require making them effective in less than 30 days.

Because of the close and immediate relationship between these SIAPs, Takeoff Minimums and ODPs, and safety in air commerce, I find that notice and public procedure under 5 U.S.C. 553(b) are impracticable and contrary to the public interest and, where applicable, under 5 U.S.C. 553(d), good cause exists for making these SIAPs effective in less than 30 days.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. For the same reason, the FAA certifies that this amendment will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 97

Air Traffic Control, Airports, Incorporation by reference, Navigation (Air).

Issued in Washington, DC, on August 16, 2024.

Thomas J. Nichols,

Standards Section Manager, Flight Procedures and Airspace Group, Flight Technologies and Procedures Division, Office of Safety Standards, Flight Standards Service, Aviation Safety, Federal Aviation Administration.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me, 14 CFR part 97 is amended by amending Standard Instrument Approach Procedures and Takeoff Minimums and ODPs, effective at 0901 UTC on the dates specified, as follows:

PART 97—STANDARD INSTRUMENT APPROACH PROCEDURES

■ 1. The authority citation for part 97 continues to read as follows:

Authority: 49 U.S.C. 106(f), 106(g), 40103, 40106, 40113, 40114, 40120, 44502, 44514, 44701, 44719, 44721–44722.

■ 2. Part 97 is amended to read as follows:

By amending: § 97.23 VOR, VOR/DME, VOR or TACAN, and VOR/DME or TACAN; § 97.25 LOC, LOC/DME, LDA, LDA/DME, SDF, SDF/DME; § 97.27 NDB, NDB/DME; § 97.29 ILS, ILS/DME, MLS, MLS/DME, MLS/RNAV; § 97.31 RADAR SIAPs; § 97.33 RNAV SIAPs; and § 97.35 COPTER SIAPs, Identified as follows:

** * * Effective Upon Publication*

AIRAC date	State	City	Airport	FDC No.	FDC date	Procedure name
3–Oct–24	TX	Stamford	Arledge Fld	4/0081	5/29/2024	RNAV (GPS) RWY 17, Orig-C.
3–Oct–24	TX	Stamford	Arledge Fld	4/0082	5/29/2024	RNAV (GPS) RWY 35, Orig-B.
3–Oct–24	IA	Decorah	Decorah Muni	4/5337	7/22/2024	RNAV (GPS) RWY 29, Amdt 1.
3–Oct–24	IA	Decorah	Decorah Muni	4/5339	7/22/2024	RNAV (GPS) RWY 11, Amdt 1.
3–Oct–24	PA	Philadelphia	Philadelphia Intl	4/9673	7/30/2024	ILS Z OR LOC RWY 17, Amdt 8C.
3–Oct–24	TX	Harlingen	Valley Intl	4/9986	7/30/2024	ILS OR LOC RWY 36L, ILS RWY 36L (SA CAT I), ILS RWY 36L (SA CAT II), Orig.

[FR Doc. 2024–19547 Filed 8–29–24; 8:45 am]

BILLING CODE 4910–13–P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 270

[Release No. IC–35305; File No. S7–2024–01]

RIN 3235–AN33

Qualifying Venture Capital Funds Inflation Adjustment

AGENCY: Securities and Exchange Commission.

ACTION: Final rule.

SUMMARY: The Securities and Exchange Commission (''Commission'') is adopting a rule that adjusts for inflation the dollar threshold used in defining a ''qualifying venture capital fund'' under the Investment Company Act of 1940 (''Investment Company Act'' or ''Act''). The final rule also allows the Commission to adjust for inflation this threshold amount by order every five years and specifies how those adjustments will be determined. This rule implements the inflation adjustment requirements of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (''EGRRCPA'') relating to qualifying venture capital funds.

DATES: This rule is effective September 30, 2024.

FOR FURTHER INFORMATION CONTACT: Michael Khalil, Senior Counsel, Frank Buda, Senior Special Counsel, or Brian McLaughlin Johnson, Assistant Director, Investment Company Regulation Office, at (202) 551–6792, Division of Investment Management, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–8549.

SUPPLEMENTARY INFORMATION: The Commission is adopting new 17 CFR 270.3c–7 (''rule 3c–7'') under the Investment Company Act.

