



California Corporate & Securities Law

California Commissioner Expresses Concern About Proposed Venture Capital Fund Definition

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As I wrote in this early [posting](#), California is ground zero for the venture capital industry. Many of our most successful and innovative companies have been funded by the venture capital industry. Thus, it is good to see that Commissioner Preston DuFauchard has submitted this [letter of comment](#) with respect to the Securities and Exchange Commission's [proposed rule](#) defining "venture capital fund".

Readers will recall from this [posting](#) that the Dodd-Frank Act will eliminate the fewer-than-fifteen client exemption from the registration requirement of the Investment Advisers Act of 1940. However, Congress decided that "venture capital funds" will be exempt and it left it up to the SEC to define what these are. The comment period for the proposed rule expires today.

Commissioner DuFauchard also issued a statement stating that he is considering amendments to Rule 260.204.9. I discussed the need for these amendments in this [August 11, 2010 posting](#) and this [October 25, 2010 posting](#).

Please contact [Keith Paul Bishop](#) at Allen Matkins for more information kbishop@allenmatkins.com

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