

## Overview of Proposed Changes to the “Accredited Investor” Definition

Category	Current Definition	Proposed Amended Definition
<p>Rule 501(a)(1) – Certain Regulated Entities</p>	<ul style="list-style-type: none"> <li>● Any bank as defined in Section 3(a)(2) of the Securities Act</li> <li>● Any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity</li> <li>● Any broker or dealer registered pursuant to Section 15 of the Exchange Act</li> <li>● Any insurance company as defined in Section 2(a)(13) of the Securities Act</li> <li>● Any investment company registered under the Investment Company Act of 1940 (the Investment Company Act)</li> <li>● A business development company as defined in Section 2(a)(48) of the Investment Company Act</li> <li>● Any Small Business Investment Company licensed by the US Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958</li> <li>● Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000</li> <li>● Any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 (ERISA) if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors</li> </ul>	<p>Same, <b><u>and adds</u></b></p> <ul style="list-style-type: none"> <li>● <b><u>Any investment adviser registered pursuant to Section 203 of the Investment Advisers Act of 1940 (the Advisers Act) or registered pursuant to the laws of a state</u></b></li> <li>● <b><u>Any Rural Business Investment Company as defined in Section 384A of the Consolidated Farm and Rural Development Act</u></b></li> </ul>
<p>Rule 501(a)(2) – Private Business Development Companies</p>	<p>Any private business development company as defined in Section 202(a)(22) of the Advisers Act</p>	<p>Same</p>

Rule 501(a)(3) – Certain Entities with Assets in Excess of \$5,000,000	Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000	<b><u>Adds limited liability companies with total assets in excess of \$5 million (consistent with current SEC staff practice)</u></b>
Rule 501(a)(4) – Directors, Executive Officers and General Partners of the Issuer	Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer	Same
Rule 501(a)(5) – High Net Worth Individuals	Any natural person whose individual net worth, or joint net worth with that person’s spouse, exceeds \$1,000,000	<b><u>Adds “spousal equivalent” in addition to spouse. The term <i>spousal equivalent</i> means a cohabitant occupying a relationship generally equivalent to that of a spouse</u></b>  <b><u>Confirms consistent with existing SEC staff practice that joint net worth can be the aggregate net worth of the investor and spouse or spousal equivalent, whether or not assets are held jointly and whether or not securities are purchased jointly.</u></b>
Rule 501(a)(6) – High Income Earning Individuals	Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year	<b><u>Adds “spousal equivalent” in addition to spouse.</u></b>
Rule 501(a)(7) – Certain Trusts with Assets in Excess of \$5,000,000	Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D	Same
Rule 501(a)(8) – Entities in Which All of the Equity Owners are Accredited Investors	Any entity in which all of the equity owners are accredited investors	<b><u>Adds note stating that consistent with existing SEC staff practice it is permissible to look through various forms of equity ownership to natural persons in determining the accredited investor status of entities under this provision. If those natural persons are themselves accredited investors, and if all other equity owners of the entity seeking accredited investor status are accredited investors, then this provision may be available.</u></b>

New Categories		
Rule 501(a)(9) – Certain Entities with Assets in Excess of \$5,000,000	N/A	<u>Any entity, of a type not listed in paragraphs (a)(1), (a)(2), (a)(3), (a)(7), or (a)(8), not formed for the specific purpose of acquiring the securities offered, owning investment in excess of \$5,000,000.</u>
Rule 501(a)(10) – Certain Credentialed Individuals	N/A	<p><u>Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status. In determining whether to designate a professional certification or designation or credential from an accredited educational institution for purposes of paragraph (a)(10), the SEC will consider, among others, the following attributes:</u></p> <p><u>(i) the certification, designation, or credential arises out of an examination or series of examinations administered by a self-regulatory organization or other industry body or is issued by an accredited educational institution;</u></p> <p><u>(ii) the examination or series of examinations is designed to reliably and validly demonstrate an individual’s comprehension and sophistication in the areas of securities and investing;</u></p> <p><u>(iii) persons obtaining such certification, designation, or credential can reasonably be expected to have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of a prospective investment; and</u></p> <p><u>(iv) an indication that an individual holds the certification or designation is made publicly available by the relevant self-regulatory organization or other industry body.</u></p> <p><u>Note: The professional certifications or designations or credentials currently recognized by the SEC as satisfying the above criteria will be posted on the SEC’s website.</u></p>