I. Introduction

The Commission is adopting final rule 3c–7 to adjust for inflation the dollar threshold used in defining a ''qualifying venture capital fund'' under the Investment Company Act and to allow the Commission to make subsequent inflation adjustments by order according to the rule.

Section 3(a) of the Investment Company Act defines the term ''investment company'' for purposes of the Act, and section 3(c)(1) provides certain exclusions from that definition.[1] Section 504 of EGRRCPA amended section 3(c)(1) of the Investment Company Act by excluding ''qualifying venture capital funds'' from the investment company definition.[2] Section 504 of EGRRCPA also added new Investment Company Act section 3(c)(1)(C), defining a ''qualifying venture capital fund'' as ''a venture capital fund that has not more than $10,000,000 in aggregate capital contributions and uncalled committed capital.'' [3] The statutory definition requires this $10,000,000 threshold ''be indexed for inflation once every five

[1] *See* 15 U.S.C. 80a–3(a) and 80a–3(c)(1).

[2] Public Law 115–174, section 504 (May 24, 2018); 15 U.S.C. 80a–3(c)(1). In order to meet this statutory exclusion, a qualifying venture capital fund's outstanding securities cannot be beneficially owned by more than 250 persons, and the fund must not be making, or presently proposing to make, a public offering of its securities. *Id.*

[3] Public Law 115–174, section 504 (May 24, 2018); 15 U.S.C. 80a–3(c)(1)(C)(i). For purposes of section 3(c)(1), a ''venture capital fund'' has the meaning given the term in 17 CFR 275.203(l)–1. 15 U.S.C. 80a–3(c)(1)(C)(ii).

years by the Commission, beginning from a measurement made by the Commission on a date selected by the Commission, rounded to the nearest $1,000,000.'' [4]

Accordingly, in February 2024, the Commission proposed new rule 3c–7 under the Investment Company Act to implement these requirements.[5] The Commission proposed to use December 2023 as the current measurement date and proposed adjusting the current dollar threshold for determining what constitutes a qualifying venture capital fund under section 3(c)(1)(C) of the Act to $12,000,000. Additionally, to implement the future statutorily required inflation adjustments, the proposed rule included provisions that would allow the Commission to make future inflation adjustments by order, according to the methodology described in the rule.

We received two comment letters that addressed the specifics of the proposal.[6] Those commenters were generally supportive.[7] They described the importance of implementing inflation adjustments for determining the financial thresholds applicable to qualifying venture capital funds and supported the proposed procedures for implementing future inflation adjustments.

II. Discussion

Pursuant to section 3(c)(1)(C) of the Act and section 504 of EGRRCPA, we are adopting as proposed rule 3c–7 to update for inflation the dollar threshold for defining a ''qualifying venture capital fund'' under section 3(c)(1)(C) of the Act. As proposed, the final rule also provides that the Commission will make future inflation adjustments by order every five years and specifies how those adjustments will be determined.

A. Current Inflation-Adjusted Definition of Qualifying Venture Capital Fund

Pursuant to EGRRCPA, final rule 3c–7(a) adjusts for inflation the dollar threshold for purposes of defining a qualifying venture capital fund under section 3(c)(1)(C) of the Investment Company Act.[8] Substantially as proposed, final rule 3c–7(a) uses December 2023 as the current measurement date and adjusts the dollar threshold to $12,000,000 or, following November 1, 2029 (*i.e.,* approximately five years after the effective date of this rule), the dollar amount specified in the most recent order issued by the Commission in accordance with this final rule and as published in the **Federal Register**.[9]

