



May 20, 2025

The Honorable French Hill
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Re: HFSC Markup of Various Capital Formation bills

Dear Chairman Hill and Ranking Member Waters,

The Securities Industry and Financial Markets Association (SIFMA)¹ and its member firms appreciate your efforts to advance legislation that will enhance capital access, strengthen public and private markets, and support entrepreneurs while protecting retail investors. The U.S. capital markets are the deepest, most liquid, and most efficient in the world, providing the funding for over 70% of all economic activity in the U.S. and serving as a critical source of financing for small and mid-sized businesses. In addition, the investment opportunities available through our capital markets enable Americans from all walks of life to grow their personal and retirement savings. Today's markup in your Committee, and in particular the bipartisan and commonsense capital formation bills being considered, will help drive economic growth by strengthening and expanding access to the U.S. capital markets.

The most recent major law aimed at stimulating capital formation and improving retail investors' market access was the Jumpstart Our Businesses (JOBS) Act. SIFMA strongly supported the passage of the original JOBS Act in 2012, which helped spur economic growth and innovation by expanding access to our capital markets and reducing unnecessary regulatory burdens. In the 13 years since, Congress has worked to advance legislation that further improves access to the markets by adapting our securities laws to the ongoing evolution of markets and market participants. We applaud the Committee for continuing this important work under your leadership, including through today's markup. We recognize the broad, bipartisan support that many of these bills had in the 118th Congress and commend the Committee for renewing its efforts to advance them in the 119th Congress. SIFMA is pleased to provide comments on the following bills for consideration today.

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. For more information, visit <http://www.sifma.org>.



H.R. 2441, the Improving Disclosure for Investors Act of 2025

This bill would direct the SEC to update its disclosure delivery rules to allow registered investment companies, business development companies, advisers, broker-dealers, transfer agents, and others to use electronic delivery (“e-delivery”) as the default method of sending certain investor communications and disclosure documents to their customers as required under the securities laws. Importantly, the bill empowers investors by requiring the SEC to ensure that any investor can choose at any time to receive these documents in paper form via regular mail. Furthermore, customers who have not provided digital credentials to their account or to whom e-delivery is unsuccessful will automatically receive their documents in paper form via regular mail. SIFMA supports this bill and encourages Congress to pass it.

H.R. 3383, the Increasing Investor Opportunities Act

This bill would prevent the SEC from setting limits for closed-end funds investing in private funds and would prevent private funds from circumventing anti-pyramiding fund of funds rules. This change would eliminate an informal 15 percent cap enforced by the SEC and would let closed-end funds determine the level of private fund investments that would best meet fund investment objectives and benefit shareholders. This bill looks to expand the access that retail investors have to the benefits of investing in private markets. Importantly, this access would come through an investment adviser and registered investment company. Furthermore, this legislation would promote regulatory fairness and clarity by ensuring private funds are considered “investment companies” on a consistent basis, harmonizing the treatment of private funds with registered mutual funds for fund-of-fund anti-pyramiding rules. SIFMA supports this bill and encourages Congress to pass it.

H.R. 1013, the Retirement Fairness for Charities and Educational Institutions Act of 2025

This bill would provide parity and uniformity across different types of retirement plans by permitting 403(b) plans to invest in Collective Investment Trusts (CITs) and insurance company separate accounts. Currently 403(b) plans are unable to invest in CITs and insurance company separate accounts even though other plan types such as 401k plans and Thrift Savings Plans (TSP) can invest in those vehicles. Providing parity in retirement plans will ensure all Americans can securely and effectively save for retirement. SECURE 2.0 included changes to the tax code to bring uniformity to 403(b) plans regarding their tax treatment, however, this legislation did not include the necessary changes to securities law to ensure 403(b) plans were granted a level playing field with other retirement plans. SIFMA supports this bill and encourages Congress to pass it.

H.R. 3381, the Encouraging Public Offerings Act of 2025

This bill would allow all issuers of public securities to take advantage of the testing the waters and confidential draft registration submission provisions of the JOBS Act of 2012. The testing the waters and confidential draft registration submission allowances made by the JOBS Act for emerging growth companies have proven incredibly popular with issuers due to the flexibility it grants them to access public capital markets on more favorable terms. More importantly, these changes to the initial public offering process have conferred these benefits and encouraged more companies to go public without sacrificing investor protection. Extending these provisions to all

issuers should improve the vibrancy of our public capital markets. SIFMA supports this bill and encourages Congress to pass it.

H.R. 1469, the Senior Security Act of 2025

This bill would create a “Senior Investor Taskforce” within the Securities and Exchange Commission charged with identifying problems senior investors encounter, including financial exploitation and cognitive decline, as well as identifying regulatory changes that could help senior investors. According to the National Council on Aging, financial abuse of elderly people costs victims as much as \$36 billion annually. Congress and the SEC should take necessary steps to protect senior investors from bad actors and look for areas where securities law can conform to the challenges facing America’s seniors. SIFMA strongly supports any efforts that focus on the most immediate and most damaging dangers faced by senior investors. SIFMA supports this bill and encourages Congress to pass it.

H.R. 3395, the Middle Market IPO Underwriting Cost Act

This bill would direct the Comptroller General of the United States, in consultation with the SEC and FINRA, to carry out a study of direct and indirect costs incurred in initial public offerings (IPOs) of small- and medium-sized companies. The U.S. has the largest equity markets, and our IPO market is consistently larger in volume and market capitalization than other similar economies such as the United Kingdom and Europe. Following years of decline, the U.S. experienced an uptick in IPOs after passage of the JOBS Act in 2012.

