

AMENDMENT TO RULES COMMITTEE PRINT

119-33

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At the end of title XVII insert the following new subtitle:

1 **Subtitle C—Incentivizing New Ven-**
2 **tures and Economic Strength**
3 **Through Capital Formation**

4 **SEC. 17___. SHORT TITLE; TABLE OF CONTENTS.**

5 This subtitle may be cited as the “Incentivizing New
6 Ventures and Economic Strength Through Capital For-
7 mation Act of 2025” or the “INVEST Act of 2025”.

8 **PART 1—EXPANDING ACCESS TO CAPITAL FOR**
9 **SMALL BUSINESSES**

10 **SEC. 17___. EXPANDING ACCESS TO CAPITAL FOR RURAL**
11 **JOB CREATORS.**

12 Section 4(i) of the Securities Exchange Act of 1934
13 (15 U.S.C. 78d(i)) is amended—

14 (1) in paragraph (4)(C), by inserting “, rural-
15 area small businesses” after “women-owned small
16 businesses”; and

1 (2) in paragraph (6)(B)(iii), by inserting “,
2 rural-area small businesses” after “women-owned
3 small businesses”.

4 **SEC. 17___ . HELPING ANGELS LEAD OUR STARTUPS.**

5 (a) DEFINITIONS.—For purposes of this section and
6 the revision of rules required under this section:

7 (1) The term “angel investor group” means any
8 group that—

9 (A) is composed of accredited investors in-
10 terested in investing personal capital in early-
11 stage companies;

12 (B) holds regular meetings and has defined
13 processes and procedures for making invest-
14 ment decisions, either individually or among the
15 membership of the group as a whole; and

16 (C) is neither associated nor affiliated with
17 brokers, dealers, or investment advisers.

18 (2) The term “issuer” means an issuer that is
19 a business, is not in bankruptcy or receivership, is
20 not an investment company, and is not a blank
21 check, blind pool, or shell company.

22 (b) IN GENERAL.—Not later than 6 months after the
23 date of enactment of this subtitle, the Securities and Ex-
24 change Commission shall revise Regulation D (17 CFR
25 230.500 et seq.) to require that in carrying out the prohi-

1 bition against general solicitation or general advertising
2 contained in section 230.502(c) of title 17, Code of Fed-
3 eral Regulations, the prohibition shall not apply to a pres-
4 entation or other communication made by or on behalf of
5 an issuer which is made at an event—

6 (1) sponsored by—

7 (A) the United States or any territory
8 thereof, the District of Columbia, any State, a
9 federally recognized Indian Tribe, a political
10 subdivision of any State, territory, or federally
11 recognized Indian Tribe, or any agency or pub-
12 lic instrumentality of any of the foregoing;

13 (B) a college, university, or other institu-
14 tion of higher education;

15 (C) a nonprofit organization;

16 (D) an angel investor group;

17 (E) an incubator or accelerator;

18 (F) a venture forum, venture capital asso-
19 ciation, or trade association, other than an as-
20 sociation created solely for the purpose of spon-
21 soring an event described under this subsection;

22 or

23 (G) any other group, person, or entity as
24 the Securities and Exchange Commission may
25 determine by rule;

1 (2) that is not held in any facility that is owned
2 or operated by a religious organization, other than
3 an institution of higher education that is accredited
4 and operated primarily for post-secondary education;

5 (3) where any advertising for the event does not
6 reference any specific offering of securities by the
7 issuer;

8 (4) the sponsor of which—

9 (A) does not make investment rec-
10 ommendations or provide investment advice to
11 event attendees;

12 (B) does not engage in an active role in
13 any investment negotiations between the issuer
14 and investors attending the event;

15 (C) does not charge event attendees any
16 fees other than reasonable administrative fees;

17 (D) does not receive any compensation for
18 making introductions between investors attend-
19 ing the event and issuers, or for investment ne-
20 gotiations between such parties;

21 (E) makes readily available to attendees a
22 disclosure not longer than one page in length,
23 as prescribed by the Securities and Exchange
24 Commission, describing the nature of the event

1 and the risks of investing in the issuers pre-
2 senting at the event; and

3 (F) does not receive any compensation
4 with respect to such event that would require
5 registration of the sponsor as a broker or a
6 dealer under the Securities Exchange Act of
7 1934, or as an investment advisor under the In-
8 vestment Advisers Act of 1940; and

9 (5) where no specific information regarding an
10 offering of securities by the issuer is communicated
11 or distributed by or on behalf of the issuer, other
12 than—

13 (A) that the issuer is in the process of of-
14 fering securities or planning to offer securities;

15 (B) the type and amount of securities
16 being offered;

17 (C) the amount of securities being offered
18 that have already been subscribed for; and

19 (D) the intended use of proceeds of the of-
20 fering.

21 (c) RULE OF CONSTRUCTION.—Subsection (b) may
22 only be construed as requiring the Securities and Ex-
23 change Commission to amend the requirements of Regula-
24 tion D with respect to presentations and communications,
25 and not with respect to purchases or sales.

1 (d) NO PRE-EXISTING SUBSTANTIVE RELATIONSHIP
2 BY REASON OF EVENT.—Attendance at an event de-
3 scribed under subsection (b) shall not qualify, by itself,
4 as establishing a pre-existing substantive relationship be-
5 tween an issuer and a purchaser, for purposes of Rule
6 506(b).

7 **SEC. 17___ . AMENDMENT FOR CROWDFUNDING CAPITAL**
8 **ENHANCEMENT AND SMALL-BUSINESS SUP-**
9 **PORT.**

10 (a) IN GENERAL.—Section 4A of the Securities Act
11 of 1933 (15 U.S.C. 77d–1) is amended—

12 (1) in subsection (b)(1)(D), by striking
13 “\$100,000” each place such term appears and in-
14 serting “\$250,000”; and

15 (2) by adding at the end the following:

16 “(i) DISCRETION TO ADJUST AMOUNT.—The Com-
17 mission may increase the amount specified in subsections
18 (b)(1)(D)(i) and (b)(1)(D)(ii) from \$250,000 to an
19 amount not greater than \$400,000 upon the recommenda-
20 tion of the Office of the Advocate for Small Business Cap-
21 ital Formation and the Office of the Investor Advocate.”.

22 (b) TECHNICAL CORRECTIONS.—The Securities Act
23 of 1933 (15 U.S.C. 77a et seq.) is amended—

24 (1) in section 4A—

1 (A) by striking “section 4(6)” each place
2 such term appears and inserting “section
3 4(a)(6)”;

4 (B) by striking “section 4(6)(B)” each
5 place such term appears and inserting “section
6 4(a)(6)(B)”;

7 (2) in section 16(f)(3), by striking “section
8 4(2)” and inserting “section 4(a)(2)”;

9 (3) in section 18—

10 (A) in subsection (b)(4)—

11 (i) in subparagraph (B), by striking
12 “section 4(4)” and inserting “section
13 4(a)(4)”;

14 (ii) in subparagraph (C), by striking
15 “section 4(6)” and inserting “section
16 4(a)(6)”;

17 (iii) in subparagraph (F), by striking
18 “section 4(2)” each place such term ap-
19 pears and inserting “section 4(a)(2)”;

20 (B) in subsection (c)(1)(B), by striking
21 “section 4(6)” and inserting “section 4(a)(6)”;

22 **SEC. 17___ . SMALL BUSINESS INVESTOR CAPITAL ACCESS.**

23 Section 203(m) of the Investment Advisers Act of
24 1940 (15 U.S.C. 80b–3(m)) is amended—

1 (1) in paragraph (1), by striking
2 “\$150,000,000” and inserting “\$175,000,000”; and
3 (2) by adding at the end the following:

4 “(5) INFLATION ADJUSTMENT.—The Commis-
5 sion shall, every 5 years, adjust the dollar amount
6 described under paragraph (1) to reflect the change
7 in the Consumer Price Index for All Urban Con-
8 sumers published by the Bureau of Labor Statistics
9 of the Department of Labor, and round such dollar
10 amount to the nearest multiple of \$1,000,000.”.

11 **SEC. 17___ . ADVOCATING FOR SMALL BUSINESS.**

12 Section 4 of the Securities Exchange Act of 1934 (15
13 U.S.C. 78d) is amended by adding at the end the fol-
14 lowing:

15 “(k) OFFICES OF SMALL BUSINESS.—The Commis-
16 sion shall ensure that, within each of the Division of Cor-
17 poration Finance, the Division of Investment Manage-
18 ment, and the Division of Trading and Markets, an Office
19 of Small Business is established that shall coordinate with
20 the Office of the Advocate for Small Business Capital For-
21 mation on rules and policy priorities related to capital for-
22 mation. This subsection may not be construed to authorize
23 expenditures for additional full-time equivalent employ-
24 ees.”.

