



Public Policy Talking Points - September 2019

ACG's bi-monthly Public Policy Talking Points are designed to provide ACG chapter and global leadership with high-level, timely, and relevant information that can be used to provide a public policy update during ACG chapter events, as well as to facilitate peer-to-peer communication on ACG's public policy efforts and advocacy on behalf of the middle market. For more frequent and in-depth coverage, please see ACG's monthly public policy newsletter exclusive to ACG members, the D.C. Download, available at <https://www.acg.org/public-policy/dc-download>.

[A PDF version of these Talking Points is available by clicking here.](#)

ACG POLICY EVENTS

Educating Members of Congress and Hill Staff Outside the Beltway

This summer, members of ACG NY and ACG Chicago had the opportunity to meet with a Member of Congress and a Chief of Staff in their respective cities. These meetings illustrate how ACG members can directly participate in educational advocacy to strengthen the understanding of middle-market and private capital issues with lawmakers without having to travel to DC. ACG Global's Public Policy Department can help to coordinate similar educational advocacy meetings with members of Congress "outside the beltway." Please email policy@acg.org if this is something your chapter would like to participate in.

ACG NY Members Meet with Rep. Steven Horsford (D-NV-04).

- On July 22, a group of ACG New York members met with Representative Steven Horsford (D-NV-04) to educate him about ACG and middle-market issues, including the importance of access to private capital for middle-market companies in Nevada and across the country.
- A moderate, pro-business Democrat, Rep. Horsford is a member of the House Ways & Means Committee with prior experience in both politics and business.
- Through an interactive discussion, attendees discussed ACG's broad membership and emphasized how ACG members strengthen the broader economy, as well as support public pensions through the consistent high performance of private capital investment.

ACG Chicago Members Meet with Chief of Staff to Rep. Quigley (D-IL-05).

- On August 5, a group of ACG Chicago members met with the Chief of Staff for Representative Mike Quigley (D-IL-05) to discuss the importance of middle-market companies, and the unique issues facing mid-sized business.
- A member of the Congressional Caucus for Middle-Market Growth, Rep. Quigley is well acquainted with ACG and the economic impact ACG members make across the United States. Rep. Quigley's Chief of Staff reaffirmed Rep. Quigley's commitment to middle-market issues of importance including private capital availability.
- This meeting – which was scheduled at the request of Rep. Quigley's Chief of Staff – was a great opportunity to strengthen ACG's relationship with this office.

ACG-PERT SEC Roundtable to be Held October 2 in San Francisco

- CFOs, CCOs, GCs, and other senior compliance professionals at middle-market private equity firms are invited to a roundtable with Andrew Weilbacher, Senior Specialized Examiner at the SEC Office of Compliance Inspections and Examinations.
- Mr. Weilbacher will discuss the examination process, emerging trends, and best practices for middle-market funds. PERT will provide a regulatory update on issues impacting middle-market private equity firms. A reception will follow.
- Those interested in the event can email Ben Marsico, ACG Global's Manager of Public Policy, at bmarsico@acg.org for more information.

ACG ADVOCACY

ACG Submits Comments on SEC Concept Release to Harmonize Securities Offerings Exemptions

- On September 24, ACG filed [comments](#) with the SEC to support streamlining and clarifying the current patchwork of private offering exemptions.
- In the comment letter, ACG applauded the Commission for seeking to harmonize the offering exemptions under the Securities Act, a framework that ACG member feedback confirmed is overly complex and confusing, particularly for middle-market investment advisers and firms that may lack the resources of larger firms. Specifically, ACG's comments urge the SEC to expand the definition of an "accredited investor" to increase investor access to investment opportunities, as well as to take concrete steps to clarify "general solicitations" in order to mitigate current marketplace confusion.
- You can read more about ACG's comment letter in this month's D.C. Download, [available here](#).

ACG Strengthens Focus on Educational Advocacy; Pauses PAC Fundraising

- Despite several efforts to bolster communication and education efforts surrounding the ACG Political Action Committee, we have been unable to develop the traction on this initiative we had hoped for when creating the PAC.
- Given current the lack of appetite among our members to make political donations and after careful consideration, the ACG Executive Committee has decided to pause PAC fundraising for the upcoming year in an effort to focus more fully on educational advocacy.
- As our most recent successful Fly-In demonstrated, this strategic decision will allow ACG to use its limited policy resources most effectively, leverage the benefits of our diverse membership, and amplify the voice of the entire middle market ecosystem with policymakers.

LEVERAGED LENDING

Policymakers Continue to Discuss Leveraged Loans and Increasing Corporate Debt Levels

- Chairman Clayton, witnesses at a recent SEC Investor Advisory Committee Meeting, and some Democrats on the House Financial Services Committee have all voiced concerns surrounding the liquidity of collateralized loan obligations – packages of loans (including leveraged loans) that are traded like securities on opaque markets.
- Policymakers have also continued to voice concern surrounding weakening covenants, as well as the ability of ratings agencies to accurately rate loans.
- The ongoing policy discussions on leveraged lending display the continued focus of regulators and legislators on the issue. ACG is continuing to monitor for opportunities to inform policymakers on the

importance of leveraged loans to middle-market businesses across the United States.

- If you or someone in your ACG network has insights into middle-market leveraged lending that would be useful to share with policymakers, please reach out to policy@acg.org.

STOP WALL STREET LOOTING ACT OF 2019

Elizabeth Warren Introduces Sweeping Private Equity Overhaul Legislation

- In July, Sen. Elizabeth Warren (D-MA), along with other 2020 presidential candidates and Democrat colleagues in both chambers, introduced the [Stop Wall Street Looting Act of 2019](#). You can see ACG's previous advocacy alert on the subject [here](#).
- This bill would make PE funds liable for debt and other legal liabilities of portfolio companies, limit dividend recaps and monitoring and transaction fees, limit interest deduction and favorable tax treatment for carried interest, increase disclosure requirements, change bankruptcy law, and implement risk retention requirements for collateralized debt obligations.
- While the legislation is likely to get substantial coverage on the campaign trail and in the media, it is highly unlikely it can pass the divided Congress in its current form.
- Still, it is a clear indication that an anti-private equity narrative will be increasing and that the industry must gear up to combat misguided messages with robust data and examples of the benefits of private equity. ACG is actively pursuing opportunities to proactively drive positive private equity stories, including through our own communications efforts and collaboration with the American Investment Council on a national public affairs campaign.

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