December 10, 2025

Honorable Member of Congress
U.S. House of Representatives
Washington, DC 20515

RE: Oppose H.R. 3383, the Increasing Investor Opportunities Act (INVEST Act)

Dear Representative:

Americans for Financial Reform along with American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), American Federation of State, County and Municipal Employees (AFSCME), AFT, Communications Workers of America (CWA), Consumer Action, Consumer Federation of America (CFA), International Association of Machinists & Aerospace Workers (IAM), National Education Association (NEA), National Nurses United, Public Citizen, Service Employees International Union (SEIU), The Academy of Financial Education, and United Auto Workers (UAW) **urge you to oppose H.R. 3383, the Increasing Investor Opportunities Act (INVEST Act)**, a dangerous deregulatory package scheduled for consideration on the House floor this week. Ironically, the so-called INVEST Act ignores investors' need for abundant and reliable information—the very foundation of healthy, successful capital markets—and instead pays lip service to capital formation while further bending the rules in favor of companies, insiders, and private funds that benefit from raising money with lower levels of transparency and accountability. This is particularly worrisome at a time when financial regulatory agencies are under political attack, pursuing deregulatory agendas, starved of resources, and there is effectively no oversight for financial markets.

We appreciate the leadership of House Financial Services Ranking Member Maxine Waters to oppose this package which moves decisively in the wrong direction: it would make it easier to raise money in private or shadow capital markets; and easier to sell riskier, less transparent products to a broader pool of investors; and easier for issuers to access public markets while providing investors with less information.

Our concerns with H.R. 3383 fall into three main categories:

1. **Expanding private markets by widening exemptions to securities laws and lowering investor protections;**

2. **Expanding private markets by weakening the accredited investor definition and lowering disclosures; and**

3. **Weakening public market integrity by expanding and entrenching "Emerging Growth Company" and other reduced disclosure regimes.**

These changes come on top of more than a decade of deregulatory shifts. Since the JOBS Act of 2012, Congress and the Securities and Exchange Commission (SEC) have repeatedly weakened federal securities laws and expanded exemptions, making it considerably easier for issuers to raise capital outside the public markets. The JOBS Act opened multiple new channels for exempt offerings and allowed companies to stay private longer; subsequent SEC rulemakings further expanded issuer access to private capital.[1] The result is a sprawling, lightly regulated private offering ecosystem that has eclipsed public markets.[2]

The JOBS Act experiment has not delivered on its promises of revitalizing IPOs, and it did not reverse the decline in the number of public companies or produce a meaningful increase in IPOs.[3] The efforts to promote lightly regulated offerings have produced poor performance, have not meaningfully reduced compliance costs, have increased speculative valuations and information risk for investors, and have made it possible for lower quality firms to go public.[4] Instead, the main outcome of the JOBS Act has been to facilitate dangerously ballooning shadow markets.[5]

In this context, further loosening solicitation rules, lowering disclosure requirements, expanding exemptions for private funds size and scope, and weakening adviser registration standards are not merely technical tweaks. It is an invitation to push more retail investors and retirement savings into opaque, illiquid products where they bear the risk but lack the information, rights, and bargaining power to protect themselves.

Below we briefly describe how specific provisions in H.R. 3383 advance each of the three harmful trends mentioned above.

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[1] For example, "SEC Harmonizes and Improves 'Patchwork' Exempt Offering Framework," Securities and Exchange Commission, Press Release 2020-273, November 2, 2020 (announcing rule amendments to significantly revise the SEC's exempt offering framework, including increasing offering limits under Regulation A and Regulation D).

[2] See Crenshaw, Caroline A., SEC Commissioner, "The Autobahn and Private Markets," Remarks at Better Markets Academic Advisory Board Annual Conference, September 19, 2025; Lee, Allison Herren, SEC Commissioner Commissioner, "Going Dark: The Growth of Private Markets and the Impact on Investors and the Economy." Remarks at The SEC Speaks in 2021, October 12, 2021.