1 **SEC. 17____. SMALL ENTITY UPDATE.**

2 (a) DEFINITIONS.—In this section—

3 (1) the term “Commission” means the Securi-
4 ties and Exchange Commission; and

5 (2) the term “small entity”—

6 (A) has the meaning given the term in sec-
7 tion 601 of title 5, United States Code, with re-
8 spect to the activities of the Commission; and

9 (B) includes any definition established by
10 the Commission of the term “small business”,
11 “small organization”, “small governmental ju-
12 risdiction”, or “small entity” under paragraph
13 (3), (4), (5), or (6), respectively, of section 601
14 of title 5, United States Code, with respect to
15 the activities of the Commission.

16 (b) STUDIES AND REPORTS.—Not later than 1 year
17 after the date of enactment of this subtitle, and again 5
18 years thereafter, the Commission shall—

19 (1) conduct a study of the definition of the
20 term “small entity” with respect to the activities of
21 the Commission for the purposes of chapter 6 of
22 title 5, United States Code, which shall consider—

23 (A) the extent to which the definition of
24 the term “small entity”, as in effect during the
25 period in which the study is conducted, aligns
26 with the findings and declarations made under

1 section 2(a) of the Regulatory Flexibility Act (5
2 U.S.C. 601 note);

3 (B) the amount by which financial markets
4 in the United States have grown since the last
5 time the Commission amended the definition of
6 the term “small entity”, if applicable; and

7 (C) how the Commission should define the
8 term “small entity” to ensure that the entities
9 that would fall under that definition be appro-
10 priately considered a “small entity” consistent
11 with subparagraphs (A) and (B); and

12 (2) submit to Congress a report that includes—

13 (A) the results of the applicable study con-
14 ducted under paragraph (1); and

15 (B) specific and detailed recommendations
16 on the ways in which the Commission could
17 amend the definition of the term “small entity”
18 to—

19 (i) be consistent with the results de-
20 scribed in subparagraph (A); and

21 (ii) expand the number of entities cov-
22 ered by such definition.

23 (c) PROPOSED RULE REVISIONS IN LIEU OF
24 STUDY.—

1 (1) INITIAL STUDY.—The Commission may sat-
2 isfy the requirement to conduct the first study de-
3 scribed in subsection (b)(1) and submit the associ-
4 ated report described in subsection (b)(2) by, within
5 1 year of the date of enactment of this subtitle, pro-
6 posing revisions to the rules of the Commission re-
7 lating to the term “small entity” in consideration of
8 subparagraphs (A), (B), and (C) of subsection
9 (b)(1).

10 (2) SECOND STUDY.—The Commission may
11 satisfy the requirement to conduct the second study
12 described in subsection (b)(1) and submit the associ-
13 ated report described in subsection (b)(2) by, no
14 sooner than 5 years and no later than 6 years after
15 the date of enactment of this subtitle, proposing re-
16 visions to the rules of the Commission relating to
17 the term “small entity” in consideration of subpara-
18 graphs (A), (B), and (C) of subsection (b)(1).

19 (d) RULEMAKING.—Concurrently with, or after the
20 completion of, each study required under subsection (b),
21 the Commission shall, subject to public notice and com-
22 ment, revise the rules of the Commission consistent with
23 the results of such study.

24 (e) INFLATION ADJUSTMENTS.—After the Commis-
25 sion issues the final rule revisions required under sub-

1 section (c), and every 5 years thereafter, the Commission
2 shall adjust any dollar figures under the definition of small
3 entity established by the Commission to reflect the change
4 in the Consumer Price Index for All Urban Consumers
5 published by the Bureau of Labor Statistics of the Depart-
6 ment of Labor.

7 **SEC. 17___ . IMPROVING ACCESS TO SMALL BUSINESS IN-**
8 **FORMATION.**

9 Section 4(i) of the Securities Exchange Act of 1934
10 (15 U.S.C. 78d(i)) is amended by adding at the end the
11 following:

12 “(10) PRESERVATION OF INFORMATION COL-
13 LECTION BURDEN REVIEW.—

14 “(A) IN GENERAL.—Actions taken by the
15 Advocate for Small Business Capital Formation
16 under this subsection shall not be a ‘collection
17 of information’ for purposes of subchapter I of
18 chapter 35 of title 44, United States Code
19 (commonly known as the ‘Paperwork Reduction
20 Act’).

21 “(B) EXCEPTIONS.—Notwithstanding sub-
22 paragraph (A), the requirements under sub-
23 sections (c)(1), (c)(4), and (i) of section 3506
24 of title 44, United States Code, and section
25 3507(a)(1)(A) of such title shall apply to ac-

1 tions taken by the Advocate for Small Business
2 Capital Formation under this subsection, except
3 that the Commission shall not be required—

4 “(i) to submit a collection of informa-
5 tion by the Advocate to the Director of the
6 Office of Management and Budget, as ref-
7 erenced under section 3506(c)(1)(A) of
8 such title;

9 “(ii) to display a control number on a
10 collection of information by the Advocate,
11 as described under section
12 3506(c)(1)(B)(i) of such title (or to inform
13 a person receiving a collection of informa-
14 tion from the Advocate that the collection
15 of information needs to display a control
16 number, as described under section
17 3506(c)(1)(B)(iii)(V) of such title); or

18 “(iii) to indicate a collection of infor-
19 mation by the Advocate is in accordance
20 with the clearance requirements of section
21 3507 of such title, as described under sec-
22 tion 3506(c)(1)(B)(ii) of such title.”.

1 **SEC. 17___ . IMPROVING CAPITAL ALLOCATION FOR NEW-**
2 **COMERS.**

3 (a) QUALIFYING VENTURE CAPITAL FUNDS.—Sec-
4 tion 3(c)(1) of the Investment Company Act of 1940 (15
5 U.S.C. 80a-3(c)(1)) is amended—

6 (1) in the matter preceding subparagraph (A),
7 by striking “250 persons” and inserting “500 per-
8 sons”; and

9 (2) in subparagraph (C)(i)—

10 (A) by striking “\$10,000,000” and insert-
11 ing “\$50,000,000”; and

12 (B) by striking “beginning from a meas-
13 urement made by the Commission on a date se-
14 lected by the Commission” and inserting “be-
15 ginning from a measurement made on the date
16 of the enactment of the INVEST Act of 2025”.

17 (b) STUDY AND RULEMAKING.—

18 (1) IN GENERAL.—Beginning 5 years after the
19 date of enactment of this subtitle, the Advocate for
20 Small Business Capital Formation, in consultation
21 with the Investor Advocate, shall conduct a study on
22 the effect of the amendments made by subsection (a)
23 on the businesses and startup entities in which
24 qualifying venture capital funds invest, specifically
25 including, with respect to such businesses and start-
26 up entities, changes or trends relating to—

1 (A) the geographic distribution of capital
2 to portfolio companies;

3 (B) the socio-economic characteristics of
4 founders or controlling persons;

5 (C) the veteran status of founders or con-
6 trolling persons;

7 (D) the industry sector, size, stage of de-
8 velopment, and related details; and

9 (E) other factors or metrics determined by
10 the Advocate for Small Business Capital For-
11 mation.

12 (2) AUTHORITIES RELATED TO REQUIRED
13 STUDY.—For purposes of conducting the study re-
14 quired by paragraph (1), the Advocate for Small
15 Business Capital Formation and the Investor Advo-
16 cate shall have the authority to—

17 (A) obtain from the Securities and Ex-
18 change Commission (in this section referred to
19 as the “Commission”) and utilize any data or
20 information necessary to carry out the study;

21 (B) request and receive assistance from
22 any division or office of the Commission, includ-
23 ing the Division of Economic and Risk Anal-
24 ysis; and

1 (C) enter into agreements with third par-
2 ties to assist in data analysis.

3 (3) REPORT.—The Advocate for Small Business
4 Capital Formation shall issue a report to the Con-
5 gress containing all findings and determinations
6 made in carrying out the study required in para-
7 graph (1), and make such report available to the
8 public on the website of the Commission.

