

119TH CONGRESS
1ST SESSION

S. _____

To require the Securities and Exchange Commission to revise the definition of a qualifying investment, for purposes of the exemption from registration for venture capital fund advisers under the Investment Advisers Act of 1940, to include an equity security issued by a qualifying portfolio company and to include an investment in another venture capital fund, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. ROUNDS introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To require the Securities and Exchange Commission to revise the definition of a qualifying investment, for purposes of the exemption from registration for venture capital fund advisers under the Investment Advisers Act of 1940, to include an equity security issued by a qualifying portfolio company and to include an investment in another venture capital fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Developing and Em-
3 powering our Aspiring Leaders Act of 2025”.

4 **SEC. 2. REVISIONS OF REGULATORY DEFINITIONS.**

5 Not later than 180 days after the date of enactment
6 of this Act, the Securities and Exchange Commission
7 shall—

8 (1) revise the definition of a qualifying invest-
9 ment under section 275.203(l)–1(c) of title 17, Code
10 of Federal Regulations, or any successor regula-
11 tion—

12 (A) to include an equity security issued by
13 a qualifying portfolio company, whether ac-
14 quired directly from the company or in a sec-
15 ondary acquisition; and

16 (B) to specify that an investment in an-
17 other venture capital fund (as defined in section
18 275.203(l)–1(a) of title 17, Code of Federal
19 Regulations, or any successor regulation) is a
20 qualifying investment under that definition; and

21 (2) revise section 275.203(l)–1(a) of title 17,
22 Code of Federal Regulations, or any successor regu-
23 lation, to require, as a condition of a private fund
24 qualifying as a venture capital fund under that pro-
25 vision, that, immediately after the acquisition of any
26 asset, the fund holds not more than 49 percent of

1 the amount of the aggregate capital contributions
2 and uncalled committed capital (excluding short-
3 term holdings) of the fund in—

4 (A) 1 or more venture capital funds; or

5 (B) qualifying investments acquired in a
6 secondary acquisition, valued at cost or fair
7 value, consistently applied by the fund.