

FAIR INVESTMENT OPPORTUNITIES FOR
PROFESSIONAL EXPERTS ACT

JUNE 3, 2025.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. HILL of Arkansas, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 3394]

The Committee on Financial Services, to whom was referred the bill (H.R. 3394) to amend the Securities Act of 1933 to codify certain qualifications of individuals as accredited investors for purposes of the securities laws, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

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 subparagraphs (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) with respect to a proposed sale of a security, any natural person whose individual net worth, or joint net worth with that person’s spouse or spousal equivalent, at the time of such sale, 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 such sale, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of such sale exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, 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 primary residence at the time of such sale shall be included as a liability;

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

“(D) any natural person who is—

“(i) currently licensed or registered as a broker or investment adviser by the Commission, a self-regulatory organization (as defined in section 3(a) of the Securities Exchange Act of 1934), or the securities division of a State, the District of Columbia, or a territory of the United States or the equivalent division responsible for licensing or registration of individuals in connection with securities activities; and

“(ii) in good standing with respect to such licence or registration;

“(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 a self-regulatory organization (as defined in section 3(a) of the Securities Exchange Act of 1934); or”.

(b) RULEMAKING.—Not later than 180 days after the date of enactment of this Act, the Securities and Exchange Commission shall revise the definition of accredited investor under Regulation D (17 CFR 230.500 et seq.) to conform with the amendments made by subsection (a).

PURPOSE AND SUMMARY

H.R. 3394, the *Fair Investment Opportunities for Professional Experts Act*, was introduced on May 14, 2025, by Chairman French Hill (AR–02). The purpose of the bill is to expand the “accredited investor” definition to include individuals with certain licenses, qualifying education, or job experience.

BACKGROUND AND NEED FOR LEGISLATION

The current accredited investor definition limits access to private offerings and makes it harder for companies to secure funding. To qualify as an accredited investor, an individual must have an annual income of at least \$200,000 (or \$300,000 with a spouse) for each of the previous two years or a net worth of over \$1 million

(either alone or with a spouse).¹ In August 2020, the Securities and Exchange Commission (SEC) adopted amendments to expand the accredited investor definition to include individuals with certain professional certifications or credentials from accredited educational institutions.² Despite this expansion in criteria, only 19 percent of U.S. households qualified as accredited investors in 2022 according to SEC estimates.³

The accredited investor definition is intended to limit private market investments to only those investors who are considered “sophisticated.” However, using wealth as a proxy for determining sophistication excludes a large pool of investors who may have other types of expertise or experience. By amending the definition of accredited investor to account for education and professional expertise, H.R. 3394 expands the pool of eligible investors who can participate in private placements. Under this bill, sophisticated-but-not-wealthy investors will now be able to invest in the most high-growth investment opportunities previously reserved for elite, wealthy investors.

COMMITTEE CONSIDERATION

114TH CONGRESS

On April 30, 2015, Representative David Schweikert (R-AZ) introduced H.R. 2187, the *Fair Investment Opportunities for Professional Experts Act*. Representative Krysten Sinema (D-AZ) was added subsequently as a cosponsor. This bill is an earlier iteration of H.R. 3394. The bill was referred solely to the Committee on Financial Services. The Committee on Financial Services’ Subcommittee on Capital Markets and Government Sponsored Enterprises held a hearing to examine matters relating to H.R. 2187 on June 16, 2015. On December 9, 2015, the Committee on Financial Services ordered H.R. 2187 to be reported favorably to the House of Representatives by a recorded vote of 54–2. On February 1, 2016, the House suspended the rules and passed the bill by a recorded vote of 347–8. It was received in the Senate and referred to the Committee on Banking, Housing, and Urban Affairs.

115TH CONGRESS

On March 16, 2017, Representative Schweikert introduced H.R. 1585, the *Fair Investment Opportunities for Professional Experts Act*, with Representatives Sinema, Ed Royce (R-CA), French Hill (R-AR), Carolyn Maloney (D-NY), Ted Yoho (R-FL), Doug LaMalfa (R-CA), Randy Hultgren (R-IL), Josh Gottheimer (D-NJ), Warren Davidson (R-OH), and Jared Polis (D-CO) as original cosponsors. Representative Luke Messer (R-IN) was added subsequently as a cosponsor. This bill is an earlier iteration of H.R. 3394. The bill was referred solely to the Committee on Financial Services. The Committee on Financial Services and the Subcommittee on Capital Markets, Securities, and Investment held hearings to examine matters relating to H.R. 1585 on March 22, 2017, April 26, 2017, and

¹ 17 C.F.R. § 230.501.