As proposed, this revised dollar threshold takes into account the effects of inflation by reference to the historic and current levels of the Personal Consumption Expenditures Chain-Type Price Index (''PCE Index''),[10] which is published by the Department of Commerce.[11] The PCE Index is often used as an indicator of inflation in the personal sector of the U.S. economy,[12] and the Commission routinely has used the PCE Index in similar contexts in Commission rules, and it is also used in provisions of the federal securities laws.[13] We are using the PCE Index to calculate inflation adjustments for this rulemaking because the methodology and scope of the PCE Index, which considers both urban and rural households and expenditures made on their behalf by third parties, reflects a broad sector of the U.S. economy and in light of the additional considerations discussed in the Economic Analysis. As discussed below, the scope of the PCE Index, covering all households in America, is more relevant to the affected parties of this final rule than is the scope of the CPI–U, which only reflects urban households, because persons in both rural and urban areas in America can invest in venture capital funds and can be stakeholders in firms that receive venture capital funding.[14] Additionally, the PCE Index incorporates category weights on a quarterly basis, and incorporates multiple surveys of businesses, some of which are government mandated and carry fines

[4] Public Law 115–174, section 504 (May 24, 2018); 15 U.S.C. 80a–3(c)(1)(C)(i).

[5] Qualifying Venture Capital Funds Inflation Adjustment, Investment Company Act Release No. 35129 (Feb. 14, 2024) [89 FR 12995 (Feb. 21, 2024)] (''Proposing Release''). The comment letters on the proposal are available at *https://www.sec.gov/comments/s7-2024-01/s7202401.htm.*

[6] *See* Comment Letter of Joel Wresh (Mar. 16, 2024) (''Wresh Comment Letter''); Comment Letter of Arushi Mehra (Feb. 15, 2024) (''Mehra Comment Letter'').

[7] Two other commenters broadly opposed the proposal but did not address the substance of the proposed rule. *See* Comment Letter of Benjamin Nisly (May 15, 2024); Comment Letter of Joseph (Feb. 22, 2024). The other commenters addressed matters not relevant to the proposal.

[8] Final rule 3c–7's definition of qualifying venture capital fund is expressly limited to construing the term for purposes of section 3(c)(1) of the Act. Under 12 CFR 351.10, the term qualifying venture capital fund has a different meaning.

[9] The final rule differs from the proposal only in that it specifies Nov. 1, 2029, as the date after which the Commission would issue the next inflation adjustment order, rather than instructing the **Federal Register** to insert the date that is five years after the effective date of the final rule. This approach is consistent with the proposal in that Nov. 1, 2029, is approximately five years after the estimated effective date of this rule and eliminates the need for the **Federal Register** to have to perform the calculation. Such orders will also be available on the Commission's website.

[10] The revised dollar threshold reflects inflation as of Dec. 2023, and is rounded to the nearest $1,000,000 as required by section 3(c)(1)(C) of the Act. The Dec. 2023 PCE Index was 121.421, and the May 2018 PCE Index was 101.941. 121.421/101.941 × $10,000,000 = $11,910,909; $11,910,909 rounded to the nearest multiple of $1,000,000 = $12,000,0000. As described in the Proposing Release, we also considered using the Consumer Price Index for all Urban Consumers (''CPI–U'') to conduct this inflation adjustment. *See* Proposing Release at nn.13–14. After rounding to the nearest $1,000,000 as required by EGRRCPA, both indexes yielded an adjusted inflation threshold of $12,000,000, or an increase of $2,000,000. *Id.* at nn.15–16. We did not receive any comments on our proposed use of the PCE Index to conduct inflation adjustments under proposed rule 3c–7, or on the use of CPI–U as an alternative.

[11] The values of the PCE Index are available from the Bureau of Economic Analysis, a bureau of the Department of Commerce. *See https://www.bea.gov.* The PCE Index measures the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The PCE Index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior. *See https://www.bea.gov/data/personal-consumption-expenditures-price-index.*

[12] *See* Clinton P. McCully, Brian C. Moyer & Kenneth J. Stewart, *Comparing the Consumer Price Index and the Personal Consumption Expenditures Price Index,* Survey of Current Bus., Nov. 2007, at 26 n.1 (PCE Index measures changes in ''prices paid for goods and services by the personal sector in the U.S. national income and product accounts'' and is primarily used for macroeconomic analysis and forecasting). *See also* Federal Reserve Board, Monetary Policy Report to the Congress, at n.1 (Feb. 17, 2000), *available at https://www.federalreserve.gov/boarddocs/hh/2000/february/ReportSection1.htm#FN1* (noting the reasons for using the PCE Index rather than the consumer price index).

