

Written Testimony of Avlok Kohli

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Hearing on "Innovation Revolution: How Technology is Shaping the Future of Finance"

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Chairman McHenry, Ranking Member Waters, and Members of the Committee:

Thank you for inviting me to testify today on the transformative role of technology in financial services and how it is shaping the future of our economy. My name is Avlok Kohli, and I am the CEO of AngelList.

AngelList was founded in 2010 with a bold vision: to accelerate the rate of innovation by building the infrastructure that powers the startup economy. We do this by serving as the platform where both emerging and established fund managers can launch, manage, and grow their funds. Today, AngelList supports over \$124 billion in assets across more than 23,000 funds and syndicates that have invested in over 12,000 startups.

Innovation doesn't just propel industries forward—it propels society forward. Startups are disproportionately responsible for technological, medical, and scientific breakthroughs, and are a cornerstone of economic growth and job creation. Yet, the journey from an idea to a thriving business is fraught with obstacles, particularly in accessing capital. At AngelList, we work to remove these barriers by empowering startup investors that play a vital role in ensuring innovation can flourish and contribute to a stronger U.S. economy.

I want to take a moment to acknowledge and thank Chairman McHenry for his steadfast leadership in championing policies that have made this possible. The passage of the bipartisan JOBS Act in 2012, a landmark achievement for which he played an integral role, fundamentally reshaped the startup ecosystem. It introduced several key provisions that transformed how startups and fund managers access capital, enabling platforms like AngelList to thrive. For example:

1. By allowing general solicitation, the JOBS Act modernized how startups and funds raise capital. For the first time, entrepreneurs and fund managers could openly connect with investors, breaking down geographical and network barriers. This has democratized access to funding, making it easier for promising innovators, regardless of location, to secure the resources they need.
2. In addition, enabling platforms like AngelList to operate without the need for broker-dealer registration remains pivotal to this day. Without this, our platform could not scale to support tens of thousands of funds and startups, reduce friction in the investment process, and create efficiencies that benefit both investors and entrepreneurs alike.

3. And finally, the increase in the number of allowable investors in small venture funds from 100 to 250 has empowered a new generation of emerging fund managers and increased investor access. These managers now play a critical role in sourcing and supporting the startups, at their earliest stages, that drive progress across industries.

While these advancements have laid a strong foundation, the financial system must continue to evolve to meet the demands of a rapidly changing innovation landscape, which this committee has done time and time again. With that, I'll call attention to three areas where targeted policy regarding emerging technologies can make a profound impact on unleashing innovation in the financial services sector:

1. **Harnessing AI:** First, Artificial Intelligence (AI) represents the most transformative technological advancement of our time. It is reshaping industries, democratizing access to information, redefining innovation, and fundamentally altering the U.S. economy. In financial services, AI empowers investors with broader access to insights and better investment decision-making tools. It also allows financial services firms to manage risk, combat fraud, and underwrite services at lower costs that unlock new business models. To realize this potential, we must adopt sensible AI regulations that encourage responsible innovation without creating unnecessary bottlenecks, as well as attract and retain the world's top technical minds to ensure the United States remains a leader in innovation.
2. **Modernizing Infrastructure:** Second, startups and fund managers continue to struggle with the inefficiencies stemming from outdated banking and payment systems, which hinder their ability to operate and innovate at scale. Providing clear and consistent regulatory frameworks for blockchain-based technologies, offers an opportunity to streamline operations, reduce costs, and accelerate the deployment of capital.
3. **Enhancing Liquidity:** Third, startups are staying private longer to pursue ambitious, long-term projects. However, private markets have historically suffered from illiquidity, limiting participation and capital efficiency. Emerging financial technologies are now reshaping this paradigm, opening new pathways to unlock liquidity and lowering transaction costs. Regulation should support innovative efforts to enhance liquidity that promotes reinvestment, and further accelerates the innovation loop.

The United States has long been the global leader in innovation. With thoughtful policies and continued collaboration, we can strengthen that leadership and build on the foundation that Chairman McHenry and this Committee have laid. Your work has been instrumental in fostering an ecosystem where innovation thrives, and I am optimistic about what we can continue to achieve together.

Thank you for your leadership and for the opportunity to share AngelList's perspective. I look forward to your questions.