



August 4, 2022

BY ELECTRONIC TRANSMISSION

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th St., and Constitution Ave., N.W.
Washington, D.C. 20551

Chief Counsel's Office
ATTN: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, S.W., Suite 3E-218
Washington, D.C. 20219

James P. Sheesley, Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W. Washington, D.C. 20429

RE: Question 13, Economic Development and Community Reinvestment Act Regulations Docket (R-1769) and RIN (7100-AG29)

Dear Ms. Misback:

The Artemis Fund (“Artemis” or “Fund”) appreciates the opportunity to comment on the proposal by the Board of Governors of the Federal Reserve System for feedback on different approaches to modernizing the regulatory and supervisory framework for the Community Reinvestment Act (CRA).

Artemis is writing in response to the request for feedback on **Question 13** from the Notice of Proposed Rulemaking (“NPR”). Specifically, we are writing to urge the Regulating Agencies (OCC, FRB, and FDIC) to retain the ability of banks to receive CRA credit via the “size and purpose test” for lending to or investing in financial intermediaries that finance small businesses with revenue greater than \$5M.

Artemis is a venture capital fund founded by women investing in early-stage, female-founded companies diversifying wealth. The size and purpose test helped us receive investment from a bank in our first fund, which catapulted our fundraising efforts and enabled us to invest in 15 female-founded companies with outsized economic and social impact. Without CRA, it will be more difficult for small, impact-oriented firms like ours to re-invest in underserved, high-impact industries and founders. Artemis invests in companies that serve real people and communities.

Investing in female innovators at the earliest stages creates more diverse organizations solving real societal problems and has a compounding effect on gender equality. By getting more capital into the hands of female innovators, we enable them to tackle issues that have gone unrecognized by non-female counterparts. In addition to empowering women founders, Artemis is on a mission to educate and encourage more women to invest in innovation since women are 2X more likely to invest in other women.

Increasing access to capital for female innovators is imperative. According to Pitchbook, in 2021, less than **18%** of all venture capital was raised by teams with at least one female founder, and teams with only female founders raised only **2%**. Female founders of color face even higher barriers; Black and Latin female founders received only **0.4%** of VC funding in 2020. As mentioned above, when women hold the

capital, they are 2x more likely to invest in a female-founded company and 3x more likely to invest in a female CEO. To build a better-performing and more equitable funding landscape, underrepresented investors and fund managers must have access to capital, and banks play an essential role in providing that capital.

Like many other firms run by emerging managers, Artemis relies on CRA investment to unlock transformative institutional capital, which allows us to make meaningful investments and is a source of institutional validation in our fundraising efforts. Although our direct investments can be identical to SBIC funds, we have not sought SBIC licensing by the SBA because the process is time- and capital-intensive. As emerging managers currently raising Fund II, the approval process would be arduous, especially while raising capital for our first funds. As a small team with limited resources, the burden of approval could hamper our ability to efficiently raise our Fund II while we continue to work with and support the 18 female founders we've invested in thus far. We know we are not alone in depending on CRA to fuel a unique, mission-driven thesis.


CRA incentivizes banks to direct capital to diverse and impact-oriented investors. Most female and minority-led fund managers are considered emerging or first-time managers with significant barriers to raising institutional money. The CRA spurs banks to anchor these funds. We sincerely believe in the mission of CRA to support innovative solutions and provide resources to businesses owned by women and minorities.

Thus, we believe it is crucial to keep the current definition of "size and purpose" test standards and to retain and even expand the categories that qualify for "economic development" currently outlined in the CRA Interagency Q&A. Keeping these measures in place and potentially making it easier for bank partners to be eligible for CRA credit will continue to result in significant job creation, revenue generation, and the continued increase in the hiring of LMI employees and subsequent graduation from the LMI thresholds.

Artemis would be happy to provide any additional information helpful to the Board or to meet in person to discuss or share our data and perspective. Small, emerging funds like Artemis are poised to provide substantial returns for their investors and create unique opportunities for economic growth. By rewarding banks for investing in small firms like Artemis, CRA is an essential tool for economic development and growth.

Sincerely,

On behalf of The Artemis Female Fund GP, LLC



Leslie Goldman Tepper
General Partner & Co-Founder