9 (4) PUBLIC COMMENT.—During the 180-day
10 period beginning on the date the report is issued
11 under paragraph (3), the Commission shall solicit
12 feedback from the public on the findings and deter-
13 minations contained in the report.

14 (5) RULEMAKING.—

15 (A) IN GENERAL.—The Commission, in
16 consultation with the Investor Advocate and the
17 Advocate for Small Business Capital Forma-
18 tion, may, after considering all comments re-
19 ceived under paragraph (3) and only if the
20 Commission determines in such report that the
21 amendments made by subsection (a) have had
22 a demonstrable effect on increasing the geo-
23 graphic distribution of capital to portfolio com-
24 panies, increasing the variety of the socio-eco-
25 nomic characteristics of founders or controlling

1 persons, or increasing the number of founders
2 or controlling persons who are veterans, issue
3 rules to—

4 (i) increase or decrease the 500 per-
5 son threshold described in the matter pre-
6 ceding subparagraph (A) of section 3(c)(1)
7 of the Investment Company Act of 1940,
8 but such threshold may not exceed 750
9 persons or be reduced below 250 persons;
10 and

11 (ii) increase or decrease the
12 \$50,000,000 dollar figure in section
13 3(c)(1)(C)(i) of the Investment Company
14 Act of 1940, but such dollar figure may
15 not exceed \$100,000,000 or be reduced
16 below \$10,000,000.

17 (B) DEADLINE FOR RULEMAKING.—The
18 rulemaking authority in subparagraph (A) only
19 applies to a rule with respect to which the pro-
20 posed rule was issued during the 180-day pe-
21 riod beginning at the end of the public comment
22 period described in paragraph (4).

23 (C) NO EFFECT ON INFLATION ADJUST-
24 MENTS.—A rule issued under this subsection
25 shall have no effect on the requirement under

1 clause (i) of section 3(c)(1)(C) of the Invest-
2 ment Company Act of 1940 (15 U.S.C. 80a-
3 3(c)(1)(C)) to index the first dollar amount in
4 such clause for inflation.

5 **SEC. 17____. DEVELOPING AND EMPOWERING OUR ASPIR-**
6 **ING LEADERS.**

7 Not later than the end of the 180-day period begin-
8 ning on the date of the enactment of this subtitle, the Se-
9 curities and Exchange Commission shall—

10 (1) revise the definition of a qualifying invest-
11 ment under paragraph (c) of section 275.203(l)-1 of
12 title 17, Code of Federal Regulations—

13 (A) to include an equity security issued by
14 a qualifying portfolio company, whether ac-
15 quired directly from the company or in a sec-
16 ondary acquisition; and

17 (B) to specify that an investment in an-
18 other venture capital fund (as defined in para-
19 graph (a) section 275.203(l)-1 of title 17, Code
20 of Federal Regulations) is a qualifying invest-
21 ment under such definition; and

22 (2) revise paragraph (a) of such section to re-
23 quire, as a condition of a private fund qualifying as
24 a venture capital fund under such paragraph, that,
25 immediately after the acquisition of any asset, such

1 fund holds no more than 49 percent of the amount
2 of the fund's aggregate capital contributions and
3 uncalled committed capital (excluding short-term
4 holdings) in—

5 (A) one or more venture capital funds; or

6 (B) qualifying investments acquired in a
7 secondary acquisition, valued at cost or fair
8 value, consistently applied by the fund.

9 **PART 2—INCREASING OPPORTUNITIES FOR**
10 **INVESTORS**

11 **SEC. 17____. FAIR INVESTMENT OPPORTUNITIES FOR PRO-**
12 **FESSIONAL EXPERTS.**

13 (a) IN GENERAL.—Section 2(a)(15) of the Securities
14 Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

15 (1) by redesignating subparagraphs (i) and (ii)
16 as subparagraphs (A) and (F), respectively; and

17 (2) in subparagraph (A) (as so redesignated),
18 by striking “; or” and inserting a semicolon, and in-
19 serting after such subparagraph the following:

20 “(B) with respect to a proposed sale of a
21 security, any natural person whose individual
22 net worth, or joint net worth with that person's
23 spouse or spousal equivalent, at the time of
24 such sale, exceeds \$1,000,000 (which amount,
25 along with the amounts set forth in subpara-

1 graph (C), shall be adjusted for inflation by the
2 Commission every 5 years to the nearest
3 \$10,000 to reflect the change in the Consumer
4 Price Index for All Urban Consumers published
5 by the Bureau of Labor Statistics) where, for
6 purposes of calculating net worth under this
7 subparagraph—

8 “(i) the person’s primary residence
9 shall not be included as an asset;

10 “(ii) indebtedness that is secured by
11 the person’s primary residence, up to the
12 estimated fair market value of the primary
13 residence at the time of such sale, shall not
14 be included as a liability (except that if the
15 amount of such indebtedness outstanding
16 at the time of such sale exceeds the
17 amount outstanding 60 days before such
18 time, other than as a result of the acqui-
19 sition of the primary residence, the amount
20 of such excess shall be included as a liabil-
21 ity); and

22 “(iii) indebtedness that is secured by
23 the person’s primary residence in excess of
24 the estimated fair market value of the pri-

1 mary residence at the time of such sale
2 shall be included as a liability;

3 “(C) any natural person who had an indi-
4 vidual income in excess of \$200,000 in each of
5 the 2 most recent years or joint income with
6 that person’s spouse or spousal equivalent in
7 excess of \$300,000 in each of those years and
8 has a reasonable expectation of reaching the
9 same income level in the current year;

10 “(D) any natural person who is—

11 “(i) currently licensed or registered as
12 a broker or investment adviser by the
13 Commission, a self-regulatory organization
14 (as defined in section 3(a) of the Securities
15 Exchange Act of 1934), or the securities
16 division of a State, the District of Colum-
17 bia, or a territory of the United States or
18 the equivalent division responsible for li-
19 censing or registration of individuals in
20 connection with securities activities; and

21 “(ii) in good standing with respect to
22 such license or registration;

23 “(E) any natural person the Commission
24 determines, by regulation, to have demonstrable
25 education or job experience to qualify such per-

1 son as having professional knowledge of a sub-
2 ject related to a particular investment, and
3 whose education or job experience is verified by
4 a self-regulatory organization (as defined in sec-
5 tion 3(a) of the Securities Exchange Act of
6 1934); or”.

7 (b) RULEMAKING.—Not later than 180 days after the
8 date of enactment of this subtitle, the Securities and Ex-
9 change Commission shall revise the definition of accred-
10 ited investor under Regulation D (17 CFR 230.500 et
11 seq.) to conform with the amendments made by subsection
12 (a).

13 **SEC. 17___ . RETIREMENT FAIRNESS FOR CHARITIES AND**
14 **EDUCATIONAL INSTITUTIONS.**

15 (a) AMENDMENTS TO THE INVESTMENT COMPANY
16 ACT OF 1940.—Section 3(c)(11) of the Investment Com-
17 pany Act of 1940 (15 U.S.C. 80a–3(c)(11)) is amended
18 to read as follows:

19 “(11) Any—

20 “(A) employee’s stock bonus, pension, or
21 profit-sharing trust which meets the require-
22 ments for qualification under section 401 of the
23 Internal Revenue Code of 1986;

24 “(B) custodial account meeting the re-
25 quirements of section 403(b)(7) of such Code;

1 “(C) governmental plan described in sec-
2 tion 3(a)(2)(C) of the Securities Act of 1933
3 (15 U.S.C. 77c(a)(2)(C));

4 “(D) collective trust fund maintained by a
5 bank consisting solely of assets of one or
6 more—

7 “(i) trusts described in subparagraph
8 (A);

9 “(ii) governmental plans described in
10 subparagraph (C);

11 “(iii) church plans, companies, or ac-
12 counts that are excluded from the defini-
13 tion of an investment company under para-
14 graph (14) of this subsection; or

15 “(iv) plans which meet the require-
16 ments of section 403(b) of the Internal
17 Revenue Code of 1986—

18 “(I) if—

19 “(aa) such plan is subject to
20 title I of the Employee Retirement
21 Income Security Act of
22 1974 (29 U.S.C. 1001 et seq.);

23 “(bb) any employer making
24 such plan available agrees to
25 serve as a fiduciary for the plan

1 with respect to the selection of
2 the plan's investments among
3 which participants can choose; or

4 “(cc) such plan is a govern-
5 mental plan (as defined in sec-
6 tion 414(d) of such Code); and

7 “(II) if the employer, a fiduciary
8 of the plan, or another person acting
9 on behalf of the employer reviews and
10 approves each investment alternative
11 offered under such plan described
12 under subclause (I)(cc) prior to the
13 investment being offered to partici-
14 pants in the plan; or

15 “(E) separate account the assets of which
16 are derived solely from—

17 “(i) contributions under pension or
18 profit-sharing plans which meet the re-
19 quirements of section 401 of the Internal
20 Revenue Code of 1986 or the requirements
21 for deduction of the employer's contribu-
22 tion under section 404(a)(2) of such Code;

23 “(ii) contributions under govern-
24 mental plans in connection with which in-
25 terests, participations, or securities are ex-

1 empted from the registration provisions of
2 section 5 of the Securities Act of 1933 (15
3 U.S.C. 77e) by section 3(a)(2)(C) of such
4 Act (15 U.S.C. 77c(a)(2)(C));

5 “ (iii) advances made by an insurance
6 company in connection with the operation
7 of such separate account; and

8 “ (iv) contributions to a plan described
9 in clause (iii) or (iv) of subparagraph
10 (D).”.

