

116TH CONGRESS  
1ST SESSION

# H. R. 4762

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

OCTOBER 18, 2019

Mr. HILL of Arkansas (for himself and Mr. SCHWEIKERT) introduced the following bill; which was referred to the Committee on Financial Services

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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—

9               (1) by redesignating clauses (i) and (ii) as sub-  
10       paragraphs (A) and (F), respectively; and

(2) in subparagraph (A) (as so redesignated),  
by striking “; or” and inserting a semicolon, and in-  
serting 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 subpara-  
graph (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 securi-  
ties, shall not be included as a liability (ex-  
cept that if the amount of such indebted-  
ness outstanding at the time of sale of se-  
curities exceeds the amount outstanding 60  
days before such time, other than as a re-

1           sult of the acquisition of the primary resi-  
2           dence, the amount of such excess shall be  
3           included as a liability); and

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

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

16          “(D) any natural person who is currently  
17          licensed or registered as a broker or investment  
18          adviser by the Commission, the Financial In-  
19          dustry Regulatory Authority, or an equivalent  
20          self-regulatory organization (as defined in sec-  
21          tion 3(a)(26) of the Securities Exchange Act of  
22          1934), or the securities division of a State or  
23          the equivalent State division responsible for li-  
24          censing or registration of individuals in connec-  
25          tion with securities activities;

1           “(E) any natural person the Commission  
2           determines, by regulation, to have demonstrable  
3           education or job experience to qualify such per-  
4           son as having professional knowledge of a sub-  
5           ject related to a particular investment, and  
6           whose education or job experience is verified by  
7           the Financial Industry Regulatory Authority or  
8           an equivalent self-regulatory organization (as  
9           defined in section 3(a)(26) of the Securities Ex-  
10          change Act of 1934); or”.

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

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