



Q2 NVCA Growth Equity Working Group Call

June 15, 2023

nvca

Agenda

- **Housekeeping Items**
 - Renewals reminder
 - NVCA Growth Equity Events 2H 2023, Flash Poll
- **SEC Regulatory Updates**
- **Debt Ceiling Outcome**
- **R&D Tax Issue**
- **Washington's Perspective on AI**
- **CHIPS 2.0**
- **Discussion / Q&A**

Housekeeping



**Membership
Renewal**



**Event Planning
2H 2023**

SEC Regulatory Timeline

Filed:
April 11
13(D)(G)

Filed: Aug. 26
Private funds
supplemental

**Final
Rule:**
May 3
Form PF

TBD:
Private
company
disclosure

Filed:
April 25
Private
funds

**Final
Rule:**
Dec. 14
10b5-1
plans

Filed:
May 8
Custody
Rule

SEC Private Funds Proposal

Liability limitation ban

Prohibition of post-tax clawbacks

Examination, regulatory, compliance fee ban

Side letter limit and disclosures of any side letter

Detailed quarterly reports for LPs (RIAs)

Lack of grandfathering for existing fund agreements



Private Funds Next Steps

30-day window rumor

Litigation Prep Considerations

- Coalition
- Final Rule Timing
 - 10 Days for Preliminary Motion
- Court Venue
 - 5th Circuit
 - National Association of Private Fund Managers
- Motion to Stay
 - High Bar



Litigation Play-by-Play



Notify board and membership of final rule vote



Develop analysis of final rule and key issues for industry



Schedule virtual NVCA board meeting to discuss final rule + next steps



Send analysis to board and membership

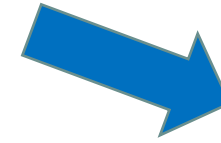
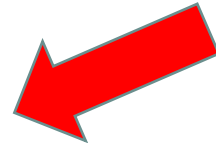
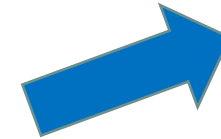
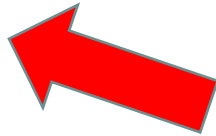


Board meeting



Communication to membership if/when a petition is filed

Debt Ceiling Dynamics



R&D Tax Issue

American Innovation and Jobs Act

A provision from the 2017 *Tax Cuts and Jobs Act* now requires R&D costs to be **amortized** over five years, **forcing** some **startups** and growth companies into taxable positions.

The legislation would:

- **Allow** R&D costs to offset revenues in the year that they are generated.
- **Increase** the value of the **R&D credit** for **startups** and the amount of **payroll taxes** that can be offset and **expands** the number of **eligible companies**.

House Ways and Means Committee Republicans Tax Package

Key parts of the tax package will likely include:

- **Restoring** the ability to write off research and development costs;
- **Expanding** the Section 1202 Qualified Small Business (QSBS) tax exclusion;
- **Restoring** full bonus depreciation;
- **Removing** caps on business interest expensing.

Artificial Intelligence

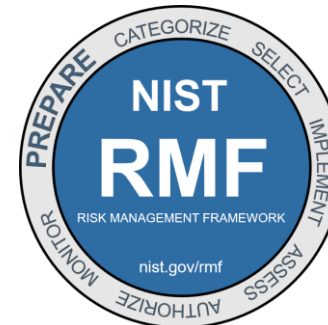
Government projects impacting AI:

- NTIA AI Earned Trust Effort
- Federal AI fraud/discrimination examination
- NIST AI Risk Management Framework
- CHIPS & Science
- Department of Defense
- National Science Foundation



Hill Activity:

- Sen. Peters' Federal AI-Focused legislation introduced
- House and Senate hearings
- Senate briefings
- Schumer legislative effort



CHIPS 2.0

Senate Majority Leader Chuck Schumer (D-NY) is actively working on a new initiative to create a **bipartisan** China Competition bill that builds off the **CHIPS and Science Act** and other efforts from last Congress.

Sen. Schumer listed the following goals for his effort:

- **Limit** the flow of capital and advanced technology to Chinese technology companies and the Chinese Government;
- **Increase** domestic economic investment through additional government support of critical technologies, including sourcing of critical materials and domestic manufacturing;
- **Safeguard** our allies' and partners' security and maintain our strategic alliances.

Discussion