



**What's New:** Last night, the House passed a revised DEAL Act, a longtime NVCA priority championed by Rep. Trey Hollingsworth (R-IN) and Sen. Mike Rounds (R-SD) that directs the SEC to modernize the definition of a venture capital fund for purposes of fund registration. Please see NVCA's statement on the bill [here](#).

**Original DEAL Act:**

The [bill](#) directed the SEC to make secondary investments qualifying so long as the VC fund maintains a "predominant" amount of direct investments into private companies and would make investments into other VC funds qualifying investments as well.

**Revised DEAL Act:**

[The bill](#) has **two significant changes** made by Financial Services Committee Democratic staff:

- The SEC is now required to review whether an updated definition is helpful to capital formation and would not compromise investor protection. If it is, they would be required to make the change.
- No fund of funds piece.

**We are concerned** the SEC may not take the time to explore the beneficial impact that modernizing the definition of a venture capital fund will have on capital formation and early-stage liquidity.

- For example, many selling shares that VCs acquire are founders or angel/seed stage investors who can then recycle the capital into a new set of companies.



**However**, we are glad there is bipartisan movement to explore meaningful updates to the definition of a venture capital fund and believe it provides us an opportunity continue to make progress on the issue.

**What's next:** The Senate does not appear to have a plan for how they will proceed with the revised bill. If the bill fails in the Senate this year, or if the SEC does not do a thorough review of the issue, we believe there is a path forward in the next Congress. It's a key piece of the Senate Republican JOBS 4.0 package that will be a priority should Republicans win back the majority in November. We continue to engage and will be back in touch with more details as we learn more.