U.S. Chamber of Commerce

1615 H Street, NW
Washington, DC 20062-2000
uschamber.com

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To The Members of the U.S. House of Representatives:

The U.S. Chamber of Commerce supports H.R. 2799, the Expanding Access to Capital Act of 2023.

Several of the provisions of this bill build upon the successful 2012 Jumpstart Our Business Startups (JOBS) Act (P.L., 112-106), which has made it easier for businesses to raise capital at every stage of their lifecycle. In particular, the bill would permit companies to retain emerging growth company (EGC) status for a longer period and would promote research coverage of more public companies.

The bill would also tailor Securities and Exchange Commission (SEC) reporting requirements to be more responsive to the needs of small businesses and update SEC registration criteria for small private fund managers.

Finally, H.R. 2799 would empower more individuals to build and sustain wealth, including by allowing "gig" workers to receive equity compensation and by expanding criteria to determine who qualifies as an "accredited investor" under SEC rules.

This legislation would be improved if several amendments were adopted, including:

- Wagner (MO) #3: This amendment would help 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 more exposure, which may bring a greater return on investment.
- Lawler (NY) #10: This amendment would help startup businesses attract investors by clarifying the definition of “general solicitation” under Title II of the JOBS Act. Current rules effectively bar certain types of communication between startups and angel investors. This amendment would 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 change is consistent with the original intent of the JOBS Act.
- Huizenga (MI) #12: This amendment would direct the SEC to promulgate rules on the electronic delivery of shareholder reports and related documents provided to investors. A recent report reveals that 85% of retail investors are comfortable with e-delivery being the default method for investor communications, provided they can opt-in to paper delivery if desired.

In addition, the Chamber urges you to oppose amendments that would weaken H.R. 2799, including:

- Houlahan (PA) #8: This amendment would require the SEC's Advocate for Small Business Capital Formation to report on the failure of Silicon Valley Bank (SVB). The SEC does not regulate banks. Moreover, any credible report regarding the impact of SVB's failure on small business lending should include an examination of the regulatory failures that contributed to its collapse.
- Waters (CA) #14: Companies, even small companies, are not generally owned by just one individual. The preparation and upkeep of demographic information regarding company owners would make it more difficult to spur new investments.
- Tlaib (MI) #15: This amendment would set forth a vague definition of "junk fees" in a seeming attempt to malign certain highly regulated fees that may be charged by investment funds.
- Lynch (MA) #16: This amendment would unnecessarily slow down implementation of this legislation.

The Chamber looks forward to working with you on this important bill as the legislative process continues.

Sincerely,

Neil L. Bradley
Executive Vice President, Chief Policy Officer,
and Head of Strategic Advocacy
U.S. Chamber of Commerce