[3] Congressional Research Service, "Capital Markets: Public and Private Securities Offerings," Report no. R45221. Updated October 2, 2024; de Fontenay, Elizabeth, "The Deregulation of Private Capital and the Decline of the Public Company," 68 Hastings Law Journal 445-502, 2017; Jones, Renee M., "The Unicorn Governance Trap", 166 U. Pa. L. Rev. Online, 2017; Bill Alpert, Brett Arends, and Ben Walsh, "Most Mini-IPOs Fail the Market Test," *Barron's*, February 13, 2018.

[4] Chaplinsky, Susan J. and Hanley, Kathleen Weiss and Moon, Katie, "The JOBS Act and the Costs of Going Public," Journal of Accounting Research, February 19, 2017; Khurana, Inder & Shagar Zhao, "Does the JOBS Act Reduce Compliance Costs of Emerging Growth Companies?" Journal of Corporate Accounting & Finance, 2019; Lu, Kai, "The JOBS Act and Post IPO Performance of EGC Firms," Shanghai University of Finance and Economics, February 1, 2017; Counts, Laura, "The JOBS Act led to lower-quality IPOs, more risk for investors, study finds," UC Berkeley Haas, April 15, 2022.

[5] Commissioner Crenshaw, "The Autobahn and Private Markets"; Commissioner Lee, "Going Dark: The Growth of Private Markets and the Impact on Investors and the Economy."

1. Expanding private markets by widening securities laws exemptions and lowering investor protections.

(Sections 102, 103, 104, 105, 108, and 109)

We oppose further expansion of private securities markets that would increase the potential for fraud and risk to mom-and-pop investors and discourage companies from pursuing public offerings. Private markets stack the deck against ordinary, small retail investors and retirees. They have a well-earned reputation for being opaque, risky, illiquid, and inefficient. Most significantly, it is a quintessential insider's game, where issuers can legally favor certain investors by giving them earlier and more reliable information, while leaving others completely in the dark.

Several provisions of H.R. 3383 would expand private markets by relaxing core safeguards and enlarging exemptions from registration and oversight:

- **Section 102 (H.R. 3352, Helping Angels Lead our Startups Act).** This section would require the SEC to loosen its rules on "general solicitation" so that pitches and presentations at certain events do not count as solicitation or advertising for Regulation D offerings. Regulation D allows companies to sell securities to investors without providing the robust, detailed disclosures required in a registered offering and have nearly quadrupled from 2009 to 2024, from $588 billion to $2.15 trillion.[6] The North American Securities Administrators Association recently warned that the "Regulation D market has grown well beyond the size and complexity envisioned by the SEC … [and] has eclipsed the public offering markets," noting that the total capital raised under Regulation D offerings exceeded proceeds from public offerings by 13 percent from 2021 to 2022.[7] In practice, this section would further blur the line between targeted private placements and broad marketing campaigns for high-risk exempt offerings, while preserving the lighter regulatory regime that applies to Regulation D. This would continue to expand Regulation D offerings and likely lead to losses for investors who are not in a position to take the significant risks associated with purchases of unregistered securities.

- **Section 103 (H.R. 3645, Amendment for Crowdfunding Capital Enhancement and Small-business Support Act).** This section would more than double the thresholds to require independent financial statement reviews for companies looking to raise capital from a broad base of investors, including retail investors and retirement savers on SEC-registered online platforms. That means that more issuers could raise more money from small investors while providing less rigorous financial information, weakening one of the few investor protection guardrails in Regulation Crowdfunding.

[6] Commissioner Crenshaw, "The Autobahn and Private Markets."
[7] North American Securities Administrators Association (NASAA), "Improve the SEC Form D Regime," Issue Brief, March 2025.

- **Section 104 (H.R. 3673, the Small Business Investor Capital Access Act).** This section would raise the asset under management threshold for certain advisers to private funds to qualify for an exemption from registration under the Investment Advisers Act. In other words, more advisers to private funds—including funds with significant retail or pension exposure—would be able to avoid SEC registration and oversight. The private markets are already excessively opaque and excluding more private fund advisors from registration requirements would worsen this market opacity.

- **Section 105 (H.R. 4449, the Advocating for Small Business Act).** This section would establish multiple new "Offices of Small Business" within the SEC's rule-writing divisions, charged with coordinating on capital formation policy and rules. On its face, it sounds innocuous, but it would entrench a one-sided capital formation lens inside each core division—without any counterpart office charged with investor protection—further skewing SEC rulemaking toward industry deregulatory priorities, undermining the integrity of SEC rules and guidances, and imperiling capital market stability.