11 (b) AMENDMENTS TO THE SECURITIES ACT OF
12 1933.—Section 3(a)(2) of the Securities Act of 1933 (15
13 U.S.C. 77c(a)(2)) is amended—

14 (1) by striking “beneficiaries, or (D)” and in-
15 serting “beneficiaries, (D) a plan which meets the
16 requirements of section 403(b) of such Code (i) if
17 (I) such plan is subject to title I of the Employee
18 Retirement Income Security Act of 1974 (29 U.S.C.
19 1001 et seq.), (II) any employer making such plan
20 available agrees to serve as a fiduciary for the plan
21 with respect to the selection of the plan’s invest-
22 ments among which participants can choose, or (III)
23 such plan is a governmental plan (as defined in sec-
24 tion 414(d) of such Code), and (ii) if the employer,
25 a fiduciary of the plan, or another person acting on

1 behalf of the employer reviews and approves each in-
2 vestment alternative offered under any plan de-
3 scribed under clause (i)(III) prior to the investment
4 being offered to participants in the plan, or (E)”;

5 (2) by striking “(C), or (D)” and inserting
6 “(C), (D), or (E)”; and

7 (3) by striking “(iii) which is a plan funded”
8 and all that follows through “retirement income ac-
9 count).” and inserting “(iii) in the case of a plan not
10 described in subparagraph (D) or (E), which is a
11 plan funded by an annuity contract described in sec-
12 tion 403(b) of such Code”.

13 (c) AMENDMENTS TO THE SECURITIES EXCHANGE
14 ACT OF 1934.—Section 3(a)(12)(C) of the Securities Ex-
15 change Act of 1934 (15 U.S.C. 78c(a)(12)(C)) is amend-
16 ed—

17 (1) by striking “or (iv)” and inserting “(iv) a
18 plan which meets the requirements of section 403(b)
19 of such Code (I) if (aa) such plan is subject to title
20 I of the Employee Retirement Income Security Act
21 of 1974 (29 U.S.C. 1001 et seq.), (bb) any employer
22 making such plan available agrees to serve as a fidu-
23 ciary for the plan with respect to the selection of the
24 plan’s investments among which participants can
25 choose, or (cc) such plan is a governmental plan (as

1 defined in section 414(d) of such Code), and (II) if
2 the employer, a fiduciary of the plan, or another per-
3 son acting on behalf of the employer reviews and ap-
4 proves each investment alternative offered under any
5 plan described under subclause (I)(cc) prior to the
6 investment being offered to participants in the plan,
7 or (v)”;

8 (2) by striking “(ii), or (iii)” and inserting
9 “(ii), (iii), or (iv)”;

10 (3) by striking “(II) is a plan funded” and in-
11 sserting “(II) in the case of a plan not described in
12 clause (iv), is a plan funded”.

13 (d) CONFORMING AMENDMENT TO THE SECURITIES
14 EXCHANGE ACT OF 1934.—Section 12(g)(2)(H) of the
15 Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(2)(H))
16 is amended by striking “or (iii)” and inserting “(iii) a plan
17 described in section 3(a)(12)(C)(iv) of this Act, or (iv)”.

18 **SEC. 17 ____. EQUAL OPPORTUNITY FOR ALL INVESTORS.**

19 (a) IN GENERAL.—The Commission shall revise the
20 definition of “accredited investor” under Regulation D
21 (section 230.500 et seq. of title 17, Code of Federal Regu-
22 lations) to include any natural person who is certified
23 through the examination required under subsection (b).

24 (b) ESTABLISHMENT OF EXAMINATION.—Not later
25 than 1 year after the date of the enactment of this sub-

1 title, the Commission shall establish an examination (in-
2 cluding a test, certification, or examination program)—

3 (1) to certify an individual as an accredited in-
4 vestor; and

5 (2) that—

6 (A) is designed with an appropriate level of
7 difficulty such that an individual with financial
8 sophistication would be unlikely to fail; and

9 (B) includes methods to determine whether
10 an individual seeking to be certified as an ac-
11 credited investor demonstrates competency with
12 respect to—

13 (i) the different types of securities;

14 (ii) the disclosure requirements under
15 the securities laws applicable to issuers
16 and offerings of securities exempt from
17 registration under section 5 of the Securi-
18 ties Act of 1933 as compared to issuers
19 and offerings of securities subject to such
20 section 5;

21 (iii) corporate governance;

22 (iv) financial statements and the com-
23 ponents of such statements;

24 (v) aspects of unregistered securities,
25 securities issued by private companies, and

1 investments into private funds, including
2 risks associated with—

3 (I) limited liquidity;

4 (II) limited disclosures;

5 (III) subjectivity and variability

6 in valuations and the analytical tools

7 investors may use to assess such valu-

8 ations;

9 (IV) information asymmetry;

10 (V) leverage risks;

11 (VI) concentration risk; and

12 (VII) longer investment horizons;

13 (vi) potential conflicts of interest,

14 when the interests of financial profes-

15 sionals and their clients are misaligned or

16 when their professional responsibilities may

17 be in conflict with financial motivations;

18 and

19 (vii) such other criteria as the Com-

20 mission determines necessary or appro-

21 priate in the public interest or for the pro-

22 tection of investors.

23 (c) ADMINISTRATION.—Beginning not later than 180

24 days after the date the examination is established under

25 subsection (b), such examination shall be administered

1 and offered free of charge to the public by a registered
2 national securities association under section 15A of the
3 Securities Exchange Act of 1934 (15 U.S.C. 78o–3).

4 (d) COMMISSION DEFINED.—In this section, the term
5 “Commission” means the Securities and Exchange Com-
6 mission.

7 **SEC. 17___ . SENIOR SECURITY.**

8 (a) SENIOR INVESTOR TASKFORCE.—Section 4 of the
9 Securities Exchange Act of 1934 (15 U.S.C. 78d), as
10 amended by section 105 is further amended by adding at
11 the end the following:

12 “(1) SENIOR INVESTOR TASKFORCE.—

13 “(1) ESTABLISHMENT.—There is established
14 within the Commission the Senior Investor
15 Taskforce (in this subsection referred to as the
16 ‘Taskforce’).

17 “(2) DIRECTOR OF THE TASKFORCE.—The
18 head of the Taskforce shall be the Director, who
19 shall—

20 “(A) report directly to the Chairman; and

21 “(B) be appointed by the Chairman, in
22 consultation with the Commission, from among
23 individuals—

1 “(i) currently employed by the Com-
2 mission or from outside of the Commis-
3 sion; and

4 “(ii) having experience in advocating
5 for the interests of senior investors.

6 “(3) STAFFING.—The Chairman shall ensure
7 that—

8 “(A) the Taskforce is staffed sufficiently to
9 carry out fully the requirements of this sub-
10 section; and

11 “(B) such staff shall include individuals
12 from the Division of Enforcement, Office of
13 Compliance Inspections and Examinations, and
14 Office of Investor Education and Advocacy.

15 “(4) NO COMPENSATION FOR MEMBERS OF
16 TASKFORCE.—All members of the Taskforce ap-
17 pointed under paragraph (2) or (3) shall serve with-
18 out compensation in addition to that received for
19 their services as officers or employees of the United
20 States.

21 “(5) MINIMIZING DUPLICATION OF EFFORTS.—
22 In organizing and staffing the Taskforce, the Chair-
23 man shall take such actions as may be necessary to
24 minimize the duplication of efforts within the divi-
25 sions and offices described under paragraph (3)(B)

1 and any other divisions, offices, or taskforces of the
2 Commission.

