ADISA
ALTERNATIVE & DIRECT INVESTMENT SECURITIES ASSOCIATION
Education ▲ Networking ▲ Advocacy

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The Honorable French Hill, Chair
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters, Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Re: Support for H.R. 9574 – The Informed Investor Access Act

Dear Chairman Hill and Ranking Member Waters:

On behalf of the Alternative & Direct Investment Securities Association (ADISA) and our members, I am writing to express our strong support for the H.R. 9574, the Informed Investor Access Act. This legislation represents a meaningful, well-calibrated, and long-overdue modernization of the federal accredited investor framework, and we respectfully urge the House Committee on Financial Services to place this bill on its meeting agenda upon Congress' return to session in November.

ADISA is the nation's leading trade association representing professionals involved in alternative investments, including broker-dealers, registered representatives, investment advisers, sponsors, due diligence professionals, and other firms serving retail and institutional investors.[1] Our members share a common goal of expanding access to investment opportunities while maintaining high standards of investor protection, regulatory compliance, and professional conduct.

The Current Accredited Investor Framework Is Outdated

The existing accredited investor definition, codified under Section 2(a)(15) of the Securities Act of 1933 and implemented through Rule 501(a) of Regulation D, has remained substantively unchanged since 1982. For more than four decades, the income and net worth thresholds embedded in that definition have served as the principal gateway to private market participation — a gateway calibrated not to financial sophistication or advisory oversight, but to the accumulation of wealth.

[1] ADISA (Alternative & Direct Investment Securities Association) is the nation's largest trade association for the non-traded alternative investment space (i.e., retail vs. institutional). Through its 5,000 financial industry members (over 1,000 firms), ADISA reaches over 220,000 finance professionals, with sponsor members raising in excess of $200 billion annually, serving more than 1 million investors. ADISA is a non-profit organization (501(c)(6)), registered to lobby and also has a related 501(c)(3) charitable non-profit (ADISA Foundation) assisting with scholarships and educational efforts.

The result is a framework that treats wealth as a reliable proxy for the ability to evaluate and bear the risks of private securities, a presumption that is both analytically unsound and increasingly inequitable.

As currently constructed, only approximately 13 to 14 percent of U.S. households qualify as accredited investors. The remaining 86 to 87 percent — including many accomplished professionals, small business owners, tenured educators, and financially literate middle-class families — are categorically excluded from private market opportunities that have historically generated meaningful returns and provided portfolio diversification unavailable through public markets alone. The original legislative intent behind the accredited investor concept was investor protection: to ensure that individuals participating in unregistered offerings possessed the financial resilience to absorb potential losses without catastrophic consequence. That protective intent was never meant to operate as a permanent, wealth-based exclusion. The Informed Investor Access Act correctly recognizes this distinction and proposes a structurally superior alternative.

An Advice-Based Pathway Is a Positive Step at Modernization

The Informed Investor Access Act amends Section 2(a)(15) of the Securities Act of 1933 to create a new qualifying category of accredited investor: any natural person who receives personalized investment advice or recommendations from a registered investment adviser or broker-dealer that is registered with the Securities and Exchange Commission, with respect to the specific transaction at issue. This is not a broadening of access without safeguard — it is a reorientation of the protective mechanism, from a static wealth credential to an active, ongoing, and regulated professional relationship.

ADISA regards this advice-based pathway as structurally superior to threshold-only alternatives for several reasons. First, it is dynamic rather than static: qualification is tied to the actual investment decision at hand, not to a snapshot of income or net worth that may be years removed from the transaction. Second, it is inherently personalized: the qualifying event is the receipt of individualized advice or recommendation tailored to the specific security and the specific investor's circumstances. Third, it preserves regulatory coherence: the pathway is anchored to the established definitions and regulatory obligations already governing SEC-registered investment advisers and broker-dealers under existing federal law and regulations.

ADISA is also aware of the complementary approach embodied in the INVEST Act (H.R. 3383), which would expand accredited investor eligibility through the completion of a designated financial examination or professional credential. We view that approach as meritorious and consistent with the direction of thoughtful reform. However, the Informed Investor Access Act's advice-based pathway offers a distinct and particularly robust form of investor protection: a real-time professional relationship governed by either a fiduciary duty or Regulation Best Interest at the precise moment of investment. These two legislative approaches are not in tension — they are complementary pillars of a comprehensive modernization effort.

