



## **Empowering Main Street in America Act** **Section-by-Section**

### **Title I – Promoting Greater Capital Formation in U.S. Public and Private Markets**

#### **Sec. 101. Helping startups continue to grow.**

Extends the JOBS Act emerging growth company exemption status to companies with annual gross revenues of \$2 billion or less while extending the qualifying runway from five years to ten years.

#### **Sec. 102. Micro-offering exemption.**

Creates a new micro-offering exemption, allowing a company to raise capital without being subjected to the extensive filing requirements of a registered offering, up to \$500,000 during a 12-month period.

#### **Sec. 103. Investment companies.**

Increases the permitted capital funds to be raised by a qualified venture capital fund from \$10 million to \$50 million and expands the permitted number of investors that can participate in such a fund from 250 investors to 500 investors.

#### **Sec. 104. Public float.**

Requires the SEC to amend regulations to revise thresholds for smaller reporting companies to account for a 12-month rolling average of \$700 million or less for their public float.

#### **Sec. 105. Crowdfunding.**

Requires the SEC to amend regulations for offerings under Regulation Crowdfunding to allow an issuer, when offering \$500k or less of securities, to certify their statements of the issuer and certain information from the issuer's Federal income tax returns, by the principal executive officer. This section also allows investment companies under Section 3(b) and 3(c) of the Investment Company Act to invest in crowdfunding.

#### **Sec. 106. Regulatory definition of venture capital fund.**

Amends the venture capital fund definition to permit venture capital funds to invest in other venture capital funds as a qualifying investment without triggering the 20% non-qualifying investment limitation.

#### **Sec. 107. Unlocking capital for small businesses.**

Allows small businesses to raise capital more easily by creating a safe harbor for finders and private placement brokers. Finders are individuals that connect businesses with investors, but do not handle money or securities themselves. Private placement brokers are those that connect businesses with investors for smaller transactions than traditional brokers.

### **Sec. 108. Rural job creators.**

Expands the SEC's Office of the Advocate for Small Business Capital Formation (OASB) to include rural small businesses among the entities it studies to better address capital formation challenges rural businesses face.

### **Sec. 109. Studies, reports, and rules regarding small entities.**

Requires the SEC, every 5 years, to study the definition of a "small entity," ensuring the SEC's regulations reflect Congress's goal of minimizing burdens on small entities. The SEC will submit its findings to Congress, include recommendations to amend the definition of small entity, including inflation adjustments, and revise its rules to be consistent with findings.

## **Title II Responsibly Expanding Investment Opportunities for Retail**

### **Investors**

#### **Sec. 201. Equal opportunity for all investors.**

Expands the definition of accredited investor to include individuals that successfully pass a qualitative examination established by the SEC, a state securities commission, or FINRA. It also permits self-certification of accredited status and allows anyone to invest up to 10% of their income in private securities.

#### **Sec. 202. Encouraging investments in Main Street.**

Requires the SEC, in consultation with the Secretary of Labor, to study the impact of prohibiting retail investors and retirement plans from investing in private placements.

#### **Sec. 203. Main Street investor confidence.**

Requires Treasury's Financial Literacy and Education Commission, in coordination with the SEC's Office of Investor Education and Advocacy and the Office of Investor Advocate, to study the level of investor inclusion, education, and confidence of the capital markets system, and submit recommendations to Congress to enhance financial literacy programs, inclusion, and confidence for retail investors

#### **Sec. 204. Increasing investor opportunities.**

Allowed closed-end funds to increase investment in private investment funds.

#### **Sec. 205. Enhancing 403(b) Plans.**

Allows 403(b) plans to invest in collective investment trusts.

## **Title III – Fostering Investor Confidence in Market Integrity, Fairness, and Transparency**

#### **Sec. 301. Study regarding retail investor readability of financial statements.**

Directs the SEC to examine the readability of financial statements among retail investors, identify ways to improve investor disclosures to make information clearer and easier to navigate, ensuring the most useful and relevant information is made accessible and available for retail investors.

#### **Sec. 302. Duties of ombudsman relating to Regulation Crowdfunding.**

Expands the current SEC Ombudsman program to, in addition to assisting retail investors, liaison between the SEC, small businesses, and intermediaries subjected to regulations under Regulation

Crowdfunding. The Ombudsman will also provide the Committees with an annual report on Ombudsman activities relating to Regulation CF and any recommendations to policy changes to improve efficiency and access to capital in crowdfunding.

**Sec. 303. Publication on economic data on securities markets.**

Requires the Division of Economic and Risk Analysis to publish, annually, information on the economic performance of the capital markets, including information on offerings, compliance costs, enforcement actions, market capitalization and market participants. Information will be freely available and downloadable to the public.

**Sec. 304. Study on IPO fees.**

Requires the SEC to study and provide reports to Congress on the cost of undertaking an initial public offering (IPO) for small and medium-sized companies.

**Sec. 305. Putting investors first.**

Clarifies that public companies may exclude shareholder proposals that interfere with their ordinary business operations, regardless of whether the proposal concerns a significant social policy issue.

**Title IV – Holding Regulators Accountable Through Increased Oversight**

**Sec. 401. Required testimony.**

Requires the Chairman of the SEC to appear before the Senate Banking Committee and the House Financial Services Committee semi-annually.

**Sec. 402. Semiannual report.**

Requires the Chairman of the SEC to submit to Congress a semi-annual report that includes an overview of the capital markets system, the SEC's agenda and regulatory actions, status of enforcement actions, access to capital challenges experienced by small businesses, minority, women-owned, and rural small businesses, and economic data on securities markets.

**Sec. 403. Rulemaking requirements.**

Mandates the SEC perform a cost-benefit analysis when exercising its rulemaking authority, specifically identifying the nature and source of the problem each rulemaking is seeking to address, utilizing the Chief Economist to assess costs and benefits, economic impacts, and identifying whether the rule is burdensome or duplicative of other federal regulations. The SEC would be required to make publicly available online all economic analysis with respect to a rulemaking.

**Sec. 404. Senate confirmation of Inspector General of the Securities and Exchange Commission.**

Requires the SEC's Inspector General to be confirmed by the Senate.