
SEC Staff Issues No Action Letter Addressing Accredited Investor Status Verification in Rule 506(c) Offerings Based on Minimum Investment Amounts

Date: 06/11/25

In a no action letter dated March 12, 2025 (the “NAL”), the staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “SEC”) responded to a request dated March 6, 2025 (the “Request”) from Latham & Watkins LLP for interpretative guidance regarding Rule 506(c) of Regulation D under the Securities Act of 1933 (the “Securities Act”). In particular, the Request asked that the Staff concur with an interpretation of Rule 506(c) to the effect that an issuer will have taken the required reasonable steps to verify a purchaser’s accredited investor status in an offering conducted under Rule 506(c) if the issuer (1) requires purchasers to agree to minimum investment amounts of at least \$200,000 for individuals and at least \$1,000,000 for entities, (2) obtains written representations from each purchaser that it is an accredited investor and that no third-party financing is being used to fund its minimum investment amount and (3) has no actual knowledge that any purchaser is not an accredited investor or is using third-party financing for its minimum investment amount. In the NAL, the Staff agreed that an issuer could reasonably conclude that, as required under Rule 506(c), it had taken reasonable steps to verify that the purchasers in an offering that complied with the foregoing requirements were accredited investors.

The Request is available [here](#), the NAL is available [here](#), and the text of Rule 506 is available [here](#).

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