[13] *See, e.g.,* Investment Adviser Performance Compensation, Investment Advisers Act Release No. 3372 (Feb. 15, 2012) [77 FR 10358, 10367 (Feb. 22, 2012)] (using the PCE Index in connection with required inflation adjustments to the dollar thresholds in the definition of ''qualified client'' appearing in 17 CFR 275.205–3 (''rule 205–3'') under the Investment Advisers Act of 1940 (''Advisers Act''), and stating that the PCE Index is widely used as a broad indicator of inflation in the economy, and that the Commission has used it in other contexts); Definitions of Terms and Exemptions Relating to the ''Broker'' Exceptions for Banks, Securities Exchange Act Release No. 56501 (Sept. 24, 2007) [72 FR 56514 (Oct. 3, 2007)] (using PCE Index in adopting periodic inflation adjustments to the fixed-dollar thresholds for both ''institutional customers'' and ''high net worth customers'' under Rule 701 of Regulation R ''because it is a widely used and broad indicator of inflation in the U.S. economy''); *see also* Amendments to Form ADV, Investment Advisers Act Release No. 3060 (July 28, 2010) [75 FR 49234 (Aug. 12, 2010)] (using PCE Index in increasing for inflation the threshold amount for prepayment of advisory fees that triggers an adviser's duty to provide clients with an audited balance sheet and the dollar threshold triggering the exception to the delivery of brochures to advisory clients receiving only impersonal advice). The Dodd-Frank Act also requires the use of the PCE Index to calculate inflation adjustments for the cash limit protection of each investor under the Securities Investor Protection Act of 1970. *See* section 929H(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Public Law 111–203, 124 Stat. 1376 (2010), codified at 15 U.S.C. 78fff–3.

[14] *See infra* section IV.

for nonresponse. No commenters disagreed with the use of the PCE Index.

B. Future Inflation Adjustments to the Definition of Qualifying Venture Capital Fund

As proposed, final rule 3c–7(b) provides that the dollar threshold for qualifying venture capital funds shall be adjusted for inflation by order of the Commission every five years.[15] Also as proposed, final rule 3c–7(b) specifies the PCE Index (or any successor index thereto) as the inflation index used to calculate future inflation adjustment of the dollar threshold in the rule.[16] We are using the PCE Index for these updates for the same reasons we are using the PCE Index for the proposed initial adjustment.[17] One commenter supported the proposal's establishment of clear criteria for future inflation adjustments.[18] Another commenter observed that the proposal's provisions regarding future inflation adjustments were helpful because they would allow for simple recalculations going forward without the need for a burdensome rule-making process.[19]

C. Effective Date

As proposed, because the rule implements a required inflation adjustment to an existing statutory exclusion from regulation, we are not including a compliance period or extended effective date for final rule 3c–7.[20] Reliance on section 3(c)(1) is voluntary and a fund that newly meets the definition of a qualifying venture capital fund under rule 3c–7 can choose whether to rely on the exclusion provided by section 3(c)(1) for such funds. Final rule 3c–7 will be effective September 30, 2024.

III. Other Matters

Pursuant to the Congressional Review Act,[21] the Office of Information and Regulatory Affairs has designated final rule 3c–7 as not a ''major rule'' as defined by U.S.C. 804(2). If any of the provisions of this rule, or the application thereof to any person or circumstance, is held to be invalid, such invalidity shall not affect other provisions or application of such provisions to other persons or circumstances that can be given effect without the invalid provision or application.

IV. Economic Analysis

The Commission is sensitive to the economic effects of final rule 3c–7. To comply with the inflation adjustment required under EGRRCPA, we are adopting rule 3c–7 to state the current threshold for qualifying venture capital funds as indexed for inflation. This rule adjusts the threshold in the definition of the term ''qualifying venture capital fund'' from $10,000,000 to $12,000,000 in response to inflation as measured by the PCE Index and allows the Commission to perform future statutorily required inflation adjustments using the same methodology.

For purposes of analyzing the economic effects of the rule, we use as our baseline the current venture capital fund market and the current regulatory framework. To be excepted from registration under section 3(c)(1) of the Act, an issuer (including a venture capital fund) must, among other things, either have no more than 100 beneficial owners, or in the case of a qualifying venture capital fund, which currently is defined as having no more than $10,000,000 in aggregate capital contributions and uncalled committed capital, have no more than 250 beneficial owners.

