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## SEC Proposes Amendments Regarding the Accredited Investor Definition

The Securities and Exchange Commission (the "SEC") recently proposed amendments (the "Proposed Amendments") to the Securities Act of 1933 to reflect the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") relative to the definition of "accredited investor" under Rule 501 of Regulation D. The Proposed Amendments seek to codify Section 413(a) of the Dodd-Frank Act, which required the definition of "accredited investor" to exclude the value of a person's primary residence for purposes of determining whether such person qualifies as an "accredited investor" under the \$1 million net worth test.

Under the Proposed Rules, the accredited investor net worth standard for natural persons would be as follows:

Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase, exceeds \$1,000,000, excluding the value of the primary residence of such natural person, calculated by subtracting from the estimated fair market value of the property the amount of debt secured by the property, up to the estimated fair market value of the property.

It should be noted that Section 413(a) of the Dodd-Frank Act was effective when enacted on July 21, 2010. The Proposed Amendments, therefore, will not substantially alter the accredited investor definition post-Dodd-Frank.

Should you wish to coordinate comment with Miller & Martin's Securities Practice Group or have questions regarding the Proposed Amendments, please contact [Scott McGinness](mailto:smcginness@millermartin.com) at [smcginness@millermartin.com](mailto:smcginness@millermartin.com), [Lance Bridgesmith](mailto:lpbridgesmith@millermartin.com) at [lpbridgesmith@millermartin.com](mailto:lpbridgesmith@millermartin.com), [Clint Cromwell](mailto:ccromwell@millermartin.com) at [ccromwell@millermartin.com](mailto:ccromwell@millermartin.com) or any other member of [Miller & Martin's Securities Practice Group](#).

*The opinions expressed in this bulletin are intended for general guidance only. They are not intended as recommendations for specific situations. As always, readers should consult a qualified attorney for specific legal guidance. Should you need assistance from a Miller & Martin attorney, please call 1-800-275-7303.*

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