

That said, Mr. HILL's bill is sensible. It would return to the original concept of the accredited investor, focusing on investors who are knowledgeable about the risks of private securities.

I would also point out that while we are protecting investors, another function of our securities laws is to help companies raise capital and, obviously, this bill will help many companies to raise the capital they need to expand; so I believe that is a balanced bill.

I look forward to other steps to change the accredited investor framework. I urge my colleagues to support this bill, and I yield back the balance of my time.

Mrs. WAGNER. Mr. Speaker, I would just simply urge my colleagues to support H.R. 835, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise today in support of H.R. 835, the Fair Investment Opportunities for Professional Experts Act.

H.R. 835 would expand the eligibility criteria for an accredited investor for purposes of participating in private offerings of securities to include an individual determined by the Securities and Exchange Commission (SEC) to have qualifying professional knowledge through educational or professional experience.

The current definition of an accredited investor relies on a net worth threshold for individuals and households irrespective of the sophistication of the would-be investors.

Traditionally, the accredited investor threshold has been determined through asset and income tests, resulting in both an under- and overinclusive definition that leaves out sophisticated investors who may not meet financial thresholds while including a wealthy person with no experience in financial markets.

Excluding these individuals unfairly limits Americans' participation in capital markets.

This bill would increase the total number of Americans eligible to purchase restricted securities.

H.R. 835 would amend the Securities Act of 1933 to codify certain qualifications of individuals as accredited investors for the purposes of the securities laws.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Missouri (Mrs. WAGNER) that the House suspend the rules and pass the bill, H.R. 835, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

ACCREDITED INVESTOR DEFINITION REVIEW ACT

Mrs. WAGNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1579) to amend the Securities Act of 1933 and the Dodd-Frank Wall Street Reform and Consumer Protection Act with respect to the definition of accredited investor, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1579

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Accredited Investor Definition Review Act".

SEC. 2. CERTIFICATIONS, DESIGNATIONS, AND CREDENTIALS UNDER THE DEFINITION OF ACCREDITED INVESTOR.

Section 2(a)(15) of the Securities Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

(1) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(2) in subparagraph (A), as so redesignated, by striking "adviser; or" and inserting "adviser";

(3) in subparagraph (B), as so redesignated, by striking the period at the end and inserting "or"; and

(4) by adding at the end the following:

"(C) an individual holding such certifications, designations, or credentials as the Commission determines necessary or appropriate in the public interest or for the protection of investors, where such list of certifications, designations, or credentials shall be no less broad than those certifications, designations, or credentials described in the amendments made to section 230.501 of title 17, Code of Federal Regulations, by the final rule of the Commission titled 'Accredited Investor Definition' (85 Fed. Reg. 64234; published October 9, 2020)."

SEC. 3. PERIODIC REVIEW OF CERTIFICATIONS, DESIGNATIONS, AND CREDENTIALS.

Section 413(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 77b note) is amended by adding at the end the following:

"(3) PERIODIC REVIEW OF CERTIFICATIONS, DESIGNATIONS, AND CREDENTIALS.—Not later than 18 months after the date of the enactment of this paragraph and not less frequently than once every 5 years thereafter, the Commission shall—

"(A) review the list of certifications, designations, and credentials accepted with respect to meeting the requirements of the definition of 'accredited investor' under section 2(a)(15) of the Securities Act of 1933 (15 U.S.C. 77b(a)(15)) and rules issued pursuant to such section;

"(B) add such certifications, designations, and credentials to such list as the Commission determines are substantially similar in measuring the financial sophistication, knowledge, and experience in financial matters of an individual to the certifications, designations, and credentials included on such list at the time of such review; and

"(C) adjust or modify such list as the Commission determines necessary or appropriate in the public interest or for the protection of investors."

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Missouri (Mrs. WAGNER) and the gentleman from California (Mr. SHERMAN) each will control 20 minutes.

The Chair recognizes the gentlewoman from Missouri.

GENERAL LEAVE

Mrs. WAGNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mrs. WAGNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1579, the Accredited Investor Definition Review Act.

I thank my colleagues, Congressmen HUIZENGA and LAWLER, for working on this important piece of legislation that balances increasing investor opportunities with investor protection.

Currently, to qualify as an accredited investor, an individual must have an annual income of at least \$200,000 or a net worth of over \$1 million. These thresholds exclude many sophisticated but not wealthy investors from participating in high-growth private companies.

H.R. 1579 requires the SEC to review and update the list of certifications, designations, and credentials that an investor must satisfy to qualify as an accredited investor every 5 years, ensuring that the definition remains relevant and accessible.

By supporting H.R. 1579, we can create a more democratized investment landscape, where more Americans have the opportunity to invest in high-growth private companies, not just the wealthy elite.

