



May 19, 2025

The Honorable French Hill
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Hill and Ranking Member Waters:

In advance of your committee's May 20, 2025 markup, the U.S. Chamber of Commerce is pleased to provide our views on several bills that are to be considered.

The Chamber commends the Committee for its ongoing efforts to advance capital formation legislation, which is crucial for fostering economic growth and job creation. By expanding investor access and modernizing securities regulation, these legislative proposals will help maintain the U.S. capital markets as the global gold standard. We support measures that enhance opportunities for businesses to raise capital at every stage of their lifecycle, from startup to IPO, ensuring that both private and public markets are strengthened. The Chamber looks forward to collaborating with the Committee to further these initiatives to promote a robust and inclusive financial environment.

The Chamber ***supports*** the following bills:

Strengthening the Public Company Model and Initial Public Offering (IPO) Process

H.R. 3323, the Helping Startups Continue to Grow Act

The Helping Startups Continue to Grow Act would extend many of the on-ramp provisions of Title I of the 2012 Jumpstart our Business Startups (JOBS) Act from five years to ten years. The JOBS Act included important and useful provisions designed to ease certain disclosure and other requirements for EGCs. No evidence exists to show that these scaled disclosure requirements have compromised investor protection. We believe that as companies continue to mature five years after going public, extending the exemption would be a further incentive for businesses to go public.

H.R. 3301, a bill to amend the Securities Exchange Act of 1934 to specify certain registration statement contents for emerging growth companies, to permit issuers

to file draft registration statements with the Securities and Exchange Commission for confidential review

H.R. 3301, which updates the financial statement requirements for emerging growth companies (EGCs) to allow the presentation of two years of audited financial statements in both IPOs and spin-off transactions. This bill provides EGCs with greater flexibility, reducing the regulatory burden and associated costs of preparing extensive financial disclosures. By extending the two-year financial statement accommodation to spin-offs, H.R. 3301 encourages more companies to pursue growth opportunities and strategic transactions. The bill would also permit all companies – not just EGCs – to file registration statements confidentially with the SEC, allowing them to protect sensitive information for competitive reasons. The Chamber believes this legislation will foster a more efficient and supportive environment for EGCs, promoting innovation and economic expansion.

H.R. 3343, the Greenlighting Growth Act

H.R. 3343, which establishes that EGCs and issuers that went public using EGC disclosure obligations need only provide two years of audited financial statements. This bill reduces the regulatory burden on EGCs, allowing them to focus resources on growth and innovation rather than extensive financial reporting. By simplifying disclosure requirements, H.R. 3343 encourages more companies to enter the public markets, fostering economic expansion and job creation.

H.R. 3381, the Encouraging Public Offerings Act of 2025

This legislation would allow any business, regardless of whether it meets the current definition of EGC, to submit confidential draft registration statements with the SEC and to “test the waters” by communicating with potential investors before filing for an IPO. In the 10+ years since the JOBS Act was signed into law, no investor protection concerns have arisen related to the ability of companies to test the waters or with regard to confidential draft registration statements. While the SEC has taken action to expand eligibility of this JOBS Act provision, this bill is necessary to codify the reform into statute.

Improving Regulatory Oversight of Financial Institutions

H.R. 940, the Fair Audits and Inspections for Regulators’ (FAIR) Exams Act

The Fair Exam Act would establish an even-handed supervisory process to enhance accountability in bank examinations. The legislation would require examination reports to be issued in a timely manner and establish an independent

review and appeal process to mediate differences between banks and their regulators. Importantly, the legislation would establish a new Office of Independent Examination Review within the Federal Financial Institutions Examination Council that would provide a much-needed avenue for impartial adjudication of material supervisory determinations included in final examination reports.

H.R. 1900, the Bank Failure Prevention Act of 2025

The Bank Failure Prevention Act would establish a more transparent and efficient process for the review of depository institution mergers by the Federal Reserve, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC). In recent years, financial regulators along with the Department of Justice have subjected an increasing number of mergers to deep scrutiny without sufficient justification. The marked increase in competition and innovation in the financial sector – amongst banks, credit unions, nonbank lenders, and other entities – over the last several decades points to a healthy and competitive financial system that serves customers remarkably well. H.R. 1900 establishes knowable timeframes and other changes that would improve the overall process by which regulators approve or deny merger and acquisition transactions by depository institutions.

H.R. 2702, the Financial Integrity and Regulation Management (FIRM) Act

The FIRM Act would eliminate reputational risk as a component of financial supervision. This legislation will ensure that banking regulators focus on tangible threats to the financial system rather than subjective criteria. Federal and state banking laws are designed to help financial institutions manage market-based risks, and those institutions should have discretion over which customers suit their risk profiles. By removing reputational risk from supervisory practices, the FIRM Act will help ensure that all American consumers can access financial services regardless of their political, religious, or ideological identity.

H.R. 3230, the Financial Institution Regulatory Tailoring Enhancement Act

The Financial Institution Regulatory Tailoring Enhancement Act will provide a more tailored regulatory framework for financial institutions by raising the asset threshold that determines when financial institutions are subject to certain regulatory requirements. This legislation will help ensure that regulations are appropriately scaled to the size and complexity of financial institutions, thereby promoting efficiency and reducing unnecessary burdens. By enhancing regulatory tailoring, the Act will foster a more competitive and resilient financial sector, ultimately benefiting consumers and businesses.

