

119TH CONGRESS
1ST SESSION

H. R. 4431

IN THE SENATE OF THE UNITED STATES

DECEMBER 2, 2025

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Improving Capital Al-
3 location for Newcomers Act of 2025”.

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

5 Section 3(c)(1) of the Investment Company Act of
6 1940 (15 U.S.C. 80a–3(c)(1)) is amended—

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

10 (2) in subparagraph (C)(i)—

11 (A) by striking “\$10,000,000” and insert-
12 ing “\$50,000,000”; and

13 (B) by striking “beginning from a meas-
14 urement made by the Commission on a date se-
15 lected by the Commission” and inserting “be-
16 ginning from a measurement made on the date
17 of the enactment of the Improving Capital Allo-
18 cation for Newcomers Act of 2025”.

19 **SEC. 3. STUDY AND RULEMAKING.**

20 (a) STUDY REQUIRED.—

21 (1) IN GENERAL.—Beginning 5 years after the
22 date of enactment of this Act, the Advocate for
23 Small Business Capital Formation, in consultation
24 with the Investor Advocate, shall conduct a study on
25 the effect of the amendments made by section 2 on
26 the businesses and startup entities in which quali-

1 fying venture capital funds invest, specifically includ-
2 ing, with respect to such businesses and startup en-
3 tities, changes or trends relating to—

4 (A) the geographic distribution of capital
5 to portfolio companies;

6 (B) the socio-economic characteristics of
7 founders or controlling persons;

8 (C) the veteran status of founders or con-
9 trolling persons;

10 (D) the industry sector, size, stage of de-
11 velopment, and related details; and

12 (E) other factors or metrics determined by
13 the Advocate for Small Business Capital For-
14 mation.

15 (2) AUTHORITIES RELATED TO REQUIRED
16 STUDY.—For purposes of conducting the study re-
17 quired by paragraph (1), the Advocate for Small
18 Business Capital Formation and the Investor Advoca-
19 cate shall have authority to—

20 (A) obtain from the Securities and Ex-
21 change Commission (in this section referred to
22 as the “Commission”) and utilize any data or
23 information necessary to carry out the study;

24 (B) request and receive assistance from
25 any division or office of the Commission, includ-

1 ing the Division of Economic and Risk Anal-
2 ysis; and

3 (C) enter into agreements with third par-
4 ties to assist in data analysis.

5 (b) REPORT.—The Advocate for Small Business Cap-
6 ital Formation shall issue a report to the Congress con-
7 taining all findings and determinations made in carrying
8 out the study required by subsection (a)(1), and make
9 such report available to the public on the website of the
10 Commission.

11 (c) PUBLIC COMMENT.—During the 180-day period
12 beginning on the date the report is issued under sub-
13 section (b), the Commission shall solicit feedback from the
14 public on the findings and determinations contained in the
15 report.

16 (d) RULEMAKING.—

17 (1) IN GENERAL.—The Commission, in con-
18 sultation with the Investor Advocate and the Advo-
19 cate for Small Business Capital Formation, may,
20 after considering all comments received under sub-
21 section (c) and only if the Commission determines in
22 such report that the amendments made by section 2
23 have had a demonstrable effect on increasing the ge-
24 ographic distribution of capital to portfolio compa-
25 nies, increasing the variety of the socio-economic

1 characteristics of founders or controlling persons, or
2 increasing the number of founders or controlling
3 persons who are veterans, issue rules to—

4 (A) increase or decrease the 500 person
5 threshold described in the matter preceding
6 subparagraph (A) of section 3(c)(1) of the In-
7 vestment Company Act of 1940, but such
8 threshold may not exceed 750 persons or be re-
9 duced below 250 persons; and

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

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

21 (3) NO EFFECT ON INFLATION ADJUST-
22 MENTS.—A rule issued under this subsection shall
23 have no effect on the requirement under clause (i)
24 of section 3(c)(1)(C) of the Investment Company
25 Act of 1940 (15 U.S.C. 80a-3(c)(1)(C)), as amend-

1 ed by section 2, to index the first dollar amount in
2 such clause for inflation.

Passed the House of Representatives December 1,
2025.

Attest: KEVIN F. MCCUMBER,
Clerk.