

## HR 2799

### Expanding Access to Capital Act of 2023

**Congress:** 118 (2023–2025, Ended)

**Chamber:** House

**Policy Area:** Finance and Financial Sector

**Introduced:** Apr 24, 2023

**Current Status:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Mar 11, 2024)

**Latest Action:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Mar 11, 2024)

**Official Text:** <https://www.congress.gov/bill/118th-congress/house-bill/2799>

### Sponsor

**Name:** Rep. McHenry, Patrick T. [R-NC-10]

**Party:** Republican • **State:** NC • **Chamber:** House

### Cosponsors

No cosponsors are listed for this bill.

### Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Mar 11, 2024
Education and Workforce Committee	House	Discharged From	Jul 17, 2023
Financial Services Committee	House	Unknown	Mar 8, 2024

### Subjects & Policy Tags

#### Policy Area:

Finance and Financial Sector

## Related Bills

Bill	Relationship	Last Action
118 S 4917	Related bill	<b>Jul 31, 2024:</b> Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
118 S 4493	Related bill	<b>Jun 11, 2024:</b> Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
118 HRES 1052	Related bill	<b>Mar 6, 2024:</b> Motion to reconsider laid on the table Agreed to without objection.
118 S 3815	Related bill	<b>Feb 27, 2024:</b> Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
118 S 3709	Related bill	<b>Jan 31, 2024:</b> Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
118 S 3710	Related bill	<b>Jan 31, 2024:</b> Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
118 HR 1553	Related bill	<b>Dec 12, 2023:</b> Placed on the Union Calendar, Calendar No. 250.
118 HR 2627	Related bill	<b>Dec 12, 2023:</b> Placed on the Union Calendar, Calendar No. 252.
118 HR 3063	Related bill	<b>Dec 12, 2023:</b> Placed on the Union Calendar, Calendar No. 251.
118 HR 1807	Related bill	<b>Dec 1, 2023:</b> Placed on the Union Calendar, Calendar No. 239.
118 HR 2773	Related bill	<b>Apr 20, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2790	Related bill	<b>Apr 20, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2651	Related bill	<b>Apr 17, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2652	Related bill	<b>Apr 17, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2576	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2578	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2579	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2590	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2603	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2605	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2606	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2607	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2609	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.

Bill	Relationship	Last Action
118 HR 2612	Related bill	<b>Apr 13, 2023:</b> Referred to the Committee on Financial Services, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.
118 HR 2624	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2625	Related bill	<b>Apr 13, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2497	Related bill	<b>Apr 6, 2023:</b> Referred to the House Committee on Financial Services.
118 HR 2506	Related bill	<b>Apr 6, 2023:</b> Referred to the House Committee on Financial Services.

## **Expanding Access to Capital Act of 2023**

This bill reduces various securities regulations for certain companies, brokers, and advisors. The bill also allows more investors to invest in specified types of ventures.

### DIVISION A--Strengthening Public Markets

#### TITLE I--Remove Aberrations in the Market Cap Test for Target Company Financial Statements

This title expands the information allowed to be included when calculating whether an acquisition or disposition of a subsidiary is significant for purposes of required financial disclosures by publicly traded companies. Currently, an acquisition or disposition is considered significant when the company's investment in the subsidiary is calculated to exceed 10% of the aggregate worldwide market value of the company's voting and non-voting common equity. Under the title, this market value may additionally include applicable trading value, conversion value, or exchange value of all of the company's outstanding classes of stock, including preferred stock and non-traded common shares that are convertible into or exchangeable for traded common shares.

#### TITLE II--Helping Startups Continue To Grow

##### *Helping Startups Continue To Grow Act*

This title allows certain issuers of securities regulated as emerging growth companies to continue operating under such regulations, including those related to reduced disclosures and other exemptions, for an additional two years. It also raises the limit of total annual gross revenues under which issuers qualify as emerging growth companies to \$1.5 billion. Finally, under the title, a company may continue to be considered an emerging growth company even after it becomes a large accelerated filer.

#### TITLE III--SEC and PCAOB Auditor Requirements for Newly Public Companies

This title modifies the auditor independence standards required by the Public Company Accounting Oversight Board (PCAOB) and the Securities and Exchange Commission (SEC). Specifically, an issuer that is a public company or has filed to become a public company must comply with certain auditor independence standards regarding audits that occurred in the fiscal year prior to the company going public.

