

Union Calendar No. 205

119TH CONGRESS
1ST SESSION

H. R. 4431

[Report No. 119-248]

To amend the Investment Company Act of 1940 with respect to the definition of qualifying venture capital funds, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2025

Mr. TIMMONS introduced the following bill; which was referred to the Committee on Financial Services

SEPTEMBER 8, 2025

Additional sponsor: Ms. PETTERSEN

SEPTEMBER 8, 2025

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on July 16, 2025]

A BILL

To amend the Investment Company Act of 1940 with respect to the definition of qualifying venture capital funds, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Improving Capital Allo-*
 5 *cation for Newcomers Act of 2025”.*

6 **SEC. 2. QUALIFYING VENTURE CAPITAL FUNDS.**

7 *Section 3(c)(1) of the Investment Company Act of 1940*
 8 *(15 U.S.C. 80a–3(c)(1)) is amended—*

9 *(1) in the matter preceding subparagraph (A),*
 10 *by striking “250 persons” and inserting “500 per-*
 11 *sons”; and*

12 *(2) in subparagraph (C)(i), by striking*
 13 *“\$10,000,000” and inserting “\$50,000,000”.*

14 **SEC. 3. STUDY AND RULEMAKING.**

15 *(a) IN GENERAL.—Beginning 5 years after the date*
 16 *of enactment of this Act, the Advocate for Small Business*
 17 *Capital Formation, in consultation with the Investor Advo-*
 18 *cate, shall conduct a study on the effect of the amendments*
 19 *made by section 2 on the businesses and startup entities*
 20 *in which qualifying venture capital funds invest, specifi-*
 21 *cally including, with respect to such businesses and startup*
 22 *entities, changes or trends relating to—*

23 *(1) the geographic distribution of capital to port-*
 24 *folio companies;*

1 (2) *the socio-economic characteristics of founders*
2 *or controlling persons;*

3 (3) *the veteran status of founders or controlling*
4 *persons;*

5 (4) *the industry sector, size, stage of develop-*
6 *ment, and related details; and*

7 (5) *other factors or metrics determined by the*
8 *Advocate for Small Business Capital Formation.*

9 (b) *REPORT.—The Advocate for Small Business Cap-*
10 *ital Formation shall issue a report to the Congress con-*
11 *taining all findings and determinations made in carrying*
12 *out the study required in subsection (a), and make such*
13 *report available to the public on the website of the Commis-*
14 *sion.*

15 (c) *PUBLIC COMMENT.—During the 180-day period be-*
16 *ginning on the date the report is issued under subsection*
17 *(b), the Commission shall solicit feedback from the public*
18 *on the findings and determinations contained in the report.*

19 (d) *RULEMAKING.—*

20 (1) *IN GENERAL.—The Commission, in consulta-*
21 *tion with the Investor Advocate and the Advocate for*
22 *Small Business Capital Formation, may, after con-*
23 *sidering all comments received under subsection (c)*
24 *and only if the Commission determines in such report*
25 *that the amendments made by section 2 have had a*

1 *demonstrable effect on increasing the geographic dis-*
2 *tribution of capital to portfolio companies, increasing*
3 *the variety of the socio-economic characteristics of*
4 *founders or controlling persons, or increasing the*
5 *number of founders or controlling persons who are*
6 *veterans, issue rules to—*

7 *(A) increase or decrease the 500 person*
8 *threshold described in the matter preceding sub-*
9 *paragraph (A) of section 3(c)(1) of the Invest-*
10 *ment Company Act of 1940, but such threshold*
11 *may not exceed 750 persons or be reduced below*
12 *250 persons; and*

13 *(B) increase or decrease the \$50,000,000*
14 *dollar figure in section 3(c)(1)(C)(i) of the In-*
15 *vestment Company Act of 1940, but such dollar*
16 *figure may not exceed \$100,000,000 or be re-*
17 *duced below \$10,000,000.*

18 *(2) DEADLINE FOR RULEMAKING.—The rule-*
19 *making authority in paragraph (1) only applies to a*
20 *rule with respect to which the proposed rule was*
21 *issued during the 180-day period beginning at the*
22 *end of the public comment period described in sub-*
23 *section (c).*

24 *(3) NO EFFECT ON INFLATION ADJUSTMENTS.—*
25 *A rule issued under this subsection shall have no effect*

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

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