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December 5, 2025

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Re: The INVEST Act

Dear Speaker Johnson and Leader Jeffries,

The Securities Industry and Financial Markets Association (SIFMA)[1] and its member firms would like to express our appreciation for your work to modernize our securities laws with the consideration of the INVEST Act on the House floor. We applaud your continued efforts to advance legislation that will enhance capital access, strengthen public and private markets, and support entrepreneurs while protecting retail investors. This legislative package being considered includes important provisions that seek to increase market access for retail investors, reduce burdens on market participants, and promote continued growth and innovation in our capital markets. Accordingly, we urge Congress to pass the INVEST Act.

Recognizing the critical role the U.S. capital markets play in our economy, SIFMA was pleased to support the passage of the original JOBS Act in 2012. Now, over a decade later, that legislation has made great strides in reducing regulatory burdens that too often stand in the way of growth and innovation. Still, with the continuing evolution of our markets and market participants, we believe that it is now appropriate for Congress to consider additional enhancements to the securities laws that will reduce regulatory frictions and facilitate improved access to the U.S. capital markets.

We commend the House Financial Services Committee (HFSC) for holding numerous hearings on our capital markets and capital formation to allow for appropriate consideration and feedback from the public and interested stakeholders, and for crafting legislation that appropriately balances capital formation with investor protection. We especially applaud the bipartisan legislative efforts of the Committee, the results of which are reflected in the package under consideration. SIFMA is pleased to provide the following comments on the provisions of the INVEST Act.

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[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.

TITLE II – INCREASING OPPORTUNITIES FOR INVESTORS

Sec. 201. Fair Investment Opportunities for Professional Experts (H.R. 3394)
This provision 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 provision.

Sec. 202. Retirement Fairness for Charities and Educational Institutions (H.R. 1013)
This provision 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 provision.

Sec. 203. Equal Opportunity for All Investors (H.R. 3339)
SIFMA broadly supports 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 provision would broaden the definition of accredited investor to include individuals who obtain certification through an examination testing knowledge of various objective criteria that are 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 provision would help expand access to private investments. SIFMA supports this provision.

Sec. 204. Senior Security (H.R. 1469)
This provision 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

provision.

Sec. 205. Improving Disclosure for Investors (H.R. 2441)
This provision 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 allows investors to choose 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. A recent survey[2] shows that 85 percent of retail investors are comfortable with e-delivery. In the 118th Congress, this provision passed the House with strong bipartisan support. SIFMA supports this provision.

Sec. 206. Increasing Investor Opportunities (H.R. 3383)
This provision 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. We welcomed the SEC's recent reversal of the informal 15 percent cap on closed-end fund investment in private funds and support this provision, which would ensure closed-end funds retain the ability to determine the level of private fund investments that would best meet fund investment objectives and benefit shareholders into the future. This provision ensures retail investors have access 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 provision.

TITLE III – STRENGTHENING PUBLIC MARKETS

Sec. 302. Access to Small Business Investor Capital (H.R. 2225)
This provision 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 provision.

Sec. 303. Encouraging Public Offerings (H.R. 3381)
This provision 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

[2] https://www.sifma.org/wp-content/uploads/2022/07/SIFMA-Survey-Results-for-SEC-July-2022.pdf

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 provision.

Sec. 305. Middle Market IPO Underwriting Cost (H.R. 3395)
This provision 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 the original 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 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 go 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. 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. SIFMA appreciates the Committee's work on this provision and applauds the changes made to the original legislation.

Sec. 307. Expanding Well-Known Seasoned Issuer (WKSI) Eligibility (H.R. 4430)
This provision would expand the universe of Well-Known Seasoned Issuers ("WKSIs") by updating the WKSI definition. The SEC classifies certain large widely followed issuers as WKSIs under Rule 405 of the Securities Act of 1933. Issuers with WKSI status benefit from greater flexibility in registration and investor communications. Most notably, registration statements filed by WKSIs become effective immediately and automatic upon filing. Lowering the public float threshold will allow more seasoned issuers to take advantage of the benefits provided by this provision under the Securities Act. SIFMA supports this provision.

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SIFMA commends House leaders, Committee leaders, and the sponsors of this legislation for your work to advance commonsense, bipartisan solutions to enhance capital formation, reduce regulatory burdens, and promote economic growth. We encourage Congress to pass the INVEST Act and we look forward to continuing to work with you to strengthen our capital markets and protect investors.

Sincerely,

Kenneth E. Bentsen, Jr.
President and CEO

cc: Chairman French Hill, House Financial Services Committee
Ranking Member Maxine Waters, House Financial Services Committee