#### TITLE IV--EXPAND THE PROTECTION FOR RESEARCH REPORTS TO COVER ALL SECURITIES OF ALL ISSUERS

This title allows a securities broker or dealer to publish or distribute a research report on a proposed public offering by any issuer without it being considered an offer to sell securities for purposes of registration requirements. Currently, only reports published or distributed regarding a proposed public offering by an emerging growth company fall under this exception.

#### TITLE V--EXCLUDE QIBS AND IAAS FROM THE RECORD HOLDER COUNT FOR MANDATORY REGISTRATION

This title excludes certain institutional investors and buyers as holders of a security. Specifically, these investors are not considered security holders under mandatory securities registration thresholds applicable to an issuer of securities.

#### TITLE VI--EXPAND WKSI ELIGIBILITY

This title reduces the required aggregate market value of voting and non-voting common equity shares for an issuer of securities to qualify as a well-known seasoned issuer. A well-known seasoned issuer is allowed to make expedited public offerings of securities through automatic shelf registrations.

## DIVISION B--HELPING SMALL BUSINESSES AND ENTREPRENEURS

### TITLE I--UNLOCKING CAPITAL FOR SMALL BUSINESSES

#### *Unlocking Capital for Small Businesses Act of 2023*

This title revises the regulatory treatment of private-placement brokers (brokers who receive transaction-based compensation for the sale of securities to preselected individuals or institutions) and finders (private-placement brokers who do not exceed a specified amount of compensation, transaction value, or number of transactions in a year).

Specifically, the title (1) requires the SEC to establish registration requirements for private-placement brokers that are no more stringent than those imposed on crowdfunding portals, (2) allows for membership in any national securities association for private-placement brokers, (3) exempts private-placement brokers from broker regulations, and (4) otherwise modifies provisions related to private-placement brokers and finders.

### TITLE II--SMALL BUSINESS INVESTOR CAPITAL ACCESS

#### *Small Business Investor Capital Access Act*

This title requires the SEC to adjust annually for inflation the dollar amount of an exemption from registration requirements for investment advisors of private funds. Currently, investment advisors of private funds of less than \$150 million in assets under management are exempt. The title would require the SEC to adjust that amount annually based on the change in the Consumer Price Index.

### TITLE III--IMPROVING CAPITAL ALLOCATION FOR NEWCOMERS

#### *Improving Capital Allocation for Newcomers Act of 2023*

This title expands qualification requirements for venture capital funds. Venture capital funds are exempt from certain regulations applicable to other investment firms, including those related to filings, audits, and restricted communications with investors. Currently, an investment firm qualifies as a venture capital fund if, among other requirements (1) the fund's securities are owned by 250 persons or less, and (2) the fund has \$10 million or less in aggregate capital contributions and uncalled committed capital. The title increases these amounts to 600 persons and \$150 million, respectively.

### TITLE IV--SMALL ENTREPRENEURS' EMPOWERMENT AND DEVELOPMENT

#### *Small Entrepreneurs' Empowerment and Development Act of 2023 or the SEED Act of 2023*

This title establishes an exemption to certain securities regulations for small offerings of securities. Specifically, securities registration is not required for a sale of securities if the total amount of securities sold by the issuer during the preceding 12-month period sale does not exceed \$250,000.

Furthermore, the SEC must issue rules under which an issuer is disqualified from offering securities through this exemption. These rules must disqualify any such offering or sale of securities by a person subject to specified regulatory disciplinary actions or convicted of certain felonies or misdemeanors.

## TITLE V--REGULATION A+ IMPROVEMENT

### *Regulation A+ Improvement Act of 2023*

This title increases the dollar limit of certain securities offerings exempt from registration requirements under Regulation A+ from \$50 million annually to \$150 million annually, adjusted in future years for inflation.

## TITLE VI--DEVELOPING AND EMPOWERING OUR ASPIRING LEADERS

### *Developing and Empowering our Aspiring Leaders Act of 2023 or the DEAL Act of 2023*

This title directs the SEC to revise venture capital investment regulations. Under current law, non-qualifying investments—which include secondary transactions and investments in other venture capital funds—may comprise up to 20% of a venture capital fund.

The title allows investments acquired through secondary transactions or investments in other venture capital funds to be considered as qualifying investments for venture capital funds. However, for a private fund to qualify as a venture capital fund, the fund's investments must predominately (1) be acquired directly, or (2) be investments in other venture capital funds.

