

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4431
OFFERED BY MR. TIMMONS OF SOUTH CAROLINA**

Strike all after the enacting clause and insert the following:

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), by striking
11 “\$10,000,000” and inserting “\$50,000,000”.

12 SEC. 3. STUDY AND RULEMAKING.

13 (a) IN GENERAL.—Beginning 5 years after the date
14 of enactment of this Act, the Advocate for Small Business
15 Capital Formation, in consultation with the Investor Ad-
16 vocate, shall conduct a study on the effect of the amend-
17 ments made by section 2 on the businesses and startup
18 entities in which qualifying venture capital funds invest,

1 specifically including, with respect to such businesses and
2 startup entities, changes or trends relating to—

3 (1) the geographic distribution of capital to
4 portfolio companies;

5 (2) the socio-economic characteristics of found-
6 ers or controlling persons;

7 (3) the veteran status of founders or controlling
8 persons;

9 (4) the industry sector, size, stage of develop-
10 ment, and related details; and

11 (5) other factors or metrics determined by the
12 Advocate for Small Business Capital Formation.

13 (b) REPORT.—The Advocate for Small Business Cap-
14 ital Formation shall issue a report to the Congress con-
15 taining all findings and determinations made in carrying
16 out the study required in subsection (a), and make such
17 report available to the public on the website of the Com-
18 mission.

19 (c) PUBLIC COMMENT.—During the 180-day period
20 beginning on the date the report is issued under sub-
21 section (b), the Commission shall solicit feedback from the
22 public on the findings and determinations contained in the
23 report.

24 (d) RULEMAKING.—

1 (1) IN GENERAL.—The Commission, in con-
2 sultation with the Investor Advocate and the Advo-
3 cate for Small Business Capital Formation, may,
4 after considering all comments received under sub-
5 section (c) and only if the Commission determines in
6 such report that the amendments made by section 2
7 have had a demonstrable effect on increasing the ge-
8 ographic distribution of capital to portfolio compa-
9 nies, increasing the variety of the socio-economic
10 characteristics of founders or controlling persons, or
11 increasing the number of founders or controlling
12 persons who are veterans, issue rules to—

13 (A) increase or decrease the 500 person
14 threshold described in the matter preceding
15 subparagraph (A) of section 3(c)(1) of the In-
16 vestment Company Act of 1940, but such
17 threshold may not exceed 750 persons or be re-
18 duced below 250 persons; and

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

24 (2) DEADLINE FOR RULEMAKING.—The rule-
25 making authority in paragraph (1) only applies to a

1 rule with respect to which the proposed rule was
2 issued during the 180-day period beginning at the
3 end of the public comment period described in sub-
4 section (c).

5 (3) NO EFFECT ON INFLATION ADJUST-
6 MENTS.—A rule issued under this subsection shall
7 have no effect on the requirement under clause (i)
8 of section 3(c)(1)(C) of the Investment Company
9 Act of 1940 (15 U.S.C. 80a–3(c)(1)(C)) to index the
10 first dollar amount in such clause for inflation.

