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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Fair Investment Opportunities for Professional Experts Act”.

SEC. 2. DEFINITION OF ACCREDITED INVESTOR.

(a) IN GENERAL.—Section 2(a)(15) of the Securities Act of 1933 (15 U.S.C. 77b(a)(15) is amended—
(1) by redesignating clauses (i) and (ii) as subparagraphs (A) and (F), respectively; and

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

“(B) any natural person whose individual net worth, or joint net worth with that person’s spouse, exceeds $1,000,000 (which amount, along with the amounts set forth in subparagraph (C), shall be adjusted for inflation by the Commission every 5 years to the nearest $10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics) where, for purposes of calculating net worth under this subparagraph—

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

“(ii) indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of se-
curieties exceeds the amount outstanding 60
days before such time, other than as a re-
sult of the acquisition of the primary resi-
dence, the amount of such excess shall be
included as a liability); and

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

“(C) any natural person who had an indi-
vidual income in excess of $200,000 in each of
the 2 most recent years or joint income with
that person’s spouse in excess of $300,000 in
each of those years and has a reasonable expec-
tation of reaching the same income level in the
current year;

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

“(E) any natural person the Commission determines, by regulation, to have demonstrable education or job experience to qualify such person as having professional knowledge of a subject related to a particular investment, and whose education or job experience is verified by the Financial Industry Regulatory Authority or an equivalent self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934); or”.

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