

Union Calendar No. 275

115TH CONGRESS
1ST SESSION

H. R. 1585

[Report No. 115-375]

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

MARCH 16, 2017

Mr. SCHWEIKERT (for himself, Ms. SINEMA, Mr. ROYCE of California, Mr. HILL, Mrs. CAROLYN B. MALONEY of New York, Mr. YOHO, Mr. LAMALFA, Mr. HULTGREN, Mr. GOTTHEIMER, Mr. DAVIDSON, and Mr. POLIS) introduced the following bill; which was referred to the Committee on Financial Services

OCTOBER 31, 2017

Additional sponsor: Mr. MESSER

OCTOBER 31, 2017

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on March 16, 2017]

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 Oppor-*
5 *tunities 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*

11 *(2) in subparagraph (A) (as so redesignated), by*
12 *striking “; or” and inserting a semicolon, and insert-*
13 *ing after such subparagraph the following:*

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

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

1 “(ii) indebtedness that is secured by
2 the person’s primary residence, up to the es-
3 timated fair market value of the primary
4 residence at the time of the sale of securities,
5 shall not be included as a liability (except
6 that if the amount of such indebtedness out-
7 standing at the time of sale of securities ex-
8 ceeds the amount outstanding 60 days be-
9 fore such time, other than as a result of the
10 acquisition of the primary residence, the
11 amount of such excess shall be included as
12 a liability); and

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

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

1 “(D) any natural person who is currently
2 licensed or registered as a broker or investment
3 adviser by the Commission, the Financial Indus-
4 try Regulatory Authority, or an equivalent self-
5 regulatory organization (as defined in section
6 3(a)(26) of the Securities Exchange Act of 1934),
7 or the securities division of a State or the equiv-
8 alent State division responsible for licensing or
9 registration of individuals in connection with se-
10 curities activities;

11 “(E) any natural person the Commission
12 determines, by regulation, to have demonstrable
13 education or job experience to qualify such per-
14 son as having professional knowledge of a subject
15 related to a particular investment, and whose
16 education or job experience is verified by the Fi-
17 nancial Industry Regulatory Authority or an
18 equivalent self-regulatory organization (as de-
19 fined in section 3(a)(26) of the Securities Ex-
20 change Act of 1934); or”.

21 (b) RULEMAKING.—The Commission shall revise the
22 definition of accredited investor under Regulation D (17
23 C.F.R. 230.501 et seq.) to conform with the amendments
24 made by subsection (a).

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