The vote was taken by electronic device, and there were—yeas 413, nays 7, not voting 12, as follows:

[Roll No. 65]

YEAS—413

Adams
Aderholt
Aguilar
Alford
Allen
Allred
Amo
Amodei
Armstrong
Arrington
Auchincloss
Babin
Bacon
Baird
Balderson
Balint
Banks
Barr
Barragán
Beatty
Bentz
Bera
Bergman
Beyer
Bice
Biggs
Bilirakis
Bishop (GA)
Blumenauer
Blunt Rochester
Boebert
Bonamici
Bost
Bowman
Boyle (PA)
Brown
Brownley
Buchanan
Bucshon
Budzinski
Burchett
Burgess
Burlison
Bush
Calvert
Cammack
Caraveo
Carbajal
Cárdenas
Carey
Carl
Carson
Carter (GA)
Carter (LA)
Carter (TX)
Cartwright
Casar
Case
Casten
Castor (FL)
Castro (TX)
Chavez-DeRemer
Cherfilus-McCormick
Chu
Ciscomani
Clark (MA)
Clarke (NY)
Cleaver
Cline
Clyburn
Cohen
Cole
Comer
Connolly
Correa
Costa
Courtney
Craig
Crane
Crawford
Crenshaw
Crockett
Crow
Cuellar
Curtis
D'Esposito
Davids (KS)
Davidson
Davis (IL)
Davis (NC)
De La Cruz
Dean (PA)
DeGette
DeLauro
DelBene
Deluzio
DeSaulnier
DesJarlais
Dingell
Doggett
Donalds
Duarte
Duncan
Dunn (FL)
Edwards
Emmer
Escobar
Eshoo
Espaillat
Estes
Evans
Ezell
Fallon
Feenstra
Ferguson
Finstad
Fischbach
Fitzgerald
Fitzpatrick
Fleischmann
Fletcher
Flood
Foster
Foushee
Foxx
Frankel, Lois
Franklin, Scott
Frost
Fry
Fulcher
Gaetz
Gallagher
Gallego
Garamendi
Garbarino
García (IL)
Garcia (TX)
Garcia, Mike
Garcia, Robert
Gimenez
Golden (ME)
Goldman (NY)
Gomez
Gonzales, Tony
Gonzalez, Vicente
Good (VA)
Gooden (TX)
Gottheimer
Granger
Graves (LA)
Graves (MO)
Green (TN)
Green, Al (TX)
Greene (GA)
Griffith
Grothman
Guest
Guthrie
Hageman
Harder (CA)
Harshbarger
Hayes
Hern
Higgins (LA)
Hill
Himes
Hinson
Horsford
Houchin
Houlahan
Hoyer
Hoyle (OR)
Hudson
Huffman
Huizenga
Hunt
Issa
Ivey
Jackson (IL)
Jackson (NC)
Jackson (TX)
Jackson Lee
Jacobs
James
Jayapal
Jeffries
Johnson (GA)
Johnson (LA)
Johnson (SD)
Jordan
Joyce (OH)
Joyce (PA)
Kamlager-Dove
Kaptur
Kean (NJ)
Keating
Kelly (IL)
Kelly (MS)
Kelly (PA)
Khanna
Kiggans (VA)
Kildee
Kiley
Kilmer
Kim (CA)
Kim (NJ)
Krishnamoorthi
Kuster
Kustoff
LaHood
LaLota
LaMalfa
Lamborn
Landsman
Langworthy
Larsen (WA)
Larson (CT)
Latta
LaTurner
Lawler
Lee (CA)
Lee (FL)
Lee (NV)
Lee (PA)
Leger Fernandez
Lesko
Letlow
Levin
Lieu
Lofgren
Loudermilk
Lucas
Luetkemeyer
Luna
Luttrell
Lynch
Mace
Magaziner
Malliotakis
Maloy
Mann
Manning
Mast
Matsui
McBath
McCaul
McClain
McClellan
McClintock
McCollum
McCormick
McGarvey
McGovern
McHenry
Meeks
Menendez
Meng
Meuser
Mfume
Miller (IL)
Miller (OH)
Miller (WV)
Miller-Meeks
Mills
Molinaro
Moolenaar
Mooney
Moore (AL)
Moore (UT)
Moore (WI)
Moran
Morelle
Moskowitz
Moulton
Mrvan
Mullin
Murphy
Nadler
Napolitano
Neguse
Nehls
Newhouse
Nickel
Norcross
Norman
Nunn (IA)
Obernolte
Ocasio-Cortez
Ogles
Omar
Owens
Pallone
Palmer
Panetta
Pappas
Pascrell
Payne
Pelosi
Peltola
Pence
Perez
Perry
Peters
Pettersen
Pfluger
Phillips
Pingree
Pocan
Posey
Pressley
Quigley
Ramirez
Raskin
Reschenthaler
Rodgers (WA)
Rogers (AL)
Rogers (KY)
Rose
Ross
Rouzer
Ruiz
Ruppersberger
Rutherford
Ryan
Salazar
Salinas
Sánchez
Sarbanes
Scalise
Scanlon
Schakowsky
Schneider
Scholten
Schrier
Schweikert
Scott (VA)
Scott, Austin
Scott, David
Self
Sessions
Sewell
Sherman
Sherrill
Simpson
Slotkin
Smith (MO)
Smith (NE)
Smith (NJ)
Smith (WA)
Smucker
Sorensen
Soto
Spanberger
Spartz
Stansbury
Stanton
Stauber
Steel
Stefanik
Steil
Steube
Stevens
Strickland
Strong
Suozzi
Sykes
Takano
Tenney
Thanedar
Thompson (CA)
Thompson (MS)
Thompson (PA)
Tiffany
Timmons
Titus
Tlaib
Tokuda
Tonko
Torres (CA)
Torres (NY)
Trahan
Trone
Turner
Underwood
Valadao
Van Drew
Van Duyne
Van Orden
Vargas
Vasquez
Veasey
Velázquez
Wagner
Walberg
Waltz
Wasserman Schultz
Waters
Watson Coleman
Weber (TX)
Webster (FL)
Wenstrup
Westerman
Wexton
Wild
Williams (GA)
Williams (NY)
Williams (TX)
Wilson (FL)
Wilson (SC)
Wittman
Womack
Yakym
Zinke

NAYS—7

Brecheen
Buck
Cloud
Clyde
Harris
Massie
Rosendale

NOT VOTING—12

Bean (FL)
Bishop (NC)
Collins
Diaz-Balart
Ellzey
Gosar
Grijalva
Neal
Porter
Roy
Schiff
Swalwell

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining.

□ 1622

Ms. SÁNCHEZ changed her vote from ''nay'' to ''yea.''

So (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Ms. PORTER. Mr. Speaker, I was unable to be present to cast my votes. Had I been present, I would have voted "nay" on rollcall No. 62, "nay" on rollcall No. 63, "yea" on rollcall No. 64, and "yea" on rollcall No. 65.

PERSONAL EXPLANATION

Mr. SCHIFF. Mr. Speaker, due to events in California, I was unfortunately unable to cast my vote for legislation considered on the House floor today. Had I been able to be present, I would have voted according to the following: ''no'' on rollcall No. 62, ''no'' on Motion on Ordering the Previous Question (H. Res. 1052); ''no'' on rollcall No. 63, H. Res. 1052—Rule providing for consideration of H.R. 2799—Expanding Access to Capital Act of 2023 and H.R. 7511—Laken Riley Act; ''yea'' on rollcall No. 64, H. Res. 1061—Consolidated Appropriations Act, 2024; and ''yea'' on rollcall No. 65, H.R. 3821—Firefighter Cancer Registry Reauthorization Act of 2023.

DIRECTING THE CLERK OF THE HOUSE OF REPRESENTATIVES TO MAKE A CORRECTION IN THE ENROLLMENT OF H.R. 4366

Mr. WOMACK. Mr. Speaker, I send to the desk a concurrent resolution and ask unanimous consent for its immediate consideration in the House.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The text of the concurrent resolution is as follows:

H. CON. RES. 94

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill H.R. 4366, the Clerk of the House of Representatives shall make the following correction:

Amend the title so as to read: ''Making consolidated appropriations for the fiscal year ending September 30, 2024, and for other purposes.''.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

EXPANDING ACCESS TO CAPITAL ACT OF 2023

GENERAL LEAVE

Mr. MCHENRY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill, H.R. 2799.

The SPEAKER pro tempore (Mr. DUARTE). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 1052 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 2799.

The Chair appoints the gentleman from Ohio (Mr. WENSTRUP) to preside over the Committee of the Whole.

□ 1631

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 2799) to make reforms to the capital markets of the United States, and for other purposes, with Mr. WENSTRUP in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

General debate shall be confined to the bill and shall not exceed 1 hour equally divided and controlled by the

chair and ranking minority member of the Committee on Financial Services, or their respective designees.

The gentleman from North Carolina (Mr. MCHENRY) and the gentlewoman from California (Ms. WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from North Carolina.

Mr. MCHENRY. Mr. Chair, I yield myself such time as I may consume.

Mr. Chair, 40 years ago, my father started a small business in our backyard. Growing up in Gastonia, North Carolina, being the youngest of five kids, my father started a small business with his friend, who also had five kids. It didn't change the world and it was just a lawn mowing business. We mowed other people's grass, and that is what put two families through school, provided for two families, and eventually provided for many others as they scaled up and grew the business.

While my dad's small business didn't change the world, it certainly changed my world and our family's world.

Like other entrepreneurs, though, my dad needed access to affordable capital to scale his business. When other sources of opportunities for lending of capital dried up, he relied on a charge card, which we now call a credit card, to grow his business and to start employing other folks.

This story isn't unique to my family. We see this playing out across the country today. Entrepreneurs with new ideas or who are seeking to grow their businesses are struggling to access affordable credit and affordable capital. That means that they are not given the same opportunity to change their lives, their family's lives, or their community.

This is a loss for all of us. It is a loss for American innovation. That is where investment capital and this bill come in to help more entrepreneurs realize their version of the American Dream.

Currently, the venture capital that funds startups are concentrated in traditional financial hubs, like Silicon Valley, Boston, and New York City. Those three cities of the country account for almost three-quarters of all venture funding.

Now, that is not for every business, but it is a very specific group of startups. This Congress and our committee heard compelling testimony from folks across the ideological spectrum who urged us to make it easier for them to raise money from nontraditional sources.

This would allow them not only to build their funds and deploy more capital, but also share their financial success within their community.

This bill, the Expanding Access to Capital Act, does just that and more by alleviating the unique fundraising challenges faced by entrepreneurs and their investors who don't live in Silicon Valley.

This bill will also make improvements to our public markets and create new opportunities for everyday investors to save and build wealth and enjoy their version of the American Dream.

This form of capital formation is a critical ingredient for creating long-term economic growth that has proven enduring here in the United States. Not to mention, it has traditionally been an area where a divided Washington can find consensus.

A little more than a decade ago, Congress came together to pass the JOBS Act, which President Obama then signed into law. It was a Republican House, a Democrat Senate, and a Democrat in the White House who put that historic piece of legislation through the process and into law.

It addressed several hurdles entering our capital markets by rightsizing onerous regulatory barriers and providing entrepreneurs access to new levels and streams of funding.

Recognizing the need to build on the success of the JOBS Act, the House Financial Services Committee embarked on a yearslong mission to better understand the remaining headwinds hindering capital formation and legislate real and impactful solutions.

Many of those solutions are found in this legislation we are considering today, which consist of commonsense, innovative ideas to accomplish three goals: First, the bill strengthens our public markets and aims to incentivize companies to go public, undoing the troubling decline of initial public offerings here in the United States, or IPOs. IPOs are businesses that average everyday investors can own a piece of.

Why is it important that we attract more companies to the public markets in the United States?

One, everyday American investors, also known as retail investors, are limited to investing in publicly traded companies. Most public companies here in the United States that are of large size and scale should be available in the public markets. More public companies here in the United States means more opportunities for the American retail investor to grow their savings.

Number two, job growth. A 2021 study found that biotech startups expand their workforce by an average of 150 percent in the first 3 years after undertaking an initial public offering using the JOBS Act provisions.

To make our public markets more attractive, H.R. 2799, this bill, includes provisions that rightsize regulatory burdens on public companies, streamline the process of going public, and allow more companies to qualify as an emerging growth company.

This is an extension of more key provisions within the bipartisan JOBS Act that have a proven record of success.

Second, as I said earlier, this legislation supports small businesses and entrepreneurs who are the true engine of our economy and account for 99.9 percent of all U.S. businesses.

Among other policies, this bill allows small businesses to raise more money through offerings. It also addresses limitations on small, emerging venture fund managers attempting to raise and deploy capital to startups and entrepreneurs in their communities.

Third, this bill increases access to private markets and allows more Americans to participate in high-growth investment opportunities that have been traditionally reserved for the wealthy elite.

Currently, these investment opportunities are reserved for those qualifying as ''accredited investors,'' which dictates what a person can invest in based off their wealth or income.

We should all agree that wealth and income should not be a proxy for sophistication, especially if investors have expertise or experience that prepares them to invest in private offerings.

This bill includes provisions to expand the accredited investor definition, allowing everyday Americans to invest where they see opportunities and where they have expertise. That means new wealth-building opportunities for American investors who have been arbitrarily sidelined for too long.

Now, these private markets, that is where we have had the fastest growing businesses. The greatest wealth creation is ownership in these private markets. We want to link that up for all Americans to have that opportunity to invest in those markets where they have expertise.

Let me close with this: Capital formation should not be a partisan issue.

This legislation builds on the success of the bipartisan JOBS Act and will benefit Americans in every single one of our districts, either by growing their retirement savings or through job creation and economic growth in their community.

This bill is a compilation of several standalone bills introduced by numerous members of the Financial Services Committee, under the great leadership of our subcommittee chair on Capital Markets, ANN WAGNER of Missouri.

There are many Members that I wish to recognize, but it would take too long at this time to go through all of their great work; however, it is embodied in this bill before us today.

I am grateful for the opportunity to be here on the House floor, and I am grateful to the House Republican leadership that have prioritized this help for small businesses and our legislative work in the Financial Services Committee. I think we can see that we all want to be unified in helping the American people achieve their dreams in the way they see fit. For small business folks that want to start a small business, we need to make things easier for them, not harder. This bill makes it better for them and easier for them.