The Government Accountability Office (GAO) must report on the title's effects.

## TITLE VII--IMPROVING CROWDFUNDING OPPORTUNITIES

### *Improving Crowdfunding Opportunities Act*

This title reduces regulations applicable to crowdfunding securities and portals. Crowdfunding is used to raise capital through a large number of individuals investing potentially small amounts of money.

The title exempts certain securities issued under crowdfunding regulations from state regulation of secondary transactions. It also exempts crowdfunding portals from (1) certain anti-money laundering reporting and recordkeeping requirements, and (2) liability for material misstatements or omissions unless the portal knowingly makes certain untrue statements or engages in fraud or deceit.

The title revises the disclosure requirements for crowdfunding issuers with specified target offering amounts. The title also expands the types of investors allowed to invest in these companies to include investment companies. Finally, the title increases the aggregate amount these companies are allowed to raise in a 12-month period and generally raises the amount individuals are allowed to invest in a 12-month period.

## TITLE VIII--RESTORING THE SECONDARY TRADING MARKET

### *Restoring the Secondary Trading Market Act*

This title prohibits states from banning, limiting, or imposing conditions upon off-exchange secondary trading of securities. This prohibition applies if the issuer of those securities provides public information on the issuer's financial status in accordance with federal regulations.

## DIVISION C--INCREASING ACCESS TO PRIVATE MARKETS

## TITLE I--GIG WORKER EQUITY COMPENSATION

## *Gig Worker Equity Compensation Act*

This title broadens the existing SEC registration exemption for the issuance of securities as part of an employee-compensation package. Specifically, the title applies this exemption to the issuance of securities as compensation for independent contractors.

The GAO must report on the title's effects.

## **TITLE II--INVESTMENT OPPORTUNITY EXPANSION**

### *Investment Opportunity Expansion Act*

This title expands who may be considered an accredited investor for purposes of participating in private offerings of securities. (Certain unregistered securities may only be offered to accredited investors.) Specifically, the title allows an individual to qualify if their aggregate investment in such a securities offering is not more than 10% of the individual's net assets or 10% of the individual's annual income, whichever is greater.

## **TITLE III--RISK DISCLOSURE AND INVESTOR ATTESTATION**

### *Risk Disclosure and Investor Attestation Act*

This title further expands who may be considered an accredited investor for purposes of participating in private offerings of securities. Specifically, the title allows an individual to qualify by certifying to the issuer of securities that the individual understands the risks of investment in private issuers. Currently, accredited investors must satisfy certain requirements indicating their reduced exposure to financial risk, including those related to income, net worth, or knowledge and experience.

## **TITLE IV--ACCREDITED INVESTORS INCLUDE INDIVIDUALS RECEIVING ADVICE FROM CERTAIN PROFESSIONALS**

This title amends the definition of an accredited investor in the context of selling and purchasing securities to include those individuals receiving investment advice from a person with professional certifications, as determined by the SEC.

## **DIVISION D--HELPING ANGELS LEAD OUR STARTUPS**

This division directs the SEC to expand the applicability of Regulation D, which exempts certain securities offerings from SEC registration requirements but prohibits general solicitation or general advertising with respect to such offerings. Under the division, this prohibition shall not apply to events with specified kinds of sponsors—including *angel investor groups* unconnected to broker-dealers or investment advisers—where presentations or communications are made by or on behalf of an issuer, if

- the advertising does not refer to any specific offering of securities by the issuer;
- the sponsor does not provide investment recommendation or advice to attendees, engage in investment negotiations with attendees, charge certain fees, or receive certain compensation; and
- no specific information regarding a securities offering is communicated beyond the type and amount of securities being offered, the amount of securities already subscribed for, and the intended use of proceeds from the offering.

## **DIVISION E--IMPROVING DISCLOSURE FOR INVESTORS**

### *Improving Disclosure for Investors Act of 2024*

This division requires the SEC to propose and finalize rules to allow entities to deliver regulatory documents to investors electronically. The SEC must establish a mechanism for investors to opt out of electronic delivery and receive paper documents instead. If the SEC does not finalize rules within one year after enactment, the title allows for electronic delivery of these documents.

### DIVISION F--ENHANCEMENT OF 403(b) PLANS

#### *Retirement Fairness for Charities and Educational Institutions Act of 2024*

This division allows 403(b) retirement plans (i.e., retirement plans designed for certain employees of public schools, charities, and churches) to invest in collective investment trusts, which are a group of pooled investment assets held by a bank or trust company, and in insurance company separate accounts.