An adviser to a venture capital fund that is either registered with the Commission or is an ''exempt reporting adviser'' is required to file reports on Form ADV.[22] Based on this data, there are at least 36,819 venture capital funds, of which at least 25,822 are qualifying venture capital funds as of June 2024.[23] Of the qualifying venture capital funds, 989 have more than 100 beneficial owners and so could not use the section 3(c)(1) exclusion absent meeting the current $10,000,000 asset threshold. Increasing the asset threshold in the definition of the term ''qualifying venture capital fund'' will increase the number of venture capital funds that can be qualifying venture capital funds. Specifically, we estimate that there are approximately five venture capital funds that are not currently excluded from registration under section 3(c)(1) but that could be defined as a qualifying venture capital fund after the threshold is adjusted for inflation to $12,000,000.[24]

Incentives for funds to change their behaviors to stay within the regulatory definition of a ''qualifying venture capital fund'' will strengthen or be mitigated depending on the specific circumstances of the fund. When the threshold is increased to $12,000,000, a fund near the current $10,000,000 threshold in aggregate capital contributions and uncalled capital commitments, and a number of beneficial owners above 100 but well below 250, will have additional room to raise capital while remaining a

[15] Final rule 3c–7 states that the Commission will issue an order on or about Nov. 1, 2029, and approximately every five years thereafter, adjusting for inflation the dollar threshold necessary to be a qualifying venture capital fund for purposes of section 3(c)(1) of the Act. This aspect of the final rule differs from the proposal only in that it specifies Nov. 1, 2029 (which is approximately five years after the estimated effective date of the final rule) as the date on or about which the Commission will issue the next inflation adjustment order, rather than instructing the **Federal Register** to insert the date five years after the effective date of the rule as that date.

[16] Final rule 3c–7 provides that the dollar threshold for qualifying venture capital funds will be adjusted for inflation by dividing the year-end value of the PCE Index for the calendar year preceding the calendar year in which the order is being issued, by the year-end value of the PCE Index for the calendar year 2018, multiplying $10,000,000 (*i.e.,* the original 2018 statutory threshold for a qualifying venture capital fund) by that quotient, and rounding the product to the nearest multiple of $1,000,000.

[17] *See supra* footnotes 12–14 and accompanying text and *infra* section IV.

[18] *See* Mehra Comment Letter.

[19] *See* Wresh Comment Letter.

[20] No commenters addressed this aspect of the proposal.

[21] 5 U.S.C. 801 *et seq.*

[22] An adviser to a venture capital fund may or may not be required to register with the Commission depending on its specific facts and circumstances including the adviser's total regulatory assets under management, the state of its principal office, and whether it solely manages private funds or venture capital funds. Many of the advisers to qualifying venture capital funds are ''exempt reporting advisers.'' *See, e.g.,* Exemptions for Advisers to Venture Capital Funds, Private Fund Advisers with Less Than $150 Million in Assets Under Management, and Foreign Private Advisers, Investment Advisers Act Release No. 3222 (June 22, 2011) [76 FR 39645 (July 6, 2011)], at n.20 and accompanying text. Exempt reporting advisers are not subject to the investment adviser registration requirements under the Advisers Act. They are, however, subject to certain other requirements under the Advisers Act and its rules that also apply to registered advisers, including the requirement to file reports on Form ADV and the Advisers Act's antifraud provisions. *See* 17 U.S.C. 80b–3(l).

[23] Based on Form ADV data between July 1, 2023, and June 30, 2024. These estimates encompass all private funds reported on Form ADV that advisers indicated are venture capital funds. The estimate of qualifying venture capital funds includes only these funds that qualify for the exclusion from the definition of investment company under section 3(c)(1) of the Act, have no more than 250 beneficial owners, and report gross assets of no more than $10,000,000. These numbers somewhat underestimate the total number of relevant funds. First, gross assets may include assets that are not considered aggregate capital contributions or uncalled capital commitments. Second, with certain exceptions, advisers with less than $25 million in regulatory assets under management are prohibited from registering with the Commission and must instead register with state regulators. Some states require these advisers to file Form ADV under state registration, while other states do not. Accordingly, these estimates do not capture funds managed by advisers registered in states that do not require filing Form ADV.