² See SEC Press Release 2020–191, *SEC Modernizes the Accredited Investor Definition* (Aug. 26, 2020), <https://www.sec.gov/news/press-release/2020-191>.

³ See Office of the Advocate for Small Business Capital Formation Annual Report for Fiscal Year 2024 (Dec. 2024), <https://www.sec.gov/files/2024-oasb-annual-report.pdf>.

July 18, 2017. On October 12, 2017, the Committee on Financial Services ordered H.R. 1585 to be reported favorably to the House of Representatives by a recorded vote of 58–2. On November 1, 2017, the House suspended the rules and passed the bill by voice vote. It was received in the Senate and referred to the Committee on Banking, Housing, and Urban Affairs.

116TH CONGRESS

On October 18, 2019, Representative Hill introduced H.R. 4762, the *Fair Investment Opportunities for Professional Experts Act*, with Representative Schweikert as an original cosponsor. Representatives Bryan Steil (R–WI), Davidson, Anthony Gonzalez (R–OH), and Tom Emmer (R–MN) were added subsequently as cosponsors. This bill is an earlier iteration of H.R. 3394. The bill was referred solely to the Committee on Financial Services.

117TH CONGRESS

On May 19, 2021, Representative Hill introduced H.R. 3328, the *Fair Investment Opportunities for Professional Experts Act*, with Representative Schweikert as an original cosponsor. Representative Byron Donalds (R–FL) was added subsequently as a cosponsor. This bill is an earlier iteration of H.R. 3394. The bill was referred solely to the Committee on Financial Services.

118TH CONGRESS

On February 6, 2023, Representative French Hill introduced H.R. 835, the *Fair Investment Opportunities for Professional Experts Act*, with Representative Schweikert as an original cosponsor. Representatives Donalds, Juan Vargas (D–CA), Mike Lawler (R–NY), Davidson, Steil, and Emmer were added subsequently as cosponsors. This bill is an earlier iteration of H.R. 3394. The bill was referred solely to the Committee on Financial Services. On April 26, 2023, the Committee on Financial Services ordered H.R. 835 to be reported favorably to the House of Representatives. On June 5, 2023, the House suspended the rules and passed the bill by a voice vote. It was received in the Senate and referred to the Committee on Banking, Housing, and Urban Affairs.

119TH CONGRESS

On May 14, 2025, Chairman Hill introduced H.R. 3394, the *Fair Investment Opportunities for Professional Experts Act*, with Representative Vargas as an original cosponsor. Representatives Davidson and Pete Sessions (R–TX) were added subsequently as cosponsors. The bill was referred solely to the Committee on Financial Services. The bill was attached to the February 26, 2025, hearing titled “The Future of American Capital: Strengthening Public and Private Markets by Increasing Investor Access and Facilitating Capital Formation” and the March 25, 2025, hearing titled, “Beyond Silicon Valley: Expanding Access to Capital Across America.”

On May 20, 2025, the Committee met in open session to consider, among others, H.R. 3394. The Committee ordered H.R. 3394, as amended, to be reported favorably to the House of Representatives.

RELATED HEARINGS

Pursuant to clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearings were used to develop H.R. 3394:

The Capital Markets Subcommittee of the Committee on Financial Services held a February 26, 2025, hearing titled “The Future of American Capital: Strengthening Public and Private Markets by Increasing Investor Access and Facilitating Capital Formation” and the Full Committee held a March 25, 2025, hearing titled, “Beyond Silicon Valley: Expanding Access to Capital Across America.” A discussion draft version of the bill was attached to both hearings. The following witnesses testified at the February 26, 2025, hearing: Mr. Andrew Barnell, CEO and Co-Founder, Geneoscopy; Mr. McKeever Conwell, Founder and Managing Partner, RareBreed Ventures; Ms. Rebecca Kacaba, CEO and Co-Founder, DealMaker; Ms. Anna Pinedo, Partner, Mayer Brown; and Ms. Alexandra Thornton, Senior Director, Financial Regulation, Center for American Progress. The following witnesses testified at the March 25, 2025, hearing: Mr. Steve Case, Chairman and CEO, Revolution LLC; Mr. Bill Newell, Senior Business Advisor & Former CEO, Sutro Biopharma; Ms. Candice Matthews Brackeen, General Partner, Lightship Capital; Mr. Joel Trotter, Partner, Latham & Watkins LLP; and Ms. Amanda Senn, Director of the Alabama Securities Commission.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

On May 20, 2025, the Committee ordered H.R. 3394, as amended, to be reported favorably to the House by a recorded vote of 45 yeas and 1 nay, a quorum being present. (Record Vote No. FC-101).

