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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Act of 1933 to codify certain qualifications of individuals as accredited investors for purposes of the securities laws.

IN THE HOUSE OF REPRESENTATIVES

Mr. HILL of Arkansas introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Securities Act of 1933 to codify certain qualifications of individuals as accredited investors for purposes of the securities laws.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fair Investment Op-
5 portunities for Professional Experts Act”.

6 **SEC. 2. DEFINITION OF ACCREDITED INVESTOR.**

7 (a) IN GENERAL.—Section 2(a)(15) of the Securities
8 Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

1 (1) by redesignating subparagraphs (i) and (ii)
2 as subparagraphs (A) and (F), respectively; and

3 (2) in subparagraph (A) (as so redesignated),
4 by striking “; or” and inserting a semicolon, and in-
5 serting after such subparagraph the following:

6 “(B) with respect to a proposed sale of a
7 security, any natural person whose individual
8 net worth, or joint net worth with that person’s
9 spouse or spousal equivalent, at the time of
10 such sale, exceeds \$1,000,000 (which amount,
11 along with the amounts set forth in subpara-
12 graph (C), shall be adjusted for inflation by the
13 Commission every 5 years to the nearest
14 \$10,000 to reflect the change in the Consumer
15 Price Index for All Urban Consumers published
16 by the Bureau of Labor Statistics) where, for
17 purposes of calculating net worth under this
18 subparagraph—

19 “(i) the person’s primary residence
20 shall not be included as an asset;

21 “(ii) indebtedness that is secured by
22 the person’s primary residence, up to the
23 estimated fair market value of the primary
24 residence at the time of such sale, shall not
25 be included as a liability (except that if the

1 amount of such indebtedness outstanding
2 at the time of such sale exceeds the
3 amount outstanding 60 days before such
4 time, other than as a result of the acquisi-
5 tion of the primary residence, the amount
6 of such excess shall be included as a liabil-
7 ity); and

8 “(iii) indebtedness that is secured by
9 the person’s primary residence in excess of
10 the estimated fair market value of the pri-
11 mary residence at the time of such sale
12 shall be included as a liability;

13 “(C) any natural person who had an indi-
14 vidual income in excess of \$200,000 in each of
15 the 2 most recent years or joint income with
16 that person’s spouse or spousal equivalent in
17 excess of \$300,000 in each of those years and
18 has a reasonable expectation of reaching the
19 same income level in the current year;

20 “(D) any natural person who is—

21 “(i) currently licensed or registered as
22 a broker or investment adviser by the
23 Commission, a self-regulatory organization
24 (as defined in section 3(a)(26) of the Secu-
25 rities Exchange Act of 1934), or the secu-

1 rities division of a State, the District of
2 Columbia, or a territory of the United
3 States or the equivalent division respon-
4 sible for licensing or registration of individ-
5 uals in connection with securities activities;
6 and

7 “(ii) in good standing with respect to
8 such licence or registration;

9 “(E) any natural person the Commission
10 determines, by regulation, to have demonstrable
11 education or job experience to qualify such per-
12 son as having professional knowledge of a sub-
13 ject related to a particular investment, and
14 whose education or job experience is verified by
15 a self-regulatory organization (as defined in sec-
16 tion 3(a)(26) of the Securities Exchange Act of
17 1934); or”.

18 (b) RULEMAKING.—Not later than 180 days after the
19 date of enactment of this Act, the Securities and Ex-
20 change Commission shall revise the definition of accred-
21 ited investor under Regulation D (17 CFR 230.500 et
22 seq.) to conform with the amendments made by subsection
23 (a).