

WEEKLY REAL ESTATE NEWS

More Americans Could Soon Qualify to Invest in Private Securities



The **House of Representatives** passed a bill that would allow more people to invest in private securities. The bill, **H.R. 2797**, would create a new test that would be administered by **FINRA**. The test would cover topics such as securities laws, investment risks, and financial planning. Individuals who pass the test would be certified as accredited investors.

The current standard for accredited investors is based on wealth and income. To be an **accredited investor**, an individual must have a net worth of at least \$1 million, excluding their primary residence, or have an annual income of at least \$200,000 (\$300,000 for couples filing jointly). The bill was passed by a vote of 383-18. It now moves to the Senate for consideration.

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Benefit and Drawback

Benefit:

Following passage of the bill, a spokeswoman for the **American Investment Council**, a private equity trade group, said in an email that AIC supports “responsible programs that enable more Americans to have access to private markets as it will increase their investment opportunities and their ability to save for retirement.”

Drawback:

Some **legislators voiced concern** that retail investors lack the knowledge and savvy to understand private placements, which tend to be opaque, risky and illiquid. It exposes more to **RISK** the investor who do not fully understand **private placement offering**.

FINAL THOUGHT...



This bill is a solution for individuals who are **eager to invest** but are not millionaires or billionaires. These individuals possess the intelligence to assess risks and make informed decisions. If they are willing to take those risks, they should be allowed to do so.

What are your thoughts on this topic?