

Suspend the Rules and Pass the Bill, H.R. 4227, with amendments

(The amendments strike all after the enacting clause and insert a new text and a new title)

117TH CONGRESS
1ST SESSION

H. R. 4227

To require the Securities and Exchange Commission to revise the definition of a qualifying investment, for purposes of the exemption from registration for venture capital fund advisers under the Investment Advisers Act of 1940, to include an equity security issued by a qualifying portfolio company and to include an investment in another venture capital fund, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 2021

Mr. HOLLINGSWORTH introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the Securities and Exchange Commission to revise the definition of a qualifying investment, for purposes of the exemption from registration for venture capital fund advisers under the Investment Advisers Act of 1940, to include an equity security issued by a qualifying portfolio company and to include an investment in another venture capital fund, 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 “Developing and Em-
3 powering our Aspiring Leaders Act of 2022”.

4 **SEC. 2. DEFINITIONS.**

5 Not later than the end of the 180-day period begin-
6 ning on the date of the enactment of this Act, if the Secu-
7 rities and Exchange Commission determines the revisions
8 would facilitate capital formation without compromising
9 investor protection, the Commission shall—

10 (1) revise the definition of a qualifying invest-
11 ment under paragraph (c) of section 275.203(l)–1 of
12 title 17, Code of Federal Regulations, to include an
13 equity security issued by a qualifying portfolio com-
14 pany, whether acquired directly from the company or
15 in a secondary acquisition; and

16 (2) revise paragraph (a) of such section to re-
17 quire, as a condition of a private fund qualifying as
18 a venture capital fund under such paragraph, that
19 the qualifying investments of the private fund are
20 predominantly qualifying investments that were ac-
21 quired directly from a qualifying portfolio company.

Amend the title so as to read: “A bill to require the
Securities and Exchange Commission to revise the defini-
tion of a qualifying investment to include an equity secu-
rity issued by a qualifying portfolio company, whether ac-
quired directly from the company or in a secondary ac-
quisition, for purposes of the exemption from registration

for venture capital fund advisers under the Investment Advisers Act of 1940, and for other purposes.”.