

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. _____
OFFERED BY MR. HILL OF ARKANSAS

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Fair Investment Op-
3 portunities for Professional Experts Act”.

4 SEC. 2. DEFINITION OF ACCREDITED INVESTOR.

5 (a) IN GENERAL.—Section 2(a)(15) of the Securities
6 Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

7 (1) by redesignating subparagraphs (i) and (ii)
8 as subparagraphs (A) and (F), respectively; and

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

12 “(B) with respect to a proposed sale of a
13 security, any natural person whose individual
14 net worth, or joint net worth with that person’s
15 spouse or spousal equivalent, at the time of
16 such sale, exceeds \$1,000,000 (which amount,
17 along with the amounts set forth in subpara-
18 graph (C), shall be adjusted for inflation by the

1 Commission every 5 years to the nearest
2 \$10,000 to reflect the change in the Consumer
3 Price Index for All Urban Consumers published
4 by the Bureau of Labor Statistics) where, for
5 purposes of calculating net worth under this
6 subparagraph—

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

9 “(ii) indebtedness that is secured by
10 the person’s primary residence, up to the
11 estimated fair market value of the primary
12 residence at the time of such sale, shall not
13 be included as a liability (except that if the
14 amount of such indebtedness outstanding
15 at the time of such sale exceeds the
16 amount outstanding 60 days before such
17 time, other than as a result of the acquisi-
18 tion of the primary residence, the amount
19 of such excess shall be included as a liabil-
20 ity); and

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

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

8 “(D) any natural person who is—

9 “(i) currently licensed or registered as
10 a broker or investment adviser by the
11 Commission, a self-regulatory organization
12 (as defined in section 3(a) of the Securities
13 Exchange Act of 1934), or the securities
14 division of a State, the District of Colum-
15 bia, or a territory of the United States or
16 the equivalent division responsible for li-
17 censing or registration of individuals in
18 connection with securities activities; and

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

21 “(E) any natural person the Commission
22 determines, by regulation, to have demonstrable
23 education or job experience to qualify such per-
24 son as having professional knowledge of a sub-
25 ject related to a particular investment, and

1 whose education or job experience is verified by
2 a self-regulatory organization (as defined in sec-
3 tion 3(a) of the Securities Exchange Act of
4 1934); or”.

5 (b) RULEMAKING.—Not later than 180 days after the
6 date of enactment of this Act, the Securities and Ex-
7 change Commission shall revise the definition of accred-
8 ited investor under Regulation D (17 CFR 230.500 et
9 seq.) to conform with the amendments made by subsection
10 (a).

