

# Union Calendar No. 205

119<sup>TH</sup> CONGRESS  
1<sup>ST</sup> 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.

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## 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. PETERSEN

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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