3 “(6) FUNCTIONS OF THE TASKFORCE.—The
4 Taskforce shall—

5 “(A) identify challenges that senior inves-
6 tors encounter, including problems associated
7 with financial exploitation and cognitive decline;

8 “(B) identify areas in which senior inves-
9 tors would benefit from changes in the regula-
10 tions of the Commission or the rules of self-reg-
11 ulatory organizations;

12 “(C) coordinate, as appropriate, with other
13 offices within the Commission, other taskforces
14 that may be established within the Commission,
15 self-regulatory organizations, and the Elder
16 Justice Coordinating Council; and

17 “(D) consult, as appropriate, with State
18 securities and law enforcement authorities,
19 State insurance regulators, and other Federal
20 agencies.

21 “(7) REPORT.—The Taskforce, in coordination,
22 as appropriate, with the Office of the Investor Adv-
23ocate and self-regulatory organizations, and in con-
24sultation, as appropriate, with State securities and
25 law enforcement authorities, State insurance regu-

1 lators, and Federal agencies, shall issue a report
2 every 2 years to the Committee on Banking, Hous-
3 ing, and Urban Affairs and the Special Committee
4 on Aging of the Senate and the Committee on Fi-
5 nancial Services of the House of Representatives, the
6 first of which shall not be issued until after the re-
7 port described in section 3 of the National Senior
8 Investor Initiative Act of 2025 has been issued and
9 considered by the Taskforce, containing—

10 “(A) appropriate statistical information
11 and full and substantive analysis;

12 “(B) a summary of recent trends and inno-
13 vations that have impacted the investment land-
14 scape for senior investors;

15 “(C) a summary of regulatory initiatives
16 that have concentrated on senior investors and
17 industry practices related to senior investors;

18 “(D) key observations, best practices, and
19 areas needing improvement, involving senior in-
20 vestors identified during examinations, enforce-
21 ment actions, and investor education outreach;

22 “(E) a summary of the most serious issues
23 encountered by senior investors, including
24 issues involving financial products and services;

1 “(F) an analysis with regard to existing
2 policies and procedures of brokers, dealers, in-
3 vestment advisers, and other market partici-
4 pants related to senior investors and senior in-
5 vestor-related topics and whether these policies
6 and procedures need to be further developed or
7 refined;

8 “(G) recommendations for such changes to
9 the regulations, guidance, and orders of the
10 Commission and self-regulatory organizations
11 and such legislative actions as may be appro-
12 priate to resolve problems encountered by senior
13 investors; and

14 “(H) any other information, as determined
15 appropriate by the Director of the Taskforce.

16 “(8) REQUEST FOR REPORTS.—The Taskforce
17 shall make any report issued under paragraph (7)
18 available to a Member of Congress who requests
19 such a report.

20 “(9) SUNSET.—The Taskforce shall terminate
21 after the end of the 10-year period beginning on the
22 date of the enactment of this subsection.

23 “(10) SENIOR INVESTOR DEFINED.—In this
24 subsection, the term ‘senior investor’ means an in-
25 vestor over the age of 65.

1 “(11) USE OF EXISTING FUNDS.—The Commis-
2 sion shall use existing funds to carry out this sub-
3 section.”.

4 (b) GAO STUDY.—

5 (1) STUDY.—Not later than 2 years after the
6 date of enactment of this subtitle, the Comptroller
7 General of the United States shall submit to Con-
8 gress and the Senior Investor Taskforce the results
9 of a study of financial exploitation of senior citizens.

10 (2) CONTENTS.—The study required under
11 paragraph (1) shall include information with respect
12 to—

13 (A) economic costs of the financial exploi-
14 tation of senior citizens—

15 (i) associated with losses by victims
16 that were incurred as a result of the finan-
17 cial exploitation of senior citizens;

18 (ii) incurred by State and Federal
19 agencies, law enforcement and investiga-
20 tory agencies, public benefit programs,
21 public health programs, and other public
22 programs as a result of the financial ex-
23 ploitation of senior citizens;

- 1 (iii) incurred by the private sector as
2 a result of the financial exploitation of sen-
3 ior citizens; and
- 4 (iv) any other relevant costs that—
- 5 (I) result from the financial ex-
6 ploitation of senior citizens; and
- 7 (II) the Comptroller General de-
8 termines are necessary and appro-
9 priate to include in order to provide
10 Congress and the public with a full
11 and accurate understanding of the
12 economic costs resulting from the fi-
13 nancial exploitation of senior citizens
14 in the United States;
- 15 (B) frequency of senior financial exploi-
16 tation and correlated or contributing factors—
- 17 (i) information about percentage of
18 senior citizens financially exploited each
19 year; and
- 20 (ii) information about factors contrib-
21 uting to increased risk of exploitation, in-
22 cluding such factors as race, social isola-
23 tion, income, net worth, religion, region,
24 occupation, education, home-ownership, ill-
25 ness, and loss of spouse; and

1 (C) policy responses and reporting of sen-
2 ior financial exploitation—

3 (i) the degree to which financial ex-
4 ploitation of senior citizens unreported to
5 authorities;

6 (ii) the reasons that financial exploi-
7 tation may be unreported to authorities;

8 (iii) to the extent that suspected elder
9 financial exploitation is currently being re-
10 ported—

11 (I) information regarding which
12 Federal, State, and local agencies are
13 receiving reports, including adult pro-
14 tective services, law enforcement, in-
15 dustry, regulators, and professional li-
16 censing boards;

17 (II) information regarding what
18 information is being collected by such
19 agencies; and

20 (III) information regarding the
21 actions that are taken by such agen-
22 cies upon receipt of the report and
23 any limits on the agencies' ability to
24 prevent exploitation, such as jurisdic-
25 tional limits, a lack of expertise, re-

1 source challenges, or limiting criteria
2 with regard to the types of victims
3 they are permitted to serve;

4 (iv) an analysis of gaps that may exist
5 in empowering Federal, State, and local
6 agencies to prevent senior exploitation or
7 respond effectively to suspected senior fi-
8 nancial exploitation; and

9 (v) an analysis of the legal hurdles
10 that prevent Federal, State, and local
11 agencies from effectively partnering with
12 each other and private professionals to ef-
13 fectively respond to senior financial exploi-
14 tation.

15 (3) SENIOR CITIZEN DEFINED.—In this sub-
16 section, the term “senior citizen” means an indi-
17 vidual over the age of 65.

18 **SEC. 17 ____. IMPROVING DISCLOSURE FOR INVESTORS.**

19 (a) PROMULGATION OF RULES.—Not later than 180
20 days after the date of the enactment of this section, the
21 Securities and Exchange Commission shall propose and,
22 not later than 1 year after the date of the enactment of
23 this section, the Commission shall finalize rules, regula-
24 tions, amendments, or interpretations, as appropriate, to
25 allow a covered entity to satisfy the entity’s obligation to

1 deliver regulatory documents required under the securities
2 laws to investors using electronic delivery.

3 (b) REQUIRED PROVISIONS.—Rules, regulations,
4 amendments, or interpretations the Commission promul-
5 gates pursuant to subsection (a) shall:

6 (1) With respect to investors that do not receive
7 all regulatory documents by electronic delivery, pro-
8 vide for—

9 (A) delivery of an initial communication in
10 paper form regarding electronic delivery;

11 (B) a transition period not to exceed 180
12 days until such regulatory documents are deliv-
13 ered to such investors by electronic delivery;
14 and

15 (C) during a period not to exceed 2 years
16 following the transition period set forth in sub-
17 paragraph (B), delivery of an annual notice in
18 paper form solely reminding such investors of
19 the ability to opt out of electronic delivery at
20 any time and receive paper versions of regu-
21 latory documents.

22 (2) Set forth requirements for the content of
23 the initial communication described in paragraph
24 (1)(A).

1 (3) Set forth requirements for the timing of de-
2 livery of a notice of website availability of regulatory
3 documents and the content of the appropriate notice
4 described in subsection (g)(3)(B).

5 (4) Provide a mechanism for investors to opt
6 out of electronic delivery at any time and receive
7 paper versions of regulatory documents.

8 (5) Require measures reasonably designed to
9 identify and remediate failed electronic deliveries of
10 regulatory documents.

11 (6) Set forth minimum requirements regarding
12 readability and retainability for regulatory docu-
13 ments that are delivered electronically.