Mr. Chair, I yield to the gentlewoman from Missouri (Mrs. WAGNER) to control the balance of my time.

The CHAIR. The gentlewoman from Missouri (Mrs. WAGNER) will control the time.

Ms. WATERS. Mr. Chair, I yield myself such time as I may consume.

Mr. Chair, I rise today in strong opposition to H.R. 2799, a bill that would cause significant long-term harm to both small businesses trying to raise money and mom-and-pop investors trying to save for their retirements.

A primary reason our capital markets are the envy of the world is because investors have confidence in the financial products that they are investing in. That confidence is hard won to be sure. It is the result of a robust disclosure regime that has been in place for decades and requires public companies to transparently and accurately tell investors about the inner workings of their businesses, their financials, and the risk involved with purchasing their shares.

Investor confidence is also rooted in strong legal protections for investors and their right to have a say in the company's direction through the proxy process.

And importantly, investor confidence is based on having a strong enforcer, the Securities and Exchange Commission, or SEC, that sets clear rules of the road, and keeps fraudsters out of the system.

While our capital markets are far from perfect, trillions of dollars are invested every year because investors are confident that they won't be ripped off.

Unfortunately, the bill before us today threatens to undermine that investor confidence.

First, H.R. 2799 would expand the number of companies that are able to offer securities without needing to register with the SEC or provide critical disclosures to ordinary investors.

This expansion will only benefit moderate to large companies rather than the small businesses this act purports to help. By exempting more companies from public SEC registration requirements, this bill expands the size of the private securities markets, which are growing rapidly and already outnumber the public securities markets 2–1.

Second, this bill makes it easier for financial middlemen to peddle opaque, illiquid, and high-risk private securities to retail investors who won't receive the information they need to make informed investment decisions.

This isn't democratizing finance or creating investment opportunities; this is Wall Street creating another target to dump its bottom-of-the-barrel investment products onto retail investors.

Private securities, compared to public securities, are significantly more risky and more volatile, less transparent, harder to cash out, and have fewer legal protections.

The bottom-of-the-barrel private securities that will be sold to retail investors as a result of this bill are especially dangerous because they will only be offered to retail investors after private equity and venture capital funds have already passed on them. It is important to notice that 90 percent of startups fail and private equity would love to dump these stocks on your constituents.

□ 1645

Third, H.R. 2799 undermines the ability of State securities regulators to help small businesses raise capital and stop fraudsters. State securities regulators are on the front line of our capital markets, investigating complaints of investor fraud, enforcing State securities laws, educating investors about their rights, and helping small businesses raise money to fund their goals and comply with the law. We should not preempt States by blocking these important overseers from doing their jobs.

To summarize, H.R. 2799 is a Wall Street wish list that collectively exempts big corporations and investment funds from transparency and accountability while gutting critical legal safeguards for Main Street investors. By weakening investor protections in numerous ways, this bill would allow fraud to proliferate and retirees and other mom-and-pop investors to be ripped off by bad actors.

This bill would ultimately harm confidence in our capital markets while doing nothing to assist the very small businesses the bill purports to help. In fact, as investors lose confidence in our markets, small businesses will see their capital costs rise, not fall.

I want to thoroughly debunk the notion that this bill somehow helps small businesses because the truth is that it would do just the opposite. I am very supportive of small businesses.

In fact, I have worked extensively this Congress with Chair MCHENRY on bipartisan ways that we can help small businesses raise capital. We have worked together to strengthen crowdfunding and to change the rules on accredited investors. There are several policy solutions that we have agreed on that represent targeted ways to increase capital formation without harming investor protection.

In fact, we worked together to pass 13 bills last year that represent bipartisan, commonsense reforms that support small businesses, enabling those who are knowledgeable about the risks of private securities to make informed investments, while ensuring robust investor protections.

Most of these bills also passed under suspension on the House floor, so there is a bipartisan way forward on this issue, but instead of working with Democrats to get these bipartisan bills to the President's desk, Republicans have packaged together this toxic combination of partisan bills and are focusing their time and energy here.

Mr. Chair, Democrats on the Financial Services Committee voted unanimously to oppose this bill at a markup last April. I urge all of my colleagues to unanimously reject it on the floor today.

Mr. Chair, I reserve the balance of my time.

Mrs. WAGNER. Mr. Chair, I yield myself such time as I may consume. Mr. Chair, I rise in support of H.R. 2799, the Expanding Access to Capital Act.

As chair of the Capital Markets Subcommittee, I am so proud of the hard work of our members in crafting this landmark piece of legislation that supports America's Main Street businesses and retail investors. I am also grateful to leadership for affirming that this bill is a crucial priority and taking action to pass this legislation in the House today.

This legislation is the culmination of four hearings that the Capital Markets Subcommittee has held this Congress, where we heard powerful testimony from 19 witnesses, including founders of both private and public companies, investors of all sizes, former SEC Commissioners, securities law practitioners, and even one of the authors of the IPO-related provisions of the JOBS Act.

As the witnesses at each of these hearings made clear, all the bills included in H.R. 2799 play a vital role in strengthening our public markets, improving access to capital for small businesses and entrepreneurs, and expanding investment opportunities for all Americans.

For example, Representative STEIL's Helping Startups Continue to Grow Act strengthens our public markets, making them more attractive by allowing more companies to benefit from emerging growth company status. Representative STEIL's bill also extends the maximum amount of time an issuer can remain an emerging growth company, helping to rightsize the regulatory burdens on newly public companies that are working to achieve their potential. This commonsense provision builds on one of the most successful and impactful reforms from the JOBS Act of 2012.

Representative HOUCHIN's Regulation A+ Improvement Act improves access to capital for small businesses by increasing the amount that small companies can raise under Regulation A from $50 million to $150 million without being subject to burdensome IPO compliance requirements. In making this adjustment, Regulation A will become a more attractive pathway for small businesses to raise capital.

Our committee's legislation also expands investment opportunities for all Americans by revising the accredited investor definition to include individuals receiving investment advice on a private offering from a qualified accredited investor.

Amendments to H.R. 2799 include Representative HUIZENGA's Improving Disclosure for Investors Act, Representative LAWLER's Helping Angels Lead Our Startups Act, Representative LUCAS' Retirement Fairness for Charities and Educational Institutions Act, and my Increasing Investor Opportunities Act, which gives investors greater choice and access to an asset class typically reserved for the wealthy. They are all welcome and thoughtful additions.

Together, these policies ensure that our markets are working efficiently and effectively to provide companies access to the capital that they need to innovate, grow, and create jobs, not just on the coasts but in America's heartland as well.

H.R. 2799 offers targeted, commonsense solutions that level the playing field for Main Street investors looking to save for a new home, their child's future, or retirement.

Moreover, America's IPO market has been on the decline for years due to increased regulatory and compliance costs. This package builds on the success of the JOBS Act and reins in those onerous barriers that are keeping America's innovators from seeking to enter and stay in our public markets.

The thoughtfully crafted bills in H.R. 2799 would address a multitude of inefficiencies within our public and private markets and deliver sustainable and enduring growth to our economy.

I thank Chairman MCHENRY for his leadership and tireless efforts in getting these bills to the floor, and I also thank the Members who have bills in H.R. 2799 for their incredible work.

Mr. Chair, I urge my colleagues to support this legislation, and I reserve the balance of my time.

Ms. WATERS. Mr. Chair, I yield such time as she may consume to the gentlewoman from New York (Ms. VELÁZQUEZ), the ranking member of the Small Business Committee.

Ms. VELÁZQUEZ. Mr. Chairman, I rise in opposition to H.R. 2799.

As ranking member of the House Small Business Committee, I know that small businesses are the driving force of the American economy. Access to capital is the lifeblood of our Nation's small firms. It is what allows them to expand and hire more workers.

A key method for small businesses to raise capital is seeking investors through our Nation's capital markets. It is a method I support. However, raising funds through capital markets cannot come at the expense of retail investors, employees, and independent contractors. This bill fails to strike an appropriate balance and significantly weakens investor protections while dramatically expanding the number of exempt offerings.

When we created new exemptions in the JOBS Act, they were designed for smaller firms. Today, large private companies and private equity funds have misused these exemptions to create an opaque lending market that is now bigger than our public markets. The lack of transparency associated with these funds isn't beneficial for small businesses seeking financing from these funds or retail investors investing in them.

Private securities offerings are generally deemed as riskier than public offerings. The lack of disclosures and transparency in this bill allows retail investors to participate in these offerings without adequately understanding the dangers, creating the potential for significant financial loss for working-class investors and retirees.

President Biden has already signaled his opposition to this bill. If the majority were serious about helping small businesses raise capital through our private markets, they would pull this bill and work with us to craft a bipartisan solution that helps small businesses and protects investors.

Mr. Chair, I encourage my colleagues to vote ''no.''

Mrs. WAGNER. Mr. Chair, I yield 1 minute to the gentleman from Texas (Mr. WILLIAMS), my classmate and good friend and colleague.

Mr. WILLIAMS of Texas. Mr. Chair, I rise today in support of H.R. 2799, the Expanding Access to Capital Act.

This commonsense legislation is critical for long-term, sustainable economic growth by strengthening our public markets, helping small businesses and entrepreneurs, and increasing opportunity for all investors.

The Biden administration has continuously increased obligations and regulations, which in turn have increased compliance costs for public companies and businesses. H.R. 2799 would reduce compliance burdens and allow for companies and markets to thrive.

This important legislation would also benefit small businesses by reducing regulatory barriers to ensure small business and entrepreneurs have access to the capital they need to support their operations and communities.

I thank Chairman MCHENRY for including language from my legislation that expands benefits currently reserved for emerging growth companies to other public companies. The EGC on-ramp has been a key tool in funding growth and will make public markets more attractive to help small issuers and level the playing field.

Mr. Chair, I urge my colleagues to support this legislation, the Expanding Access to Capital Act, to help strengthen public markets. In God we trust.

Ms. WATERS. Mr. Chair, I yield 4 minutes to the gentleman from California (Mr. SHERMAN), who is also the ranking member of the Subcommittee on Capital Markets.

Mr. SHERMAN. Mr. Chair, I rise in opposition to the bill. It is not a good bill. We have some amendments that will make it slightly better, but it still won't be a good bill. All the Democrats on the Financial Services Committee voted against this bill in committee.

Let's give a little background here. The gold standard is a public offering of securities. They then become registered securities. They can trade on an exchange. They provide disclosures to investors and audited financial statements.

We do have exceptions to this rule—exceptions for small offerings and exceptions where you are going to have accredited investors who have the capacity to absorb an enormous amount of risk and the capacity to evaluate the investments.

The definition of an accredited investor was criticized by the chair of the full committee when he was here, and I agree that definition should change. Right now, it is focused too much just on wealth and income. We need, instead, to also allow people to be accredited investors if they have the expertise to evaluate the investment and are not putting too much of their own resources into one illiquid investment. We also need to take a look at the expertise that an investor may not have himself or herself but can acquire through truly independent advisers.

The fact is that the definition of accredited investor should be improved, and that is why this House passed and sent to the Senate bills that would improve it, and I hope the Senate will finally take action on those bipartisan pieces of legislation.

This bill doesn't really improve the definition of accredited investor. It says that you are an accredited investor if you sign a piece of paper saying you want to be an accredited investor, self-certification. That shreds investor protection.

□ 1700

This bill not only guts investor protection when it comes to the definition of accredited investor, but it also locks in a system in which a company can say they are a private company even though they have thousands of owners—thousands. You can have 2,000 or more owners because you may have an investment vehicle that has hundreds of investors of its own, and it counts as only one investor toward that 2,000.

That means that a lot of companies will never go public. That means that those investors who want investor protection and want the liquidity of being able to sell their shares on an exchange will never be able to invest. It means that these companies will not provide the audited financial statements and the other disclosures that are required of public companies.

It guts the concept of being a public company. Why is that so important? Because today, the SEC published climate disclosures required of public companies, and today, we are considering a bill that is designed to truncate the number of public companies that we have.

If you care about the economy, vote ''no.'' If you want to protect investors, vote ''no.'' If you want to protect our climate, vote ''no.''

This bill would open the door to investors placing their entire nest eggs in private securities with insufficient transparency, no audited financial statements, and no liquidity. Vote ''no.''

Mrs. WAGNER. Mr. Chair, I yield 1½ minutes to the gentleman from South Carolina (Mr. TIMMONS), my friend and colleague.

Mr. TIMMONS. Mr. Chair, I rise today in support of H.R. 2799, the Expanding Access to Capital Act. This legislation would provide greater access to funding by strengthening public

markets, expanding fundraising opportunities for entrepreneurs, and increasing investment opportunities for everyday Americans.

This package represents a much-needed stimulant to capital formation and would empower small businesses throughout the country.

One particular provision contained in this package is my bill, the Improving Capital Allocation for Newcomers Act, also known as the ICAN Act, which seeks to generate more regional venture capital participation outside of Silicon Valley by raising the cap on qualifying venture capital funds from $10 million to $150 million and raising the number of permitted investors from 250 to 600.

This would allow venture funds to raise more money from more individuals, enabling funds to build an investor base outside of traditional financial centers.

According to the SEC's Advocate for Small Business Capital Formation report, 78 percent of small business owners are concerned about their ability to access capital. My bill would alleviate some of this concern by making it easier for venture capital to expand into new regions and communities.

Simply put, new venture funds mean new opportunities for small businesses and innovators to gain the funding they need to develop their ideas, promote good-paying jobs, and grow their companies.

Mr. Chair, an entrepreneur in Spartanburg, South Carolina, should be afforded the same opportunities to grow their businesses as an entrepreneur in Silicon Valley.

I am proud to say this legislation democratizes finances and allows for more South Carolinians to support local economic ventures, providing capital outside of traditional venture capital hubs and bringing these funds from Silicon Valley to the Fourth District of South Carolina.

Ms. WATERS. Mr. Chair, I yield myself such time as I may consume.

Let's be clear. This Wall Street wish list bill is going nowhere in the Senate, but we have several bipartisan bills that support small businesses and retail investors that actually have a chance of getting into law.

Chair MCHENRY and I have worked together for several years on legislation to strengthen our capital markets, going back to the JOBS Act and our efforts on crowdfunding and legislation to support angel investors.

