas Capital Securities Inc
Thomas James Inc
Toluca Pacific Securities Corp
Tucker Anthony Inc
UBS Securities Inc
VTR Capital Inc
Wachovia Capital Markets
Wedbush Morgan Securities
Wells Fargo Securities LLC
Werbel-Roth Securities Inc
Wertheim Schroder & Co
Westfield Financial Corp
Whale Securities Co
William Blair & Co LLC
Yamaichi Securities
Yee Desmond Schroeder Allen

JP Morgan Securities LLC
Keefe, Bruyette & Woods
KeyBanc Capital Markets
Lazard Capital Markets
Leerink Swann LLC
Macquarie Capital
Maxim Group LLC
MDB Capital Group LLC
Morgan Stanley
Nuveen Investments
Oppenheimer & Co
Paulson Investment Co
Piper Jaffray & Co
PrinceRidge Group
Raymond James
RBC Capital Markets
Robert W Baird & Co
Sandler O'Neill & Partners
Santander Investment
Stephens
Stifel
SunTrust Robinson Hum
UBS Securities LLC
Wellington Shields Co LLC
Wells Fargo Securities
William Blair & Co LLC

July 2013, **Making Stock Markets Work to Support Economic Growth** (OECD Corporate Governance Working Papers)

September 2013, **The trouble with small tick sizes: Larger tick sizes will bring back capital formation, jobs and investor confidence**

June 20, 2012, **testimony** to the U.S. House of Representatives Financial Services Committee, Capital Markets and Government Sponsored Entities Subcommittee

June 8, 2012, **presentation** to SEC's Advisory Committee on Small and Emerging Companies

June, 2010 Market structure is causing the IPO crisis — and more

November 2009, **A wake-up call for America**

November 2008, **Why are IPOs in the ICU?**

Wall Street Journal Op-ed entitled, **"How to revive small-cap IPOs,"** October 27, 2011

About David Weild

David is the Chairman & CEO of IssuWorks, which he recently founded to create technologies to improve equity capital formation and aftermarket support. IssuWorks owns Weild & Co. (formerly Capital Markets Advisory Partners or CMA Partners), a FINRA-registered broker-dealer.

Experience

David is an internationally recognized expert in how market structure affects capital formation. His work has been cited by academics, regulators and lawmakers in the US and overseas and the IPO Task Force Report to the U.S. Treasury. He was the former vice-chairman and executive vice-president of The NASDAQ Stock Market, with oversight of the more than 4,000 listed companies. Prior to NASDAQ, he spent 14 years at Prudential Securities in a number of senior management roles, including president of eCommerce, head of corporate finance, head of technology investment banking and head of equity capital markets in New York, London and Tokyo. He worked on more than 1,000 IPOs, follow-on offerings and convertible transactions and was an innovator of new issue systems and securities underwriting structures, including the use of Form S-3s to mitigate risk for small capitalization companies raising equity and convertible debt capital. He created the Market Intelligence Desk — or MID — while at NASDAQ to support issuers in their quest to better understand what was impacting trading in their stocks.

Education

David holds an MBA from the Stern School of Business and a BA from Wesleyan University. He has studied on exchange at The Sorbonne, Ecole des Haute Etudes Commerciales and The Stockholm School of Economics.

Industry participation

David has participated in the NYSE's and National Venture Capital Association's Blue Ribbon Regional Task Force to explore ways to help restore a vibrant IPO market and keep innovation flourishing in the United States, and is Chairman of the International Stock Exchange Executives Emeriti (ISEEE) Small Business Financing Crisis Task Force. He has spoken at the

OECD (Organisation for Economic Co-operation and Development) with the 35 member nations in attendance, plus the European Commission and IOSCO. David testified before the CFTC-SEC Joint Panel on Emerging Regulatory Issues in the wake of the May 2010 flash crash, and has spoken at the SEC a number of times, including the SEC Small Business Forum, the SEC Advisory Committee on Small and Emerging Companies and the SEC Roundtable on Decimalization. David is often interviewed by the financial news media. He has served as a Director of the National Investor Relations Institute's New York chapter, and he is the Chairman of the Board of Tuesday's Children, the non-profit that serves 9/11 families, and recently expanded its charter to make its long-term programs available to first responders, wounded warriors, families of the fallen and those touched by other acts of political and apolitical terrorism (e.g., Newtown).

Publications

David and Edward Kim have co-authored a number of studies, including *The trouble with small tick sizes: Larger tick sizes will bring back capital formation, jobs and investor confidence (Grant Thornton)* (with Lisa Newport) in 2012 and *Why are IPOs in the ICU? (Grant Thornton)* in 2008. Released in the fall of 2009, *Market structure is causing the IPO crisis (Grant Thornton)* (updated by *Market structure is causing the IPO crisis — and more* in 2010) and *A wake-up call for America (Grant Thornton)* have been entered into the Congressional Record and the Federal Register. They also authored *Making Stock Markets Work to Support Economic Growth (OECD)* (with Lisa Newport) and the chapter, *Killing the Stock Market That Laid the Golden Eggs (FT Press)* in the recent book on high frequency and predatory practices entitled, *Broken Markets,* by Sal Arnuk & Joseph Saluzzi, published in May 2012.

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About IssuWorks

IssuWorks is the software and service firm focused on leveraging recent shifts in technology to create next generation platforms that will improve new issue performance and revitalize capital formation. IssuWorks' goal is to help investment banks, issuers, and the venture capital and private equity communities drive superior results by reducing the cost and complexity of new issue preparation while improving the distribution and aftermarket support of new issues. The combined effect will keep IPO "windows" open longer, resulting in higher throughput (more new issues). IssuWorks has a key strategic partnership with Netroadshow, the global standard for online roadshows for both public and private companies. IssuWorks is the exclusive computer-based marketing provider for Netroadshow, and they are our exclusive roadshow partner. Weild & Co., a wholly-owned subsidiary of IssuWorks, is a FINRA-registered broker-dealer.