14 (7) For covered entities other than brokers,
15 dealers, investment advisers registered with the
16 Commission, and investment companies, require
17 measures reasonably designed to ensure the con-
18 fidentiality of personal information in regulatory
19 documents that are delivered to investors electroni-
20 cally.

21 (c) EXEMPTION FROM CERTAIN REQUIREMENTS.—
22 Section 101(c) of the Electronic Signatures in Global and
23 National Commerce Act (15 U.S.C. 7001(c)) shall not
24 apply with respect to a regulatory document delivered in
25 accordance with this section.

1 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
2 tion shall be construed as altering the substance or timing
3 of any regulatory document obligation under the securities
4 laws or regulations of a self-regulatory organization.

5 (e) TREATMENT OF REVISIONS NOT COMPLETED IN
6 A TIMELY MANNER.—If the Commission fails to finalize
7 the rules, regulations, amendments, or interpretations re-
8 quired under subsection (a) before the date specified in
9 such subsection—

10 (1) a covered entity may deliver regulatory doc-
11 uments using electronic delivery in accordance with
12 subsections (b) and (c); and

13 (2) such electronic delivery shall be deemed to
14 satisfy the obligation of the covered entity to deliver
15 regulatory documents required under the securities
16 laws.

17 (f) OTHER REQUIRED ACTIONS.—

18 (1) REVIEW OF RULES.—The Commission
19 shall—

20 (A) within 180 days of the date of enact-
21 ment of this subtitle, conduct a review of the
22 rules and regulations of the Commission to de-
23 termine whether any such rules or regulations
24 require delivery of written documents to inves-
25 tors; and

1 (B) within 1 year of the date of enactment
2 of this subtitle, promulgate amendments to
3 such rules or regulations to provide that any re-
4 quirement to deliver a regulatory document “in
5 writing” may be satisfied by electronic delivery.

6 (2) ACTIONS BY SELF-REGULATORY ORGANIZA-
7 TIONS.—Each self-regulatory organization shall
8 adopt rules and regulations, or amend the rules and
9 regulations of the self-regulatory organization, con-
10 sistent with this section and consistent with rules,
11 regulations, amendments, or interpretations finalized
12 by the Commission pursuant to subsection (a).

13 (3) RULE OF APPLICATION.—This subsection
14 shall not apply to a rule or regulation issued pursu-
15 ant to a Federal statute if that Federal statute spe-
16 cifically requires delivery of paper documents to in-
17 vestors.

18 (g) DEFINITIONS.—In this section:

19 (1) The term “Commission” means the Securi-
20 ties and Exchange Commission.

21 (2) The term “covered entity” means—

22 (A) an investment company (as defined in
23 section 3(a)(1) of the Investment Company Act
24 of 1940 (15 U.S.C. 80a-3(a)(1))) that is reg-
25 istered under such Act;

1 (B) a business development company (as
2 defined in section 2(a) of the Investment Com-
3 pany Act of 1940 (15 U.S.C. 80a-2(a))) that
4 has elected to be regulated as such under such
5 Act;

6 (C) a registered broker or dealer (as such
7 terms are defined, respectively, in paragraphs
8 (4) and (5) of section 3(a) of the Securities Ex-
9 change Act of 1934 (15 U.S.C. 78c(a)));

10 (D) a registered municipal securities dealer
11 (as defined in section 3(a)(30) of the Securities
12 Exchange Act of 1934 (15 U.S.C. 78c(a)(30)));

13 (E) a registered government securities
14 broker or government securities dealer (as such
15 terms are defined, respectively, in paragraphs
16 (43) and (44) of section 3(a) of the Securities
17 Exchange Act of 1934 (15 U.S.C. 78c(a)));

18 (F) a registered investment adviser (as de-
19 fined in section 202(a)(11) of the Investment
20 Advisers Act of 1940 (15 U.S.C. 80b-
21 1(a)(11)));

22 (G) a registered transfer agent (as defined
23 in section 3(a)(25) of the Securities Exchange
24 Act of 1934 (15 U.S.C. 78c(a)(25))); or

1 (H) a registered funding portal (as defined
2 in the second paragraph (80) of section 3(a) of
3 the Securities Exchange Act of 1934 (15
4 U.S.C. 78c(a))).

5 (3) The term “electronic delivery”, with respect
6 to regulatory documents, includes—

7 (A) the direct delivery of such regulatory
8 document to an electronic address of an inves-
9 tor;

10 (B) the posting of such regulatory docu-
11 ment to a website, and direct delivery of an ap-
12 propriate notice of the availability of the regu-
13 latory document to an electronic address of the
14 investor; or

15 (C) any other electronic method reasonably
16 designed to ensure receipt of such regulatory
17 document by the investor.

18 (4) The term “regulatory documents” in-
19 cludes—

20 (A) prospectuses meeting the requirements
21 of section 10(a) of the Securities Act of 1933
22 (15 U.S.C. 77j(a));

23 (B) summary prospectuses meeting the re-
24 quirements of—

1 (i) section 230.498 of title 17, Code of
2 Federal Regulations; or

3 (ii) section 230.498A of title 17, Code
4 of Federal Regulations;

5 (C) statements of additional information,
6 as described under section 270.30e-3(h)(2) of
7 title 17, Code of Federal Regulations;

8 (D) annual and semi-annual reports to in-
9 vestors meeting the requirements of section
10 30(e) of the Investment Company Act of 1940
11 (15 U.S.C. 80a-29(e));

12 (E) notices meeting the requirements
13 under section 270.19a-1 of title 17, Code of
14 Federal Regulations;

15 (F) confirmations and account statements
16 meeting the requirements under section
17 240.10b of title 17, Code of Federal Regula-
18 tions;

19 (G) proxy statements meeting the require-
20 ments under section 240.14a-3 of title 17,
21 Code of Federal Regulations;

22 (H) privacy notices meeting the require-
23 ments of Regulation S-P under subpart A of
24 part 248 of title 17, Code of Federal Regula-
25 tions;

1 (I) affiliate marketing notices meeting the
2 requirements of Regulation S-AM under sub-
3 part B of part 248 of title 17, Code of Federal
4 Regulations; and

5 (J) all other regulatory documents re-
6 quired to be delivered by covered entities to in-
7 vestors under the securities laws and the rules
8 and regulations of the Commission and the self-
9 regulatory organizations.

10 (5) The term “securities laws” has the meaning
11 given the term in section 3(a) of the Securities Ex-
12 change Act of 1934 (15 U.S.C. 78c(a)).

13 (6) The term “self-regulatory organization”
14 means—

15 (A) a self-regulatory organization, as de-
16 fined in section 3(a)(26) of the Securities Ex-
17 change Act of 1934 (15 U.S.C. 78c(a)(26));
18 and

19 (B) the Municipal Securities Rulemaking
20 Board.

21 (7) The term “website” means an internet
22 website or other digital, internet, or electronic-based
23 information repository, including a mobile applica-
24 tion.

1 **SEC. 17____. INCREASING INVESTOR OPPORTUNITIES.**

2 (a) IN GENERAL.—Section 5 of the Investment Com-
3 pany Act of 1940 (15 U.S.C. 80a–5) is amended by add-
4 ing at the end the following:

5 “(d) CLOSED-END COMPANY AUTHORITY TO INVEST
6 IN PRIVATE FUNDS.—

7 “(1) IN GENERAL.—Except as otherwise pro-
8 hibited or restricted by this Act (or any rule issued
9 under this Act), the Commission may not prohibit or
10 otherwise limit a closed-end company from investing
11 any or all of the assets of the closed-end company
12 in securities issued by private funds.

13 “(2) OTHER RESTRICTIONS ON COMMISSION AU-
14 THORITY.—Except as otherwise prohibited or re-
15 stricted by this Act (or any rule issued under this
16 Act), the Commission may not impose any condition
17 on, restrict, or otherwise limit—

18 “(A) the offer to sell, or the sale of, securi-
19 ties issued by a closed-end company that in-
20 vests, or proposes to invest, in securities issued
21 by private funds; or

22 “(B) the listing of the securities of a
23 closed-end company described in subparagraph
24 (A) on a national securities exchange.

25 “(3) UNRELATED RESTRICTIONS.—The Com-
26 mission may impose a condition on, restrict, or oth-

1 otherwise limit an activity described in paragraph (1) or
2 subparagraph (A) or (B) of paragraph (2) if that
3 condition, restriction, or limitation is unrelated to
4 the underlying characteristics of a private fund or
5 the status of a private fund as a private fund.