In fact, this Congress, we worked extensively together on 13 bipartisan bills, including my bill, H.R. 2796, the Promoting Opportunities for Non-Traditional Capital Formation Act, which requires the SEC's Office of the Advocate for Small Business Capital Formation to provide educational resources and host events to promote capital-raising options for underrepresented small businesses and businesses in rural areas and to meet annually with representatives of State securities commissions; Mr. MEEKS' bill, H.R. 2795, the Enhancing Multi-Class Share Disclosures Act, which requires an issuer with the multi-class share structure to disclose certain information regarding the voting power of specified persons; Mr. HIMES' bill, H.R. 2812, the Middle Market IPO Underwriting Cost Act, which requires the SEC to study the costs encountered by small- and medium-sized companies when undertaking initial public offerings and certain offerings exempt from securities registration requirements; and Mr. GOTTHEIMER's bill, H.R. 2593, the Senior Security Act, which establishes a senior investor task force within the SEC. The task force must report on topics relating to investors over the age of 65 and make recommendations for actions to address problems encountered by senior investors.

Committee Democrats also supported several more Republican bills that help promote capital formation. We could have worked together to get these all included in the NDAA, but Chair MCHENRY knows why that didn't happen—Republicans blocked all of these bills from being added.

Today, Republicans are pivoting to a completely partisan approach to the issue with this bill. This is par for the course with extreme MAGA Republicans who prefer to pander to their base instead of actually getting things done.

When Republicans are done wasting their time on this extreme MAGA bill, Democrats will be ready to get to work on solutions that actually have a chance of making a difference for small businesses and retail investors.

Mr. Chair, I reserve the balance of my time.

Mrs. WAGNER. Mr. Chair, I yield 1 minute to the gentleman from Wisconsin (Mr. FITZGERALD), my friend and colleague.

Mr. FITZGERALD. Mr. Chair, I rise today in strong support of H.R. 2799. American public markets remain the go-to place for innovative companies to grow and build capital. However, the regulatory environment has steadily become more burdensome and costly, creating a real divide between market regulation now and market regulation years ago.

At a time when the markets and regulatory environment were more conducive to small- and mid-cap stocks, groundbreaking Wisconsin companies like Harley-Davidson, Johnson Controls, and Kohler raised capital by going public. Through the IPOs, these upstart enterprises raised the funding necessary to expand their workforce and operations. At the same time, families benefited from the opportunity to invest in these companies to build savings and wealth.

While Americans have started new businesses at record rates since the pandemic, many still struggle to meet their own capital needs. The number of U.S. IPOs has continued to decline since the early 2000s as the cost and regulatory burdens of going and staying public remain high.

The Acting CHAIR (Mr. SMUCKER). The time of the gentleman has expired.

Mrs. WAGNER. Mr. Chair, I yield an additional 30 seconds to the gentleman from Wisconsin.

Mr. FITZGERALD. Under President Biden, SEC Chairman Gary Gensler proposed over 50 rules. This must be reversed, and I urge my colleagues to vote ''yes'' for this commonsense legislation.

Ms. WATERS. Mr. Chair, the following organizations oppose this bill: the North American Securities Administrators Association, Consumer Federation of America, AFL–CIO, AFSCME, Communications Workers of America, SEIU, Steelworkers, Transport Workers Union of America, Americans for Financial Reform, Public Citizen, Center for American Progress, and Main Street Alliance.

Mr. Chair, I reserve the balance of my time.

Mrs. WAGNER. Mr. Chair, I yield 2 minutes to the gentleman from Wisconsin (Mr. STEIL), my friend and colleague.

Mr. STEIL. Mr. Chair, I rise in support of the Expanding Access to Capital Act. This package would help improve our capital markets to foster innovation, growth, and job creation here in the United States.

It is a win for workers, investors, and entrepreneurs. It includes two bills I introduced that would help smaller public companies raise money.

The first, the Helping Startups Continue to Grow Act, would expand the IPO on-ramp first established in the bipartisan JOBS Act. It allows more early-stage companies to keep their emerging growth company status for longer, and it would update the low caps currently in place. The provisions ensure more companies can benefit from the rightsized disclosures and reduce compliance costs that come with EGC status.

Thanks to EGC status, these companies can focus on innovation and job creation rather than complying with a regulatory regime designed for larger and more mature firms. This is especially helpful for R&D-intensive startups that often work for years to develop lifesaving cures or transformative technologies.

This package also includes my bill to expand the availability of well-known seasoned issuer status to more small public companies. This designation allows qualified companies to use the shelf registration process, saving them time and money when they go to the public markets to raise capital.

In the two decades since the WKSI construct was created, it has been shown to be safe and effective. My targeted reform would reduce the cost of capital for small market companies, spurring more job creation and growth.

Many of these ideas are in Chairman MCHENRY's package, and they have long had bipartisan support and a long bipartisan track record.

My colleagues on both sides of the aisle should vote to modernize our capital markets. It is good for workers, investors, and entrepreneurs seeking to invest in American innovation and build a better future.

Mr. Chair, I urge my colleagues to support this bill.

Ms. WATERS. Mr. Chair, I have no further speakers, and I yield myself the balance of my time.

Mr. Chair, in all my years in Congress, this is one of the worst examples I have ever seen of a Wall Street wish list masquerading as a lifeline for small businesses and ordinary investors.

Let me be clear. This bill does nothing to help small businesses. It only helps big business avoid transparency and accountability, and that is why the Biden administration opposes this bill.

This bill does nothing to help ordinary investors. It only helps make it easier for investors to be duped by conflicted middlemen into purchasing some of the riskiest securities out there.

Under this bill, these middlemen will have free rein to mask critical details about investment risk and target elderly people and others with what they claim is a great investment opportunity that will help them build wealth but, in reality, is a fraud.

For example, these middlemen will be able to take the failing businesses off private equity balance sheets and offload them onto Main Street investors.

This bill also hinders small businesses' ability to raise money by preempting State law and preventing State securities regulators from doing their job.

Mr. Chair, we see this bill for what it is: a Wall Street wish list that throws Main Street investors under the bus.

Mr. Chair, I urge my colleagues to vote for Main Street, not Wall Street, by voting ''no'' on this bill. I yield back the balance of my time.

Mrs. WAGNER. Mr. Chair, I yield myself the balance of my time.

I want to quickly and swiftly say that H.R. 2799 has been a wonderful collaborative effort. There are many bipartisan pieces of legislation in this bill and amendments that also received bipartisan support out of the committee.

Mr. Chair, I urge all of my colleagues to join Republicans in supporting savers, entrepreneurs, and job creators and to give them the chance to achieve their American Dream by voting ''yes'' on H.R. 2799, and I yield back the balance of my time.

The Acting CHAIR. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule.

The amendment in the nature of a substitute recommended by the Committee on Financial Services, printed in the bill, modified by the amendment printed in part A of House Report 118–407, shall be considered as adopted. The bill, as amended, shall be considered as the original bill for the purpose of further amendment and shall be considered as read.

The text of the bill is as follows:

H.R. 2799

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Expanding Access to Capital Act of 2023''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
DIVISION A—STRENGTHENING PUBLIC MARKETS
TITLE I—REMOVE ABERRATIONS IN THE MARKET CAP TEST FOR TARGET COMPANY FINANCIAL STATEMENTS
Sec. 1101. Avoiding aberrational results in requirements for acquisition and disposition financial statements.
TITLE II—HELPING STARTUPS CONTINUE TO GROW
Sec. 1201. Short title.
Sec. 1202. Emerging growth company criteria.
TITLE III—SEC AND PCAOB AUDITOR REQUIREMENTS FOR NEWLY PUBLIC COMPANIES
Sec. 1301. Auditor independence for certain past audits occurring before an issuer is a public company.
TITLE IV—EXPAND THE PROTECTION FOR RESEARCH REPORTS TO COVER ALL SECURITIES OF ALL ISSUERS
Sec. 1401. Provision of research.
TITLE V—EXCLUDE QIBS AND IAAS FROM THE RECORD HOLDER COUNT FOR MANDATORY REGISTRATION
Sec. 1501. Exclusions from mandatory registration threshold.
TITLE VI—EXPAND WKSI ELIGIBILITY
Sec. 1601. Definition of well-known seasoned issuer.
DIVISION B—HELPING SMALL BUSINESSES AND ENTREPRENEURS
TITLE I—UNLOCKING CAPITAL FOR SMALL BUSINESSES
Sec. 2101. Short title.
Sec. 2102. Safe harbors for private placement brokers and finders.
Sec. 2103. Limitations on State law.
TITLE II—SMALL BUSINESS INVESTOR CAPITAL ACCESS
Sec. 2201. Short title.
Sec. 2202. Inflation adjustment for the exemption threshold for certain investment advisers of private funds.
TITLE III—IMPROVING CAPITAL ALLOCATION FOR NEWCOMERS
Sec. 2301. Short title.
Sec. 2302. Qualifying venture capital funds.
TITLE IV—SMALL ENTREPRENEURS' EMPOWERMENT AND DEVELOPMENT
Sec. 2401. Short title.
Sec. 2402. Micro-offering exemption.
TITLE V—REGULATION A+ IMPROVEMENT
Sec. 2501. Short title.
Sec. 2502. JOBS Act-related exemption.
TITLE VI—DEVELOPING AND EMPOWERING OUR ASPIRING LEADERS
Sec. 2601. Short title.
Sec. 2602. Definitions.
Sec. 2603. Reports.
TITLE VII—IMPROVING CROWDFUNDING OPPORTUNITIES
Sec. 2701. Short title.
Sec. 2702. Crowdfunding revisions.
TITLE VIII—RESTORING THE SECONDARY TRADING MARKET
Sec. 2801. Short title.
Sec. 2802. Exemption from State regulation.
DIVISION C—INCREASING ACCESS TO PRIVATE MARKETS
TITLE I—GIG WORKER EQUITY COMPENSATION
Sec. 3101. Short title.
Sec. 3102. Extension of Rule 701.
Sec. 3104. GAO study.
TITLE II—INVESTMENT OPPORTUNITY EXPANSION
Sec. 3201. Short title.
Sec. 3202. Investment thresholds to qualify as an accredited investor.
TITLE III—RISK DISCLOSURE AND INVESTOR ATTESTATION
Sec. 3301. Short title.
Sec. 3302. Investor attestation.
TITLE IV—ACCREDITED INVESTORS INCLUDE INDIVIDUALS RECEIVING ADVICE FROM CERTAIN PROFESSIONALS
Sec. 3401. Accredited investors include individuals receiving advice from certain professionals.

DIVISION A—STRENGTHENING PUBLIC MARKETS

TITLE I—REMOVE ABERRATIONS IN THE MARKET CAP TEST FOR TARGET COMPANY FINANCIAL STATEMENTS

SEC. 1101. AVOIDING ABERRATIONAL RESULTS IN REQUIREMENTS FOR ACQUISITION AND DISPOSITION FINANCIAL STATEMENTS.

The Securities and Exchange Commission shall revise section 210.1–02(w)(1)(i)(A) of title 17, Code of Federal Regulations, to permit a registrant, in determining the significance of an acquisition or disposition described in such section 210.1–02(w)(1)(i)(A), to calculate the registrant's aggregate worldwide market value based on the applicable trading value, conversion value, or exchange value of all of the registrant's outstanding classes of stock (including preferred stock and non-traded common shares that are convertible into or exchangeable for traded common shares) and not just the voting and nonvoting common equity of the registrant.

TITLE II—HELPING STARTUPS CONTINUE TO GROW

SEC. 1201. SHORT TITLE.

This title may be cited as the ''Helping Startups Continue To Grow Act''.

SEC. 1202. EMERGING GROWTH COMPANY CRITERIA.

(a) SECURITIES ACT OF 1933.—Section 2(a)(19) of the Securities Act of 1933 (15 U.S.C. 77b(a)(19)) is amended—

(1) by striking ''$1,000,000,000'' each place such term appears and inserting ''$1,500,000,000'';

(2) in subparagraph (B)—

(A) by striking ''fifth'' and inserting ''7-year''; and

(B) by adding ''or'' at the end;

(3) in subparagraph (C), by striking ''; or'' and inserting a period; and

(4) by striking subparagraph (D).

(b) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended, in the first paragraph (80) (related to emerging growth companies)—

(1) by striking ''$1,000,000,000'' each place such term appears and inserting ''$1,500,000,000'';

(2) in subparagraph (B)—

(A) by striking ''fifth'' and inserting ''7-year''; and

(B) by adding ''or'' at the end;

(3) in subparagraph (C), by striking ''; or'' and inserting a period; and

(4) by striking subparagraph (D).

TITLE III—SEC AND PCAOB AUDITOR REQUIREMENTS FOR NEWLY PUBLIC COMPANIES

SEC. 1301. AUDITOR INDEPENDENCE FOR CERTAIN PAST AUDITS OCCURRING BEFORE AN ISSUER IS A PUBLIC COMPANY.

(a) AUDITOR INDEPENDENCE STANDARDS OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD.—Section 103 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7213) is amended by adding at the end the following:

''(e) AUDITOR INDEPENDENCE FOR CERTAIN PAST AUDITS OCCURRING BEFORE AN ISSUER IS A PUBLIC COMPANY.—With respect to an issuer that is a public company or an issuer that has filed a registration statement to become a public company, the auditor independence rules established by the Board with respect to audits occurring before the last fiscal year of the issuer completed before the issuer filed a registration statement to become a public company shall treat an auditor as independent if—

''(1) the auditor is independent under standards established by the American Institute of Certified Public Accountants applicable to certified public accountants in United States; or

''(2) with respect to a foreign issuer, the auditor is independent under comparable standards applicable to certified public accountants in the issuer's home country.''.

(b) AUDITOR INDEPENDENCE STANDARDS OF THE SECURITIES AND EXCHANGE COMMISSION.—Section 10A of the Securities Exchange Act of 1934 (15 U.S.C. 78j–1) is amended by adding at the end the following:

''(n) AUDITOR INDEPENDENCE FOR CERTAIN PAST AUDITS OCCURRING BEFORE AN ISSUER IS A PUBLIC COMPANY.—With respect to an issuer that is a public company or an issuer that has filed a registration statement to become a public company, the auditor independence rules established by the Commission under the securities laws with respect to audits occurring before the last fiscal year of the issuer completed before the issuer filed a registration statement to become a public company shall treat an auditor as independent if—

''(1) the auditor is independent under standards established by the American Institute of Certified Public Accountants applicable to certified public accountants in United States; or

''(2) with respect to a foreign issuer, the auditor is independent under comparable standards applicable to certified public accountants in the issuer's home country.''.

