



June 23, 2020

The Honorable Bryan Steil
1408 Longworth House Office Building
Washington, DC 20515

Dear Representative Steil:

On behalf of the Biotechnology Innovation Organization (BIO) and its 1,000 member companies, I am writing in support of your bill, the Coronavirus Relief for Startups Act of 2020. This bill provides current Emerging Growth Companies (EGC) a temporary extension of JOBS Act regulatory relief from higher costs and more burdensome reporting associated with 404(b) compliance.

In this time of great need for the nation, Congress and regulators have acted at an unprecedented pace to bring support to businesses affected by or on the frontlines of the fight against COVID-19. Like other small companies, emerging biotechnology companies are also facing existential decisions due to the pandemic. More than 200 clinical trials¹ of lifesaving drugs have been halted across the country, the majority of which are from emerging biotech companies. For context, not only are small biotech companies leading the charge against COVID-19, they are responsible for 80% of the R&D for therapeutics to address the myriad of debilitating diseases affecting society.²

As you know, these companies have finite financial resources to further their research, regardless of whether they are public or private. The halting of clinical trials is a significant sunk cost for these pre-revenue companies. Further, clinical trial updates are required to incentivize investors to provide additional funding to continue research -- just because clinical trials have stopped does not mean that bills and salaries have stopped.

The creation of EGC status within the JOBS Act was an important recognition by Congress that scaled disclosures for small businesses would support their growth without undermining investor protections. Since then, more than 320 biotechs have gone public –a testament to the success of the on-ramp and regulatory relief provisions included in the bill.

Rather than force companies that are graduating from EGC status during this pandemic to divert important capital to new regulatory obligations, like 404(b) compliance, your bill will extend these crucial exemptions for another year, or for the length of the COVID-19 crisis.

A temporary pause in 404(b) compliance would support Congress' intent in its creation of the EGC status while not in any way eroding existing investor protections. Conversely, subjecting emerging growth companies to a more stringent and more expensive regulatory regime in the middle of a global pandemic will strain finances for a sector that is known to have significant funding constraints.

¹ <https://www.biopharmadive.com/news/coronavirus-clinical-trial-disruption-biotech-pharma/574609/>

² <https://www.iqvia.com/insights/the-iqvia-institute/reports/emerging-biopharmas-contribution-to-innovation>

The ability to go public as an Emerging Growth Company and save valuable capital by using a scaling system for disclosure has been a welcome boon for biotechs. A temporary extension of 404(b) compliance requirements will support these companies and their development of novel therapeutics during this public health crisis. I thank you for your attention to this important issue for emerging biotech innovators, and BIO looks forward to working with you on it in the future.

Sincerely,

A handwritten signature in black ink, appearing to be 'M. McMurry-Heath', written in a cursive style.

Dr. Michelle McMurry-Heath, M.D., Ph.D.
President and CEO