communities to pitch their ideas and access funding. It is a chance to level the playing field and help more people take part in building America's next generation of businesses.

I am proud that during the committee process, we were able to make thoughtful revisions to address concerns raised by the ranking member.

I thank Chairman HILL for advancing this bill, as well as my colleague, the chairwoman of the Subcommittee on Capital Markets, and Congressman GOTTHEIMER for his partnership.

The HALOS Act builds on the bipartisan success of the JOBS Act and is a commonsense step forward to modernize our rules and strengthen our economy.

Mr. Speaker, I urge my colleagues to support the bill.

Mr. SHERMAN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I urge all Members to support H.R. 3352, the Helping Angels Lead Our Startups Act, or HALOS Act, sponsored by Mr. LAWLER.

This legislation will help startups have easier access to the funding they need to get off the ground while addressing the issues of certain bad actors taking advantage of susceptible investors.

This bill threads that needle and will continue to amplify our Nation's great tradition of being the best place for entrepreneurs and talented go-getters to start and grow their businesses.

Mr. Speaker, I ask my colleagues to vote ''yes'' on the bill, and I yield back the balance of my time.

Mrs. WAGNER. Mr. Speaker, in closing, H.R. 3352 supports entrepreneurship, encourages capital formation, and reflects how innovation actually happens. I urge my colleagues to support Mr. LAWLER's bill, H.R. 3352.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Missouri (Mrs. WAGNER) that the House suspend the rules and pass the bill, H.R. 3352, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

ACCESS TO SMALL BUSINESS INVESTOR CAPITAL ACT

Mrs. WAGNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2225) to permit a registered investment company to omit certain fees from the calculation of Acquired Fund Fees and Expenses, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2225

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

SECTION 1. SHORT TITLE.

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

SEC. 2. AMENDMENTS TO ACQUIRED FUND FEES AND EXPENSES REPORTING ON INVESTMENT COMPANY REGISTRATION STATEMENTS.

(a) DEFINITIONS.—For purposes of this section:

(1) ACQUIRED FUND.—The term ''Acquired Fund'' has the meaning given the term in Forms N–1A, N–2, and N–3.

(2) ACQUIRED FUND FEES AND EXPENSES.—The term ''Acquired Fund Fees and Expenses'' means the Acquired Fund Fees and Expenses sub-caption in the Fee Table Disclosure.

(3) BUSINESS DEVELOPMENT COMPANY.—The term ''business development company'' has the meaning given the term in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)).

(4) FEE TABLE DISCLOSURE.—The term ''Fee Table Disclosure'' means the fee table described in Item 3 of Form N–1A, Item 3 of Form N–2, or Item 4 of Form N–3 (as applicable, and with respect to each, in any successor fee table disclosure that the Securities and Exchange Commission adopts).

(5) FORM N–1A.—The term ''Form N–1A'' means the form described in section 274.11A of title 17, Code of Federal Regulations, or any successor regulation.

(6) FORM N–2.—The term ''Form N–2'' means the form described in section 274.11a–1 of title 17, Code of Federal Regulations, or any successor regulation.

(7) FORM N–3.—The term ''Form N–3'' means the form described in section 274.11b of title 17, Code of Federal Regulations, or any successor regulation.

(8) REGISTERED INVESTMENT COMPANY.—The term ''registered investment company'' means an investment company, as defined under section 3(a) of the Investment Company Act of 1940, registered with the Securities and Exchange Commission under such Act.

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

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Missouri (Mrs. WAGNER) and the gentleman from California (Mr. SHERMAN) each will control 20 minutes.

The Chair recognizes the gentlewoman from Missouri.

GENERAL LEAVE

Mrs. WAGNER. 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.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mrs. WAGNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 2225, the Access to Small Business Investor Capital Act. I thank Congressman SHERMAN and the bipartisan cosponsors for their work on this bill.

This is a narrowly tailored fix to a longstanding problem that is hurting business development companies, or BDCs, which Congress originally created to help small and midsized businesses access capital.