TITLE IV—EXPAND THE PROTECTION FOR RESEARCH REPORTS TO COVER ALL SECURITIES OF ALL ISSUERS

SEC. 1401. PROVISION OF RESEARCH.

Section 2(a)(3) of the Securities Act of 1933 (15 U.S.C. 77b(a)(3)) is amended—

(a) by striking ''an emerging growth company'' and inserting ''an issuer'';

(b) by striking ''the common equity'' and inserting ''any''; and

(c) by striking ''such emerging growth company'' and inserting ''such issuer''.

TITLE V—EXCLUDE QIBS AND IAAS FROM THE RECORD HOLDER COUNT FOR MANDATORY REGISTRATION

SEC. 1501. EXCLUSIONS FROM MANDATORY REGISTRATION THRESHOLD.

(a) IN GENERAL.—Section 12(g)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(1)) is amended—

(1) in subparagraph (A)(i), by inserting after ''persons'' the following: ''(that are not a qualified institutional buyer or an institutional accredited investor)''; and

(2) in subparagraph (B), by inserting after ''persons'' the following: ''(that are not a qualified institutional buyer or an institutional accredited investor)''.

(b) NONAPPLICABILITY OF GENERAL EXEMPTIVE AUTHORITY.—Section 36 of the Securities Exchange Act of 1934 (15 U.S.C. 78mm) shall not apply to the matter inserted by the amendments made by subsection (a).

TITLE VI—EXPAND WKSI ELIGIBILITY

SEC. 1601. DEFINITION OF WELL-KNOWN SEASONED ISSUER.

For purposes of the Federal securities laws, and regulations issued thereunder, an issuer shall be a ''well-known seasoned issuer'' if—

(1) the aggregate market value of the voting and non-voting common equity held by non-affiliates of the issuer is $250,000,000 or more (as determined under Form S–3 general instruction I.B.1. as in effect on the date of enactment of this Act); and

(2) the issuer otherwise satisfies the requirements of the definition of ''well-known seasoned issuer'' contained in section 230.405 of title 17, Code of Federal Regulations without reference to any requirement in such definition relating to minimum worldwide market value of outstanding voting and non-voting common equity held by non-affiliates.

DIVISION B—HELPING SMALL BUSINESSES AND ENTREPRENEURS

TITLE I—UNLOCKING CAPITAL FOR SMALL BUSINESSES

SEC. 2101. SHORT TITLE.

This title may be cited as the ''Unlocking Capital for Small Businesses Act of 2023''.

SEC. 2102. SAFE HARBORS FOR PRIVATE PLACEMENT BROKERS AND FINDERS.

(a) IN GENERAL.—Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o) is amended by adding at the end the following:

''(p) PRIVATE PLACEMENT BROKER SAFE HARBOR.—

''(1) REGISTRATION REQUIREMENTS.—Not later than 180 days after the date of the enactment of this subsection the Commission shall promulgate regulations with respect to private placement brokers that are no more stringent than those imposed on funding portals.

''(2) NATIONAL SECURITIES ASSOCIATIONS.—Not later than 180 days after the date of the enactment of this subsection the Commission shall promulgate regulations that require the rules of any national securities association to allow a private placement broker to become a member of such national securities association subject to reduced membership requirements consistent with this subsection.

''(3) DISCLOSURES REQUIRED.—Before effecting a transaction, a private placement broker shall disclose clearly and conspicuously, in writing, to all parties to the transaction as a result of the broker's activities—

''(A) that the broker is acting as a private placement broker;

''(B) the amount of any payment or anticipated payment for services rendered as a private placement broker in connection with such transaction;

''(C) the person to whom any such payment is made; and

''(D) any beneficial interest in the issuer, direct or indirect, of the private placement broker, of a member of the immediate family of the private placement broker, of an associated person of the private placement broker, or of a member of the immediate family of such associated person.

''(4) PRIVATE PLACEMENT BROKER DEFINED.—In this subsection, the term 'private placement broker' means a person that—

''(A) receives transaction-based compensation—

''(i) for effecting a transaction by—

''(I) introducing an issuer of securities and a buyer of such securities in connection with the sale of a business effected as the sale of securities; or

''(II) introducing an issuer of securities and a buyer of such securities in connection with the placement of securities in transactions that are exempt from registration requirements under the Securities Act of 1933; and

''(ii) that is not with respect to—

''(I) a class of publicly traded securities;

''(II) the securities of an investment company (as defined in section 3 of the Investment Company Act of 1940); or

''(III) a variable or equity-indexed annuity or other variable or equity-indexed life insurance product;

''(B) with respect to a transaction for which such transaction-based compensation is received—

''(i) does not handle or take possession of the funds or securities; and

''(ii) does not engage in an activity that requires registration as an investment adviser under State or Federal law; and

''(C) is not a finder as defined under subsection (q).

''(q) FINDER SAFE HARBOR.—

''(1) NONREGISTRATION.—A finder is exempt from the registration requirements of this Act.

''(2) NATIONAL SECURITIES ASSOCIATIONS.—A finder shall not be required to become a member of any national securities association.

''(3) FINDER DEFINED.—In this subsection, the term 'finder' means a person described in paragraphs (A) and (B) of subsection (p)(4) that—

''(A) receives transaction-based compensation of equal to or less than $500,000 in any calendar year;

''(B) receives transaction-based compensation in connection with transactions that result in a single issuer selling securities valued at equal to or less than $15,000,000 in any calendar year;

''(C) receives transaction-based compensation in connection with transactions that result in any combination of issuers selling securities valued at equal to or less than $30,000,000 in any calendar year; or

''(D) receives transaction-based compensation in connection with fewer than 16 transactions that are not part of the same offering or are otherwise unrelated in any calendar year.''.

(b) VALIDITY OF CONTRACTS WITH REGISTERED PRIVATE PLACEMENT BROKERS AND FINDERS.—Section 29 of the Securities Exchange Act of 1934 (15 U.S.C. 78cc) is amended by adding at the end the following:

''(d) Subsection (b) shall not apply to a contract made for a transaction if—

''(1) the transaction is one in which the issuer engaged the services of a broker or dealer that is not registered under this Act with respect to such transaction;

''(2) such issuer received a self-certification from such broker or dealer certifying that such broker or dealer is a registered private placement broker under section 15(p) or a finder under section 15(q); and

''(3) the issuer either did not know that such self-certification was false or did not have a reasonable basis to believe that such self-certification was false.''.

(c) REMOVAL OF PRIVATE PLACEMENT BROKERS FROM DEFINITIONS OF BROKER.—

(1) RECORDS AND REPORTS ON MONETARY INSTRUMENTS TRANSACTIONS.—Section 5312 of title 31, United States Code, is amended in

subsection (a)(2)(G) by inserting ''with the exception of a private placement broker as defined in section 15(p)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(p)(4))'' before the semicolon at the end.

(2) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4)) is amended by adding at the end the following:

''(G) PRIVATE PLACEMENT BROKERS.—A private placement broker as defined in section 15(p)(4) is not a broker for the purposes of this Act.''.

SEC. 2103. LIMITATIONS ON STATE LAW.

Section 15(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(i)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively;

(2) by inserting after paragraph (2) the following:

''(3) PRIVATE PLACEMENT BROKERS AND FINDERS.—

''(A) IN GENERAL.—No State or political subdivision thereof may enforce any law, rule, regulation, or other administrative action that imposes greater registration, audit, financial recordkeeping, or reporting requirements on a private placement broker or finder than those that are required under subsections (p) and (q), respectively.

''(B) DEFINITION OF STATE.—For purposes of this paragraph, the term 'State' includes the District of Columbia and each territory of the United States.''; and

(3) in paragraph (4), as so redesignated, by striking ''paragraph (3)'' and inserting ''paragraph (5)''.

TITLE II—SMALL BUSINESS INVESTOR CAPITAL ACCESS

SEC. 2201. SHORT TITLE.

This title may be cited as the ''Small Business Investor Capital Access Act''.

SEC. 2202. INFLATION ADJUSTMENT FOR THE EXEMPTION THRESHOLD FOR CERTAIN INVESTMENT ADVISERS OF PRIVATE FUNDS.

Section 203(m) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3(m)) is amended by adding at the end the following:

''(5) INFLATION ADJUSTMENT.—The Commission shall adjust the dollar amount described under paragraph (1)—

''(A) upon enactment of this paragraph, to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor between the date of enactment of the Private Fund Investment Advisers Registration Act of 2010 and the date of enactment of this paragraph; and

''(B) annually thereafter, to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.''.

TITLE III—IMPROVING CAPITAL ALLOCATION FOR NEWCOMERS

SEC. 2301. SHORT TITLE.

This title may be cited as the ''Improving Capital Allocation for Newcomers Act of 2023''.

SEC. 2302. QUALIFYING VENTURE CAPITAL FUNDS.

Section 3(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking ''250 persons'' and inserting ''600 persons''; and

(2) in subparagraph (C)(i), by striking ''$10,000,000'' and inserting ''$150,000,000''.

TITLE IV—SMALL ENTREPRENEURS' EMPOWERMENT AND DEVELOPMENT

SEC. 2401. SHORT TITLE.

This title may be cited as the ''Small Entrepreneurs' Empowerment and Development Act of 2023'' or the ''SEED Act of 2023''.

SEC. 2402. MICRO-OFFERING EXEMPTION.

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

(1) in subsection (a), by adding at the end the following:

''(8) transactions meeting the requirements of subsection (f).''; and

(2) by adding at the end the following:

''(f) MICRO-OFFERINGS.—The transactions referred to in subsection (a)(8) are transactions involving the sale of securities by an issuer (including all entities controlled by or under common control with the issuer) where the aggregate amount of all securities sold by the issuer, including any amount sold in reliance on the exemption provided under subsection (a)(8), during the 12-month period preceding such transaction, does not exceed $250,000.''.

(b) DISQUALIFICATION.—

(1) IN GENERAL.—Not later than 270 days after the date of enactment of this Act, the Securities and Exchange Commission shall, by rule, establish disqualification provisions under which an issuer shall not be eligible to offer securities pursuant to section 4(a)(8) of the Securities Act of 1933, as added by this section.

(2) INCLUSIONS.—Disqualification provisions required by this subsection shall—

(A) be substantially similar to the provisions of section 230.506(d) of title 17, Code of Federal Regulations (or any successor thereto); and

(B) disqualify any offering or sale of securities by a person that—

(i) is subject to a final order of a covered regulator that—

(I) bars the person from—

(aa) association with an entity regulated by the covered regulator;

(bb) engaging in the business of securities, insurance, or banking; or

(cc) engaging in savings association or credit union activities; or

(II) constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct, if such final order was issued within the previous 10-year period; or

(ii) has been convicted of any felony or misdemeanor in connection with the purchase or sale of any security or involving the making of any false filing with the Commission.

(3) COVERED REGULATOR DEFINED.—In this subsection, the term ''covered regulator'' means—

(A) a State securities commission (or an agency or officer of a State performing like functions);

(B) a State authority that supervises or examines banks, savings associations, or credit unions;

(C) a State insurance commission (or an agency or officer of a State performing like functions);

(D) a Federal banking agency (as defined under section 3 of the Federal Deposit Insurance Act); and

(E) the National Credit Union Administration.

(c) EXEMPTION UNDER STATE REGULATIONS.—Section 18(b)(4) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)) is amended—

(1) in subparagraph (F), by striking ''or'' at the end;

(2) in subparagraph (G), by striking the period and inserting ''; or''; and

(3) by adding at the end the following:

''(H) section 4(a)(8).''.

TITLE V—REGULATION A+ IMPROVEMENT

SEC. 2501. SHORT TITLE.

This title may be cited as the ''Regulation A+ Improvement Act of 2023''.

SEC. 2502. JOBS ACT-RELATED EXEMPTION.

Section 3(b) of the Securities Act of 1933 (15 U.S.C. 77c(b)) is amended—

(1) in paragraph (2)(A), by striking ''$50,000,000'' and inserting ''$150,000,000, adjusted for inflation by the Commission every 2 years to the nearest $10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics''; and

(2) in paragraph (5)—

(A) by striking ''such amount as'' and inserting: ''such amount, in addition to the adjustment for inflation provided for under such paragraph (2)(A), as''; and

(B) by striking ''such amount, it'' and inserting ''such amount, in addition to the adjustment for inflation provided for under such paragraph (2)(A), it''.

TITLE VI—DEVELOPING AND EMPOWERING OUR ASPIRING LEADERS

SEC. 2601. SHORT TITLE.

This title may be cited as the ''Developing and Empowering our Aspiring Leaders Act of 2023'' or the ''DEAL Act of 2023''.

SEC. 2602. DEFINITIONS.

Not later than the end of the 180-day period beginning on the date of the enactment of this Act, the Securities and Exchange Commission shall, in a manner that facilitates capital formation without compromising investor protection—

(1) revise the definition of a qualifying investment under paragraph (c) of section 275.203(l)–1 of title 17, Code of Federal Regulations—

(A) to include an equity security issued by a qualifying portfolio company, whether acquired directly from the company or in a secondary acquisition; and

(B) to specify that an investment in another venture capital fund is a qualifying investment under such definition; and

(2) revise paragraph (a) of such section to require, as a condition of a private fund qualifying as a venture capital fund under such paragraph, that the qualifying investments of the private fund are either—

(A) predominantly qualifying investments that were acquired directly from a qualifying portfolio company; or

(B) predominantly qualifying investments in another venture capital fund or other venture capital funds.

SEC. 2603. REPORTS.

(a) GAO REPORT.—The Comptroller General of the United States shall issue a report to Congress on the risks and impacts of concentrated sectoral counterparty risk in the banking sector, in light of the failure of Silicon Valley Bank.

(b) ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION REPORT.—The Advocate for Small Business Capital Formation shall issue a report to Congress and the Securities and Exchange Commission—

(1) examining the access to banking services for venture funds and companies funded by venture capital, in light of the failure of Silicon Valley Bank, especially those funds and companies located outside of the established technology and venture capital hubs of California, Massachusetts, and New York; and

(2) containing any policy recommendations of the Advocate.

TITLE VII—IMPROVING CROWDFUNDING OPPORTUNITIES

SEC. 2701. SHORT TITLE.

This title may be cited as the ''Improving Crowdfunding Opportunities Act''.

