

H.R. 1579, Accredited Investor Definition Review Act

As ordered reported by the House Committee on Financial Services on April 26, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold
* = between -\$500,000 and \$500,000.			

H.R. 1579 would expand the definition of an accredited investor under the Securities Act of 1933 to include individuals with certifications, designations, or credentials that the Securities and Exchange Commission (SEC) determines are in the public interest. The bill would require the SEC to establish and review a list of accepted certifications, designations, and credentials once every five years and make amendments when necessary. Under current law, accredited investors are defined as people or entities with sufficient financial sophistication and resources to sustain the risk of loss, including banks, broker-dealers, and investment companies. Accredited investors may participate in investment opportunities not available to nonaccredited investors, such as purchasing securities that are exempt from registration with the SEC.

Using information about the cost of similar provisions, CBO estimates that implementing H.R. 1579 would cost less than \$500,000. Because the SEC is authorized to collect fees each year to offset its annual appropriation, CBO expects that the net effect on discretionary spending over the 2023-2028 period would be negligible, assuming appropriation actions consistent with that authority.

If the SEC increases fees to offset the costs associated with implementing the bill, H.R. 1579 would increase the cost of an existing mandate on private entities required to pay those

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



assessments. CBO estimates that the incremental cost of that mandate would be small and fall below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for private-sector mandates (\$198 million in 2023, adjusted annually for inflation).

H.R. 1579 contains no intergovernmental mandates as defined in UMRA.

The CBO staff contacts for this estimate are David Hughes (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by Theresa Gullo, Director of Budget Analysis.

A handwritten signature in black ink, appearing to read 'Phillip L. Swagel'.

Phillip L. Swagel
Director, Congressional Budget Office