

February 26, 2025

The Honorable Ann Wagner
Chair
Subcommittee on Capital Markets
Committee on Financial Services
United States House of Representatives

The Honorable Brad Sherman
Ranking Member
Subcommittee on Capital Markets
Committee on Financial Services
United States House of Representatives

RE: Accredited Investor Alliance – Please Consider Legislation to Expand the Accredited Investor Definition, Which Would Help Promote Substantial Capital Formation

Dear Chair Wagner and Ranking Member Sherman:

Thank you for scheduling the February 26, 2025, hearing to examine *The Future of American Capital: Strengthening Public and Private Markets by Increasing Investor Access and Facilitating Capital Formation*.

The undersigned organizations and companies, which comprise the Accredited Investor Alliance (AIA), urge you to consider and approve legislation that would simplify and expand the accredited investor definition. Stakeholders established the AIA in 2024 to advocate for expanding the pool of accredited investors, which would support individual investors and those saving for retirement and advance businesses of all sizes – both early-stage and established – across the economy.

Meaningfully expanding the pool of accredited investors while preserving appropriate investor protections would help democratize access to investment opportunities and foster capital formation, ensuring that a broader demographic can partake in the financial growth and innovation our country offers.

The AIA specifically advocates for a detailed and multifaceted examination of the accredited investor definition by Congress and the Securities and Exchange Commission (SEC), taking into account the broader dynamics of our ever-changing economy and the increasingly pivotal role of private markets.

The AIA believes that income and net worth thresholds alone are not determinative of a person's financial sophistication or acumen, and that there should be additional pathways for individuals to qualify as accredited investors.¹

¹ The SEC in 2020 expanded the accredited investor definition to include individuals with a Series 7, 65 and 82 license, but additional and appropriate credentials, including the Series 66, CPA, CFP and CFA designations, were not included. Moreover, the SEC has not proposed expansion to qualifying education and job experience.

We also believe that the current conduct standards applicable to financial professionals working with investors, such as the investment adviser fiduciary duty and the broker-dealer's best interest standard, are sufficiently robust and provide adequate safeguards to ensure that recommended investments are suitable for and in the best interest of investors.

Bipartisan legislation has been consistently and overwhelmingly advanced by the House of Representatives over several Congresses. **The AIA is grateful to you for championing the *Fair Investment Opportunities for Professional Experts Act*** last Congress, which the House passed on June 5, 2023. As you know, this important bill would include individuals with certain licenses and qualifying education or job experience to qualify as an accredited investor.

On March 8, 2024, the House passed the ***Expanding Access to Capital Act***, a package of capital formation legislation previously examined by the Financial Services Committee. The package incorporated several bills dealing with the accredited investor definition, including legislation to include as accredited investors individuals who receive individualized investment advice or individualized investment recommendations with respect to a private offering from a qualified professional.

The AIA is also encouraged by provisions from Senate Banking Committee Chairman Tim Scott's capital formation bill introduced last Congress, the ***Empowering Main Street in America Act***, that would expand the definition of accredited investor to include individuals that successfully pass a qualitative examination.

Thank you again for convening the House Financial Services Committee hearing to examine policies that will boost capital formation. The AIA appreciates your consideration of straightforward legislation that would meaningfully expand the accredited investor definition, which would enable investors and those saving for retirement to grow and diversify their investment portfolios.

Sincerely,

The Accredited Investor Alliance

American Securities Association
Angel Capital Association
CAIS
Carta
Engine
Financial Services Institute (FSI)
Financial Technology Association

Inland Empire Real Estate Group
Institute for Portfolio Alternatives
Investment Adviser Association
NAIFA
Small Business & Entrepreneurship Council
Small Business Investor Alliance

CC: The Honorable French Hill
The Honorable Maxine Waters