SEC. 2702. CROWDFUNDING REVISIONS.

(a) EXEMPTION FROM STATE REGULATION.—Section 18(b)(4)(A) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)(A)) is amended by striking ''pursuant to section'' and all that follows through the semicolon at the end and inserting the following: ''pursuant to—

''(i) section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)); or

''(ii) section 4A(b) or any regulation issued under that section;''.

(b) LIABILITY FOR MATERIAL MISSTATEMENTS AND OMISSIONS.—Section 4A(c) of the Securities Act of 1933 (15 U.S.C. 77d–1(c)) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following:

''(3) LIABILITY OF FUNDING PORTALS.—For the purposes of this subsection, a funding portal, as that term is defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)), shall not be considered to be an issuer unless, in connection with the offer or sale of a security, the funding portal knowingly—

''(A) makes any untrue statement of a material fact or omits to state a material fact in order to make the statements made, in light of the circumstances under which they are made, not misleading; or

''(B) engages in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.''.

(c) APPLICABILITY OF BANK SECRECY ACT REQUIREMENTS.—

(1) SECURITIES ACT OF 1933.—Section 4A(a) of the Securities Act of 1933 (15 U.S.C. 77d–1(a)) is amended—

(A) in paragraph (11), by striking ''and'' at the end;

(B) in paragraph (12), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(13) not be subject to the recordkeeping and reporting requirements relating to monetary instruments under subchapter II of chapter 53 of title 31, United States Code.''.

(2) TITLE 31, UNITED STATES CODE.—Section 5312 of title 31, United States Code, is amended by striking subsection (c) and inserting the following:

''(c) ADDITIONAL CLARIFICATION.—The term 'financial institution' (as defined in subsection (a))—

''(1) includes any futures commission merchant, commodity trading advisor, or commodity pool operator registered, or required to register, under the Commodity Exchange Act (7 U.S.C. 1 et seq.); and

''(2) does not include a funding portal, as that term is defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).''.

(d) PROVISION OF IMPERSONAL INVESTMENT ADVICE AND RECOMMENDATIONS.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended—

(1) by redesignating the second paragraph (80) (relating to funding portals) as paragraph (81); and

(2) in paragraph (81)(A), as so redesignated, by inserting after ''recommendations'' the following: ''(other than by providing impersonal investment advice by means of written material, or an oral statement, that does not purport to meet the objectives or needs of a specific individual or account)''.

(e) TARGET AMOUNTS OF CERTAIN EXEMPTED OFFERINGS.—The Securities and Exchange Commission shall amend paragraph (t)(1) of section 227.201 of title 17, Code of Federal Regulations so that such paragraph applies with respect to an issuer offering or selling securities in reliance on section 4(a)(6) of the Securities Act of 1933 (15 U.S.C. 77d(a)(6)) if—

(1) the offerings of such issuer, together with all other amounts sold under such section 4(a)(6) within the preceding 12-month period, have, in the aggregate, a target amount of more than $124,000 but not more than $250,000;

(2) the financial statements of such issuer that have either been reviewed or audited by a public accountant that is independent of the issuer are unavailable at the time of filing; and

(3) such issuer provides a statement that financial information certified by the principal executive officer of the issuer has been provided instead of financial statements reviewed by a public accountant that is independent of the issuer.

(f) EXEMPTION AVAILABLE TO INVESTMENT COMPANIES.—Section 4A(f) of the Securities Act of 1933 (15 U.S.C. 77d–1(f)) is amended—

(1) in paragraph (2), by inserting ''or'' after the semicolon;

(2) by striking paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (3).

(g) NON-ACCREDITED INVESTOR REQUIREMENTS.—Section 4(a)(6) of the Securities Act of 1933 (15 U.S.C. 77d(a)(6))) is amended—

(1) in subparagraph (A), by striking ''$1,000,000'' and inserting ''$10,000,000''; and

(2) in subparagraph (B), by striking ''does not exceed'' and all that follows through ''more than $100,000'' and inserting ''does not exceed 10 percent of the annual income or net worth of such investor''.

(h) TECHNICAL CORRECTION.—The Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended—

(1) by striking the term ''section 4(6)'' each place such term appears and inserting ''section 4(a)(6)'';

(2) by striking the term ''section 4(6)(B)'' each place such term appears and inserting ''section 4(a)(6)(B)'';

(3) in section 4A(f), by striking ''Section 4(6)'' and inserting ''Section 4(a)(6)''; and

(4) in section 18(b)(4)(A), by striking ''section 4'' and inserting ''section 4(a)''.

TITLE VIII—RESTORING THE SECONDARY TRADING MARKET

SEC. 2801. SHORT TITLE.

This title may be cited as the ''Restoring the Secondary Trading Market Act''.

SEC. 2802. EXEMPTION FROM STATE REGULATION.

Section 18(a) of the Securities Act of 1933 (15 U.S.C. 77r(a)) is amended—

(1) in paragraph (2), by striking ''or'' at the end;

(2) in paragraph (3), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(4) shall directly or indirectly prohibit, limit, or impose any conditions upon the off-exchange secondary trading (as such term is defined by the Commission) in securities of an issuer that makes current information publicly available, including—

''(A) the information required in the periodic and current reports described under paragraph (b) of section 230.257 of title 17, Code of Federal Regulations; or

''(B) the documents and information required with respect to Tier 2 offerings, as defined in section 230.251(a) of title 17, Code of Federal Regulations.''.

DIVISION C—INCREASING ACCESS TO PRIVATE MARKETS

TITLE I—GIG WORKER EQUITY COMPENSATION

SEC. 3101. SHORT TITLE.

This title may be cited as the ''Gig Worker Equity Compensation Act''.

SEC. 3102. EXTENSION OF RULE 701.

(a) IN GENERAL.—The exemption provided under section 230.701 of title 17, Code of Federal Regulations, shall apply to individuals (other than employees) providing goods for sale, labor, or services for remuneration to either an issuer or to customers of an issuer to the same extent as such exemptions apply to employees of the issuer. For purposes of the previous sentence, the term ''customers'' may, at the election of an issuer, include users of the issuer's platform.

(b) ADJUSTMENT FOR INFLATION.—The Securities and Exchange Commission shall annually adjust the dollar figure under section 230.701(e) of title 17, Code of Federal Regulations, to reflect the percentage change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

(c) RULEMAKING.—The Securities and Exchange Commission—

(1) shall revise section 230.701 of title 17, Code of Federal Regulations, to reflect the requirements of this section; and

(2) may not revise such section 230.701 in any manner that would have the effect of restricting access to equity compensation for employees or individuals described under subsection (a).

SEC. 3104. GAO STUDY.

Not later than the end of the 3-year period beginning on the date of enactment of this Act, the Comptroller General of the United States shall carry out a study on the effects of this title and submit a report on such study to the Congress.

TITLE II—INVESTMENT OPPORTUNITY EXPANSION

SEC. 3201. SHORT TITLE.

This title may be cited as the ''Investment Opportunity Expansion Act''.

SEC. 3202. INVESTMENT THRESHOLDS TO QUALIFY AS AN ACCREDITED INVESTOR.

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

(1) by striking ''(15) The term 'accredited investor' shall mean—'' and inserting the following:

''(15) ACCREDITED INVESTOR.—

''(A) IN GENERAL.—The term 'accredited investor' means—'';

(2) in clause (i), by striking ''or'' at the end;

(3) in clause (ii), by striking the period at the end and inserting a semicolon; and

(4) by adding at the end the following:

''(iii) with respect to a proposed transaction, any individual whose aggregate investment, at the completion of such transaction, in securities with respect to which there has not been a public offering is not more than 10 percent of the greater of—

''(I) the net assets of the individual; or

''(II) the annual income of the individual;''.

TITLE III—RISK DISCLOSURE AND INVESTOR ATTESTATION

SEC. 3301. SHORT TITLE.

This title may be cited as the ''Risk Disclosure and Investor Attestation Act''.

SEC. 3302. INVESTOR ATTESTATION.

(a) IN GENERAL.—Section 2(a)(15) of the Securities Act of 1933 (15 U.S.C. 77b(a)(15)), as amended by section 3202, is further amended by adding at the end the following:

''(iv) with respect to an issuer, any individual that has attested to the issuer that the individual understands the risks of investment in private issuers, using such form as the Commission shall establish, by rule, but which form may not be longer than 2 pages in length; or''.

(b) RULEMAKING.—Not later than the end of the 1-year period beginning on the date of enactment of this Act, the Securities and Exchange Commission shall issue rules to carry out the amendments made by subsection (a), including establishing the form required under such amendments.

TITLE IV—ACCREDITED INVESTORS INCLUDE INDIVIDUALS RECEIVING ADVICE FROM CERTAIN PROFESSIONALS

SEC. 3401. ACCREDITED INVESTORS INCLUDE INDIVIDUALS RECEIVING ADVICE FROM CERTAIN PROFESSIONALS.

(a) SECURITIES ACT OF 1933.—Section 2(a)(15) of the Securities Act of 1933 (15

U.S.C. 77b(a)(15)), as amended by sections 3202 and 3302, is further amended by adding at the end the following:

''(v) any individual receiving individualized investment advice or individualized investment recommendations with respect to the applicable transaction from an individual described under section 203.501(a)(10) of title 17, Code of Federal Regulations.

''(B) DEFINITIONS.—In subparagraph (A)(v):

''(i) INVESTMENT ADVICE.—The term 'investment advice' shall be interpreted consistently with the interpretation of the phrase 'engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities' under section 202(a)(11) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(11)).

''(ii) INVESTMENT RECOMMENDATION.—The term 'investment recommendation' shall be interpreted consistently with the interpretation of the term 'recommendation' under section 240.15l-1 of title 17, Code of Federal Regulations.''.

(b) CONFORMING CHANGES TO REGULATIONS.—The Securities and Exchange Commission shall revise section 203.501(a) of title 17, Code of Federal Regulations, and any other definition of ''accredited investor'' in a rule of the Commission in the same manner as such definition is revised under subsection (a).

The Acting CHAIR. No further amendment to the bill, as amended, shall be in order except those printed in part B of House Report 118–407. Each such further amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

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AMENDMENT NO. 1 OFFERED BY MR. LAWLER

The Acting CHAIR. It is now in order to consider amendment No. 1 printed in part B of House Report 118–407.

Mr. LAWLER. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following:

DIVISION D—HELPING ANGELS LEAD OUR STARTUPS

SEC. 4001. CLARIFICATION OF GENERAL SOLICITATION.

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

(1) ANGEL INVESTOR GROUP.—The term ''angel investor group'' means any group that—

(A) is composed of accredited investors interested in investing personal capital in early-stage companies;

(B) holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole; and

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

(2) ISSUER.—The term ''issuer'' means an issuer that is a business, is not in bankruptcy or receivership, is not an investment company, and is not a blank check, blind pool, or shell company.

(b) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Securities and Exchange Commission shall revise Regulation D (17 CFR 230.500 et seq.) to require that in carrying out the prohibition against general solicitation or general advertising contained in section 230.502(c) of title 17, Code of Federal Regulations, the prohibition shall not apply to a presentation or other communication made by or on behalf of an issuer which is made at an event—

(1) sponsored by—

(A) the United States or any territory thereof, the District of Columbia, any State, a political subdivision of any State or territory, or any agency or public instrumentality of any of the foregoing;

(B) a college, university, or other institution of higher education;

(C) a nonprofit organization;

(D) an angel investor group;

(E) a venture forum, venture capital association, or trade association; or

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

(2) where any advertising for the event does not reference any specific offering of securities by the issuer;

(3) the sponsor of which—

(A) does not make investment recommendations or provide investment advice to event attendees;

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

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

(D) does not receive any compensation for making introductions between investors attending the event and issuers, or for investment negotiations between such parties;

(E) makes readily available to attendees a disclosure not longer than one page in length, as prescribed by the Securities and Exchange Commission, describing the nature of the event and the risks of investing in the issuers presenting at the event; and

(F) does not receive any compensation with respect to such event that would require registration of the sponsor as a broker or a dealer under the Securities Exchange Act of 1934, or as an investment advisor under the Investment Advisers Act of 1940; and

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

(A) that the issuer is in the process of offering securities or planning to offer securities;

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

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

(D) the intended use of proceeds of the offering.

(c) RULE OF CONSTRUCTION.—Subsection (b) may only be construed as requiring the Securities and Exchange Commission to amend the requirements of Regulation D with respect to presentations and communications, and not with respect to purchases or sales.

(d) NO PRE-EXISTING SUBSTANTIVE RELATIONSHIP BY REASON OF EVENT.—Attendance at an event described under subsection (b) shall not qualify, by itself, as establishing a pre-existing substantive relationship between an issuer and a purchaser, for purposes of Rule 506(b).

The Acting CHAIR. Pursuant to House Resolution 1052, the gentleman from New York (Mr. LAWLER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from New York.

Mr. LAWLER. Mr. Chair, today I rise to urge the House to adopt my amendment, which would include the Helping Angels Lead Our Startups Act, otherwise known as the HALOS Act, into the underlying bill.

The HALOS Act will promote access to investment capital for small companies and ensure that startups can continue to generate interest and connect with investors.

It will do this by ensuring that demo days, pitch competitions, and community economic development events where there is no specific investment offering are not considered general solicitation under Reg D.

In doing so, companies will be able to engage with a wider audience of investors and spread word of the products and services that they can offer to help develop a thriving and diverse economy.

Small businesses are facing turbulent economic times. After surviving COVID, they are still dealing with the impacts of inflation, low confidence in the economy, and having to contend with many regulations which can stifle economic growth, prevent entrepreneurs from achieving their full potential, and frankly, prevent folks from living out their American Dream.

Entrepreneurs and small businesses drive the American economy. In 2019, the SBA calculated that close to 44 percent of our GDP was the result of small businesses.

Barriers like the general compliance requirements on general solicitations can reduce opportunities for small businesses, entrepreneurs, and everyday investors as they both soak up the amount of time and resources needed but also deter small businesses who are afraid of unintentionally violating these laws.

We have seen many successes from and since the passing of the bipartisan JOBS Act over a decade ago that helped reduce barriers to investment.

The HALOS Act is a logical next step on the road of clarifying and modernizing rules that will enable startups to find the resources they need to grow and thrive.

Angel investors who are defined by this bill not only play a major role in financing individual efforts to pursue their dream and start a business, but also often provide a wealth of advice and support for tens of thousands of startups.

