

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 835
OFFERED BY MR. HILL OF ARKANSAS**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

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

4 SEC. 2. DEFINITION OF ACCREDITED INVESTOR.

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

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

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

12 “(B) any natural person whose individual
13 net worth, or joint net worth with that person’s
14 spouse or spousal equivalent, exceeds
15 \$1,000,000 (which amount, along with the
16 amounts set forth in subparagraph (C), shall be
17 adjusted for inflation by the Commission every
18 5 years to the nearest \$10,000 to reflect the

1 change in the Consumer Price Index for All
2 Urban Consumers published by the Bureau of
3 Labor Statistics) where, for purposes of calcu-
4 lating net worth under this subparagraph—

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

7 “(ii) indebtedness that is secured by
8 the person’s primary residence, up to the
9 estimated fair market value of the primary
10 residence at the time of the sale of securi-
11 ties, shall not be included as a liability (ex-
12 cept that if the amount of such indebted-
13 ness outstanding at the time of sale of se-
14 curities exceeds the amount outstanding 60
15 days before such time, other than as a re-
16 sult of the acquisition of the primary resi-
17 dence, the amount of such excess shall be
18 included as a liability); and

19 “(iii) indebtedness that is secured by
20 the person’s primary residence in excess of
21 the estimated fair market value of the pri-
22 mary residence at the time of the sale of
23 securities shall be included as a liability;

24 “(C) any natural person who had an indi-
25 vidual income in excess of \$200,000 in each of

1 the 2 most recent years or joint income with
2 that person's spouse or spousal equivalent in
3 excess of \$300,000 in each of those years and
4 has a reasonable expectation of reaching the
5 same income level in the current year;

6 “(D) any natural person who is currently
7 licensed or registered as a broker or investment
8 adviser by the Commission, the Financial In-
9 dustry Regulatory Authority, or an equivalent
10 self-regulatory organization (as defined in sec-
11 tion 3(a)(26) of the Securities Exchange Act of
12 1934), or the securities division of a State or
13 the equivalent State division responsible for li-
14 censing or registration of individuals in connec-
15 tion with securities activities;

16 “(E) any natural person the Commission
17 determines, by regulation, to have demonstrable
18 education or job experience to qualify such per-
19 son as having professional knowledge of a sub-
20 ject related to a particular investment, and
21 whose education or job experience is verified by
22 the Financial Industry Regulatory Authority or
23 an equivalent self-regulatory organization (as
24 defined in section 3(a)(26) of the Securities Ex-
25 change Act of 1934); or”.

1 (b) RULEMAKING.—The Commission shall revise the
2 definition of accredited investor under Regulation D (17
3 CFR 230.501 et seq.) to conform with the amendments
4 made by subsection (a).

