



August 5, 2025

The Honorable Tim Scott
Chairman
Senate Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20515

The Honorable Elizabeth Warren
Ranking Member
Senate Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20515

Dear Chairman Scott and Ranking Member Warren:

The U.S. Chamber of Commerce (“Chamber”) supports S.2663 - A bill to amend the Bank Holding Company Act of 1956 to generally permit holding merchant banking investments of up to 15 years to create more flexibility for how long banks may hold merchant banking investments. These investments are securities held by a bank holding company in businesses that are unrelated to the bank holding company’s core financial services activities. The legislation would extend the period that banks are generally permitted to hold merchant banking investments from 10 years to 15 years. The legislation will encourage long-term growth in businesses by providing more flexibility for banks to make long-term investments.

The current law permits a bank to request flexibility from the Federal Reserve Board, but this does not work in practice. This is a protracted process and any agreement by the Federal Reserve Board to extend the holding period often results in the bank being subject to new limitations including requiring the bank to hold more capital against the investment. This new capital charge against the investment decreases the bank’s incentive to continue holding the merchant banking investment, thus making it impractical for the bank to continue holding the securities.

The legislation would align the regulatory framework with the realities of the market. The legislation would provide financial institutions more flexibility to support the sustained development of the companies in their portfolio. Long-term investments are essential for fostering innovation, job creation, and economic stability. Extending the permissible holding period from 10 years to 15 years would allow financial institutions to better support businesses through various stages of growth, from startup to maturity. This, in turn, would enable these businesses to mature and achieve their full potential, ultimately benefiting the broader economy.

The Chamber applauds Chairman Mike Rounds for his work on this issue. This legislation will promote a more robust and resilient financial system, encourage long-term investment, and support the sustained growth of businesses across the country.

Sincerely,

A handwritten signature in black ink, reading "William R. Hulse". The signature is written in a cursive style with a large, stylized "W" and "H".

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