Long-term impact can be seen as companies such as Amazon, Costco, Facebook, Google, and Starbucks all initially were funded by angel investors.

By alleviating burdens on businesses, cutting red tape, and making capital in our public markets easier and less costly for emerging companies, we will be helping to build a more diverse and inclusive universe of entrepreneurs and

founders by expanding opportunities to underrepresented entrepreneurs and communities facing capital formation challenges.

The HALOS Act will simply allow folks to get eyes on their businesses and potentially find the vital investor they need to succeed.

Once again, I urge all of my colleagues to support this commonsense and bipartisan amendment to help our small businesses and startups.

Mr. Chair, I reserve the balance of my time.

Ms. WATERS. Mr. Chair, I claim the time in opposition.

The Acting CHAIR. The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Mr. Chair, I yield myself such time as I may consume.

This amendment sponsored by Mr. LAWLER codifies a controversial Trump-era SEC rule that is opposed by many investor advocates.

The amendment allows high-risk startups to tout their businesses in front of retail investors. This is currently prohibited in part because roughly 75 percent of VC-backed startups fail.

The amendment would specifically allow angel investors and issuers to market their startup ventures to prospective investors at colleges and nonprofits, including churches.

Broadly marketing your securities to the public in this fashion—known as a general solicitation—is usually prohibited for private offerings like these because the public nature of the market effectively makes the offering itself public, and therefore, requires registration with the SEC.

At universities and churches, students and congregants gather to learn, and they generally trust the information they receive. I don't believe these are spaces where it is appropriate to market highly risky investment opportunities.

In my own district, a church was the victim of an investment scheme in which an issuer conned the church out of nearly $6 million. I previously offered an amendment during our committee's markup last year that would prevent future frauds like this from happening again—frauds that would be further enabled by this amendment.

As such, I urge my colleagues to oppose Mr. LAWLER's amendment, and I reserve the balance of my time.

Mr. LAWLER. Mr. Chair, I would just remind the ranking member that you need to be an accredited investor to invest. Many of the examples that the gentlewoman highlights are frankly null and void.

Mr. Chair, may I inquire how much time I have remaining?

The Acting CHAIR. The gentleman has 2 minutes remaining.

Mr. LAWLER. Mr. Chair, I yield 2 minutes to the gentlewoman from Missouri (Mrs. WAGNER), the chair of the Capital Markets Subcommittee.

Mrs. WAGNER. Mr. Chair, I rise in support of my friend and colleague from New York's amendment, which would add his Helping Angels Lead Our Startups, or HALOS, Act to H.R. 2799.

Mr. LAWLER's legislation is a commonsense step to promote capital formation by permanently reducing certain burdens on U.S. small businesses and entrepreneurs.

Unfortunately, when implementing the JOBS Act of 2012, the SEC complicated these events for many startups by classifying demo day discussions as general solicitations, blocking companies from being able to use common fundraising practices.

In 2021, then-SEC Chairman Clayton reformed these rules to provide relief for entrepreneurs throughout our country, and my colleague's amendment builds on this progress by adding much-needed certainty that will ensure startups can continue to access demo days without sacrificing their ability to raise capital through popular and practical regulatory pathways.

Members of Congress from both sides of the aisle have recognized the need for this amendment with the current language receiving strong bipartisan support, once again, from the committee.

Therefore, I urge my colleagues to adopt this commonsense amendment and help U.S. startups grow their ideas into thriving and successful businesses.

Ms. WATERS. Mr. Chair, what Mr. LAWLER doesn't recognize is that the underlying bill makes the accredited investor definition meaningless. All you have to do is check a box, and poof, able to invest.

Mr. Chair, I reserve the balance of my time.

Mr. LAWLER. Mr. Chair, I rise again to urge the House to adopt my amendment, the Helping Angels Lead Our Startups Act, otherwise known as the HALOS Act, into the underlying bill.

Ensuring that folks have access to capital is critical, and this amendment will help ensure that our small businesses, which are the lifeblood of our economy, have greater access to capital and that accredited investors will be able to invest in these small startup businesses.

Mr. Chair, I urge all of my colleagues to support my amendment, and I yield back the balance of my time.

Ms. WATERS. Mr. Chair, I yield myself the balance of my time to close.

Simply put, this amendment allows failure-prone startups to market their private offerings to unaccredited investors who do not fully understand the risks involved.

Colleges and churches are not the place startups should be raising money, and in general, we should not make it easier for them to push their risky private securities on unsuspecting retail investors, as this provision does.

Mr. Chair, I urge my colleagues to vote ''no,'' and I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from New York (Mr. LAWLER).

The question was taken; and the Acting Chair announced that the ayes appeared to have it.

Ms. WATERS. Mr. Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New York will be postponed.

AMENDMENT NO. 2 OFFERED BY MR. HUIZENGA

The Acting CHAIR. It is now in order to consider amendment No. 2 printed in part B of House Report 118–407.

Mr. HUIZENGA. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following:

DIVISION D—IMPROVING DISCLOSURE FOR INVESTORS

SEC. 4001. SHORT TITLE.

This division may be cited as the ''Improving Disclosure for Investors Act of 2024''.

SEC. 4002. ELECTRONIC DELIVERY.

(a) PROMULGATION OF RULES.—Not later than 180 days after the date of the enactment of this section, the Securities and Exchange Commission shall propose and, not later than 1 year after the date of the enactment of this section, the Commission shall finalize, rules, regulations, amendments, or interpretations, as appropriate, to allow a covered entity to satisfy the entity's obligation to deliver regulatory documents required under the securities laws to investors using electronic delivery.

(b) REQUIRED PROVISIONS.—Rules, regulations, amendments, or interpretations the Commission promulgates pursuant to subsection (a) shall:

(1) With respect to investors that do not receive all regulatory documents by electronic delivery, provide for—

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

(B) a transition period not to exceed 180 days until such regulatory documents are delivered to such investors by electronic delivery; and

(C) during a period not to exceed 2 years following the transition period set forth in subparagraph (B), delivery of an annual notice in paper form solely reminding such investors of the ability to opt out of electronic delivery at any time and receive paper versions of regulatory documents.

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

(3) Set forth requirements for the timing of delivery of a notice of website availability of regulatory documents and the content of the appropriate notice described in subsection (h)(3)(B).

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

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

(6) Set forth minimum requirements regarding readability and retainability for regulatory documents that are delivered electronically.

(7) For covered entities other than brokers, dealers, investment advisers registered with the Commission, and investment companies, require measures reasonably designed to ensure the confidentiality of personal information in regulatory documents that are delivered to investors electronically.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as altering the substance or timing of any regulatory document obligation under the securities laws or regulations of a self-regulatory organization.

(d) TREATMENT OF REVISIONS NOT COMPLETED IN A TIMELY MANNER.—If the Commission fails to finalize the rules, regulations, amendments, or interpretations required under subsection (a) before the date specified in such subsection—

(1) a covered entity may deliver regulatory documents using electronic delivery in accordance with subsections (b) and (c); and

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

(e) OTHER REQUIRED ACTIONS.—

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

(A) within 180 days of the date of enactment of this Act, conduct a review of the rules and regulations of the Commission to determine whether any such rules or regulations require delivery of written documents to investors; and

(B) within 1 year of the date of enactment of this Act, promulgate amendments to such rules or regulations to provide that any requirement to deliver a regulatory document ''in writing'' may be satisfied by electronic delivery.

(2) ACTIONS BY SELF-REGULATORY ORGANIZATIONS.—Each self-regulatory organization shall adopt rules and regulations, or amend the rules and regulations of the self-regulatory organization, consistent with this Act and consistent with rules, regulations, amendments, or interpretations finalized by the Commission pursuant to subsection (a).

(3) RULE OF APPLICATION.—This subsection shall not apply to a rule or regulation issued pursuant to a Federal statute if that Federal statute specifically requires delivery of written documents to investors.

(f) DEFINITIONS.—In this section:

(1) COMMISSION.—The term ''Commission'' means the Securities and Exchange Commission.

(2) COVERED ENTITY.—The term ''covered entity'' means—

(A) an investment company (as defined in section 3(a)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(a)(1))) that is registered under such Act;

(B) a business development company (as defined in section 2(a) the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))) that has elected to be regulated as such under such Act;

(C) a registered broker or dealer (as defined in section 3(a)(4) and section 3(a)(5) of the Securities Exchange Act of 1934) (15 U.S.C. 78c(a)(4) & 78c(a)(5));

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

(E) a registered government securities broker or government securities dealer (as defined in section 3(a)(43) and section 3(a)(44) of the Securities Exchange Act of 1934) (15 U.S.C. 78c(a)(43) & 78c(a)(44));

(F) a registered investment adviser (as defined in section 202(a)(11) of the Investment Advisers Act of 1940) (15 U.S.C. 80b–1(a)(11));

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

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

(3) ELECTRONIC DELIVERY.—The term ''electronic delivery'', with respect to regulatory documents, includes—

(A) the direct delivery of such regulatory document to an electronic address of an investor;

(B) the posting of such regulatory document to a website and direct electronic delivery of an appropriate notice of the availability of the regulatory document to the investor; and

(C) an electronic method reasonably designed to ensure receipt of such regulatory document by the investor.

(4) REGULATORY DOCUMENTS.—The term ''regulatory documents'' includes—

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

(B) summary prospectuses meeting the requirements of—

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

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

(C) statements of additional information, as described under section 270.30e–3(h)(3) of title 17, Code of Federal Regulations;

(D) annual and semi-annual reports to investors meeting the requirements of section 30(e) of the Investment Company Act of 1940 (15 U.S.C. 80a–29(e));

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

(F) confirmations and account statements meeting the requirements under section 240.10b–10 of title 17, Code of Federal Regulations;

(G) proxy statements meeting the requirements under section 240.14a–3 of title 17, Code of Federal Regulations;

(H) privacy notices meeting the requirements of Regulation S–P under subpart A of part 248 of title 17, Code of Federal Regulations;

(I) affiliate marketing notices meeting the requirements of Regulation S–AM under subpart B of part 248 of title 17, Code of Federal Regulations; and

(J) all other regulatory documents required to be delivered by covered entities to investors under the securities laws and the rules and regulations of the Commission and the self-regulatory organizations.

(5) SECURITIES LAWS.—The term ''securities laws'' has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(6) SELF-REGULATORY ORGANIZATION.—The term ''self-regulatory organization'' means—

(A) a self-regulatory organization, as defined in section 2(a)(26) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(26)); and

(B) the Municipal Securities Rulemaking Board.

(7) WEBSITE.—The term ''website'' means an internet website or other digital, internet, or electronic-based information repository, such as a mobile application, to which an investor of a covered entity has been provided reasonable access.

The Acting CHAIR. Pursuant to House Resolution 1052, the gentleman from Michigan (Mr. HUIZENGA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Michigan.

Mr. HUIZENGA. Mr. Chair, I yield myself 2½ minutes.

Mr. Chair, for 90 years, the Securities and Exchange Commission has been tasked with three things: protect investors; maintain fair, orderly, and efficient markets; and finally, facilitate capital formation.

The amendment before us today does all three.

First, it directs the Securities and Exchange Commission to promulgate rules with respect to electronic delivery of some required disclosures to retail investors.

Second, it provides a transition period, allowing an initial paper communication about the electronic delivery to be sent to existing investors.

Third, during a period not to exceed 2 years, the amendment requires delivery of the annual notice in paper solely to remind investors of the ability to opt out of that and into electronic delivery at any time.

Lastly—and I can't emphasize this enough—this amendment provides a mechanism for investors at any time to opt out of e-delivery, and once again, you will receive paper versions of the documents.

You want paper, Mr. Chair, you get it.

You want e-delivery, you can get that, too.

E-delivery is not a new and radical concept, but frankly, it is long overdue, and the data supports the facts.

In 2018, the Social Security Administration eliminated paper as its primary method of delivering benefit statements to individuals. Now, nearly 45 million Americans who receive benefits from Social Security have created online accounts to access their information—information that is more timely and more secure.

Likewise, the Federal Thrift Savings Plan, TSP, which Members and staff in this Chamber use, began offering statements digitally in 2003, with 5.5 million or 85 percent of participants currently taking advantage of this option.

Finally, in 2020, the Department of Labor moved to e-delivery as a default for all of its workplace plan participants.

I would close by addressing consumer protection. This amendment appropriately preserves the ability for investors who prefer to receive paper notices and disclosures to do just that.

Like many of my colleagues, I, too, represent a district that encompasses rural communities. That is why it was important for today's amendment to ensure that paper will always be an option if internet access is an issue.

American financial markets are some of the most sophisticated in the world with innovation happening at every turn. Yet, for retail investors, we have decided that defaulting to an outdated mode of information sharing is in their best interest.

Today's amendment was guided by a commitment to honor consumer choice while ensuring Americans receive important information.

Madam Chair, I reserve the balance of my time.

□ 1730

Ms. WATERS. Madam Chair, I claim the time in opposition to the amendment.

The Acting CHAIR (Mrs. MILLER-MEEKS). The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Madam Chair, I yield myself such time as I may consume.

This amendment ignores the reality that many investors, particularly seniors, do not have access to or the ability to review electronic documents or simply do not prefer electronic delivery of financial documents. It would require investors to opt in to receive paper documents, which would effectively prevent individuals who do not have easy access to the internet from viewing important financial documents about the securities they invest in.

Several major investor advocate groups strongly oppose this bill, including the AARP, the North American Securities Administrators Association, the Consumer Federation of America, Americans for Financial Reform, and Public Citizen, to name a few.

I strongly urge my colleagues to vote ''no'' on this terrible amendment.

Madam Chair, I reserve the balance of my time.

Mr. HUIZENGA. Madam Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. NICKEL).

Mr. NICKEL. Madam Speaker, I rise in support of this bipartisan amendment with Mr. HUIZENGA. I also thank my colleagues, Congressman STEIL and Congressman AUCHINCLOSS, for cosponsoring this amendment.

This commonsense, probusiness amendment cuts unnecessary red tape and directs the SEC to make electronic delivery, or eDelivery, the default communication method for investment companies with their investors. The amendment aims to modernize the policy, with investors opting in to paper disclosures instead of opting out while ensuring that paper will always be an option.

Consumer protection is a cornerstone of this amendment, which is why it includes a 2-year transition period. Well before any switch to eDelivery begins, consumers would be given advance notice in the form of clear and readable paper disclosures about the move to digital disclosures. On top of that, consumers will be mailed reminders for 2 years that they can opt in to paper disclosures. Paper disclosures will always be an option for those who want them.

