

**[DISCUSSION DRAFT]**

119<sup>TH</sup> CONGRESS  
1<sup>ST</sup> 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.

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IN THE HOUSE OF REPRESENTATIVES

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

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**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 trans-  
7 action, any natural person whose individual net  
8 worth, or joint net worth with that person’s  
9 spouse or spousal equivalent, exceeds  
10 \$1,000,000 (which amount, along with the  
11 amounts set forth in subparagraph (C), shall be  
12 adjusted for inflation by the Commission every  
13 5 years to the nearest \$10,000 to reflect the  
14 change in the Consumer Price Index for All  
15 Urban Consumers published by the Bureau of  
16 Labor Statistics) where, for purposes of calcu-  
17 lating net worth under this subparagraph—

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

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

1 outstanding at the time of the transaction  
2 exceeds the amount outstanding 60 days  
3 before such time, other than as a result of  
4 the acquisition of the primary residence,  
5 the amount of such excess shall be in-  
6 cluded as a liability); and

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

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

19 “(D) any natural person who is currently  
20 licensed or registered as a broker or investment  
21 adviser by the Commission, a self-regulatory or-  
22 ganization (as defined in section 3(a)(26) of the  
23 Securities Exchange Act of 1934), or the secu-  
24 rities division of a State, the District of Colum-  
25 bia, or a territory of the United States or the

1 equivalent division responsible for licensing or  
2 registration of individuals in connection with se-  
3 curities activities;

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

13 (b) RULEMAKING.—Not later than 180 days after the  
14 date of enactment of this Act, the Securities and Ex-  
15 change Commission shall revise the definition of accred-  
16 ited investor under Regulation D (17 CFR 230.501 et  
17 seq.) to conform with the amendments made by subsection  
18 (a).