[24] This estimate is based on the number of venture capital funds reported on Form ADV between July 1, 2023, and June 30, 2024, that have gross asset value between $10,000,000 and $12,000,000, between 100 and 250 beneficial owners, and currently do not qualify for an exception under section 3(c)(1).

qualifying venture capital fund. Accordingly, it will have weaker incentives to prevent growth until its aggregate capital contributions and uncalled capital commitments approach the new threshold. Funds near an anticipated future adjusted threshold of aggregate capital contributions and uncalled capital commitments could have a greater incentive to maintain a balance below this future threshold and maintain fewer than 250 beneficial owners.

While the immediate impacts described above are likely to be meaningful for funds near the existing and future adjusted thresholds, the overall effect of the rule on the venture capital fund market will be minimal. Commenters who discussed the effects of inflation agreed that the inflation adjustment should maintain the scope of funds that can be defined as a qualifying venture capital fund, thereby preserving the economic effects associated with the original provision.[25]

Relatively few funds will be directly impacted by the adopted change in the asset threshold. Accordingly, the rule will not substantively impact efficiency, competition, or capital formation in the near term. In addition, over time, as future inflation adjustments are made, the rule will preserve the costs and benefits associated with the original provision by maintaining a consistent threshold standard. At the margin, the rule may encourage market competition by lowering barriers to entry for emerging venture capital managers. Specifically, it could lower compliance costs for eligible funds by exempting them from certain regulatory requirements such as registration as an investment company and make it easier for their managers to raise smaller amounts of capital from a larger number of accredited investors.

Absent the periodic inflation adjustments that the rule will implement, the capital threshold for qualifying venture capital funds would have, over time, shrunk in real terms. This could have either resulted in higher compliance costs for these types of funds—because these funds would be newly required to register under the Act—or caused the managers of these funds to change how they operate to avoid or mitigate these costs.[26] Whether managers changed their behavior or not, the amount of money invested in qualifying venture capital funds would likely have decreased, and at least some of the capital that would otherwise have been allocated to these funds would likely have gone to funds that are not excluded from the Act and thus would have received the investor protection benefits provided by the Act.

Because the rule will implement the statutory inflation adjustments mandated by EGRRCPA, the only reasonable alternative to be considered relates to the choice of inflation index to be used. As discussed in the proposal,[27] two indexes were considered—the PCE Index and CPI–U. These measures differ because of different scopes and different methodologies. CPI–U reflects only expenditures made directly by urban households, whereas the PCE Index considers both urban and rural households and considers expenditures made on their behalf by third parties, such as employer-paid health insurance. The scope of the PCE Index, covering all American households, is more relevant to the affected parties of this final rule than is the scope of the CPI–U, which only reflects urban households, because all Americans, not just those in urban areas, can invest in venture capital funds and can be stakeholders in firms that receive venture capital funding. The PCE Index also better captures substitution effects since its category weights update quarterly whereas those of the CPI–U update annually. Category weights reflect the quantity of goods and services purchased in a particular category. As some determinants of prices change, consumers will substitute purchases between categories. Category weights that change less frequently will less accurately capture these substitution effects. The indexes' survey methodologies also differ: CPI–U relies on two voluntary consumer surveys whereas the PCE Index incorporates multiple surveys of businesses, some of which are government mandated and carry fines for nonresponse. No commenters suggested that the CPI–U or any other index would be a more appropriate choice.