Before the question to report was called, the Committee adopted an amendment in the nature of a substitute, designated HILLAR_028, which made minor edits and technical changes, offered by Chairman Hill. The amendment was adopted by voice vote, a quorum being present.

Committee on Financial Services

Markup 4

Bill: H.R. 3394

May 20, 2025

Measure: H.R. 3394 (as amended)

Amdt.

Record Vote No.

Motion: to report favorably

FC-101

Disposition:

AGREED TO (45-1)

Member	Yea	Nay	Not Voting	Member	Yea	Nay	Not Voting
Chairman Hill	X			Ranking Member Waters	X		
Mr. Lucas			X	Ms. Velázquez	X		
Mr. Sessions	X			Mr. Sherman	X		
Mr. Huizenga	X			Mr. Meeks	X		
Mrs. Wagner	X			Mr. Scott	X		
Mr. Barr	X			Mr. Lynch	X		
Mr. Williams (TX)	X			Mr. Green (TX)	X		
Mr. Emmer	X			Mr. Cleaver			X
Mr. Loudermilk	X			Mr. Himes	X		
Mr. Davidson	X			Mr. Foster	X		
Mr. Rose	X			Mrs. Beatty	X		
Mr. Steil	X			Mr. Vargas	X		
Mr. Timmons	X			Mr. Gottheimer	X		
Mr. Stutzman	X			Mr. Gonzalez			X
Mr. Norman			X	Mr. Casten	X		
Mr. Meuser	X			Ms. Pressley	X		
Mrs. Kim	X			Ms. Tlaib		X	
Mr. Donalds			X	Mr. Torres (NY)	X		
Mr. Garbarino			X	Ms. Garcia (TX)	X		
Mr. Fitzgerald			X	Ms. Williams of GA	X		
Mr. Flood	X			Ms. Pettersen	X		
Mr. Lawler	X			Mr. Fields	X		
Ms. De La Cruz	X			Ms. Bynum	X		
Mr. Ogles			X	Mr. Liccardo	X		
Mr. Nunn	X						
Mrs. McClain	X						
Ms. Salazar	X						
Mr. Downing	X						
Mr. Haridopolos	X						
Mr. Moore (NC)	X						
24	0	6		21	1	2	

Committee Totals:

45	1	8
Yeas	Nays	Not Voting

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 3394 is to expand the “accredited investor” definition to include individuals with certain licenses, qualifying education, or job experience.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 3394. The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(d)(1) of rule XIII, the Committee will adopt as its own the cost estimate by the Director of the Congressional Budget Office once it has been prepared.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, a cost estimate was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

UNFUNDED MANDATES STATEMENT

The Committee has requested but not received from the Director of the Congressional Budget Office an estimate of the Federal mandates pursuant to section 423 of the *Unfunded Mandates Reform Act*. The Committee will adopt the estimate once it has been prepared by the Director.

EARMARK STATEMENT

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the resolution and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

FEDERAL ADVISORY COMMITTEE ACT STATEMENT

No advisory committees within the meaning of section 5(b) of the *Federal Advisory Committee Act* were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the *Congressional Accountability Act*.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

Section 1 provides the short title is the “Fair Investment Opportunities for Professional Experts Act.”

Section 2. Definition of accredited investor

This section amends the definition of accredited investor in Section 2 of the *Securities Act of 1933* by inserting four additional methods in which a person can be qualified as an accredited investor. First, any natural person whose individual net worth, or joint net worth with their spouse, exceeds \$1,000,000 satisfies the definition. However, the value of the person’s primary residence owed individually or jointly with his or her spouse is excluded from the net worth calculation. Second, a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000, and has a reasonable expectation of reaching the same income level in the current year, can be an accredited investor. The SEC must adjust the net worth and income amounts for inflation every five years. Third, any natural person who generally holds a current financial services related license registered with the SEC, FINRA, or issued by a State, also can be an accredited investor. Finally, any natural person that the SEC determines by regulation to have demonstrable education or job experience to qualify such person as having professional knowledge of a subject related to a given investment can be an accredited investor. However, FINRA must verify the related education or job experience.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SECURITIES ACT OF 1933

