

December 5, 2025

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Hakeem Jeffries  
Democratic Leader  
U.S. House of Representatives  
Washington, DC 20515

Re: H.R. 3383, the INVEST Act

Dear Speaker Johnson and Leader Jeffries:

The undersigned organizations representing the U.S. innovation ecosystem support congressional efforts to drive economic growth, job creation, and opportunity that fuels American innovation and makes our capital markets infrastructure the envy of the world. We appreciate Congress's continued focus on improving capital formation at all stages of a company's lifecycle, particularly for entrepreneurs and investors outside of traditional funding hubs and networks. These efforts are even more important today, as startups and small businesses continue to face economic headwinds and intensifying global competition.

The **Incentivizing New Ventures and Economic Strength Through Capital Formation (INVEST) Act** provides a strong foundation to expand access to capital for entrepreneurs in emerging ecosystems, lower barriers for companies to go public, and increase investment and ownership opportunities to ensure policy encourages responsible innovation and keeps the interests of startups and small businesses—the economic engine of this country—front and center.

### **Expanding access to capital**

The U.S. capital markets are the engine that powers innovation and economic growth. Private capital—angel investors, venture capital, private equity—supports startups and growth-stage companies at every stage of development, providing patient, risk-forward funding to solve ambitious problems. This structure democratizes ingenuity, drives innovation and value creation, and promotes economic growth and job creation—all of which are critical to maintaining our nation's competitive advantage.

Raising capital, however, can be daunting for many startups, funds, and businesses. While the availability of private capital has grown substantially over the past few decades, opportunities to access these resources remain limited outside of traditional capital-raising hubs and networks. Unless we modernize our policy infrastructure, the benefits of this economic and innovation engine will be constrained, and as private markets continue to grow, this gap will only widen. We

need to bolster private capital, but importantly, we need to broaden its reach to more investors, more entrepreneurs, more companies, and more communities. To broaden the startup ecosystem, we must broaden the investor ecosystem beyond the traditional tech funding hubs and networks. Capital has become more mobile, but proximity matters, particularly for the earliest stages. Emerging managers are the key. To drive regional growth and the diversification of private capital, we need to support the emerging managers that identify and fund entrepreneurs across the country. These smaller funds are more likely to invest early, invest locally, and support a more diverse pool of entrepreneurs. Policies that lower barriers and help drive capital to this segment will help broaden local networks, create more economic opportunity, and lead to a more robust ecosystem.

The INVEST Act will promote broader access to capital by:

- **Enabling venture capital fund managers to invest more capital** in other venture capital funds and portfolio company investments acquired through secondary transactions, driving more capital into emerging markets and helping unlock liquidity
- **Expanding the size and investor limits for qualifying venture capital funds**, helping emerging managers assemble competitive funds and reach a broader base of investors
- **Raising the private fund exemption threshold** and indexing it to inflation, ensuring smaller fund managers can continue to support small business capital formation without added regulatory burdens
- **Making it easier for startups and small businesses to connect with investors** by clarifying that demo days do not violate fundraising rules and increasing crowdfunding thresholds
- Making it more attractive to invest in business development companies (BDCs), which could help **channel more capital to small and mid-sized businesses** that are critical to job creation and regional economic growth

These reforms can help unlock private capital for entrepreneurs across the country, helping to drive the development of regional ecosystems and the economic growth and jobs that accompany it.

### **Lowering barriers to encourage IPOs**

Reinvigorating the U.S. public markets is critical to capital formation and ensuring our markets remain the envy of the world. Over the past 30 years, the number of public companies has been cut in half and despite a recent uptick, the number of IPOs has trended downward. A confluence of factors—changes in market structure, the growth of private capital, and increased regulation—have led to a shift away from IPOs and public markets.

The creation of the emerging growth company on-ramps under the bipartisan JOBS Act was one of the most effective capital formation reforms in decades. Building on that success, incremental updates can help make it more attractive and practical for smaller and mid-size companies to go public today. Reducing the cost, time, and risk of the IPO process can help reopen the public markets as a viable path for scaling and liquidity, benefiting entrepreneurs, investors, employees, and the broader economy.