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Mr. Speaker, unfortunately, the SEC rule called Acquired Fund Fees and Expenses, or AFFE, requires funds that invest in BDCs to count the BDC internal expenses as part of their own expense ratio. The result is a higher reported cost, even though those fees aren't actually paid by the investor.

This has led many funds to avoid BDCs altogether, and it has kept BDCs out of key investment indexes. That means fewer dollars flowing to small businesses on Main Street.

H.R. 2225 fixes this. It allows funds to exclude expenses related to BDCs from their AFFE calculation, while still disclosing their investment in BDCs. This improves both accuracy and transparency. This is a smart and bipartisan solution that removes an intended barrier to capital formation without reducing investor protections.

Mr. Speaker, I urge my colleagues to support the bill, and I reserve the balance of my time.

Mr. SHERMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, at the outset, I thank the chair and the ranking member for getting us to this stage on this bill.

I also thank the cosponsors of this bill. Just from the committee, we have some 13 Democrats and 8 Republican members of the Financial Services Committee to cosponsor this bill. I especially thank the original cosponsors, Mr. HUIZENGA, Mr. GARBARINO, and Ms. BYNUM, for their efforts in bringing us to this point.

Mr. Speaker, this is a bipartisan bill. Like all of the most fascinating bills that come to the floor of the House, it deals with accounting. Like the most important bills that come to the floor of the House, it deals with accounting. In this case, it deals with accounting for the expense ratios of mutual funds.

This bipartisan bill, H.R. 2225, the Access to Small Business Investor Capital Act, makes a narrow technical correction of the Federal securities rules that had a major unintended consequence over the last two decades.

In 1980, Congress created Business Development Companies to facilitate capital formation and get that capital to small- and medium-sized businesses. I want to point out that, as we have had tighter and tighter bank regulations, banks have been reluctant to lend money to small businesses except where their risks are guaranteed by the Small Business Administration. SBA loans are, of course, limited.

We need BDCs to provide investment and to provide management assistance to growing businesses that are often underserved by traditional lending institutions.

By law, a BDC must invest at least 70 percent of their assets in small- and medium-sized domestic companies.

Over time, BDCs have filled that critical gap in our capital markets by funding businesses and industries in geographies often overlooked by other financial institutions. BDCs are often the first institutional investors to step in.

This bill will play an important role in getting BDCs the capital that they then put into small- and medium-sized businesses. Calculations are that $120 billion more will be available to invest by BDCs because we expect a 30 percent increase in total investment. That is because this bill opens the door to mutual fund investments in BDCs.

Despite the success of BDCs, in 2006, the SEC adopted a rule that inadvertently discouraged capital flows into BDCs, constraining their ability to serve small business. The rule is part of SEC's Acquired Fund Fees and Expenses framework. AFFE requires mutual funds and other investment vehicles that invest in BDCs to disclose as management fees of the mutual fund the expenses and the overhead of the BDC. This is in radical opposition to how similar investments are treated.

If a mutual fund invests in the bank, the mutual fund, of course, lists as an expense of the mutual fund the expenses of the mutual fund. It does not list the overhead of the bank as if that is an expense of running the mutual fund.

Banks and BDCs are two of the major types of institutions that make business investments and business loans. The double counting of BDCs by counting those as expenses of the mutual funds simply makes it impossible for mutual funds to invest in BDCs.

The SEC rule artificially inflates the expense ratios of those mutual funds that are used to invest in BDCs, and so many of them don't. The result is misleading. Investors see a fund's expenses as higher than they actually are simply because the fund decides to invest in BDCs. This perception has led many fund managers to exclude BDCs from their portfolio, not because of performance but because of this distorted regulatory accounting.

The intent of this rule to provide transparency was well-meaning. The execution, when applied to BDCs, has been counterproductive.

Research by U.S. and international financial professors shows that after BDCs were removed from major U.S. stock indexes, as a consequence of this misguided AFFE rule, BDCs experienced a 29 percent to 33 percent lower investment growth as compared to similar potential investments.