TITLE I

* * * * *

DEFINITIONS

SEC. 2. (a) DEFINITIONS.—When used in this title, unless the context otherwise requires—

(1) The term “security” means any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a “security”, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

(2) The term “person” means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof. As used in this paragraph the term “trust” shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(3) The term “sale” or “sell” shall include every contract of sale or disposition of a security or interest in a security, for value. The term “offer to sell”, “offer for sale”, or “offer” shall include every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value. The terms defined in this paragraph and the term “offer to buy” as used in subsection (c) of section 5 shall not include preliminary negotiations or agreements between an issuer (or any person directly or indirectly controlling or controlled by an issuer, or under direct or indirect common control with an issuer) and any underwriter or among underwriters who are or are to be in privity of contract with an issuer (or any person directly or indirectly controlling or controlled by an issuer, or under direct or indirect common control with an issuer). Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been offered and sold for value. The issue or transfer of a right or privilege, when originally issued or transferred with a security, giving the holder of such security the right to convert such security into another security of the

same issuer or of another person, or giving a right to subscribe to another security of the same issuer or of another person, which right cannot be exercised until some future date, shall not be deemed to be an offer or sale of such other security; but the issue or transfer of such other security upon the exercise of such right of conversion or subscription shall be deemed a sale of such other security. Any offer or sale of a security futures product by or on behalf of the issuer of the securities underlying the security futures product, an affiliate of the issuer, or an underwriter, shall constitute a contract for sale of, sale of, offer for sale, or offer to sell the underlying securities. Any offer or sale of a security-based swap by or on behalf of the issuer of the securities upon which such security-based swap is based or is referenced, an affiliate of the issuer, or an underwriter, shall constitute a contract for sale of, sale of, offer for sale, or offer to sell such securities. The publication or distribution by a broker or dealer of a research report about an emerging growth company that is the subject of a proposed public offering of the common equity securities of such emerging growth company pursuant to a registration statement that the issuer proposes to file, or has filed, or that is effective shall be deemed for purposes of paragraph (10) of this subsection and section 5(c) not to constitute an offer for sale or offer to sell a security, even if the broker or dealer is participating or will participate in the registered offering of the securities of the issuer. As used in this paragraph, the term “research report” means a written, electronic, or oral communication that includes information, opinions, or recommendations with respect to securities of an issuer or an analysis of a security or an issuer, whether or not it provides information reasonably sufficient upon which to base an investment decision.

(4) The term “issuer” means every person who issues or proposes to issue any security; except that with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions) or of the fixed, restricted management, or unit type, the term “issuer” means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued; except that in the case of an unincorporated association which provides by its articles for limited liability of any or all of its members, or in the case of a trust, committee, or other legal entity, the trustees or members thereof shall not be individually liable as issuers of any security issued by the association, trust, committee, or other legal entity; except that with respect to equipment-trust certificates or like securities, the term “issuer” means the person by whom the equipment or property is or is to be used; and except that with respect to fractional undivided interests in oil, gas, or other mineral rights, the term “issuer” means the owner of any such right or of any interest in such right (whether whole or fractional) who creates fractional interests therein for the purpose of public offering.

(5) The term "Commission" means the Securities and Exchange Commission.

(6) The term "Territory" means Puerto Rico, the Virgin Islands, and the insular possessions of the United States.

(7) The term "interstate commerce" means trade or commerce in securities or any transportation or communication relating thereto among the several States or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia.

(8) The term "registration statement" means the statement provided for in section 6, and includes any amendment thereto and any report, document, or memorandum filed as part of such statement or incorporated therein by reference.

(9) The term "write" or "written" shall include printed, lithographed, or any means of graphic communication.

(10) The term "prospectus" means any prospectus, notice, circular, advertisement, letter, or communication, written or by radio or television, which offers any security for sale or confirms the sale of any security; except that (a) a communication sent or given after the effective date of the registration statement (other than a prospectus permitted under subsection (b) of section 10) shall not be deemed a prospectus if it is proved that prior to or at the same time with such communication a written prospectus meeting the requirements of subsection (a) of section 10 at the time of such communication was sent or given to the person to whom the communication was made, and (b) a notice, circular, advertisement, letter, or communication in respect of a security shall not be deemed to be a prospectus if it states from whom a written prospectus meeting the requirements of section 10 may be obtained and, in addition, does no more than identify the security, state the price thereof, state by whom orders will be executed, and contain such other information as the Commission, by rules or regulations deemed necessary or appropriate in the public interest and for the protection of investors, and subject to such terms and conditions as may be prescribed therein, may permit.