V. Paperwork Reduction Act

Final rule 3c–7 does not contain a ''collection of information'' requirement within the meaning of the Paperwork Reduction Act of 1995 (''PRA''), nor does it create any new filing, reporting, recordkeeping, or disclosure reporting requirements.[28] Accordingly, the PRA is not applicable.[29]

VI. Regulatory Flexibility Act Certification

The Commission certified, pursuant to section 605(b) of the Regulatory Flexibility Act of 1980 (''RFA'')[30] that proposed rule 3c–7 would not, if adopted, have a significant economic impact on a substantial number of small entities. The Commission included this certification in section V of the Proposing Release. Commenters did not respond to the Commission's requests for comment regarding the Commission's certification, and we continue to believe that final rule 3c–7 will not have a significant economic impact on a substantial number of small entities.[31] As discussed in the Proposing Release, based on a review of Form ADV filings, we expect few small entities would be affected by rule 3c–7's inflation adjustment provisions.[32] Accordingly, we certify that the final rule will not have a significant impact on a substantial number of small entities.

Statutory Authority

The Commission is adopting new rule 3c–7 under the authority set forth in the Investment Company Act, particularly sections 3 and 38 thereof [15 U.S.C. 80a *et seq.*] and the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018, particularly section 504 thereof [Pub. L. 115–174, 132 Stat. 1296].

List of Subjects in 17 CFR Part 270

Investment companies, Securities.

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[25] *See* Wresh Comment Letter and Mehra Comment Letter.

[26] For example, such funds may have decided to merge with other funds to spread out any fixed costs from registration or stop operating these types of funds altogether. They may have also chosen to limit the number of investors to be under the conventional section 3(c)(1) limit of no more than 100 beneficial owners.

[27] *See* Proposing Release at nn.13–16 and accompanying text.

[28] 44 U.S.C. 3502(3).

[29] 44 U.S.C. 3501 *et seq.* The Proposing Release requested comment on our conclusion that proposed rule 3c–7 did not contain a ''collection of information.'' We did not receive any comments regarding PRA issues.

[30] 5 U.S.C. 605(b).

[31] Generally, for purposes of the Investment Company Act and the RFA, an investment company is a small entity if, together with other investment companies in the same group of related investment companies, it has net assets of $50 million or less as of the end of its most recent fiscal year. 17 CFR 270.0–10(a).

[32] To qualify for a section 3(c)(1) exclusion, an issuer must (among other things) have no more than 100 beneficial owners, or in the case of a qualifying venture capital fund, no more than 250 beneficial owners. 15 U.S.C. 80a–3(c)(1). A review of Form ADV filings suggests that, as of June 2024, there are approximately five venture capital funds that are not currently relying on the exclusion in section 3(c)(1) of the Investment Company Act but that also have between $10,0000 and $12,000,000 in aggregate capital contributions and uncalled committed capital, and between 100 and 250 beneficial owners, such that they could meet the definition of a qualifying venture capital fund under final rule 3c–7. *See supra* footnote 28. We do not believe that five funds represent a ''substantial number'' of small entities.

Text of Rule Amendments

For reasons set forth in the preamble, we are amending title 17, chapter II of the Code of Federal Regulations as follows:

PART 270—RULES AND REGULATIONS, INVESTMENT COMPANY ACT OF 1940

■ 1. The general authority citation for part 270 continues to read as follows:

Authority: 15 U.S.C. 80a–1 *et seq.*, 80a–34(d), 80a–37, 80a–39, 1681w(a)(1), 6801–6809, 6825, and Pub. L. 111–203, sec. 939A, 124 Stat. 1376 (2010), unless otherwise noted.

* * * * *

■ 2. Add § 270.3c–7 to read as follows:

§ 270.3c–7 Inflation-adjusted definition of qualifying venture capital fund.

(a) *Inflation-adjusted definition of qualifying venture capital fund.* For purposes of section 3(c)(1)(C)(i) of the Act (15 U.S.C. 80a–3(c)(1)(C)(i)), the term *qualifying venture capital fund* means a venture capital fund (as that term is defined in 17 CFR 275.203(l)–1) that has not more than $12,000,000 in aggregate capital contributions and uncalled committed capital, or, following November 1, 2029, the dollar amount specified in the most recent order issued by the Commission in accordance with paragraph (b) of this section and as published in the **Federal Register**.

