
SEC Adopts Amendments to "Accredited Investor" Net Worth Test to Exclude Primary Residence

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On December 21, 2011, the Securities and Exchange Commission ("SEC") adopted amendments that change the definition of "accredited investor" in its rules under the Securities Act of 1933, as amended ("Securities Act"), in accordance with the requirements of Section 413(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). As required by Section 413(a) of the Dodd-Frank Act, which became effective upon the Dodd-Frank Act's enactment, the SEC's new rules exclude the value of a person's primary residence for the purposes of determining whether that person is an "accredited investor" on the basis of having a net worth in excess of \$1,000,000. The SEC's revised definition of "accredited investor" is largely consistent with the approach taken in the SEC's proposing release of January 25, 2011³ and with the SEC staff's initial analysis of Section 413(a).⁴ The SEC also adopted technical amendments to Form D and to some of its other rules to conform them to the requirements of Section 413(a).

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