This bill provides a pathway for sophisticated investors of all backgrounds to accumulate wealth and participate in the success of private companies.

Mr. Speaker, in short, by expanding the definition of accredited investors and promoting greater access to private investments, H.R. 1579 will help to level the playing field and ensure that all Americans have an opportunity to participate in the growth and success of our economy.

For this reason, I urge my colleagues to support H.R. 1579.

Mr. Speaker, I reserve the balance of my time.

Mr. SHERMAN. Mr. Speaker, I rise in support of H.R. 1579, and I yield myself such time as I may consume.

The Accredited Investor Definition Review Act is, of course, sponsored by the gentleman from Michigan. The accredited investor definition is out of date and needs changing. A lot of these comments relate to the comments I made on the previous bill.

The current definition is based on wealth, which is not really a proxy for an individual's knowledge or experience. It may, in part, be a proxy for their ability to absorb losses; but the wealth standard was established in 1982 and hasn't been revised, so it was either wrong then or it is wrong now.

Further, the amount of wealth required to meet the accredited investor threshold, of course, has been eroded and, as I said speaking of the prior bill, has gone from 2 percent of our Nation to 20 percent of our Nation.

So we need to define who Wall Street can sell risky and illiquid products to, and not those who have created a nest egg, which is so much smaller than the nest egg in terms of purchasing value that we required when these standards were developed.

The SEC may establish a definition to protect working families from these

high-risk products, while allowing those who are knowledgeable to make the investment.

Mr. HUIZENGA's Accredited Investor Definition Review Act reaffirms the authority of the SEC to review the credentials that will qualify an accredited investor and update the list of credentials. This ensures that the definition is not stagnant and changes with the times.

As a result, more investors will have access to private markets while ensuring that they have the adequate knowledge base to understand the risks involved.

I would add that perhaps wealth shouldn't be an entryway to investments. It should be exclusively based on one's knowledge. If we did that, we would want to look not only at the knowledge of the investor, but the knowledge of their advisers, but only if those advisers were truly independent, because an investor being advised by someone who earns a commission or someone who gets referrals from the promoter is not a truly independent adviser.

So this bill moves us forward to doing something that should have been done many years ago. We are stuck with rules drafted in 1982. This bill requires the SEC to begin the process of revising those rules. I urge my colleagues to vote "yes" on this important bill.

Mr. Speaker, I reserve the balance of my time.

Mrs. WAGNER. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. HUIZENGA), the author of the bill, who is also chairman of the Oversight and Investigation Subcommittee of the Committee on Financial Services.

Mr. HUIZENGA. Mr. Speaker, this is an issue that is near and dear to me, having spent virtually my entire legislative career on the Capital Markets Subcommittee, including a time as the chair and ranking member, and this is something that many of us have been working on for a long time.

Thanks also to Chairman MCHENRY for setting out an ambitious agenda to strengthen and expand access to our capital markets.

The legislation being considered here today, both the previous bill, H.R. 835, and my bill, H.R. 1579, make good on this promise while increasing opportunity for small businesses, as well as investors in Michigan's Fourth Congressional District and across America.

Under Gary Gensler, the Securities and Exchange Commission continues to blow past their longstanding three-part mission to protect investors; maintain fair, orderly, and efficient markets; and to facilitate capital formation with a number of other things that are well beyond that. We are here today to refocus the SEC on its core mission to help more Americans participate in our capital markets.

During our bipartisan effort, we have heard uplifting stories from Americans

who inspire a new generation of entrepreneurs.

Look, we all know some very hard-working, middle-income folks who know how to manage their money and manage their money well. Frankly, we probably all also know stories of wealthy people who, frankly, don't have a clue financially, and I would never turn over our money to them to manage or to invest.

So let's talk about a couple of those people in the first category. I start, first, with a woman named Omi Bell. Omi Bell founded Black Girl Ventures, an organization focused on providing women of color with access to community networks, capital, and capacity building to develop and grow their businesses. Omi does that right here in Washington, D.C.

Omi testified before our Subcommittee on Capital Markets that her mother invested \$10,000 of her own retirement to support Omi's first business venture. Yet her mom was not considered an accredited investor and, despite her desire to support her daughter's ambitions, she could have been disallowed from investing in that.

We also heard testimony from David Olivencia. He is the CEO and cofounder of Angeles Investors, who, while earning his MBA from Notre Dame, learned about startups and how early-stage investments could lead to outsized returns.

Unfortunately for David, as he told his story, he said he did not qualify as an accredited investor because his immigrant family did not have wealth that he could inherit.

That is a horrible way, Mr. Speaker, to decide whether someone should or can invest in a dream and in something that they know about. I can tell you this: Both Omi and David are all too common in the investment world. While innovators often turn to their local communities for support, they often lack the ability to reach those investors, those truly accredited investors, who can make a huge impact.