- **Section 108 (H.R. 4431, Improving Capital Allocation for Newcomers Act).** This section would substantially expand exemptions available to venture capital funds. This would undermine investor protections by allowing far larger and more lightly regulated funds to operate outside the oversight and disclosure framework that guards against fraud, conflicts of interest, and excessive risk-taking.

- **Section 109 (H.R. 4429, Developing and Empowering our Aspiring Leaders Act).** This section would expand retail investors' exposure to private funds issued by venture capital funds without the necessary disclosures and protections necessary for those smaller investors and savers to make sound investment decisions. Without clear, accurate, and timely disclosure, markets become distorted: bad actors can hide fees or risks, valuations become unreliable, bubbles inflate, and capital flows toward speculation and fraud rather than merit.

Taken together, these provisions push more people's savings into opaque, illiquid, high-fee private structures where small investors have less information, fewer rights, and limited liquidity[8]—while a shrinking public market bears the burden of price discovery for the entire system.[9] They would also enable larger and more complex private fund structures to live inside exemptions that were originally meant for smaller, simpler vehicles. And they would weaken the SEC's ability to police capital markets effectively.

Investors themselves are not clamoring for more opaque private offerings; well-advised institutional investors and pensions have repeatedly stressed that siphoning capital from public to private markets increases risk and cost while decreasing opportunity.[10]

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[8] de Fontenay, Elizabeth, "The Deregulation of Private Capital and the Decline of the Public Company."
[9] Ibid.
[10] Gellasch, Tyler, Testimony at Hearing on Legislative Proposals to Help Fuel Capital and Growth on Main Street, House Financial Services Committee, Subcommittee on Capital Markets, Securities and Investment, May 23, 2018.

2. Expanding private markets by *weakening the accredited investor definition* and lowering disclosures.

(Sections 201, 202, 203, 205, and 206)

We oppose measures that would loosen the standards limiting who can be targeted for high-risk private offerings and how little information they can be given. Even where tweaks are framed as targeted or technical, they collectively move to expand the reach of private offerings and private funds while weakening the disclosure and oversight that investors reasonably expect.

- **Section 201 (H.R. 3394, Fair Investment Opportunities for Professional Experts Act).** This section would lock in dangerously low and outdated income and wealth thresholds for individuals to qualify as accredited investors, preventing the SEC from establishing better protections for older adults for inappropriately complex and risky investments. The current thresholds, set in 1982 and never adjusted for inflation, are now irresponsibly low—exposing more everyday investors to risky, opaque private offerings.

- **Section 202 (H.R. 1013, Retirement Fairness for Charities and Educational Institutions Act).** This section would open a new loophole enabling unregistered brokers to sell unregistered securities—such as mutual funds and variable annuities—to both ERISA and non-ERISA 403(b) plans and their participants. In practice, it would promote the sale of risky, often harmful investment products by financial professionals who are not bound by the consumer protection standards that apply to registered brokers. Because non-ERISA 403(b) plans are widely used by public school teachers, the bill would effectively strip away key safeguards for one of the most vulnerable groups of retirement savers.

- **Section 203 (H.R. 3339, Equal Opportunity for All Investors Act).** This section would expand the definition of *accredited investor* to include individuals who qualify by passing an exam designed by the SEC and administered by the Financial Industry Regulatory Authority (FINRA). This inappropriate expansion fails to consider that, in addition to financial sophistication, accredited investors also must have the wealth necessary to sustain the potential losses associated with investing in risky and illiquid private offerings. Accredited investors also suffer from deep asymmetries of information, and small investors and retirement savers without the scale and leverage of big institutional investors won't get a seat at the table and will be left with worse information, fewer rights, and weaker protections.

- **Section 205 (H.R. 2441, Improving Disclosures for Investors Act).** This section would worsen disclosure for investors. It would enable the financial services industry's desire to expedite the transition of the provision of required disclosure to investors from mail to email. Any legislation that would alter existing disclosure requirements must also include substantial improvements to enhance disclosures and protect investors.