### DIVISION G--INCREASING INVESTOR OPPORTUNITIES

This division allows a closed-end fund—a portfolio of pooled assets with a limited number of shares traded on an exchange—to increase its investment in private investment funds. The SEC is prohibited from limiting the sale or listing of securities of a closed-end fund that invests in private investment funds. This division also applies to a closed-end company treated as a business development company.

## Actions Timeline

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- **Mar 11, 2024:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **Mar 8, 2024:** Considered as unfinished business. (consideration: CR H1038-1048)
- **Mar 8, 2024:** The House resolved into Committee of the Whole House on the state of the Union for further consideration.
- **Mar 8, 2024:** DEBATE - Pursuant to the provisions of H. Res. 1052, the Committee of the Whole proceeded with 10 minutes of debate on the Houlahan amendment No. 6.
- **Mar 8, 2024:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Houlahan amendment No. 6, the Chair put the question on agreeing to the amendment and by voice vote, announced the noes had prevailed. Ms. Houlahan demanded a recorded vote, and the Chair postponed further proceedings until a time to be announced.
- **Mar 8, 2024:** DEBATE - Pursuant to the provisions of H. Res. 1052, the Committee of the Whole proceeded with 10 minutes of debate on the Tlaib amendment No. 7.
- **Mar 8, 2024:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Tlaib amendment No. 7, the Chair put the question on agreeing to the amendment and by voice vote, announced the noes had prevailed. Ms. Tlaib demanded a recorded vote, and the Chair postponed further proceedings until a time to be announced.
- **Mar 8, 2024:** DEBATE - Pursuant to the provisions of H. Res. 1052, the Committee of the Whole proceeded with 10 minutes of debate on the Lynch amendment No. 8.
- **Mar 8, 2024:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Lynch amendment No. 8, the Chair put the question on agreeing to the amendment and by voice vote, announced the noes had prevailed. Mr. Lynch demanded a recorded vote, and the Chair postponed further proceedings until a time to be announced.
- **Mar 8, 2024:** DEBATE - Pursuant to the provisions of H. Res. 1052, the Committee of the Whole proceeded with 10 minutes of debate on the Waters amendment No. 9.
- **Mar 8, 2024:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Waters amendment No. 9, the Chair put the question on agreeing to the amendment and by voice vote, announced that the noes had prevailed. Ms. Waters demanded a recorded vote and the Chair postponed further proceedings until a time to be announced.
- **Mar 8, 2024:** The House rose from the Committee of the Whole House on the state of the Union to report H.R. 2799.
- **Mar 8, 2024:** The previous question was ordered pursuant to the rule.
- **Mar 8, 2024:** The House adopted the amendments en gross as agreed to by the Committee of the Whole House on the state of the Union.
- **Mar 8, 2024:** Ms. Houlahan moved to recommit to the Committee on Financial Services. (text: CR H1040, H1046)
- **Mar 8, 2024:** The previous question on the motion to recommit was ordered pursuant to clause 2(b) of rule XIX.
- **Mar 8, 2024:** On motion to recommit Failed by the Yeas and Nays: 205 - 213 (Roll no. 77).
- **Mar 8, 2024:** Passed/agreed to in House: On passage Passed by recorded vote: 212 - 205 (Roll no. 78).
- **Mar 8, 2024:** On passage Passed by recorded vote: 212 - 205 (Roll no. 78).
- **Mar 8, 2024:** Motion to reconsider laid on the table Agreed to without objection.
- **Mar 7, 2024:** Considered as unfinished business. (consideration: CR H1021-1025)
- **Mar 7, 2024:** The House resolved into Committee of the Whole House on the state of the Union for further consideration.
- **Mar 7, 2024:** Mrs. Wagner moved that the committee rise.
- **Mar 7, 2024:** On motion that the committee rise Agreed to by voice vote.
- **Mar 7, 2024:** Committee of the Whole House on the state of the Union rises leaving H.R. 2799 as unfinished business.
- **Mar 6, 2024:** Considered under the provisions of rule H. Res. 1052. (consideration: CR H972-988; text: CR H977-981)
- **Mar 6, 2024:** Rule provides for consideration of H.R. 2799 and H.R. 7511. Resolution provides for consideration of H.R. 2799, under a structured rule with one hour of general debate and one motion to recommit. The resolution provides for consideration of H.R. 7511 under a closed rule with one hour of general debate and one motion to recommit.
- **Mar 6, 2024:** House resolved itself into the Committee of the Whole House on the state of the Union pursuant to H. Res. 1052 and Rule XVIII.
- **Mar 6, 2024:** The Speaker designated the Honorable Brad R. Wenstrup to act as Chairman of the Committee.
- **Mar 6, 2024:** GENERAL DEBATE - The Committee of the Whole proceeded with one hour of general debate on H.R. 2799.
- **Mar 6, 2024:** DEBATE - Pursuant to the provisions of H. Res. 1052, the Committee of the Whole proceeded with 10 minutes of debate on the Lawler amendment No. 1.