Robust Investor Protections Are Already In Place

Critics of expanded accredited investor access often raise legitimate concerns about investor protection. ADISA takes those concerns seriously and wishes to make clear that the Informed Investor Access Act does not create a loophole; rather, it channels expanded access through what is itself a rigorous system of protection. SEC-registered investment advisers operate under a

fiduciary duty pursuant to the Investment Advisers Act of 1940, obligating them to act in the best interest of their clients in all material respects, including the disclosure and management of conflicts of interest. Broker-dealers, are subject to Regulation Best Interest, adopted by the Commission in 2019, which requires that any recommendation of a security or investment strategy be in the retail customer's best interest at the time of the recommendation, without placing the financial interest of the firm or associated person ahead of the investor's interest.

An investor who qualifies under the Informed Investor Access Act's new category does so precisely because a licensed, regulated professional has evaluated the investor's circumstances and provided a personalized, compliant recommendation or advice with respect to the applicable transaction. The best interest or fiduciary relationship is not merely incidental to the protective framework — it is the protective framework. Furthermore, the bill's alignment with the definitional structures of Regulation Best Interest and the Investment Advisers Act of 1940 ensures that the new accredited investor category is seamlessly consistent with existing regulatory architecture, minimizing interpretive uncertainty for issuers, advisers, broker-dealers, and investors alike.

Capital Formation and the Alternative Investment Ecosystem

The alternative investment landscape plays an indispensable role in American capital formation. Non-traded REITs provide financing for commercial, residential, and industrial real estate projects from coast to coast. Business development companies channel critical capital to small and mid-size American businesses that often lack direct access to public equity or traditional bank lending. Private placements fund entrepreneurial ventures, infrastructure initiatives, and emerging industries at the earliest and most consequential stages of development. Direct participation programs provide exposure to energy, real estate and development, and other real asset sectors which can offer tax-advantaged characteristics that benefit long-term investors.

ADISA members are at the forefront of distributing these products responsibly — through registered representatives and investment adviser representatives who are trained, supervised, and subject to comprehensive compliance and regulatory obligations. The current accredited investor framework artificially constrains the pool of eligible investors who may invest in these products, limiting both the diversity of investors who can benefit from alternative allocations and the volume of capital available to the American enterprises that these investments support. The Informed Investor Access Act would meaningfully expand this capital pool, enabling a broader cross-section of American investors to achieve the portfolio diversification that has long been available to institutional investors and high-net-worth individuals, while ensuring that each new entrant benefits from the guidance of a qualified and licensed professional.

Addressing the Rule 506(c) Verification Barrier

Beyond its principal reform to the accredited investor definition, the Informed Investor Access Act also resolves a material practical impediment that has long hampered the efficient operation of publicly marketed private placements. Rule 506(c) of Regulation D permits issuers to engage in general solicitation and general advertising in connection with private securities offerings, provided that all purchasers are accredited investors and that the issuer takes reasonable steps to verify their accredited status. In practice, the verification requirement under Rule 506(c) has imposed significant burdens on issuers, advisers, and investors alike — requiring the collection and review of tax returns, bank statements, brokerage account records, and other sensitive financial documentation.

An advice-based accredited investor pathway creates a more workable and legally coherent verification standard. Where a registered investment adviser or broker-dealer has provided personalized advice or a recommendation with respect to the specific transaction — and where that professional relationship is itself the basis for the investor's accredited status — the issuer's verification obligation is substantially clarified. The professional's compliance with applicable fiduciary or best-interest obligations serves as both the qualifying condition and a logical evidentiary foundation for verification, reducing administrative friction and enabling more efficient capital formation under Rule 506(c) without sacrificing investor protection.

ADISA urges the swift advancement of H.R. 9574, the Informed Investor Access Act through Committee and to the Floor for consideration. The legislation is carefully constructed, grounded in existing regulatory frameworks, and responsive to a genuine and long-standing inequity in federal securities law. ADISA and its members stand ready to engage constructively with Members of Congress, their staff, and the Securities and Exchange Commission to support effective implementation of this bill, including any guidance or rulemaking that may be required to operationalize the new accredited investor category.

We extend our sincere appreciation to Representative Troy Downing for his leadership in introducing this legislation, and to Representatives Mike Lawler and Tim Moore for their co-sponsorship and commitment to expanding opportunity for American investors. Their collective effort reflects a thoughtful and principled approach to capital markets policy, and ADISA is proud to stand with them in support of this important reform.

We remain available at any time to provide additional information, analysis, or testimony in support of the Informed Investor Access Act.

Respectfully submitted,



Catherine Bowman
Chair of the ADISA Legislative and Regulatory Committee

cc: Members, House Committee on Financial Services
Representative Troy Downing (MT-02)
Representative Michael Lawler (NY-17)
Representative Tim Moore (NC-14)
Jade Miller, ADISA Chief Executive Officer