6 “(4) RULE OF APPLICATION.—Notwithstanding
7 section 6(f), this subsection shall also apply to a
8 closed-end company that elects to be treated as a
9 business development company pursuant to section
10 54.”.

11 (b) DEFINITION OF PRIVATE FUND.—Section 2(a) of
12 the Investment Company Act of 1940 (15 U.S.C. 80a–
13 2(a)) is amended by adding at the end the following:

14 “(55) The term ‘private fund’ has the meaning
15 given in section 202(a) of the Investment Advisers
16 Act of 1940 (15 U.S.C. 80b–2(a)).”.

17 (c) TREATMENT BY NATIONAL SECURITIES EX-
18 CHANGES.—Section 6 of the Securities Exchange Act of
19 1934 (15 U.S.C. 78f) is amended by adding at the end
20 the following:

21 “(m)(1) Except as otherwise prohibited or restricted
22 by rules of the exchange that are consistent with section
23 5(d) of the Investment Company Act of 1940 (15 U.S.C.
24 80a–5(d)), an exchange may not prohibit, condition, re-
25 strict, or impose any other limitation on the listing or

1 trading of the securities of a closed-end company when
2 the closed-end company invests, or may invest, some or
3 all of the assets of the closed-end company in securities
4 issued by private funds.

5 “(2) In this subsection—

6 “(A) the term ‘closed-end company’—

7 “(i) has the meaning given the term in sec-
8 tion 5(a) of the Investment Company Act of
9 1940 (15 U.S.C. 80a-5(a)); and

10 “(ii) includes a closed-end company that
11 elects to be treated as a business development
12 company pursuant to section 54 of the Invest-
13 ment Company Act of 1940 (15 U.S.C. 80a-
14 53); and

15 “(B) the term ‘private fund’ has the meaning
16 given in section 202(a) of the Investment Advisers
17 Act of 1940 (15 U.S.C. 80b-2(a)).”.

18 (d) INVESTMENT LIMITATION.—Section 3(c) of the
19 Investment Company Act of 1940 (15 U.S.C. 80a-3(c))
20 is amended—

21 (1) in paragraph (1), in the matter preceding
22 subparagraph (A), in the second sentence, by strik-
23 ing “subparagraphs (A)(i) and (B)(i)” and inserting
24 “subparagraphs (A)(i), (B)(i), and (C)”; and

1 (2) in paragraph (7)(D), by striking “subpara-
2 graphs (A)(i) and (B)(i)” and inserting “subpara-
3 graphs (A)(i), (B)(i), and (C)”.

4 (e) RULES OF CONSTRUCTION.—

5 (1) Nothing in this section or the amendments
6 made by this section may be construed to limit or
7 amend any fiduciary duty owed to a closed-end com-
8 pany (as defined in section 5(a)(2) of the Investment
9 Company Act of 1940 (15 U.S.C. 80a–5(a)(2))) or
10 by an investment adviser (as defined under section
11 2(a) of the Investment Company Act of 1940 (15
12 U.S.C. 80a–2(a))) to a closed-end company.

13 (2) Nothing in this section or the amendments
14 made by this section may be construed to limit or
15 amend the valuation, liquidity, or redemption re-
16 quirements or obligations of a closed-end company
17 (as defined in section 5(a)(2) of the Investment
18 Company Act of 1940 (15 U.S.C. 80a–5(a)(2))) as
19 required by the Investment Company Act of 1940.

20 **PART 3—STRENGTHENING PUBLIC MARKETS**

21 **SEC. 17 ___. ENCOURAGING LOCAL EMERGING VENTURES**

22 **AND ECONOMIC GROWTH.**

23 Section 12(b) of the Securities Exchange Act of 1934
24 (15 U.S.C. 78l(b)) is amended—

1 (1) The term “Acquired Fund” has the mean-
2 ing given the term in Forms N-1A, N-2, and N-
3 3.

4 (2) The term “Acquired Fund Fees and Ex-
5 penses” means the Acquired Fund Fees and Ex-
6 penses sub-caption in the Fee Table Disclosure.

7 (3) The term “business development company”
8 has the meaning given the term in section 2(a) of
9 the Investment Company Act of 1940 (15 U.S.C.
10 80a-2(a)).

11 (4) The term “Fee Table Disclosure” means
12 the fee table described in Item 3 of Form N-1A,
13 Item 3 of Form N-2, or Item 4 of Form N-3 (as
14 applicable, and with respect to each, in any suc-
15 cessor fee table disclosure that the Securities and
16 Exchange Commission adopts).

17 (5) The term “Form N-1A” means the form
18 described in section 274.11A of title 17, Code of
19 Federal Regulations, or any successor regulation.

20 (6) The term “Form N-2” means the form de-
21 scribed in section 274.11a-1 of title 17, Code of
22 Federal Regulations, or any successor regulation.

23 (7) The term “Form N-3” means the form de-
24 scribed in section 274.11b of title 17, Code of Fed-
25 eral Regulations, or any successor regulation.

1 (8) The term “registered investment company”
2 means an investment company, as defined under sec-
3 tion 3(a) of the Investment Company Act of 1940
4 (15 U.S.C. 80a–3(a)), registered with the Securities
5 and Exchange Commission under such Act.

6 (b) **EXCLUDING BUSINESS DEVELOPMENT COMPA-**
7 **NIES FROM ACQUIRED FUND FEES AND EXPENSES.**—A
8 registered investment company may, on any investment
9 company registration statement filed pursuant to section
10 8(b) of the Investment Company Act of 1940 (15 U.S.C.
11 80a–8(b)), omit from the calculation of Acquired Fund
12 Fees and Expenses those fees and expenses that the in-
13 vestment company incurred indirectly as a result of invest-
14 ment in shares of one or more Acquired Funds that is
15 a business development company.

16 **SEC. 17 ____. ENCOURAGING PUBLIC OFFERINGS.**

17 (a) **EXPANDING TESTING THE WATERS.**—Section
18 5(d) of the Securities Act of 1933 (15 U.S.C. 77e(d)) is
19 amended—

20 (1) by striking “Notwithstanding” and insert-
21 ing the following:

22 “(1) **IN GENERAL.**—Notwithstanding”;

23 (2) by striking “an emerging growth company
24 or any person authorized to act on behalf of an
25 emerging growth company” and inserting “an issuer

1 or any person authorized to act on behalf of an
2 issuer”; and

3 (3) by adding at the end the following:

4 “(2) ADDITIONAL REQUIREMENTS.—

5 “(A) IN GENERAL.—The Commission may
6 promulgate regulations, subject to public notice
7 and comment, to impose such other terms, con-
8 ditions, or requirements on the engaging in oral
9 or written communications described under
10 paragraph (1) by an issuer other than an
11 emerging growth company as the Commission
12 determines appropriate.

13 “(B) REPORT TO CONGRESS.—Prior to any
14 rulemaking described under subparagraph (A),
15 the Commission shall submit to Congress a re-
16 port containing a list of the findings supporting
17 the basis of the rulemaking.”.

18 (b) CONFIDENTIAL REVIEW OF DRAFT REGISTRA-
19 TION STATEMENTS.—Section 6(e) of the Securities Act of
20 1933 (15 U.S.C. 77f(e)) is amended—

21 (1) in the heading, by striking “EMERGING
22 GROWTH COMPANIES” and inserting “CONFIDEN-
23 TIAL REVIEW OF DRAFT REGISTRATION STATE-
24 MENTS”;

1 (2) by redesignating paragraph (2) as para-
2 graph (3); and

3 (3) by striking paragraph (1) and inserting the
4 following:

5 “(1) IN GENERAL.—Any issuer may, with re-
6 spect to an initial public offering, initial registration
7 of a security of the issuer under section 12(b) of the
8 Securities Exchange Act of 1934 (15 U.S.C. 78l(b)),
9 or follow-on offering, confidentially submit to the
10 Commission a draft registration statement, for con-
11 fidential nonpublic review by the staff of the Com-
12 mission prior to public filing, provided that the ini-
13 tial confidential submission and all amendments
14 thereto shall be publicly filed with the Commission
15 not later than—

16 “(A) in the case of an initial public offer-
17 ing, 10 days before the effective date of such
18 registration statement;

19 “(B) in the case of an initial registration
20 of a security of the issuer under such section
21 12(b), 10 days before listing on an exchange; or

22 “(C) in the case of any offering after an
23 initial public offering or an initial registration
24 under such section 12(b), 48 hours before the
25 effective date of such registration statement.