(b) *Future inflation adjustments.* Pursuant to section 3(c)(1)(C)(i) of the Act (15 U.S.C. 80a–3(c)(1)(C)(i)), the dollar amount specified in paragraph (a) of this section shall be adjusted by order of the Commission, issued on or about November 1, 2029, and approximately every five years thereafter. The adjusted dollar amount established in such orders shall be computed by:

(1) Dividing the year-end value of the Personal Consumption Expenditures Chain-Type Price Index (or any successor index thereto), as published by the United States Department of Commerce, for the calendar year preceding the calendar year in which the order is being issued, by the year-end value of such index (or successor) for the calendar year 2018; and

(2) Multiplying $10,000,000 times the quotient obtained in paragraph (b)(1) of this section and rounding the product to the nearest multiple of $1,000,000.

By the Commission.

Dated: August 21, 2024.

Vanessa A. Countryman,

Secretary.

[FR Doc. 2024–19229 Filed 8–29–24; 8:45 am]

BILLING CODE 8011–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 1140

[Docket No. FDA–2020–N–1395]

RIN 0910–AI51

Prohibition of Sale of Tobacco Products to Persons Younger Than 21 Years of Age

AGENCY: Food and Drug Administration, HHS.

ACTION: Final rule.

SUMMARY: The Food and Drug Administration is issuing a final rule to make conforming changes as required by the Further Consolidated Appropriations Act, 2020 (Appropriations Act), which established a new Federal minimum age of sale for tobacco products. These conforming changes include increasing the minimum age of sale for cigarettes, smokeless tobacco, and covered tobacco products from 18 to 21 years of age; increasing the minimum age for age verification by means of photographic identification for cigarettes, smokeless tobacco, and covered tobacco products from under the age of 27 to under the age of 30; increasing the minimum age of individuals who may be present or permitted to enter facilities that maintain vending machines to sell cigarettes, smokeless tobacco, or covered tobacco products from 18 to 21 years of age; and increasing the minimum age of individuals who may be present or permitted to enter facilities that maintain self-service displays that sell cigarettes or smokeless tobacco from 18 to 21 years of age.

DATES: This rule is effective September 30, 2024.

ADDRESSES: For access to the docket to read background documents, go to *https://www.regulations.gov* and insert the docket number found in brackets in the heading of this final rule into the ''Search'' box and follow the prompts, and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240–402–7500.

FOR FURTHER INFORMATION CONTACT: Beth Buckler, Center for Tobacco Products, Food and Drug Administration, Document Control Center, 10903 New Hampshire Ave., Bldg. 71, Rm. G335, Silver Spring, MD 20993–0002, 877–287–1373, *AskCTP@fda.hhs.gov.*

SUPPLEMENTARY INFORMATION:

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I. Purpose of the Regulatory Action

The Appropriations Act, enacted on December 20, 2019, established and made immediately effective [1] a new Federal minimum age for the sale of tobacco products (Pub. L. 116–94, div. N, tit. I, subt. F, sec. 603, 133 Stat. 2534, 3123–24). Specifically, the Appropriations Act amended section 906(d) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 387f(d)) (FD&C Act) to make it unlawful for any retailer to sell a tobacco product to any person younger than 21 years of age. The Appropriations Act also directed the Food and Drug Administration (FDA, the Agency, or we) to issue a final rule to amend its regulations to update the minimum age-related requirements in subpart B of part 1140 (21 CFR part 1140).

As required by the Appropriations Act, FDA is issuing this final rule to make conforming changes to its regulations to: (1) reflect the increased minimum age of sale for cigarettes,[2] smokeless tobacco, and covered tobacco products from 18 to 21 years of age; (2) increase the minimum age for verification by means of photographic identification for cigarettes, smokeless tobacco, and covered tobacco products from under the age of 27 to under the age of 30; (3) increase the minimum age of persons who may be present or permitted to enter at any time for facilities that maintain vending machines to sell cigarettes, smokeless tobacco, or covered tobacco products from 18 to 21 years of age; and (4) increase the minimum age of persons who may be present or permitted to enter at any time for facilities that maintain self-service displays to sell cigarettes or smokeless tobacco from 18 to 21 years of age. This final rule ensures FDA's regulations align with

[1] Because the Appropriations Act did not provide a later effective date, the new provision became effective immediately.

[2] As discussed in section II.A of this document, unless otherwise stated, the restrictions in part 1140 that are applicable to cigarettes also apply to cigarette tobacco.