(11) The term "underwriter" means any person who has purchased from an issuer with a view to, or offers or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking; but such term shall not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission. As used in this paragraph the term "issuer" shall include, in addition to an issuer, any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer.

(12) The term "dealer" means any person who engages either for all or part of his time, directly or indirectly, as agent, broker, or principal, in the business of offering, buying, selling,

or otherwise dealing or trading in securities issued by another person.

(13) The term “insurance company” means a company which is organized as an insurance company, whose primary and predominant business activity is the writing of insurance or the reinsuring of risks underwritten by insurance companies, and which is subject to supervision by the insurance commissioner, or a similar official or agency, of a State or territory or the District of Columbia; or any receiver or similar official or any liquidating agent for such company, in his capacity as such.

(14) The term “separate account” means an account established and maintained by an insurance company pursuant to the laws of any State or territory of the United States, the District of Columbia, or of Canada or any province thereof, under which income, gains and losses, whether or not realized, from assets allocated to such account, are, in accordance with the applicable contract, credited to or charged against such account without regard to other income, gains, or losses of the insurance company.

(15) The term “accredited investor” shall mean—

[(i)] (A) a bank as defined in section 3(a)(2) whether acting in its individual or fiduciary capacity; an insurance company as defined in paragraph (13) of this subsection; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; a Small Business Investment Company licensed by the Small Business Administration; or an employee benefit plan, including an individual retirement account, which is subject to the provisions of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, insurance company, or registered investment adviser; or];

(B) *with respect to a proposed sale of a security, any natural person whose individual net worth, or joint net worth with that person’s spouse or spousal equivalent, at the time of such sale, 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 such sale, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of such sale exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of

the primary residence, 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 primary residence at the time of such sale shall be included as a liability;

(C) any natural person who had an individual income in excess of \$200,000 in each of the 2 most recent years or joint income with that person's spouse or spousal equivalent in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(D) any natural person who is—

(i) currently licensed or registered as a broker or investment adviser by the Commission, a self-regulatory organization (as defined in section 3(a) of the Securities Exchange Act of 1934), or the securities division of a State, the District of Columbia, or a territory of the United States or the equivalent division responsible for licensing or registration of individuals in connection with securities activities; and

(ii) in good standing with respect to such licence or registration;

(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 a self-regulatory organization (as defined in section 3(a) of the Securities Exchange Act of 1934); or

[(ii)] *(F) any person who, on the basis of such factors as financial sophistication, net worth, knowledge, and experience in financial matters, or amount of assets under management qualifies as an accredited investor under rules and regulations which the Commission shall prescribe.*

(16) The terms “security future”, “narrow-based security index”, and “security futures product” have the same meanings as provided in section 3(a)(55) of the Securities Exchange Act of 1934.

(17) The terms “swap” and “security-based swap” have the same meanings as in section 1a of the Commodity Exchange Act (7 U.S.C. 1a).

(18) The terms “purchase” or “sale” of a security-based swap shall be deemed to mean the execution, termination (prior to its scheduled maturity date), assignment, exchange, or similar transfer or conveyance of, or extinguishing of rights or obligations under, a security-based swap, as the context may require.

(19) The term “emerging growth company” means an issuer that had total annual gross revenues of less than \$1,000,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest 1,000,000) during its most recently completed fiscal year. An issuer that is an emerging growth company as of the first day

of that fiscal year shall continue to be deemed an emerging growth company until the earliest of—

(A) the last day of the fiscal year of the issuer during which it had total annual gross revenues of \$1,000,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest 1,000,000) or more;

(B) the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under this title;

(C) the date on which such issuer has, during the previous 3-year period, issued more than \$1,000,000,000 in non-convertible debt; or

(D) the date on which such issuer is deemed to be a “large accelerated filer”, as defined in section 240.12b-2 of title 17, Code of Federal Regulations, or any successor thereto.

(b) CONSIDERATION OF PROMOTION OF EFFICIENCY, COMPETITION, AND CAPITAL FORMATION.—Whenever pursuant to this title the Commission is engaged in rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.

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