



June 14, 2016

The Honorable Jeb Hensarling  
Chairman  
Financial Services Committee  
United States House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Maxine Waters  
Ranking Member  
Financial Services Committee  
United States House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Hensarling, Ranking Member Waters, and Members of Congress,

The American Investment Council, Association for Corporate Growth, Investment Adviser Association, and Small Business Investor Alliance are submitting this letter in support of the Investment Advisers Modernization Act of 2016 (H.R. 5424). We strongly support this bipartisan piece of legislation introduced by House Financial Services Committee Members Robert Hurt (R-VA.), Juan Vargas (D-CA.), Steve Stivers (R-OH), and Bill Foster (D-IL), and recognize the importance of this legislation. Each of our organizations thanks the Members from both sides of the aisle who are supportive of this legislation, and we urge the House Financial Services Committee to approve this proposal as soon as possible.

H.R. 5424 pursues three key goals in the investment adviser regulatory space that are important for our member firms. First, this bill modernizes outdated portions of the Investment Advisers Act. Second, it removes duplicative burdens and better tailors other provisions. Third, it facilitates robust capital formation by preventing regulatory mismatch.

We are pleased that these common-sense and appropriate adjustments are being offered; they are much-needed revisions to an Act established in 1940.

"These thoughtful modifications show a commitment to improving the regulatory structure for private funds and we look forward to seeing this bill advance. We consider it an excellent start to addressing a series of issues in this space. The bill would make the regulatory process more efficient and effective for both regulated entities and the regulators." – Mike Sommers, President and CEO, American Investment Council

"The Investment Advisers Modernization Act streamlines the antiquated regulatory framework for small and midsize advisers, while maintaining appropriate industry oversight. This bipartisan legislation is critical for investors who provide billions of dollars every year to Main Street businesses and employ more than 15 million Americans. ACG applauds the bill's introduction and looks forward to working with Congressmen Hurt, Vargas, Stivers, and Foster to advance this piece of legislation." – Gary A. LaBranche, President and CEO, Association for Corporate Growth

"The financial services landscape has evolved significantly over the last 75 years and certain provisions of the Advisers Act have not kept pace with these developments. A number of these provisions impose undue burdens on investment advisers – most of which are small businesses –

without commensurate investor benefit. The IAA applauds the leadership of Congressmen Hurt, Vargas, Stivers, and Foster on these issues and looks forward to working with them to advance this significant piece of legislation." – Karen L. Barr, President and CEO, Investment Adviser Association

"Private equity is an incredibly important source of capital for growing small businesses and creating jobs. Small business investors are significantly more sensitive to expensive regulatory burdens whose costs in time and money far exceed their benefits. These modest reforms maintain important investor protections while making the regulatory system a little more reasonable and a little less painful." – Brett Palmer, President, Small Business Investor Alliance

Once again, we thank Congressmen Hurt, Vargas, Stivers, and Foster for their leadership on this important legislation and we look forward to working with Members from both sides of the aisle to get this bill signed into law.

Sincerely,

American Investment Council  
Association for Corporate Growth  
Investment Adviser Association  
Small Business Investor Alliance