

AMENDMENT TO H.R. 3567, AS REPORTED
OFFERED BY MR. CHABOT OF OHIO

Strike title V and insert the following:

1 **TITLE V—VENTURE CAPITAL**
2 **INVESTMENT STANDARDS**

3 **SEC. 501. DETERMINING WHETHER BUSINESS CONCERN IS**
4 **INDEPENDENTLY OWNED AND OPERATED.**

5 Section 3(a) of the Small Business Act (15 U.S.C.
6 632(a)) is amended by adding at the end the following:

7 “(5) NON-AFFILIATION OF VENTURE CAPITAL
8 FROM CONSIDERATION OF SMALL BUSINESS CON-
9 CERN.—For purposes of determining whether a
10 small business concern is independently owned and
11 operated under paragraph (1) or meets the small
12 business size standards instituted under paragraph
13 (2), the Administrator shall not consider a business
14 concern to be affiliated with a venture capital oper-
15 ating company (or with any other business that the
16 venture capital operating company has financed)
17 if—

18 “(A) the venture capital operating com-
19 pany does not own 50 percent or more of the
20 business concern; and

1 “(B) employees of the venture capital oper-
2 ating company do not constitute a majority of
3 the board of directors of the business concern.

4 “(6) DEFINITION OF ‘INDEPENDENTLY OWNED
5 AND OPERATED’.—For purposes of this section, a
6 business concern shall be deemed to be ‘independ-
7 ently owned and operated’ if—

8 “(A) it is owned in majority part by one or
9 more natural persons or venture capital oper-
10 ating companies;

11 “(B) there is no single venture capital op-
12 erating company that owns 50 percent or more
13 of the business concern; and

14 “(C) there is no single venture capital op-
15 erating company the employees of which con-
16 stitute a majority of the board of directors of
17 the business concern.

18 “(7) DEFINITION OF ‘VENTURE CAPITAL OPER-
19 ATING COMPANY’.—For purposes of this section, the
20 term ‘venture capital operating company’ means a
21 business concern—

22 “(A) that—

23 “(i) is a Venture Capital Operating
24 Company, as that term is defined in regu-

1 lations promulgated by the Secretary of
2 Labor; or

3 “(ii) is an entity that—

4 “(I) is registered under the In-
5 vestment Company Act of 1940 (15
6 U.S.C. 80a-51 et seq.);

7 “(II) is an investment company,
8 as defined in section 3(c)(14) of such
9 Act (15 U.S.C. 80a-3(c)(14)), which
10 is not registered under such Act be-
11 cause it is beneficially owned by less
12 than 100 persons; or

13 “(III) is a nonprofit organization
14 affiliated with, or serving as a patent
15 and licensing organization for, a uni-
16 versity or other institution of higher
17 education and that invests primarily
18 in small business concerns; and

19 “(B) that is not controlled by any business
20 concern that is not a small business concern
21 within the meaning of section 3; and

22 “(C) that has fewer than 500 employees;
23 and

24 “(D) that is itself a concern incorporated
25 and domiciled in the United States, or is con-

1 trolled by a concern that is incorporated and
2 domiciled in the United States.”.