Dear Mr. Richmond:

Thank you for agreeing to testify before the Subcommittee on Securities at our hearing on the issue of small business access to capital. The hearing will be held on Thursday, March 4, 1993, and will begin at 10:00 a.m. in Room 538 of the Dirksen Senate Office Building.

Your testimony should address, in general, the current problems facing small businesses seeking to raise capital and your views on the reasons for those problems. In addition, please state how you believe the problems you have identified are addressed by the "Small Business Incentive Act of 1993," a draft of which is enclosed for your review. This legislation was developed by the Securities and Exchange Commission as a means of providing more flexibility for venture capital funds, business development companies and other pooled investment vehicles that provide capital for small businesses. I plan to introduce the legislation later this week, and I will be joined by Senator Riegle, the Chairman of the Banking Committee, as well as Senator D'Amato, the Ranking Republican on the Committee.

We also would appreciate your views on the "Small Business Loan Securitization and Secondary Market Enhancement Act of 1993," a draft of which also is enclosed for your review. This legislation recently was introduced by Senator D'Amato, myself and other Senators as a means of removing some of the regulatory impediments to small business loan securitization, thus providing new sources of funds for banks making small business loans. The legislation is modeled after the Secondary Mortgage Market Enhancement Act of 1984, which facilitated the securitization of home mortgage loans and which, in the view of many experts, has been a factor in maintaining a continuing flow of bank credit to the residential housing sector of our economy.
In addition to your comments on the enclosed legislation, please feel free to comment on the need for additional action you believe the Senate Banking Committee or the Congress should take to address the needs of small businesses seeking to raise capital.

Your written testimony may be of any length; however, we ask that your opening remarks be limited to five minutes. In addition, if your testimony exceeds ten pages, please attach a summary of no more than three pages, which highlights the key points in your testimony. Please deliver 120 copies of your written statement to Room 534, Dirksen Senate Office Building, by the close of business on Tuesday, March 2, 1993.

If you have any questions about the hearing, please feel free to call me, or call Marti Cochran or Michael Stein of the Subcommittee staff at (202)224-7391.

Thank you again for agreeing to testify on this important issue.

Sincerely yours,

CHRISTOPHER J. DODD
Chairman
Securities Subcommittee