



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

January 15, 2016

H.R. 2187

**A bill to direct the Securities and Exchange Commission to revise
its regulations regarding the qualifications of natural persons
as accredited investors**

*As ordered reported by the House Committee on Financial Services
on December 9, 2015*

Current law provides a number of exemptions from the requirement that securities be registered with the Securities and Exchange Commission (SEC) prior to being sold to the public. Central to those exemptions is the accredited investor, a person with sufficient financial sophistication and ability to sustain the risk of loss so as to render the protections from the registration process unnecessary. Accredited investors may participate in investment opportunities not available to non-accredited investors.

H.R. 2187 would broaden the definition of the accredited investor to include licensed brokers or investment advisors and individuals with professional knowledge related to a particular investment that is verified by certain regulatory authorities.

Based on information from the SEC, CBO estimates that implementing H.R. 2187 would cost less than \$500,000 over the 2016-2020 period for rulemaking activities related to the change in definition. Under current law, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, we estimate that implementing H.R. 2187 would have a negligible effect on net discretionary costs, assuming appropriation actions consistent with that authority.

Enacting H.R. 2187 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 2187 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

H.R. 2187 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.