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## Hedge Fund Association Supports The House's Approval of Expanded Accredited Investor Definition, Following December 5th Bi-Partisan Passage of H.S. 6247

**NEW YORK, NY – December 16, 2016** – The Hedge Fund Association (“HFA”) is pleased to report that on December 5, 2016 the U.S. House of Representatives passed H.R. 6427, the Creating Financial Prosperity for Businesses and Investors Act, which along with other financial service reforms, provides for the addition of a knowledge and education-based category of accredited investors. H.R. 6427 amends Section 2(a)(15) of the Securities Act of 1933, expanding the definition of “accredited investor” that determines which investors may participate in private securities offerings not registered with the U.S. Securities and Exchange Commission (SEC). This definitional change was originally included in H.R. 2187, which passed on February 1, 2016. The HFA, an international not-for-profit organization representing the interests of investors, hedge funds and service providers, believes that the bill provides a much needed practical update to the current definition, while promoting capital formation.

“The Hedge Fund Association applauds the bipartisan passage of H.R. 6427. HFA will continue to support reasonable changes by Congress and the SEC to the accredited investor definition, and the private offering exemptions in general, provided such changes enhance investor protection while simultaneously enabling greater access by knowledgeable professionals to alternative investment funds,” said Mitch Ackles, HFA President.

H.R. 6427’s revisions incorporate the income and net worth requirements for natural persons found in the SEC’s Rule 501(a) of Regulation D, and add language requiring the SEC to adjust these dollar thresholds for inflation every five years, based on the Consumer Price Index. Significantly, the House bill also expands the list of accredited investors to include the following individuals, regardless of whether they meet the income or net worth requirements:

- (a) brokers or investment advisers licensed or registered with the SEC, FINRA or other self-regulatory organization (SRO) (e.g., NFA), or any state regulatory authority; and
- (b) any other natural person the SEC determines by rule to have professional knowledge related to an investment and whose education and job experience is verified by FINRA or another SRO.

“HFA supports verifiable knowledge-based standards to expand the universe of accredited investors and encourages the Senate to take up and approve the House bill soon as practical” commented Simon Riveles of HFA’s Regulatory Affairs Committee and Partner at Riveles Wahab LLP. Updating the accredited investor definition has been an important goal for both Congress and the SEC since the passage of The Dodd-Frank Act Wall Street Reform and Consumer Protection Act. An official report released by the SEC staff in December 2015 included 11 possible revisions to Rule 501(a). The HFA previously encouraged the SEC to make sensible changes to the accredited investor definition and avoid revisions that are disruptive to the capital markets.

### About The Hedge Fund Association

The Hedge Fund Association, HFA, is a leading global nonprofit trade and nonpartisan lobbying organization devoted to advancing transparency, development, education and trust in alternative investments. HFA’s global presence spans 5 continents. Membership in HFA includes hedge fund firms, global financial institutions with hedge fund offerings including private banks, asset management firms and broker dealers, investors including funds of hedge funds, family offices, public and private pension funds, endowments and foundations, high-net-worth individuals, allocators and service providers including prime brokers, administrators, custodians, auditors, attorneys, risk managers, technology firms, third party marketers and other industry consultants. To learn more please visit the [www.HedgeFundAssoc.org](http://www.HedgeFundAssoc.org).

Note about Accredited Investors: Income and net worth requirements for natural persons found in the SEC’s Rule 501(a) of Regulation D are annual income of \$200,000 individually, or \$300,000 jointly with a person’s spouse, in each of the two most recent years, with an expectation of reaching the same income level in the current year; net worth of \$1 million individually or jointly with a person’s spouse, excluding the positive equity in such person’s primary residence.

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