1 “(2) ADDITIONAL REQUIREMENTS.—

2 “(A) IN GENERAL.—The Commission may
3 promulgate regulations, subject to public notice
4 and comment, to impose such other terms, con-
5 ditions, or requirements on the submission of
6 draft registration statements described under
7 this subsection by an issuer other than an
8 emerging growth company as the Commission
9 determines appropriate.

10 “(B) REPORT TO CONGRESS.—Prior to any
11 rulemaking described under subparagraph (A),
12 the Commission shall submit to Congress a re-
13 port containing a list of the findings supporting
14 the basis of the rulemaking.”.

15 **SEC. 17 ____. GREENLIGHTING GROWTH.**

16 (a) SECURITIES ACT OF 1933.—Section 7(a)(2) of
17 the Securities Act of 1933 (15 U.S.C. 77g(a)(2)) is
18 amended—

19 (1) in subparagraph (A), by striking “and” at
20 the end;

21 (2) by redesignating subparagraph (B) as sub-
22 paragraph (C); and

23 (3) by inserting after subparagraph (A) the fol-
24 lowing:

1 “(B) need not present acquired company
2 financial statements or information otherwise
3 required under section 210.3–05 or section
4 210.8–04 of title 17, Code of Federal Regula-
5 tions, or any successor thereto, for any period
6 prior to the earliest audited period of the
7 emerging growth company presented in connec-
8 tion with its initial public offering and, there-
9 after, in no event shall an issuer that was an
10 emerging growth company but is no longer an
11 emerging growth company be required to
12 present financial statements of the issuer (or
13 acquired company financial statements or infor-
14 mation otherwise required under section 210.3–
15 05 or section 210.8–04 of title 17, Code of Fed-
16 eral Regulations, or any successor thereto) for
17 any period prior to the earliest audited period
18 of the emerging growth company presented in
19 connection with its initial public offering; and”.

20 (b) SECURITIES EXCHANGE ACT OF 1934.—Section
21 12(b)(1)(K) of the Securities Exchange Act of 1934 (15
22 U.S.C. 78l(b)(1)(K)) is amended by striking “firm” and
23 inserting “firm, provided that the application of an emerg-
24 ing growth company need not present acquired company
25 financial statements or information otherwise required

1 under section 210.3–05 or section 210.8–04 of title 17,
2 Code of Federal Regulations, or any successor thereto, for
3 any period prior to the earliest audited period of the
4 emerging growth company presented in connection with its
5 application and, thereafter, in no event shall an issuer that
6 was an emerging growth company but is no longer an
7 emerging growth company be required to present financial
8 statements of the issuer (or acquired company financial
9 statements or information otherwise required under sec-
10 tion 210.3–05 or section 210.8–04 of title 17, Code of
11 Federal Regulations, or any successor thereto) for any pe-
12 riod prior to the earliest audited period of the emerging
13 growth company presented in connection with any applica-
14 tion under this subsection”.

15 **SEC. 17 ____. MIDDLE MARKET IPO COST.**

16 (a) STUDY.—The Comptroller General of the United
17 States, in consultation with the Securities and Exchange
18 Commission and the Financial Industry Regulatory Au-
19 thority, shall carry out a study of the costs associated with
20 small- and medium-sized companies to undertake initial
21 public offerings (“IPOs”). In carrying out such study, the
22 Comptroller General shall—

23 (1) consider the direct and indirect costs of an
24 IPO, including—

1 (A) fees of accountants, underwriters, and
2 any other outside advisors with respect to the
3 IPO;

4 (B) compliance with Federal and State se-
5 curities laws at the time of the IPO; and

6 (C) such other IPO-related costs as the
7 Comptroller General may consider;

8 (2) compare and analyze the costs of an IPO
9 with the costs of obtaining alternative sources of fi-
10 nancing and of liquidity;

11 (3) consider the impact of such costs on capital
12 formation;

13 (4) analyze the impact of these costs on the
14 availability of public securities of small- and me-
15 dium-sized companies to retail investors; and

16 (5) analyze trends in IPOs over a time period
17 the Comptroller General determines is appropriate to
18 analyze IPO pricing practices, considering—

19 (A) the number of IPOs;

20 (B) how costs for IPOs have evolved over
21 time for underwriters, investment advisory
22 firms, and other professions for services in con-
23 nection with an IPO;

24 (C) the number of brokers and dealers ac-
25 tive in underwriting IPOs;

1 (D) the different types of services that un-
2 derwriters and related persons provide before
3 and after a small- or medium-sized company
4 IPO and the factors impacting IPOs costs;

5 (E) changes in the costs and availability of
6 investment research for small- and medium-
7 sized companies; and

8 (F) the impacts of litigation and its costs
9 on being a public company.

10 (b) REPORT.—Not later than the end of the 360-day
11 period beginning on the date of the enactment of this sub-
12 title, the Comptroller General of the United States shall
13 issue a report to the Congress containing all findings and
14 determinations made in carrying out the study required
15 under subsection (a) and any administrative or legislative
16 recommendations the Comptroller General may have.

17 **SEC. 17___ . EXPANDING WKSI ELIGIBILITY.**

18 (a) IN GENERAL.—For purposes of the Federal secu-
19 rities laws, and regulations issued thereunder, an issuer
20 shall be a “well-known seasoned issuer” if—

21 (1) the aggregate market value of the voting
22 and non-voting common equity held by non-affiliates
23 of the issuer is \$400,000,000 or more (as deter-
24 mined under Form S-3 general instruction I.B.1. as

1 in effect on the date of enactment of this subtitle);
2 and

3 (2) the issuer otherwise satisfies the require-
4 ments of the definition of “well-known seasoned
5 issuer” contained in section 230.405 of title 17,
6 Code of Federal Regulations (as in effect on the
7 date of enactment of this subtitle) without reference
8 to any requirement in such definition relating to
9 minimum worldwide market value of outstanding
10 voting and non-voting common equity held by non-
11 affiliates.

12 (b) REPORT ON WITHDRAWN APPLICATIONS RE-
13 LATED TO WELL-KNOWN SEASONED ISSUER STATUS.—
14 The Securities and Exchange Commission shall, not later
15 than 90 days after the end of each calendar year, publish
16 the total number of applications submitted during such
17 calendar year where the applicant—

18 (1) submitted the application under section
19 230.405 of title 17, Code of Federal Regulations, for
20 a determination by the Commission that the appli-
21 cant not be considered an ineligible issuer under
22 such section;

23 (2) requested such determination in order to
24 meet the definition of a well-known seasoned issuer
25 under such section; and

1 (3) withdrew the application.

2 **SEC. 17___ . ENHANCING MULTI-CLASS SHARE DISCLO-**
3 **SURES.**

4 Section 14 of the Securities Exchange Act of 1934
5 (15 U.S.C. 78n) is amended by adding at the end the fol-
6 lowing:

7 “(1) DISCLOSURE RELATING TO MULTI-CLASS SHARE
8 STRUCTURES.—

9 “(1) DISCLOSURE.—The Commission shall, by
10 rule, require each issuer with a multi-class share
11 structure to disclose the information described in
12 paragraph (2) in any proxy or consent solicitation
13 material for an annual meeting of the shareholders
14 of the issuer, or any other filing as the Commission
15 determines appropriate.

16 “(2) CONTENT OF DISCLOSURE.—A disclosure
17 made under paragraph (1) shall include, with re-
18 spect to each person who is a director, director
19 nominee, or named executive officer of the issuer, or
20 who is the beneficial owner of securities with 5 per-
21 cent or more of the total combined voting power of
22 all classes of securities entitled to vote in the elec-
23 tion of directors—

24 “(A) the number of shares of all classes of
25 securities entitled to vote in the election of di-

1 rectors beneficially owned by such person, ex-
2 pressed as a percentage of the total number of
3 the outstanding securities of the issuer entitled
4 to vote in the election of directors; and

5 “(B) the amount of voting power held by
6 such person, expressed as a percentage of the
7 total combined voting power of all classes of the
8 securities of the issuer entitled to vote in the
9 election of directors.

10 “(3) MULTI-CLASS SHARE STRUCTURE.—In this
11 subsection, the term ‘multi-class share structure’
12 means a capitalization structure that contains 2 or
13 more types of securities that have differing amounts
14 of voting rights in the election of directors.”.