SIFMA appreciates the desire to consider costs associated with IPOs, however, any study needs to be properly tailored and consider all relevant factors. For example, SIFMA applauds the changes made to this bill to ensure any study focuses not just on the underwriter’s fees but also considers the fees from accountants, and other outside advisors, as well as the services underwriters provide to these types of companies when they are contemplating going public, including preparation for a public offering, and following an IPO. These services can include months and even years of work to help companies prepare to go public, and significant aftermarket support such as research and trading in the company’s shares. In addition to these changes, SIFMA recommends that any study should consider that, for every company that does goes public, there are others that choose not to, even after preparation, notwithstanding the underwriter’s initial investment. Any study should also consider account for both the competitive landscape among underwriters, the fee variation among deal size, and various public offering options to IPOs (e.g., direct listings and Dutch Auctions). Importantly, the SEC conducted a survey of public company CEOs in 2011 to consider the challenges and concerns about going public.² Survey respondents raised multiple issues including regulatory pre- and post-IPO regulatory costs, research coverage, and small cap investor universe, but not underwriting fees. Any study should consider the regulatory costs associated with preparing and executing an IPO, including compliance with the federal and state securities laws as directed by the bill, and the regulatory costs associated with becoming a public company. Should the Committee decide

² : Rebuilding the IPO On-Ramp, SEC IPO Task Force, October 20, 2011
https://www.sec.gov/info/smallbus/acsec/rebuilding_the_ipo_on-ramp.pdf



to proceed with legislation directing such a study, we strongly recommend that it expand the scope to cover the aforementioned issues including regulatory costs.

H.R. 2225, the Access to Small Business Investor Capital Act

This bill would allow investment funds to exclude the operating expenses of business development companies (“BDCs”) from their expense ratios if the underlying investment funds hold BDCs in their portfolio. Currently, registered investment funds are required to report these operating expenses of a BDC in the calculation of the in “Acquired Fund Fees and Expenses (AFFE)” if they invest in a BDC even when these expenses are not borne by the fund. This change would provide an accurate calculation of AFFE expenses related to investment in BDCs and treat BDCs like operating companies which are exempt from AFFE. SIFMA supports this bill and encourages Congress to pass it.

H.R. 3394, the Fair Investment Opportunities for Professional Experts Act

This bill would allow Americans to qualify as accredited investors by virtue of their education and job experience. The current definition of accredited investor relies on net worth thresholds for individuals and households regardless of the sophistication of the would-be investors. By excluding individuals whose professional experience or financial knowledge qualifies them to purchase restricted securities, the current standard unfairly limits Americans’ participation in capital markets and limits the ability of private business to access capital through accredited investors. Financial professionals are well positioned to analyze the risks of investments, and accredited investors are a critical source of capital for businesses unable to access the public markets. SIFMA supports this bill and encourages Congress to pass it.

H.R. 3339, the Equal Opportunity for All Investors Act of 2025

As noted in SIFMA’s response to the Financial Services Committee’s February 2025 Request for Feedback, we broadly support expanding the range of investors eligible to participate in private markets by broadening the definition of accredited investor with alternative indicators of financial sophistication besides wealth, provided that such indicators are clear, easy to evaluate, and do not create undue burdens on market participants subject to fiduciary duty and Reg BI obligations. Consistent with this goal, this bill would broaden the definition of accredited investor to include individuals who obtain certification through an examination testing knowledge of various objective criteria that is established by the SEC and administered by FINRA. By increasing the number of pathways for financially sophisticated, but not wealthy, individuals to qualify as an accredited investor, this bill would help expand access to private investments. SIFMA supports this bill and encourages Congress to pass it.

H.R. 3348, the Accredited Investor Definition Review Act

This bill requires the SEC to review its list of certifications, designations, and credentials that define who qualifies as an accredited investor and to expand that list with additional, substantially similar professional certifications that demonstrate individuals have sufficient financial understanding. SIFMA welcomes a thorough review – by both Congress and the SEC – of reforms that will enhance retail investor access to private investments while maintaining the crucial protections of our federal securities laws. This bill would advance this goal by requiring



the SEC to update its list of professional certifications included in the accredited investor definition, repeating the process every five years after the first review. SIFMA supports this bill and encourages Congress to pass it.

SIFMA broadly supports the expansion of the Accredited Investor definition to enhance investor access to the private markets and applauds the Committee for its particular focus on this issue. We look forward to continuing to work with the Committee to ensure an expanded definition of accredited investor provides increased access to more sophisticated investors who are better able to understand the risk and merits of investments on their own.

SIFMA commends this Committee on its commitment to advance commonsense solutions that enhance capital formation, reduce regulatory friction, and promote economic growth. We welcome the opportunity to comment on these bills that are of particular importance to our members, and we look forward to continuing to work with you to strengthen our capital markets and protect investors.

Sincerely,

A handwritten signature in black ink, which appears to read "Ken Bentsen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kenneth E. Bentsen, Jr.
President and CEO

cc: The Honorable Ann Wagner, Chairman, Subcommittee on Capital Markets
The Honorable Brad Sherman, Ranking Member, Subcommittee on Capital Markets