

**[DISCUSSION DRAFT]**

118TH 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 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) any natural person whose individual  
7                   net worth, or joint net worth with that person’s  
8                   spouse, exceeds \$1,000,000 (which amount,  
9                   along with the amounts set forth in subpara-  
10                  graph (C), shall be adjusted for inflation by the  
11                  Commission every 5 years to the nearest  
12                  \$10,000 to reflect the change in the Consumer  
13                  Price Index for All Urban Consumers published  
14                  by the Bureau of Labor Statistics) where, for  
15                  purposes of calculating net worth under this  
16                  subparagraph—

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

19                           “(ii) indebtedness that is secured by  
20                           the person’s primary residence, up to the  
21                           estimated fair market value of the primary  
22                           residence at the time of the sale of securi-  
23                           ties, shall not be included as a liability (ex-  
24                           cept that if the amount of such indebted-  
25                           ness outstanding at the time of sale of se-

1 securities exceeds the amount outstanding 60  
2 days before such time, other than as a re-  
3 sult of the acquisition of the primary resi-  
4 dence, the amount of such excess shall be  
5 included as a liability); and

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

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

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

1           censing or registration of individuals in connec-  
2           tion with securities activities;

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

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