

SEC Proposes Rule to Update Definition of Qualifying Venture Capital Funds

Proposal would inflation adjust the dollar threshold to be considered a qualifying venture capital fund

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Washington D.C., Feb. 14, 2024 — The Securities and Exchange Commission today proposed a rule that would update the dollar threshold for a fund to qualify as a “qualifying venture capital fund” for purposes of the Investment Company Act of 1940 (Act). The rule would update the dollar threshold to \$12 million aggregate capital contributions and uncalled committed capital, up from the current standard of \$10 million.

Qualifying venture capital funds are excluded from the Act’s definition of an “investment company.” The Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 requires the Commission to index the dollar figure for this threshold to inflation once every five years.

The proposed rule is designed to implement this statutory directive and would adjust the dollar amount to \$12 million, based on the Personal Consumption Expenditures Chain-Type Price Index (PCE Index). The proposed rule also would establish a process for future inflation adjustments every five years.

The proposal will be published on SEC.gov and in the Federal Register. The comment period will remain open for 30 days after publication in the Federal Register.

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Related Materials

- [Rule Details](#)