Press Release

The Accredited Investor Definition: a Primer

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The Securities and Exchange Commissions' accredited investor definition limits the availability of private investments – investments offered with limited public disclosure of financial details – to investors who satisfy either a wealth, income, or professional qualifications standard. In a new primer, Policy Fellow Oren Swagel reviews the accredited investor definition and potential reforms to this definition.

Key points:

- The accredited investor definition was created with the intention of protecting unsophisticated investors from potentially risky investments and ensuring that investors in private investments have enough financial resources to sustain any losses.
- Critics argue that the accredited investor definition is outdated, unreasonably equates financial resources to financial sophistication, and unfairly restricts access to potentially higher-returning private investments.
- Policymakers have signaled increased interest in updating the accredited investor definition; the House of Representatives recently passed the Incentivizing New Ventures and Economic Strength Through Capital Formation (INVEST) Act of 2025 on a bipartisan basis to, among other provisions, reform the accredited investor definition, and the Senate Banking Committee may introduce similar legislation.

Read the analysis.