The INVEST Act will help lower costs and tailors regulation to make it easier for more companies to go public by:

- **Permitting submission of confidential draft registration statements and “testing the waters” with potential investors**, enabling companies to receive feedback, engage with investors, and determine interest before committing to a public filing
- **Lowering barriers and costs to transition to public markets** by clarifying that EGCs need only provide two years of audited financial statements, accelerating IPO readiness
- **Expanding well-known seasoned issuer (WKSI) status to more public companies**, making it easier for smaller issuers to access follow-on capital efficiently
- Directing a **study on the costs and challenges small and mid-sized companies face when going public**, providing policymakers insights needed to identify barriers and craft solutions to reduce friction and improve market access

Together, these provisions can help encourage more IPOs and restore the public markets as a credible exit path for growing private companies, broadening investment opportunities and strengthening U.S. market competitiveness.

### **Promoting access to investment and ownership opportunities**

Today, private market investment opportunities are largely reserved for institutional or high net worth investors. Most individuals are effectively excluded from participating in the private markets because of the wealth-based accredited investor standard. For most investors, public markets are often the only option, but as the number of public companies has declined, the universe of investment opportunities has narrowed. These investors are also missing out on the early-stage growth that drives much of today’s value creation as companies are staying private longer. More people should be able to access these opportunities and participate in that economic journey. Expanding access to private markets while preserving important investor protections will not only drive innovation but will also help broaden economic opportunity.

The INVEST Act will expand investment opportunities to more individuals in a responsible manner by:

- **Modernizing the accredited investor standard** by expanding on-ramps to reflect financial sophistication, education, and experience rather than only financial means, ensuring access is not limited to the economically privileged
- **Enabling retail investors to participate in private market investments** through SEC-registered funds, where investors benefit from diversification, fiduciary oversight, and institutional diligence
- **Permitting 403(b) retirement plans to invest in collective investment trusts (CITs) and insurance products available to other retirement savers**, ensuring equal access to professionally managed investment opportunities
- **Permitting electronic delivery of disclosures by default**, allowing companies and funds to communicate with investors digitally, which reduces costs, drives efficiencies, and improves investor access to information

By broadening responsible access, the INVEST Act helps ensure more Americans can benefit from the diversification offered by private markets and participate in the growth and success of the next generation of U.S. companies.

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The **INVEST Act** is an important bipartisan effort that will strengthen America's capital-formation infrastructure by expanding access to capital, restoring public-market dynamism, democratizing investment opportunities, and modernizing regulation. Thank you for your leadership in advancing policies to ensure America's entrepreneurs can access the capital they need at each stage of their lifecycle and provide more opportunities for investors. These efforts are critical to creating jobs, driving upward mobility, and ensuring the U.S. continues to lead the world in innovation and economic growth. We look forward to working with Congress on a bipartisan basis to achieve these important goals.

Sincerely,

American Securities Association  
Angel Capital Association  
Angellist  
Arizona Technology Council  
Biotechnology Innovation Organization (BIO)  
Carta  
Center for American Entrepreneurship (CAE)  
Engine  
Financial Technology Association (FTA)

Illinois Venture Capital Association  
Incubate  
Institute for Portfolio Alternatives (IPA)  
Make Startups  
Maryland Technology Council  
Michigan Venture Capital Association  
Nasdaq  
National Bankers Association  
National Venture Capital Association (NVCA)  
New England Venture Capital Association  
Rocky Mountain Venture Capital Association  
Small Business & Entrepreneurship Council  
Small Business Investor Alliance (SBIA)  
Technology Association of Georgia (TAG)  
Technology Councils of North America (TECNA)  
Texas Venture Alliance  
Venture Atlanta  
Y Combinator

cc: The Honorable French Hill  
The Honorable Ann Wagner  
The Honorable Gregory Meeks  
The Honorable Josh Gottheimer