H.R. 3379, the Halting Uncertain Methods and Practices in Supervision Act of 2025

This legislation aims to establish objective, quantifiable criteria for each CAMELS component, ensuring a more transparent and fair evaluation process for financial institutions. By revising the weighting methodology to better reflect actual risk and narrowing the scope of the Management component, H.R. 3379 will enhance the accuracy and reliability of financial assessments. The Chamber believes that these changes will promote a more efficient regulatory environment, ultimately benefiting both financial institutions and the broader economy.

H.R. 3380, the Taking Account of Institutions with Low Operation Risk (TAILOR) Act of 2025

The TAILOR Act requires federal financial regulators to consider an institution's risk profile and business model when issuing new regulations or taking supervisory actions. This legislation will help ensure that rules are appropriately tailored, minimizing unnecessary burdens on low-risk institutions such as community banks. By mandating simplified reporting and retrospective reviews of past rules, H.R. 3380 promotes a more efficient and effective regulatory environment.

Increasing Investor Opportunity and Access to Capital for Small Businesses

The Chamber supports legislation to amend the "accredited investor" definition in a manner that would allow more individuals to invest in private offerings. However, if such considerations arise, the Chamber would oppose the exclusion of retirement assets or income from the calculation of an individual's net worth or annual income. Having a mix of both private and public securities in a portfolio can reduce overall risk and provide investors with greater returns over the long run. Denying that opportunity to individuals based on their retirement assets would undermine many of the other reforms the Committee is currently considering.

H.R. 3394, the Fair Investment Opportunities for Professional Experts Act

The Fair Investment Opportunities for Professional Experts Act would provide a novel way to expand the "accredited investor" definition in a limited manner to bring more sophisticated investors into the market. Traditionally, the accredited investor threshold has been determined through asset and income tests, resulting in both an under and overinclusive definition that leaves out sophisticated and savvy investors who may not meet financial thresholds while including a wealthy person with no experience in financial markets. H.R. 3394 would expand the accredited investor

criteria to include individuals that hold certifications or have job experience that allows them to demonstrate financial sophistication, regardless of income or net worth.

H.R. 3348, the Accredited Investor Definition Review Act

The Accredited Investor Definition Review Act requires the SEC to periodically review and expand the list of certifications, designations, and credentials for “accredited investor” status. This bill ensures the definition evolves with the financial industry, recognizing professional expertise beyond traditional income and net worth thresholds. By mandating a review every five years, H.R. 3348 keeps the criteria relevant and inclusive, allowing more individuals to participate in private investment opportunities.

H.R. 3339, the Equal Opportunity for All Investors Act of 2025

The Equal Opportunity for All Investors Act would further expand the definition of “accredited investor” by allowing an individual to become accredited regardless of income status based upon an examination and test of financial sophistication administered by the SEC or a self-regulatory organization such as FINRA. By expanding the pool of accredited investors, H.R. 3339 will enhance capital formation and provide businesses with greater access to potential investors. This approach balances investor protection with the need to facilitate economic growth and innovation.

H.R. 3352, the Helping Angels Lead Our Startups (HALOS) Act of 2025

The HALOS Act would help startup businesses attract investors by clarifying the definition of “general solicitation” under Title II of the Jumpstart our Business Startups (JOBS) Act of 2012. When finalizing rules under Title II of the JOBS Act, the SEC regrettably put in place provisions that would effectively bar certain types of communication between startups and angel investors, who are a critical source of capital in the economy. H.R. 3352 would simply clarify that startups and angel investors are permitted to participate in “demo days” or other events in which no specific investment solicitation is made. This is consistent with the original intent of the JOBS Act and would help innovative companies expand and hire new employees.

HR 2225, the Access to Small Business Investor Capital Act

The Access to Small Business Investor Capital Act, which seeks to amend the calculation of “acquired fund fees and expenses” (AFFE) by allowing registered investment companies to exclude those incurred indirectly from investments in

business development companies (BDCs). This legislative adjustment is essential for providing a more accurate representation of fund expenses, thereby enhancing transparency for investors. By excluding these indirect expenses, H.R. 2225 will encourage greater investment in BDCs, which play a crucial role in providing nonbank financing to small and middle-market businesses.

H.R. 3382, the Small Entity Update Act

Small and startup businesses often bear a disproportionate cost of regulation. The Chamber has long held concerns that many SEC rules are not properly calibrated in a way that balances investor protection with the SEC's mandate to facilitate capital formation. This bill would direct the SEC to modernize the criteria it uses to define a "small entity" to reflect the growth of the U.S. economy and the evolution of the capital markets since the last time the small entity definition was addressed. However, the Chamber believes that requiring the SEC to issue a study every five years on the definition of "small entity" is a duplicative and unnecessary requirement that could delay future revisions of the small entity definition.

