



**February 26, 2025**

The Honorable Ann Wagner  
Chairman  
Subcommittee on Capital Markets  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Brad Sherman  
Ranking Member  
Subcommittee on Capital Markets  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

**Re: HFSC Capital Markets Subcommittee Hearing, “The Future of American Capital: Strengthening Public and Private Markets by Increasing Investor Access and Facilitating Capital Formation”**

Dear Chairman Wagner and Ranking Member Sherman,

The Securities Industry and Financial Markets Association (SIFMA)<sup>1</sup> and its member firms would like to express our appreciation for your efforts to 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. Today’s hearing, and in particular the bipartisan and commonsense capital formation bills under consideration, will help drive economic growth by strengthening and expanding access to the U.S. capital markets.

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 commend the Subcommittee for continuing this important work under your leadership, including through today’s hearing, and we recognize the broad, bipartisan support that many of these bills had in the 118<sup>th</sup> Congress. SIFMA is pleased to provide comments on the following bills introduced as discussion drafts for consideration today.

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<sup>1</sup> 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. \_\_, the Improving Disclosures for Investors Act of 2025**

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 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 provision and encourages Congress to pass it.

### **H.R. \_\_, the Increasing Investor Opportunities Act**

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. 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 provision 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 provision and encourages Congress to pass it.

### **H.R. \_\_, the Retirement Fairness for Charities and Educational Institutions Act of 2025**

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 and encourages Congress to pass it.

### **H.R. \_\_, Expands Protections for Research Reports to Cover All Securities of All Issuers**

This legislation would expand a provision in the JOBS Act of 2012 that establishes that a broker-dealer’s distribution or publicization of a research report about an emerging growth company (EGC) does not constitute an “offer.” The JOBS Act allows such research reports to be published and distributed without triggering requirements to file a registration statement and deliver a prospectus. This legislation today would expand the application of the JOBS Act beyond EGCs to cover research reports about any issuer that undertakes a proposed public offering of securities. Research reports help investors make informed decisions and provide critical analysis



of the financial and operational well-being of a company or industry. Furthermore, research reports remain highly regulated, subject to myriad SEC and FINRA regulations and oversight designed to protect investors. Smaller and mid-sized issuers can particularly benefit from research reports through enhanced investor recognition and increased liquidity in their securities. SIFMA supports this provision and encourages Congress to pass it.

#### **H.R. \_\_, 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 provision and encourages Congress to pass it.

#### **H.R. \_\_, 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 provision and encourages Congress to pass it.

#### **H.R. \_\_, 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 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.<sup>2</sup> 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 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. \_\_, 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 provision 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.

### **H.R. \_\_, Unlocking Capital for Small Businesses Act of 2025**

As articulated during the House Financial Services Committee's consideration of this provision last Congress, SIFMA remains concerned about and is opposed to the *Unlocking Capital for Small Business Act*. This bill would direct the SEC to finalize its 2020 proposed rule exempting from broker-dealer registration any entity that acts as a "finder" by helping issuers raise capital in private markets from accredited investors. SIFMA is concerned that this may unlevel the playing field by requiring registered broker-dealers to remain subject to a variety of regulatory requirements while exempting non-broker dealer "finders" from certain foundational protections under the securities laws.

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<sup>2</sup> : 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](https://www.sec.gov/info/smallbus/acsec/rebuilding_the_ipo_on-ramp.pdf)



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SIFMA commends this Subcommittee 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 bill drafts 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, appearing to read "K. Bentsen", is centered on a light gray rectangular background.

Kenneth E. Bentsen, Jr.  
President and CEO