Mr. Speaker, under current law, accredited investors are allowed to purchase securities that have not been registered with the SEC. These types of offerings carry more risk than public offerings. In theory, individuals with enough financial sophistication or net worth—again, those are two different things—can bear the potential losses that may be associated with these types of securities.

My bill, the Accredited Investor Definition Review Act, would require the SEC to incorporate "certifications, designations, or credentials that further the purpose of accredited investor definition."

The bill would expand investment opportunities for knowledgeable investors and provide small business job creators with additional sources of funding.

The current definition the SEC uses to identify accredited investors is outdated and based solely and wrongly on

wealth and net income. You shouldn't have to be a millionaire to be an accredited investor.

The ability to participate in a private offering should not be limited to individuals that pass some sort of Federal Government assets test. Instead, participation should be expanded to include all individuals that can demonstrate they have sufficient understanding of the offering.

Mr. Speaker, my legislation is about leveling the playing field. Do you see the theme, by the way? The theme from the Republicans and, I believe, many on the other side is this: We want to make sure that we allow all Americans to participate in our economic system.

So whether it is in Kalamazoo or Portage, whether it is in Benton Harbor or St. Joe, or Battle Creek or in Springfield, investors should be able to support small business startups in their local community across southwest Michigan and around the Nation.

I look forward to continued bipartisan support for this issue. I thank the chairwoman of the Subcommittee on Capital Markets and the ranking member, Mr. SHERMAN, as well as Representative LAWLER, for their work. I look forward to getting this across the finish line and helping the American people and American small businesses.

Mrs. WAGNER. Mr. Speaker, I reserve the balance of my time.

Mr. SHERMAN. Mr. Speaker, I have no further speakers and I am prepared to close. I yield myself the balance of my time.

I want to respond to the comments from the gentleman from Michigan to some degree. I think I speak for the majority of the Democratic Caucus that we have a balanced view. We want investor protection, and we want investments to be made in private offerings by those who understand the risk and understand the company they are investing in.

The idea that we would open the door to every investment and allow an unlimited number of people with no particular expertise or meeting other standards would mean that we wouldn't have any initial public offerings. Every company would become a public company. We wouldn't have an SEC. That is not where we want to go.

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This bill is consistent with that balanced view. The gentleman from Michigan also says he thinks the SEC is being distracted and is not carrying out its core mission.

Just today, they went after a crypto exchange, and I can't think of anything more essential to their core mission.

Another controversy is whether investors in public companies will be given information about the environmental and carbon effects of the company. Many investors want that information, and giving investors information that many of them want is a core definition of the SEC.

Finally, the gentleman from Michigan puts forward a very inaccurate view of our current law. It is not true that you can't invest in your brother-in-law's pizzeria unless you have a million dollars in net worth. If that were true, I couldn't get a pizza on Ventura Boulevard.

The fact is that we do allow up to 35 unaccredited investors in private offerings, and the vast majority of what we think of as the really small businesses, the ones up and down Ventura Boulevard—the pizzeria, the restaurant, whatever—fit into that category.

We do have a securities law system that works pretty well. We can improve it. This bill does that. The SEC should amend its accredited investor definition to better protect investors and retirees from being solicited for high-risk, unsustainable products just because they meet an asset threshold that hasn't been revised in 40 years.

I urge the SEC to review that asset threshold as part of the periodic review required by this bill.

Mr. Speaker, I urge my colleagues to support this bill and to support a balanced investor protection regime, and I yield back the balance of my time.

Mrs. WAGNER. Mr. Speaker, I strongly urge my colleagues to support H.R. 1579, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise today in support of H.R. 1579, the Accredited Investor Definition Review Act of 2023.

This bill revises who may be considered an accredited investor for purposes of participating in private offerings of securities.

Certain unregistered securities may only be offered to accredited investors.

Specifically, the bill allows the Securities and Exchange Commission (SEC) discretion in determining what certifications, designations, or credentials investors must possess for purposes of investor protection, provided that the credentials are at least as broad as the existing regulations.

Additionally, the SEC must review these credentials every five years.

This bill amends the definition of investor in the Securities Act of 1933 by adding the following language:

“(C) an individual holding such certifications, designations, or credentials as the Commission determines necessary or appropriate in the public interest or for the protection of investors, where such list of certifications, designations, or credentials shall be no less broad than those certifications, designations, or credentials described in the amendments made to section 230.501 of title 17, Code of Federal Regulations, by the final rule of the Commission titled ‘Accredited Investor Definition’ (85 Fed. Reg. 64234; published October 9, 2020).”

