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Trump Administration to Rescind Obama's Foreign-Born Founder Rule

Closing a potential pathway to citizenship for highly-skilled immigrants could rankle Silicon Valley

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The Trump administration plans to dismantle a regulation that would have helped more foreign-born entrepreneurs build startups in the U.S. without a traditional visa, according to people briefed on the administration's plans.

The International Entrepreneur Rule, enacted during the final days of the Obama administration and set to go into effect next month, would have let foreign entrepreneurs apply to work in the U.S., provided their startup raised \$250,000 from established U.S. investors.

The Department of Homeland Security plans to file an official notice to delay that rule by eight months with the intention of rescinding it, these people say. The delay will give the administration more time to complete the rescinding process, the people said.

The DHS's decision isn't final and still could change, the people cautioned. After filing an official delay, the DHS will open a comment period which could affect the outcome of the rule.

"We cannot speculate on the outcome of the DHS review of the rule. When the review is final, we will make the decision public," said Dave Lapan, a DHS spokesman.

The San Francisco Chronicle [earlier reported](#) on the possible delay and rescinding of the rule.

Closing a potential pathway to citizenship for highly-skilled immigrants could rankle Silicon Valley, which has largely pushed for similar measures and lobbied for President Donald Trump to uphold the entrepreneur role in recent weeks. Entrepreneurs and investors argue that immigrant-founded businesses can create thousands of U.S. jobs and will help boost competitiveness at a time when nations like France and Canada are opening up to foreign startups.

But Mr. Trump ran for office on a platform opposing illegal immigration, and there is political pressure on him to shut down various pathways for foreigners.

This week, tech-industry leaders made the pilgrimage to the White House for brainstorming sessions despite opposition to many of Mr. Trump's policies, including a plan to temporarily ban travelers from six largely Muslim countries. Chief executives from companies including [Apple Inc.](#), [Microsoft Corp.](#) and [Alphabet Inc.](#) [met with Mr. Trump on Monday](#), while another group of executives and venture capitalists are scheduled to attend White House meetings on Thursday.

Rescinding the entrepreneur rule could further strain Silicon Valley's relationship with the administration.

Critics of the rule say granting a class of immigrants temporary "parole" rather than a visa would create confusion about their status and raise risks around doing business with companies whose roots in the U.S. are uncertain.

But the rule has found support across both aisles of Congress, where prominent Republican Senators including Orrin Hatch (R., Utah) and John McCain (R., Ariz.) wrote a letter pledging support for the regulation this week.

The concept of a startup visa was included in Congress's 2013 comprehensive immigration reform bill, which failed to gain enough votes in the House. Days before his term ran out this past January, President Barack Obama signed the International Entrepreneur Rule into law.

The rule stipulated that founders would be allowed to live in the U.S. if they showed their business provided public benefit by generating revenue and creating jobs for American workers.

Several of Silicon Valley's largest employers were built by immigrants, including Alphabet's Google, [Yahoo Inc.](#) and [Intel Corp.](#) [A study last year](#) by the nonpartisan think tank **[National Foundation for American Policy](#)** found that more than half of startups valued at \$1 billion or more at the time were founded by immigrants.

In recent years, amid stricter immigration policies, entrepreneurs who were denied visas in the U.S. have left to build companies including Snapdeal, an Indian e-commerce valued last year by investors at \$6.5 billion.

The global competition for startups is heating up. Hundreds of foreign entrepreneurs have moved to Canada in recent years [to take advantage of a rebate the country offers](#) to startup businesses. Newly elected French President Emmanuel Macron is pushing forward with a French Tech [Visa](#), a four-year permanent residence visa for startup founders.

In the U.S., startup founders can enter a lottery to receive an H-1B visa or apply for an O-1 visa, which are designated for individuals with extraordinary ability. In the past two years, at least 42 entrepreneurs have also obtained visas through a non-traditional route that involves taking a part-time job at a university, said Craig Montuori, the head of a nonprofit group which helps guide that process.

Those options were either too risky or too much of a hassle for Sharoon Thomas, an Indian-born entrepreneur who decided to move his e-commerce startup from Mountain View, Calif., to Toronto last year after he secured a Canadian startup visa.

If the U.S. had offered a startup visa, “I would have absolutely stayed and applied for that,” said Mr. Thomas.

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