**Mar 6, 2024: POSTPONED PROCEEDINGS** - At the conclusion of debate on the Lawler amendment No. 1, the Chair put the question on agreeing to the amendment and by voice vote, announced that the ayes had prevailed. Ms. Waters demanded a recorded vote and the Chair postponed further proceedings until a time to be announced.

- **Mar 6, 2024: DEBATE** - Pursuant to the provisions of H. Res. 1052, the Committee of the Whole proceeded with 10 minutes of debate on the Huizenga amendment No. 2.
- **Mar 6, 2024: POSTPONED PROCEEDINGS** - At the conclusion of debate on the Huizenga amendment No. 2, the Chair put the question on agreeing to the amendment and by voice vote, announced that the ayes had prevailed. Mr. Huizenga demanded a recorded vote and the Chair postponed further proceedings until a time to be announced.
- **Mar 6, 2024: DEBATE** - Pursuant to the provisions of H. Res. 1052, the Committee of the Whole proceeded with 10 minutes of debate on the Lucas amendment No. 3.
- **Mar 6, 2024: POSTPONED PROCEEDINGS** - At the conclusion of debate on the Lucas amendment No. 3, the Chair put the question on agreeing to the amendment and by voice vote, announced that the ayes had prevailed. Ms. Waters demanded a recorded vote and the Chair postponed further proceedings until a time to be announced.
- **Mar 6, 2024: DEBATE** - Pursuant to the provisions of H. Res. 1052, the Committee of the Whole proceeded with 10 minutes of debate on the Wagner amendment No. 4.
- **Mar 6, 2024: POSTPONED PROCEEDINGS** - At the conclusion of debate on the Wagner amendment No. 4, the Chair put the question on agreeing to the amendment and by voice vote, announced that the ayes had prevailed. Ms. Waters demanded a recorded vote and the Chair postponed further proceedings until a time to be announced.
- **Mar 6, 2024: DEBATE** - Pursuant to the provisions of H. Res. 1052, the Committee of the Whole proceeded with 10 minutes of debate on the Sherman amendment No. 5.
- **Mar 6, 2024: POSTPONED PROCEEDINGS** - At the conclusion of debate on the Sherman amendment No. 5, the Chair put the question on agreeing to the amendment and by voice vote, announced that the noes had prevailed. Mrs. Wagner demanded a recorded vote and the Chair postponed further proceedings until a time to be announced.
- **Mar 6, 2024:** Mrs. Wagner moved that the committee rise.
- **Mar 6, 2024:** On motion that the committee rise Agreed to by voice vote.
- **Mar 6, 2024:** Committee of the Whole House on the state of the Union rises leaving H.R. 2799 as unfinished business.
- **Mar 5, 2024:** Rules Committee Resolution H. Res. 1052 Reported to House. Rule provides for consideration of H.R. 2799 and H.R. 7511. Resolution provides for consideration of H.R. 2799, under a structured rule with one hour of general debate and one motion to recommit. The resolution provides for consideration of H.R. 7511 under a closed rule with one hour of general debate and one motion to recommit.
- **Jul 17, 2023:** Reported (Amended) by the Committee on Financial Services. H. Rept. 118-143, Part I.
- **Jul 17, 2023:** Committee on Education and the Workforce discharged.
- **Jul 17, 2023:** Placed on the Union Calendar, Calendar No. 112.
- **Apr 26, 2023:** Committee Consideration and Mark-up Session Held.
- **Apr 26, 2023:** Ordered to be Reported in the Nature of a Substitute (Amended) by the Yeas and Nays: 28 - 21.
- **Apr 24, 2023:** Introduced in House
- **Apr 24, 2023:** Referred to the Committee on Financial Services, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.