The effects were not limited to the financial sector. Companies that rely on BDCs saw lower job creation with employment falling by between 1.5 to 6.5 percentage points compared to pre-exclusion levels.

The rule also fails to recognize the unique structure and mission of BDCs. Unlike passive funds, BDCs are actively managed and intentionally incur higher costs in order to provide tailored investment and advisory services to the small businesses that they invest in.

This model creates long-term value, but the AFFE rule unfairly penalizes it. This is, of course, a departure. The rule is inconsistent with the way the AFFE rule applies to mutual fund investments in rates and, more importantly, the way it applies to mutual fund investments in banks.

Because of this rule's miscounting, BDCs were removed from several stock indexes, as I pointed out earlier. If the SEC had the benefit of hindsight, I think it is unlikely that they would have adopted this rule, which contradicts the rule that they have for investments in banks and rates. That is why Congress needs to reverse this.

The Access to Small Business Investor Capital Act fixes this by allowing BDCs' acquired fund fees and expenses from disclosures, while maintaining transparency around the BDC management fees and costs. This restores fairness and aligns the regulatory disclosures with economic reality and gives investors a clear view of their actual costs. Importantly, it does so without rolling back investor protections or weakening SEC oversight.

Mr. Speaker, I would point out that this bill will provide $120 billion of capital to our small- and medium-sized businesses without a penny of cost to the American taxpayer and without any risk to the American taxpayer.

This bipartisan legislation will open the door to more investment in BDCs, thereby unlocking capital for small- and medium-sized businesses.

The most important thing that our financial institutions and the most important thing that our capital markets can do is provide capital for growing American enterprise, particularly small- and medium-sized businesses.

Business Development Companies play a vital role, and I am proud to work with a bipartisan group of Members. As I pointed out earlier, we have a substantial number of cosponsors, 25 in all, including 13 Democrats on the Committee.

We have seen bipartisan support for this bill, not only in this Congress but in prior Congresses. This is the Congress in which we actually have to get it adopted. The bipartisan legislation will open more investments and unlock capital for small businesses, as I have said.

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

Mrs. WAGNER. Mr. Speaker, I reserve the balance of my time.

Mr. SHERMAN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I want to point out that I think this is the best thing that Congress can do without risk or cost to the American taxpayer. It makes sure that small- and medium-sized businesses have access to capital.

With the BDC methodology, BDCs not only provide the capital but also provide the advice that so many growing businesses need.

Mr. Speaker, I thank the original cosponsors that I mentioned earlier and all the cosponsors of this bill. I once again thank the chair and the ranking member for getting us to this point.

Mr. Speaker, I urge my colleagues to support this bill, and I yield back the balance of my time.

Mrs. WAGNER. Mr. Speaker, in closing, this is a smart and bipartisan solution that removes an unintended barrier to capital formation without reducing investor protections.

Mr. Speaker, I urge my colleagues to support H.R. 2225, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Missouri (Mrs. WAGNER) that the House suspend the rules and pass the bill, H.R. 2225, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

FAIR INVESTMENT OPPORTUNITIES FOR PROFESSIONAL EXPERTS ACT

Mrs. WAGNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3394) to amend the Securities Act of 1933 to codify certain qualifications of individuals as accredited investors for purposes of the securities laws, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3394

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Fair Investment Opportunities for Professional Experts Act''.

SEC. 2. DEFINITION OF ACCREDITED INVESTOR.

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

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

(2) in subparagraph (A) (as so redesignated), by striking ''; or'' and inserting a semicolon, and inserting after such subparagraph the following:

''(B) with respect to a proposed sale of a security, any natural person whose individual net worth, or joint net worth with that person's spouse or spousal equivalent, at the time of such sale, exceeds $1,000,000 (which amount, along with the amounts set forth in subparagraph (C), shall be adjusted for inflation by the Commission every 5 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) where, for purposes of calculating net worth under this subparagraph—

''(i) the person's primary residence shall not be included as an asset;

''(ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of such sale, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of such sale