This amendment will give small business startups and everyday citizens in Houston and around the U.S. the opportunity to participate in the growth and success of our economy.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Missouri (Mrs. WAGNER) that the House suspend the rules and pass the bill, H.R. 1579, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

NATIONAL SENIOR INVESTOR INITIATIVE ACT OF 2023

Mrs. WAGNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2593) to create an interdivisional taskforce at the Securities and Exchange Commission for senior investors, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2593

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “National Senior Investor Initiative Act of 2023” or the “Senior Security Act of 2023”.

SEC. 2. SENIOR INVESTOR TASKFORCE.

Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d) is amended by adding at the end the following:

“(1) SENIOR INVESTOR TASKFORCE.—

“(1) ESTABLISHMENT.—There is established within the Commission the Senior Investor Taskforce (in this subsection referred to as the ‘Taskforce’).

“(2) DIRECTOR OF THE TASKFORCE.—The head of the Taskforce shall be the Director, who shall—

“(A) report directly to the Chairman; and

“(B) be appointed by the Chairman, in consultation with the Commission, from among individuals—

“(i) currently employed by the Commission or from outside of the Commission; and

“(ii) having experience in advocating for the interests of senior investors.

“(3) STAFFING.—The Chairman shall ensure that—

“(A) the Taskforce is staffed sufficiently to carry out fully the requirements of this subsection; and

“(B) such staff shall include individuals from the Division of Enforcement, Office of Compliance Inspections and Examinations, and Office of Investor Education and Advocacy.

“(4) NO COMPENSATION FOR MEMBERS OF TASKFORCE.—All members of the Taskforce appointed under paragraph (2) or (3) shall serve without compensation in addition to that received for their services as officers or employees of the United States.

“(5) MINIMIZING DUPLICATION OF EFFORTS.—In organizing and staffing the Taskforce, the Chairman shall take such actions as may be necessary to minimize the duplication of efforts within the divisions and offices described under paragraph (3)(B) and any other divisions, offices, or taskforces of the Commission.

“(6) FUNCTIONS OF THE TASKFORCE.—The Taskforce shall—

“(A) identify challenges that senior investors encounter, including problems associated with financial exploitation and cognitive decline;

“(B) identify areas in which senior investors would benefit from changes in the regulations of the Commission or the rules of self-regulatory organizations;

“(C) coordinate, as appropriate, with other offices within the Commission, other taskforces that may be established within the Commission, self-regulatory organiza-

tions, and the Elder Justice Coordinating Council; and

“(D) consult, as appropriate, with State securities and law enforcement authorities, State insurance regulators, and other Federal agencies.

“(7) REPORT.—The Taskforce, in coordination, as appropriate, with the Office of the Investor Advocate and self-regulatory organizations, and in consultation, as appropriate, with State securities and law enforcement authorities, State insurance regulators, and Federal agencies, shall issue a report every 2 years to the Committee on Banking, Housing, and Urban Affairs and the Special Committee on Aging of the Senate and the Committee on Financial Services of the House of Representatives, the first of which shall not be issued until after the report described in section 3 of the National Senior Investor Initiative Act of 2023 has been issued and considered by the Taskforce, containing—

“(A) appropriate statistical information and full and substantive analysis;

“(B) a summary of recent trends and innovations that have impacted the investment landscape for senior investors;

“(C) a summary of regulatory initiatives that have concentrated on senior investors and industry practices related to senior investors;

“(D) key observations, best practices, and areas needing improvement, involving senior investors identified during examinations, enforcement actions, and investor education outreach;

“(E) a summary of the most serious issues encountered by senior investors, including issues involving financial products and services;

“(F) an analysis with regard to existing policies and procedures of brokers, dealers, investment advisers, and other market participants related to senior investors and senior investor-related topics and whether these policies and procedures need to be further developed or refined;

“(G) recommendations for such changes to the regulations, guidance, and orders of the Commission and self-regulatory organizations and such legislative actions as may be appropriate to resolve problems encountered by senior investors; and

“(H) any other information, as determined appropriate by the Director of the Taskforce.

“(8) REQUEST FOR REPORTS.—The Taskforce shall make any report issued under paragraph (7) available to a Member of Congress who requests such a report.

“(9) SUNSET.—The Taskforce shall terminate after the end of the 10-year period beginning on the date of the enactment of this subsection.

“(10) SENIOR INVESTOR DEFINED.—For purposes of this subsection, the term ‘senior investor’ means an investor over the age of 65.

“(11) USE OF EXISTING FUNDS.—The Commission shall use existing funds to carry out this subsection.”.

SEC. 3. GAO STUDY.

(a) STUDY.—Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress and the Senior Investor Taskforce the results of a study of financial exploitation of senior citizens.

(b) CONTENTS.—The study required under subsection (a) shall include information with respect to—

(1) economic costs of the financial exploitation of senior citizens—

(A) associated with losses by victims that were incurred as a result of the financial exploitation of senior citizens;

(B) incurred by State and Federal agencies, law enforcement and investigatory agencies,