This a long overdue reform, especially when you consider that the Social Security Administration, the Federal Thrift Savings Plan, the Department of Labor, and the IRS have already advanced digital-first policies that have succeeded in providing Americans with more timely, secure, and engaging communications.

This is a pro-environment amendment. Congress can save millions of trees with this legislation. With each forest we cut down to deliver a disclosure to clog up both mailboxes and trash cans, we cause devastating impacts to our air, water, and the healthy planet future generations deserve to grow up on.

American financial markets are the most sophisticated in the world. While some are finding innovative ways to harness the speed and reliability of today's technology for everyday investors, the SEC's regulatory construct still uses an outdated mode of sharing information: paper.

Despite the convenience and security of the internet, we are not removing paper as an option. That choice remains. I believe it is incumbent upon Congress to modernize regulations in our capital markets.

Madam Chair, I urge my colleagues to vote ''yes'' on this amendment, to do the right thing for consumers, the planet, and the market.

Mr. HUIZENGA. Madam Chair, may I inquire of the time remaining?

The Acting CHAIR. The gentleman from Michigan has 30 seconds remaining.

Mr. HUIZENGA. Madam Chair, virtually every Federal agency, including the IRS and the Social Security Administration, have moved to electronic delivery. Why? Because older Americans have rapidly adopted internet technology in recent years, including 96 percent of those between the ages of 50 and 65, of which I am, and over three-quarters of those over the age of 65.

In fact, in a recent AARP study about retirement plan account holders' views on electronic versus paper accounts, 91 percent of the people were comfortable using the internet to log in and view financial accounts and 94 percent used the internet daily.

I understand the AARP has some concerns with this legislation. We have attempted to address those through the ranking member. Unfortunately, their solution so radically changes the scope of the bill that it undercuts the entire intent of this.

As I have said before, if you want paper, you will receive paper. If you want an electronic copy, you will receive an electronic copy. It is disingenuous to say anything else. If you don't have internet access, or if you choose to receive paper, you will get it.

Madam Chair, I yield back the balance of my time.

Ms. WATERS. Madam Speaker, I yield myself the balance of my time.

The name of this amendment, Improving Disclosure for Investors, is an oxymoron. It does absolutely nothing to improve disclosure for investors. Rather, by forcing them to opt in to paper filings, it would make it more difficult, if not impossible, for many investors to see what fees they pay for their funds, brokerage accounts, and retirement savings. Instead of having easy, instant access via paper copies, they would need to go online to search for that information.

This amendment is more appropriately called the improving Wall Street profits at the expense of retail investors act.

I strongly urge my colleagues to protect elderly investors and to vote ''no'' on this amendment.

Madam Chair, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Michigan (Mr. HUIZENGA).

The question was taken; and the Acting Chair announced that the ayes appeared to have it.

Mr. HUIZENGA. Madam Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Michigan will be postponed.

AMENDMENT NO. 3 OFFERED BY MR. LUCAS

The Acting CHAIR. It is now in order to consider amendment No. 3 printed in part B of House Report 118–407.

Mr. LUCAS. Madam Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following:

DIVISION D—ENHANCEMENT OF 403(b) PLANS

SEC. 4101. SHORT TITLE.

This division may be cited as the ''Retirement Fairness for Charities and Educational Institutions Act of 2024''.

SEC. 4102. ENHANCEMENT OF 403(b) PLANS.

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

''(11) Any—

''(A) employee's stock bonus, pension, or profit-sharing trust which meets the requirements for qualification under section 401 of the Internal Revenue Code of 1986;

''(B) custodial account meeting the requirements of section 403(b)(7) of such Code;

''(C) governmental plan described in section 3(a)(2)(C) of the Securities Act of 1933;

''(D) collective trust fund maintained by a bank consisting solely of assets of one or more—

''(i) trusts described in subparagraph (A);

''(ii) government plans described in subparagraph (C);

''(iii) church plans, companies, or accounts that are excluded from the definition of an investment company under paragraph (14) of this subsection; or

''(iv) plans which meet the requirements of section 403(b) of the Internal Revenue Code of 1986—

''(I) if—

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

''(bb) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan's investments among which participants can choose; or

''(cc) such plan is a governmental plan (as defined in section 414(d) of such Code); and

''(II) if the employer, a fiduciary of the plan, or another person acting on behalf of the employer reviews and approves each investment alternative offered under such plan described under subclause (I)(cc) prior to the investment being offered to participants in the plan; or

''(E) separate account the assets of which are derived solely from—

''(i) contributions under pension or profit-sharing plans which meet the requirements of section 401 of the Internal Revenue Code of 1986 or the requirements for deduction of the employer's contribution under section 404(a)(2) of such Code;

''(ii) contributions under governmental plans in connection with which interests, participations, or securities are exempted from the registration provisions of section 5 of the Securities Act of 1933 by section 3(a)(2)(C) of such Act;

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

''(iv) contributions to a plan described in clause (iii) or (iv) of subparagraph (D).''.

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

(1) by striking ''beneficiaries, or (D)'' and inserting ''beneficiaries, (D) a plan which meets the requirements of section 403(b) of such Code (i) if (I) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), (II) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan's investments among which participants can choose, or (III) such plan is a governmental plan (as defined in section 414(d) of such Code), and (ii) if the employer, a fiduciary of the plan, or another person acting on behalf of the employer reviews and approves each investment alternative offered under any plan described under clause (i)(III) prior to the investment being offered to participants in the plan, or (E)'';

(2) by striking ''(C), or (D)'' and inserting ''(C), (D), or (E)''; and

(3) by striking ''(iii) which is a plan funded'' and all that follows through ''retirement income account).'' and inserting ''(iii) in the case of a plan not described in subparagraph (D) or (E), which is a plan funded by an annuity contract described in section 403(b) of such Code''.

(c) AMENDMENTS TO THE SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(12)(C) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(12)(C)) is amended—

(1) by striking ''or (iv)'' and inserting ''(iv) a plan which meets the requirements of section 403(b) of such Code (I) if (aa) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), (bb) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan's investments among which participants can choose, or (cc) such plan is a governmental plan (as defined in section 414(d) of such Code), and (II) if the employer, a fiduciary of the plan, or another person acting on behalf of the employer reviews and approves each investment alternative offered under any plan described under subclause (I)(cc) prior to the investment being offered to participants in the plan, or (v)'';

(2) by striking ''(ii), or (iii)'' and inserting ''(ii), (iii), or (iv)''; and

(3) by striking ''(II) is a plan funded'' and inserting ''(II) in the case of a plan not described in clause (iv), is a plan funded''.

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

The Acting CHAIR. Pursuant to House Resolution 1052, the gentleman from Oklahoma (Mr. LUCAS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Oklahoma.

Mr. LUCAS. Madam Chair, I yield myself such time as I may consume.

One of the most difficult decisions a worker will ever undertake is determining how to save for retirement. This requires an individual to forecast decades into the future, ensuring one has the ability to navigate through life, family, and economic events.

For many teachers and nonprofit employees, their retirement savings are through 403(b) plans. However, these public servants in 403(b) plans are unable to benefit from the same cost-effective investment products that are available in all other plans, including 401(k) plans, government 457(b) plans, and the Federal Thrift Savings Plan.

Since the creation of 403(b) retirement plans back in 1958, there have been many changes to how we save for retirement, both in the law and the overall economy.

This amendment will allow 403(b) plans the ability to invest in collective investment trusts, or CITs, and insurance company separate accounts.

CITs and insurance company separate accounts are both pooled investment vehicles sponsored and maintained by a bank or trust company, or an insurance company, respectively.

This measure originated in SECURE 2.0 last Congress, which passed the House Ways and Means Committee unanimously. The SECURE 2.0 Act that ultimately became law included the required changes to the tax code but did not include the necessary changes to securities law.

The data speaks for itself. During the past 10 years, 401(k) plan assets increased by 88 percent, government 457(b) plans increased by 82 percent, but total assets in 403(b) plans only increased by 46 percent.

We have for too long limited the investment options made available to public servants, and this bill will allow for much-needed consistency across retirement plans.

This measure received broad bipartisan support in the Financial Services Committee, and I thank Congressman GOTTHEIMER of New Jersey and Congressman FOSTER of Illinois for joining me on this amendment.

Madam Chair, I urge my colleagues to support the amendment, and I reserve the balance of my time.

Ms. WATERS. Madam Chair, I claim the time in opposition to the amendment.

The Acting CHAIR. The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Madam Chair, I yield myself such time as I may consume.

This amendment, sponsored by Mr. LUCAS, would be better titled the retirement hazard for charities and educational institutions amendment because it puts the retirement savings of public interest professionals at risk.

403(b) retirement plans cater to teachers, school administrators, professors, nonprofit employees, and healthcare workers. These individuals dedicate their lives to the public interest. They invest in the future of our children. They ensure we get the healthcare we need, even during a global pandemic, and too often, they aren't paid nearly enough to do the work that they do.

There are current restrictions on how 403(b) plans can invest their assets, and this is to ensure that these retirement accounts are generally safe investments. However, this amendment would allow 403(b) plans to invest in two types of risky, unregistered securities: collective investment trusts, or CITs, which is a type of pooled investment vehicle, and insurance products called variable annuities, both of which are considered fairly risky products for unsophisticated investors.

Madam Chair, under this amendment, neither of these products would be subject to regulation or oversight by the SEC.

More than half of all 403(b) plans are not covered by ERISA protections, meaning that this newly allowed risky investment activity would also escape the oversight of the Department of Labor.

While Republicans claim they are creating parity with 401(k) plans, this is simply untrue because all 401(k) plans are, in fact, covered by ERISA. To create true parity, we would need to restrict the sale of CITs and variable annuities to only 403(b) plans covered by ERISA.

All in all, this amendment would carve out over $1.4 trillion of retirement funds from Federal oversight. This would constitute the single largest deregulation of our capital markets in years.

Ultimately, this amendment would put the hard-earned retirement savings of public interest professionals at risk. That is why I strongly oppose it.

Madam Chair, I reserve the balance of my time.

Mr. LUCAS. Madam Chair, I yield such time as she may consume to the gentleman from Missouri (Mrs. WAGNER).

□ 1745

Mrs. WAGNER. Madam Chair, I rise in support of the gentleman from Oklahoma's amendment.

Under current law, Americans participating in 401(k) plans through their employer may invest their retirement accounts in collective investment trusts, CITs, and insurance company separate accounts that are exempt from the SEC's registration requirements. This exemption from SEC registration allows these products to be offered at lower costs.

However, teachers, nurses, janitors, and charity workers who participate in 403(b) plans are currently denied access to the cost-effective investments available to private workers in 401(k) plans. Importantly, investment options in a 403(b) plan are always selected by the private or public employer. As such, this amendment does not allow direct retail sales to individuals.

Moreover, unregistered does not mean unregulated. It simply means

that investment products available to 403(b) plans will not have to register with the SEC and, thus, will not have to provide a lengthy prospectus document to accompany the filing, thus keeping costs appropriately low.

The amendment preserves important protections for investors in 403(b) plans.

Mr. LUCAS' amendment is a thoughtful and balanced bill to allow employees of nonprofit charities and public educational institutions in 403(b) plans to have access to the same low-cost investments available to employees of for-profit companies and other employees in 401(k) plans.

This amendment is co-led in a bipartisan fashion with support from my colleagues across the aisle, Mr. GOTTHEIMER and Mr. FOSTER. On top of that, the bill this amendment is based on, the Retirement Fairness for Charities and Educational Institutions Act, passed out of the Financial Services Committee last year with very strong bipartisan support.

Madam Chair, I urge my colleagues to support this amendment.

Ms. WATERS. Madam Chair, I continue to reserve the balance of my time.

Mr. LUCAS. Madam Chair, I have no further speakers, and I yield myself the balance of my time.

Madam Chair, I simply wish to say that I have the greatest respect for the ranking member of the Financial Services Committee, but I would note we simply disagree on this amendment.

I believe it is a very effective way to provide equity amongst the various retirement accounts, and it is important that teachers and public service people have the same opportunity to grow their savings so that they, too, can enjoy the best possible golden years.

Madam Chair, I yield back the balance of my time.

Ms. WATERS. Madam Chair, I yield myself the balance of my time.

Madam Chair, by allowing unregistered financial professionals to sell unregistered products to 403(b) plans, this amendment would leave America's teachers, healthcare workers, and other public interest professionals vulnerable to losing their retirement funds.

Neither of the two unregistered products contemplated nor the sales of these products would be subject to regulation or oversight by the SEC, which allows them to skirt investor protections and exposes plan participants to greater risk of loss. Congress must do everything in its power to ensure our teachers and dedicated public servants have a comfortable retirement, but this amendment would do anything but that.

Madam Chair, I strongly urge my colleagues to vote ''no,'' and I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Oklahoma (Mr. LUCAS).

The question was taken; and the Acting Chair announced that the ayes appeared to have it.

Ms. WATERS. Madam Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Oklahoma will be postponed.

AMENDMENT NO. 4 OFFERED BY MRS. WAGNER

The Acting CHAIR. It is now in order to consider amendment No. 4 printed in part B of House Report Number 118–407.

Mrs. WAGNER. Madam Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following:

DIVISION D—INCREASING INVESTOR OPPORTUNITIES

SEC. 4001. CLOSED-END COMPANY AUTHORITY TO INVEST IN PRIVATE FUNDS.

(a) IN GENERAL.—Section 5 of the Investment Company Act of 1940 (15 U.S.C. 80a–5) is amended by adding at the end the following:

''(d) CLOSED-END COMPANY AUTHORITY TO INVEST IN PRIVATE FUNDS.—

''(1) IN GENERAL.—Except as otherwise prohibited or restricted by this Act (or any rule issued under this Act), the Commission may not prohibit or otherwise limit a closed-end company from investing any or all of the assets of the closed-end company in securities issued by private funds.

''(2) OTHER RESTRICTIONS ON COMMISSION AUTHORITY.—

''(A) IN GENERAL.—Except as otherwise prohibited or restricted by this Act (or any rule issued under this Act) or to the extent permitted by subparagraph (B), the Commission may not impose any condition on, restrict, or otherwise limit—

''(i) the offer to sell, or the sale of, securities issued by a closed-end company that invests, or proposes to invest, in securities issued by private funds; or

''(ii) the listing of the securities of a closed-end company described in clause (i) on a national securities exchange.