- **Section 206 (H.R. 3383, Increasing Investor Opportunities Act).** This section would override long-standing SEC policies prohibiting closed-end funds from investing more than 15 percent of their assets in private funds that are sold to non-accredited investors. This bill would override these protections, allowing closed-end funds to invest their entire portfolios in risky and illiquid securities issued by private funds and still be sold to non-accredited investors—effectively allowing private funds to be pushed on retail investors that do not meet the accredited investor definition. By removing this safeguard, the bill would increase the likelihood of financial instability, expose retail investors to significant risk, exorbitant fees, and potential losses that they may not be able to sustain.

3. Weakening public markets by expanding and entrenching EGC and other reduced-disclosure regimes.

(Sections 301, 302, 303, 304, and 306)

We oppose efforts to further undermine public markets and lower disclosure and accountability standards. Several sections in Title III would reduce regulatory requirements for public issuers, lower the bar for raising capital in public markets, or further expand and entrench unnecessary accommodations for "Emerging Growth Companies" (EGCs).

- **Section 301 (H.R. 3301, Encouraging Local Emerging Ventures and Economic Growth (ELEVATE) Act).** This section would reduce the financial information EGCs are required to disclose when they go public. The bill would also extend confidential filing privileges to all registrants, further limiting investor access to key information such as red flags that SEC staff may have raised as potential issues with a public offering.

- **Section 302 (H.R. 2225, Access to Small Business Investor Capital Act).** This section would reduce transparency for everyday investors by allowing certain investment funds to move important fees and cost information out of upfront disclosure tables and into footnotes. This could make funds' expense ratios appear lower and would make it harder for investors to understand the full costs and risks of some investments. These costs can be significant, especially when funds invest in higher-risk vehicles like Business Development Companies (BDCs). Clear, accessible disclosure of all-in costs is essential to protecting investors and ensuring fair and informed decision-making.

- **Section 303 (H.R. 3381, Encouraging Public Offerings Act).** This section would expand "testing-the-waters" communications and confidential draft registration submissions—tools originally designed for EGCs—to all issuers. That further normalizes pre-IPO marketing in the dark, where selected investors receive information that the broader market never sees, worsening the imbalance between retail and institutional investors. By allowing more issuers to keep their registration statements confidential while engaging investors, the bill increases the risk that misleading or false information will circulate before any public disclosure is made. This practice gives large investors early access to information not available to the broader public. The already limited window for transparency and public scrutiny would be further narrowed by this bill,

making it even harder for investors to make informed decisions and increasing the risk of market manipulation and unfair advantages.

- **Section 304 (H.R. 3343, Greenlighting Growth Act).** This section would weaken investor protections and undermine regulatory oversight by reducing the financial disclosure requirements for EGCs. By allowing these firms to provide less historical financial information, even after significant growth or major acquisitions, the bill limits the transparency investors rely on to make informed decisions. It also curtails the SEC's ability to require additional disclosures when needed, eroding the agency's oversight authority. Evidence from the JOBS Act era indicates that EGCs that choose reduced historical disclosures produce lower-quality IPOs and worse long-term outcomes for investors.[11]
- **Section 306 (H.R. 4430, Expanding WKSI Eligibility Act).** This bill lowers the aggregate market-value threshold for an issuer to qualify as a "well-known seasoned issuer" (WKSI), enabling more companies to benefit from automatic shelf registration and reduced SEC oversight, potentially making it easier for issuers raising capital in public markets to mislead investors.

Collectively, these provisions do not "strengthen" public markets. They try to attract more issuers by making public status look and feel more like the private markets, with less disclosure and accountability and more ways to obscure fees and risks. That approach misunderstands why public markets have been hollowed out. The problem is not that the public market regulatory regime is too onerous; it is that regulators and policymakers have repeatedly undercut public markets by making it ever easier and more lucrative to remain in private markets. Healthy capital markets are where companies compete on business fundamentals, not on how little information they can legally provide.

Cross-cutting concerns: systemic risk and regulatory capacity.