<p>Rule 501(a)(11) – Knowledgeable Employees of a Private Fund Issuer</p>	<p>N/A</p>	<p><b><u>Any natural person who is a “knowledgeable employee,” as defined in Rule 3c-5(a)(4) under the Investment Company Act, of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in Section 3 of the Investment Company Act, but for the exclusion provided by either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act</u></b></p>
<p>Rule 501(a)(12) – Family Offices with Assets in Excess of \$5,000,000</p>	<p>N/A</p>	<p><b><u>Any “family officer,” as defined in Rule 202(a)(11)(G)-1 under the Advisers Act:</u></b></p> <p><b><u>(i) with assets under management in excess of \$5,000,000,</u></b></p> <p><b><u>(ii) that is not formed for the specific purpose of acquiring the securities offered, and</u></b></p> <p><b><u>(iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment</u></b></p>
<p>Rule 501(a)(13) – Family Clients of Family Offices with Assets in Excess of \$5,000,000</p>	<p>N/A</p>	<p><b><u>Any “family client,” as defined in Rule 202(a)(11)(G)-1 under the Advisers Act, of a family office meeting the requirements in paragraph (a)(12)</u></b></p>

### Overview of Proposed Changes to the “Qualified Institutional Buyer” Definition

Category	Current Definition	Proposed Amended Definition
Rule 144A(1)(i) – Requirements Applicable to All Entities Listed in Rule 144A(1)(i)(A) – (J) Below	Qualified institutional buyer shall mean any of the following entities, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the entity	Same
Rule 144A(1)(i)(A) – Insurance Companies	Any insurance company as defined in Section 2(a)(13) of the Securities Act	Same
Rule 144A(1)(i)(B) – Investment Companies	Any investment company registered under the Investment Company Act or any business development company as defined in Section 2(a)(48) of the Investment Company Act	Same
Rule 144A(1)(i)(C) – Small Business Investment Companies <b>and Rural Business Investment Companies</b>	Any Small Business Investment Company licensed by the US Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958	<b><u>Adds any Rural Business Investment Company as defined in Section 384A of the Consolidated Farm and Rural Development Act</u></b>
Rule 144A(1)(i)(D) – Government Employee Benefit Plans	Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees	Same
Rule 144A(1)(i)(E) – ERISA Plans	Any employee benefit plan within the meaning of Title I of ERISA	Same
Rule 144A(1)(i)(F) – Employee Trust Funds	Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (a)(1)(i) (D) or (E) of this section, except trust funds that include as participants individual retirement accounts or H.R. 10 plans	Same
Rule 144A(1)(i)(G) – Business Development Companies	Any business development company as defined in Section 202(a)(22) of the Advisers Act	Same

Rule 144A(1)(i)(H) – Certain Entities	Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation (other than a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust	<b><u>Adds limited liability companies (with more than \$100 million of securities)</u></b>
Rule 144A(1)(i)(I) – Investment Advisers	Any investment adviser registered under the Advisers Act	Same
<b><u>Rule 144A(1)(i)(J) – Institutional Accredited Investors</u></b>	N/A	<b><u>Adds any institutional accredited investor, as defined in Rule 501(a) under the Securities Act, of a type not listed in paragraphs (a)(1)(i)(A) through (I) or paragraphs (a)(1)(ii) through (vi)</u></b>
Rule 144A(1)(ii) – Dealers Owning and Investing at Least \$10 Million of Securities	Any dealer registered pursuant to Section 15 of the Exchange Act, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer	Same
Rule 144A(1)(iii) – Dealers on Behalf of Qualified Institutional Buyers	Any dealer registered pursuant to Section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a qualified institutional buyer	Same
Rule 144A(1)(iv) – Investment Companies Owning at Least \$100 Million of Securities	Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies which own in the aggregate at least \$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies	Same
Rule 144A(1)(v) – Entities in Which All of the Equity Owners are Qualified Institutional Buyers	Any entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers	Same

<p>Rule 144A(1)(v) – Banks Owning and Investing at Least \$100 Million of Securities</p>	<p>Any bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in Section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under the Rule in the case of a US bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution</p>	<p>Same</p>
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