''(B) UNRELATED RESTRICTIONS.—The Commission may impose a condition on, restrict, or otherwise limit an activity described in clause (i) or (ii) of subparagraph (A) if that condition, restriction or limitation is unrelated to the underlying characteristics of a private fund or the status of a private fund as a private fund.

''(3) APPLICATION.—Notwithstanding section 6(f), this subsection shall also apply to a closed-end company that elects to be treated as a business development company pursuant to section 54.''.

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

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

(c) TREATMENT BY NATIONAL SECURITIES EXCHANGES.—Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is amended by adding at the end the following:

''(m)(1) Except as otherwise prohibited or restricted by rules of the exchange that are consistent with section 5(d) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(d)), an exchange may not prohibit, condition, restrict, or impose any other limitation on the listing or trading of the securities of a closed-end company when the closed-end company invests, or may invest, some or all of the assets of the closed-end company in securities issued by private funds.

''(2) In this subsection—

''(A) the term 'closed-end company'—

''(i) has the meaning given the term in section 5(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(a)); and

''(ii) includes a closed-end company that elects to be treated as a business development company pursuant to section 54 of the Investment Company Act of 1940 (15 U.S.C. 80a–53); and

''(B) the term 'private fund' has the meaning given the term in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))).''.

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

(1) in paragraph (1), in the matter preceding subparagraph (A), in the second sentence, by striking ''subparagraphs (A)(i) and (B)(i)'' and inserting ''subparagraphs (A)(i), (B)(i), and (C)''; and

(2) in paragraph (7)(D), by striking ''subparagraphs (A)(i) and (B)(i)'' and inserting ''subparagraphs (A)(i), (B)(i), and (C)''.

(e) RULES OF CONSTRUCTION.—

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

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

The Acting CHAIR. Pursuant to House Resolution 1052, the gentlewoman from Missouri (Mrs. WAGNER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Missouri.

Mrs. WAGNER. Madam Chair, I yield myself such time as I may consume.

Madam Chair, closed-end funds are a popular tool for everyday investors who gain exposure to private markets in a safe, appropriately regulated way. Approximately 3 million Americans rely on these products to build wealth and save for retirement.

Like other investment options available to Americans looking to save for retirement, send their kids to college, or plan for the future, closed-end funds must comply with the requirements of the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940.

To satisfy their regulatory obligations, closed-end funds must, among other things, register with the SEC, file annual and semiannual reports, and comply with stringent valuation and disclosure requirements. They are also subject to the broad antifraud provisions of the Federal securities laws, which provide additional protections to investors.

Unfortunately, an SEC staff position prevents registered closed-end funds from investing more than 15 percent of their total assets in private funds. This arbitrary restriction is especially harmful to low-income and middle-

class Americans who rely on appropriately regulated products like closed-end funds to access high-growth investment opportunities.

In substituting their own judgments for those of financial professionals, SEC bureaucrats have taken another step toward reserving safe access to investment opportunities for wealthy, accredited investors.

My amendment, which mirrors my bipartisan Increasing Investor Opportunities Act, would remove this arbitrary SEC staff position and allow investment professionals to determine which investments a closed-end fund should make. This would increase investment opportunities for millions of Americans and eliminate unnecessary barriers restricting investor access.

Madam Chair, I thank my Democratic friends across the aisle, including Mr. MEEKS, Mr. SCOTT, and Mr. NICKEL, for their bipartisan support of my bill on which this amendment is based.

Last year, the Financial Services Committee passed the same text that is in this amendment with strong bipartisan support. I am proud of this legislation and our committee's unwavering commitment to expanding investment opportunities for all Americans.

Madam Chair, I encourage my colleagues to support this amendment, and I reserve the balance of my time.

Ms. WATERS. Madam Chair, I claim the time in opposition.

The Acting CHAIR. The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Madam Chair, I yield myself such time as I may consume.

Madam Chair, this amendment would be better titled increasing investor risks.

Currently, closed-end funds, which are a type of mutual fund, are only allowed to invest up to 15 percent of their assets into private funds. This current limit of 15 percent gives closed-end funds some flexibility to invest in private funds but establishes a reasonable restriction, considering private funds are subject to less regulation and disclosure. This restriction also accounts for the fact that private funds invest in fledgling startups and distressed companies, which are significantly more risky than public securities, and most of their investments fail.

Mrs. WAGNER's amendment would eliminate the restriction on closed-end fund investments into private funds, allowing them to invest up to 100 percent of their assets into private funds. Moreover, the amendment provides zero safeguards to mitigate the new risks created by this blunt deregulation.

Like all the rest of the capital markets-related amendments before us today, this one is opposed by investor groups, consumer and investor advocates, and State regulators.

For these reasons, Madam Chair, I oppose this amendment. I urge my colleagues to do the same, and I reserve the balance of my time.

Mrs. WAGNER. Madam Chair, I yield 1 minute to the gentleman from New York (Mr. MEEKS).

Mr. MEEKS. Madam Chair, at this time, I am pleased to offer this bipartisan amendment with my friend from Missouri (Mrs. WAGNER) along with the support of my colleagues Mr. SCOTT and Mr. NICKEL.

This amendment would provide opportunities for enhanced exposure to private funds through closed-end funds, investment vehicles with comprehensive protections under the 1940 Investment Company Act. These rules include the mandatory requirement that the fund be managed by an investment adviser who is required to conduct due diligence on a fund's investments, answer to independent directors, and adhere to extensive disclosure and reporting requirements.

This amendment also makes clear that investors should be given access to the growth opportunities provided in the private markets so long as they have proper disclosures and risk mitigation.

I am happy to sponsor this bipartisan amendment primarily because it also broadens opportunities and increases access for people who have been left out in the past while ensuring that robust rules of the road are followed.

Ms. WATERS. Madam Chair, I reserve the balance of my time.

Mrs. WAGNER. Madam Chair, the closed-end funds are a very popular tool for everyday investors who gain exposure to private markets in a safe, appropriately regulated way.

As I said, approximately 3 million Americans rely on these products to build wealth and save for retirement.

Madam Chair, I urge all of my colleagues to support this amendment, and I yield back the balance of my time.

Ms. WATERS. Madam Chair, I yield myself the balance of my time.

Madam Chair, as I stated, the assets that private funds purchase are significantly more risky than public securities. In fact, 9 out of every 10 of their investments fail.

Allowing closed-end funds to invest all of their assets into private funds can be risky for America's retirement savers, who should be able to trust that these funds are safe investments for them to save for retirement.

As such, Madam Chair, I strongly urge my colleagues to vote ''no,'' and I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Missouri (Mrs. WAGNER).

The question was taken; and the Acting Chair announced that the ayes appeared to have it.

Ms. WATERS. Madam Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from Missouri will be postponed.

AMENDMENT NO. 5 OFFERED BY MR. SHERMAN

The Acting CHAIR. It is now in order to consider amendment No. 5 printed in part B of House Report 118–407.

Mr. SHERMAN. Madam Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 38, strike line 21 and all that follows through page 39, line 6 and insert the following:

''(iii) with respect to a proposed transaction involving a private offering, any individual if—

''(I) the amount of such transaction is not more than 5 percent of the net worth of the individual (excluding the primary residence of the individual); and

''(II) the aggregate investment of the individual at the completion of such transaction, in securities with respect to which there has not been a public offering, is not more than 25 percent of the net worth of the individual (excluding the primary residence of the individual);''.

The Acting CHAIR. Pursuant to House Resolution 1052, the gentleman from California (Mr. SHERMAN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California.

Mr. SHERMAN. Madam Chair, in the debate on the bill in chief, the chair of the full committee correctly criticized the definition of accredited investor as it occurs under current law.

Accredited investor is an important concept in securities law because, Madam Chair, when you have a private offering, one that hasn't gone through the SEC process, the amount that can be raised and the number of investors you can have are related to, in large part, how many of your investors are accredited.

The current definition makes you an accredited investor if you earn over $200,000 a year or have a net worth of more than $1 million. Frankly, the fact that you have that level of income or that level of wealth does not show that you have particular expertise or that your adviser team has particular expertise. While it certainly shows that you are in a position to absorb a loss, no one can afford to absorb a loss of 100 percent of their net worth.

We need a different definition of accredited investor, one that does not limit that status just to those who happen to be wealthy or have a high income.

The bill before us here does provide that different definition by saying you are an accredited investor, first, if you acknowledge the risks that you are taking and, second, if you are investing less than 10 percent of your net worth in the securities offering so that you can afford a loss on what, after all, is a higher risk—as many people have pointed out—offering about which you get less information.

The problem with the bill in chief using that 10 percent standard is twofold. First, it includes in your net

worth your primary residence. If you happen to have a $1 million home, you could take out a $100,000 mortgage on it and invest all $100,000 in one relatively risky investment.

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Mr. SHERMAN. You have literally bet your house on an investment that is of a type that is risky and where you get less information and where the investment is illiquid. That is not good investor protection.

What this amendment does is it says, yes, we are going to look at what portion of your net worth you are investing, but we are going to take a look first at your net worth excluding your primary residence because very few people feel they can afford to lose their house; second, that you cannot invest more than 10 percent of your net worth in any single offering or more than 25 percent of your net worth in all these private offerings.

Therefore, we look at wealth, excluding your home so you don't risk losing your home, and we look at not only how much you are investing in the particular investment, but how much you are investing overall.

I want to correct one thing. This amendment limits it to, excluding your primary residence, 5 percent of your net worth on any one private offering, and no more than 25 percent of your net worth, excluding your primary residence, on all such private offerings.

Madam Chair, I urge adoption of this amendment. I think it gives us a better definition of those who can afford the risks and the risk of liquidity that comes with these private investments.

The risk of liquidity is there. You may think, well, I made an investment and it is going to pan out, but if you need the money and you can't liquidate the investment on a fair basis, it is almost as if the investment failed.

Therefore, we are talking higher risk, less liquidity. We limit it under this amendment to 5 percent of your net worth on any one deal, 25 percent of your net worth on all such deals. Also, when we look at your net worth, we exclude your personal residence. These are not situations where you should be betting your home.

Mr. Chairman, I reserve the balance of my time.

Mrs. WAGNER. Madam Chair, I rise in opposition to the amendment.

The Acting CHAIR. The gentlewoman from Missouri is recognized for 5 minutes.

Mrs. WAGNER. Madam Chair, a key tenet of H.R. 2799 is to increase access to investment opportunities for everyday investors.

Under the guise of investor protection, this amendment would arbitrarily limit the amount nonaccredited investors can invest in a private offering to 5 percent of an individual's net worth.

In the Expanding Access to Capital Act, the investment cap for a single private offering is set at 10 percent of the investor's net assets or annual income, whichever is greater. Instead of using a number just pulled out of thin air, the 10 percent cap in the bill is rooted in precedent.

There is a 10 percent cap for nonaccredited investors through offerings such as Regulation Crowdfunding and Reg A+. Why would we not go with the percentage cap that is already proven effective?

Additionally, this amendment would arbitrarily cap aggregate investments across private offerings for nonaccredited investors to no more than 25 percent of their net worth. This essentially says to everyday investors that the government knows better than you how to invest your hard-earned dollars.

As I previously said, and we heard from several witnesses at committee, wealth and income should not be a proxy for sophistication. Similarly, if we want to provide more Americans the opportunity to build wealth, we cannot keep them on the sidelines.

Private offerings are often the most high-growth investment opportunities, yet they are largely reserved for high-net-worth investors. This enshrines inequity and blatantly picks winners and losers.

If my colleagues on the other side of the aisle are serious about equity and ownership in the American economy, they will join Republicans in providing more opportunities to everyday investors, not less.

Madam Chair, I urge my colleagues to oppose this amendment, and I reserve the balance of my time.

Mr. SHERMAN. Madam Chair, let me respond to those comments.

The underlying bill acknowledges the fact that the government puts some restrictions on how much of your net worth you can put into one of these unregulated, risky, low-information, illiquid investments. Therefore, to say that we have clashed with some great principle of personal freedom in my amendment because it says 5 percent, but that it is consistent with the same great overriding principle of personal autonomy when you back a bill that says 10 percent, defies logic.

The Acting CHAIR (Mr. LALOTA). The time of the gentleman has expired.

Mrs. WAGNER. Mr. Chair, I yield myself the balance of my time.

If my colleagues on the other side of the aisle are serious about equity and ownership in the American economy, they will join Republicans in providing more opportunities to everyday investors, not less.

Mr. Chair, I urge my colleagues to oppose this amendment, and I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from California (Mr. SHERMAN).

The question was taken; and the Acting CHAIR announced that the noes appeared to have it.

Mrs. WAGNER. Mr. Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from California will be postponed.

Mrs. WAGNER. Mr. Chair, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. MOORE of Utah) having assumed the chair, Mr. LALOTA, Acting Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 2799) to make reforms to the capital markets of the United States, and for other purposes, had come to no resolution thereon.

SOUTHERN BORDER

The SPEAKER pro tempore (Mr. LALOTA). Under the Speaker's announced policy of January 9, 2023, the gentleman from Utah (Mr. MOORE) is recognized for 60 minutes as the designee of the majority leader.

GENERAL LEAVE

Mr. MOORE of Utah. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the topic of this Special Order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

Mr. MOORE of Utah. Mr. Speaker, we have several Members who are going to have a chance to speak here tonight. Tonight, of course, ahead of tomorrow's State of the Union Address, Members will share about ways the Biden administration has failed their constituents, from the border crisis, to the spike in violent crime, to out-of-control inflation, and also a need to protect the most vulnerable among us, the unborn.

I am grateful to host tonight's Special Order and provide the opportunity to highlight important issues facing families in every district.

I have said this for the last few years. As I have watched—and of course it is a political metric—I have seen the approval rating continue to decline and to decline and to decline from what we have seen from President Biden. It shows you that the American people are watching, and this is affecting their everyday lives.

For the most part—I would hope this to be the case—most Americans aren't necessarily paying attention to a lot of what we are doing here, and I hope they are happier and better off for it. A lot of the stuff that we do here doesn't necessarily resonate with them. They get frustrated with a lot of what we do here.

However, when you see that type of reaction from the American people, it is showing that the policies from the Biden administration are directly impacting and hurting their everyday lives. They are seeing it in so many different ways in their communities, in their families.