H.R. 3383, the Increasing Investor Opportunities Act

The Increasing Investor Opportunities Act would create a more competitive investment environment by allowing publicly offered closed-end funds (CEFs) to invest up to all their assets in private securities. This change would boost capital formation for startup businesses while allowing retail investors the chance to participate in private markets.

H.R. 1190, the Expanding Access to Capital for Rural Job Creators Act

The Expanding Access to Capital for Rural Job Creators Act mandates the Advocate for Small Business Capital Formation within the SEC to report on challenges rural area small businesses face. This legislation is crucial for ensuring that the unique needs of rural businesses are recognized and addressed in SEC rulemaking processes. By highlighting these issues, H.R. 1190 will help tailor regulatory approaches to better support rural entrepreneurs and foster economic growth in underserved areas.

H.R. 3351, the Improving Access to Small Business Information Act

The Improving Access to Small Business Information Act, which amends the Securities Exchange Act of 1934 to clarify that the actions of the Advocate for Small Business Capital Formation are not considered a collection of information under the Paperwork Reduction Act. This amendment will streamline the Advocate's efforts to

support small businesses by removing unnecessary bureaucratic hurdles. H.R. 3351 will enhance the ability of the Advocate to provide timely and effective assistance to small businesses.

H.R. ___, the Promoting Opportunities for Non-Traditional Capital Formation Act

The Promoting Opportunities for Non-Traditional Capital Formation Act would amend the Securities Exchange Act of 1934 to require the Advocate for Small Business Capital Formation to provide educational resources to help promote capital-raising options for traditionally underserved small businesses.

The legislation would assist underserved and underrepresented small business owners by providing educational resources and the tools needed to grow their businesses. In addition, it would help build coordination between regulators by requiring the Advocate to engage with state regulators at least annually. Such ongoing discussions between regulators would help foster opportunities to assist small businesses.

Modernizing Regulation to Meet the Needs of Investors

H.R. 2441, the Improving Disclosure for Investors Act of 2025

The Improving Disclosure for Investors Act is a significant step forward in modernizing investor communication, aligning with the digital preferences of today's investors and businesses. By allowing registered investment companies, business development companies, broker-dealers, advisers, and other SEC-regulated entities to fulfill their disclosure obligations electronically, H.R. 2441 will enhance efficiency, reduce costs, and improve the timeliness of information delivery. The bill ensures that investors receive critical regulatory documents in a manner that is both convenient and secure, while still providing the option for paper delivery to those who prefer it.

H.R. 1013, the Retirement Fairness for Charities and Educational Institutions Act of 2025

The Retirement Fairness for Charities and Educational Institutions Act, which has bipartisan support, would authorize 403(b) retirement plans to invest in collective investment trusts (CITs). CITs are subject to the Employee Retirement Income Security Act (ERISA) and invest the funds of tax-exempt retirement plans in various asset classes which helps diversify the investments of these plans and improves long-term performance for beneficiaries. CITs are becoming increasingly popular amongst plan sponsors due to the investment choices they offer and the cost advantages they provide compared to other investment vehicles. However, 403(b) plans – which invest

the retirement savings of nonprofit and education workers – are restricted when it comes to investing in CITs. This legislation would level the playing field between 403(b) plans and 401(k) plans by permitting 403(b) plans to invest some of their assets in CITs.

The Chamber *opposes* the following bills:

H.R. 3357, the Enhancing Multi-Class Share Disclosures Act

This bill would mandate new disclosure requirements for companies that have dual-class or multi-class share structures. These types of corporate structures have come under, in the Chamber's view, misguided criticism for allowing some stockholders to maintain a certain level of voting rights. The reality is that many companies have adopted multi-class structures in response to a rise in aggressive shareholder activism, some of which is not motivated by the best long-term interests of a particular company. Further, voting rights within a particular multi-class structure are already well understood and disclosed to the market and investors. The Chamber is concerned that new mandates for multi-class share companies will serve as a disincentive for such corporate structures, even if a multi-class approach is in the best interests of all shareholders. A better approach would be for policymakers to focus on the underlying reasons why companies are choosing multi-class share structures and whether they are a symptom of a broken public company model.

H.R. 3395, the Middle Market IPO Underwriting Cost Act

While this bill ostensibly only involves a study by the SEC, we worry that the underlying premise is misguided and misses the mark about why companies are choosing not to go public. The legislation seeks to question the underwriting fee that companies pay when they go public, which some observers have noted has remained around the same level (roughly 7%) for decades. While there may be legitimate questions as to whether companies are paying too much or too little to go public, it is better left to market negotiators to determine the optimal price.

The underwriting spread itself historically has not appeared to be a reason companies forego an IPOs. This bill could distract policymakers from addressing the real reasons companies are not going public. At worst, it will lay the foundation for government price controls in the IPO market.

We thank the members of the Committee for considering our views and look forward to working with you as the legislative process continues.

Sincerely,

A handwritten signature in black ink, reading "William R. Hulse". The signature is written in a cursive style with a horizontal line extending from the end of the name.

Bill Hulse
Senior Vice President
Center for Capital Markets Competitiveness
U.S. Chamber of Commerce

cc: Members of the House Committee on Financial Services