This legislative package also collides head-on with basic systemic-risk prudence and with the reality that our regulatory infrastructure is already under severe strain. The SEC has only recently adopted improvements to Form PF to obtain better data on the risks building in private funds; those enhancements have been repeatedly delayed and are now at risk of being effectively abandoned.[12] A prior effort to strengthen oversight of private fund advisers was vacated in court,[13] and instead of responding by rebuilding a robust oversight framework for these markets, H.R. 3383 would broaden exemptions and expand retail access to the very same private funds. It is impossible for regulators to watch for systemic risks while Congress

[11] Counts, Laura, "The JOBS Act led to lower-quality IPOs, more risk for investors, study finds," UC Berkeley Haas, April 15, 2022.
[12] Valdés Viera, Oscar, "Delay to Dismantle: How the SEC is Gutting Its Own Systemic Risk Early Warning System," Americans for Financial Reform, July 16, 2025.
[13] Goldstein, Matthew, "Court Strikes Down S.E.C.'s Fee Disclosure Rule for Funds," *New York Times*, June 5, 2024.

invites more retail money into the corners of the market with the least visibility and investor protections.

At the same time, the agencies charged with protecting financial markets, investors, and consumers are pursuing deregulatory agendas and their independence has been under sustained attack. As we expressed in a prior letter urging Members to oppose any financial deregulatory measure while the capacity and independence of financial regulators is under attack:

> Independent agencies charged with protecting consumers and investors—including notably the Securities and Exchange Commission (SEC) and the Consumer Financial Protection Bureau (CFPB)—are under unprecedented assault through severe staffing cuts, executive defiance of statutory direction and funding levels established by Congress, deep conflicts of interest on the part of the administration and its agency heads, illegal firings of minority party regulators, undermining the very notion of independent oversight, and overwhelming deference to the direction of the industries they are supposed to regulate in the public interest. This regulatory rollback and dismantling is in line with the extreme, ideological vision laid out in Project 2025.[14]

We reiterate our view that passing new deregulatory measures to weaken federal securities laws or expand exemptions and carve-outs while there is effectively no cop on the beat is an invitation to fraud and systemic instability.

Conclusion

Investor protection advocates, state securities administrators,[15] and academics[16] have urged policymakers to forego further expansion and deregulation of the private markets and instead focus on an affirmative agenda to reinvigorate the public markets that restored trust in capital markets after rampant speculation and fraud helped precipitate the 1929 stock market crash and the Great Depression. Since then, public markets—anchored in strong disclosure standards—have provided the engine for U.S. capital formation while protecting investors.

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[14] Americans for Financial Reform, Letter to House Financial Services Committee opposing financial deregulatory measures considered at May 20-21 markup. May 19, 2025.
[15] North American Securities Administrators Association (NASAA), "Recommendations For Reinvigorating Our Capital Markets," February 7, 2023.
[16] de Fontenay, Elisabeth, Testimony at Hearing "Examining Private Market Exemptions as a Barrier to IPOs and Retail Investment," House Financial Services Committee, Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, September 11, 2019; Jones, Renee M., Testimony at Hearing "Examining Private Market Exemptions as a Barrier to IPOs and Retail Investment," House Financial Services Committee, Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, September 11, 2019.

H.R. 3383 moves in the opposite direction. It would:

- **Expand private markets by widening securities laws exemptions and lowering investor protections;**

- **Expand private markets by lowering the bar for who can participate and weakening disclosures; and**

- **Weaken the public markets by expanding and entrenching EGC, WKSI, and other reduced-disclosure regimes.**

Even seemingly modest tweaks become far more dangerous when layered on top of the JOBS Act and other recent laws,[17] a string of deregulatory SEC actions, and when the agencies tasked with enforcing safeguards are being systematically weakened.

For these reasons, we urge you to oppose the INVEST Act package and stand up for investors and the integrity of our capital markets. Should you have any questions, please contact Oscar Valdés Viera, AFR's private equity and capital markets policy analyst at oscar@ourfinancialsecurity.org.

Sincerely,

American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
American Federation of State, County and Municipal Employees (AFSCME)
AFT
Americans for Financial Reform
Communications Workers of America (CWA)
Consumer Action
Consumer Federation of America
International Association of Machinists & Aerospace Workers (IAM)
National Education Association
National Nurses United
Public Citizen
Service Employees International Union
The Academy of Financial Education
United Auto Workers

[17] For example, the Economic Growth, Regulatory Relief, and Consumer Protection Act (Public Law No: 115-174), signed into law in 2018.