

SECURITIES AND EXCHANGE COMMISSION

[Release No. 33-11445; File No. 4-931]

Potential Designation of Passage of an Accredited Investor Exam to Be Developed by FINRA as Qualifying Natural Persons for Accredited Investor Status

AGENCY: Securities and Exchange Commission.

ACTION: Notice; request for comment.

SUMMARY: Notice is given that the Securities and Exchange Commission (the “Commission”) is considering whether to issue an order designating passage of an accredited investor exam (the “Exam”) to be developed by the Financial Industry Regulatory Authority, Inc. (“FINRA”) as qualifying natural persons for accredited investor status.

DATES: This release was published in the *Federal Register* on [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Comments should be received on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission’s internet comment form (<https://www.sec.gov/comments/4-931/potential-designation-passage-accredited-investor-exam-be-developed-finra-qualifying-natural-persons>); or
- Send an email to rule-comments@sec.gov. Please include File Number 4-931 on the subject line. To submit a comment to more than one file, please include each file number on the subject line.

Paper comments:

- Send paper comments to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number 4-931. To submit a comment to more than one file, please refer to each file number. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method of submission. The Commission will post all submitted comments on its website (<https://www.sec.gov/rules-regulations/public-comments/4-931>). Do not include personally identifiable information in submissions; you should submit only information that you wish to make available publicly. The Commission may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

FOR FURTHER INFORMATION CONTACT: John Byrne, Office Chief, Kenisha D. Nicholson, Senior Special Counsel, or Max Corey, Special Counsel, Office of Small Business Policy, Division of Corporation Finance, at 202-551-3460, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

I. BACKGROUND

A. Accredited Investor Definition

Regulation D¹ provides a widely-used set of exemptions from registration under 15 U.S.C. 77a *et seq.* (the “Securities Act”) for the offer and sale of securities.² Among other things, Regulation D includes the regulatory definition of “accredited investor” in 17 CFR 230.501(a)

¹ 17 CFR 230.500 through 230.508.

² Approximately \$400 billion was raised in Regulation D offerings (excluding pooled funds) between July 1, 2024 and June 30, 2025. *See Staff Report from Office of the Advocate for Small Business Capital Formation (“OASB”) Fiscal Year 2025 OASB Annual Report* (Jan. 8, 2026) at 14, available at <https://www.sec.gov/files/2025-oasb-staff-report.pdf>.

(“Rule 501(a)”) followed by the three main operative provisions—17 CFR 230.504 (“Rule 504”),³ 17 CFR 230.506(b) (“Rule 506(b)”),⁴ and 17 CFR 230.506(c) (“Rule 506(c)”).⁵ The Commission has stated that the “accredited investor” definition under Regulation D is intended to capture persons whose financial sophistication renders the protection of the Securities Act’s registration process unnecessary.⁶

The definition of “accredited investor” is a cornerstone of Regulation D and also plays an important role in other Federal securities law contexts.⁷ Qualifying for accredited investor status is significant because accredited investors may, under Commission rules, participate in investment opportunities that are generally not available to non-accredited investors, such as investments in private companies and offerings by private funds.

³ Rule 504 provides an exemption from registration under the Securities Act for the offer and sale of up to \$10 million of securities in a 12-month period from an unlimited number of investors (without regard to whether those investors are accredited).

⁴ Rule 506(b) is a safe harbor under section 4(a)(2) of the Securities Act that permits issuers to raise any amount from an unlimited number of accredited investors but limits the number of non-accredited investors to 35 in any 90-calendar-day period. The rule does not permit general solicitation and, where non-accredited investors purchase in the Rule 506(b) offering, the information requirements in 17 CFR 230.502(b) must be met. *See* 17 CFR 230.506(b)(1); 17 CFR 230.506(b)(2)(i); 17 CFR 230.502(b).

⁵ Rule 506(c) provides an exemption from registration under the Securities Act, and permits issuers to raise any amount from an unlimited number of accredited investors. The exemption permits general solicitation, but issuers may not make any sales to non-accredited investors under Rule 506(c), and the issuer must take reasonable steps to verify that all purchasers are accredited. *See also* Jumpstart Our Business Startups Act of 2012, Pub. L. No. 112-106, sec. 201(a), 126 Stat. 306 (2012) (directing the Commission to revise its rules “to provide that the prohibition against general solicitation or general advertising contained in section 230.502(c) of such title [17] shall not apply to offers and sales of securities made pursuant to section 230.506, provided that all purchasers of the securities are accredited investors Section 230.506 of title 17, Code of Federal Regulations, as revised pursuant to this section, shall continue to be treated as a regulation issued under section 4(2) of the Securities Act of 1933 (15 U.S.C. 77d(2))”).

⁶ *See Accredited Investor Definition*, Release No. 33-10824 (Aug. 26, 2020) [85 FR 64234, n.7 and accompanying text (Oct. 9, 2020)] (“Accredited Investor Adopting Release”); *Regulation D Revisions; Exemption for Certain Employee Benefit Plans*, Release No. 33-6683 (Jan. 16, 1987) [52 FR 3015 (Jan. 30, 1987)]. *See also SEC v. Ralston Purina Co.*, 346 U.S. 119, 125 (1953) (taking the position that the availability of the section 4(a)(2) exemption “should turn on whether the particular class of persons affected needs the protection of the [Securities] Act. An offering to those who are shown to be able to fend for themselves is a transaction ‘not involving any public offering’”).

⁷ For example, each of 17 CFR 230.251 through 230.263 (“Regulation A”) and 17 CFR 227.100 through 227.504 (“Regulation Crowdfunding”) contains limitations on the amount an investor may invest if such investor is not an accredited investor. *See* 17 CFR 230.251(d)(2)(i)(C) and 17 CFR 227.100(a)(2).

Accredited investors are natural persons and entities that come within, or that the issuer reasonably believes come within, any of the enumerated categories contained in Rule 501(a).

Natural persons may qualify as accredited investors if they are:

- Any director, executive officer, or general partner of the issuer of the securities being offered or sold or of a general partner of that issuer, pursuant to 17 CFR 230.501(a)(4);
- Individuals who have a net worth exceeding \$1,000,000 (excluding the value of the individual's primary residence and any indebtedness secured by such residence up to the estimated value of the residence), either alone or with their spouse or spousal equivalent, pursuant to 17 CFR 230.501(a)(5);
- Individuals who had an income in excess of \$200,000 in each of the two most recent years, or joint income with the individual's spouse or spousal equivalent in excess of \$300,000 in each of those years, and have a reasonable expectation of reaching the same income level in the current year, pursuant to 17 CFR 230.501(a)(6);
- Individuals who are holders in good standing of one or more professional certifications or designations or credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status, pursuant to 17 CFR 230.501(a)(10) ("Rule 501(a)(10)");
- Individuals who are "knowledgeable employees,"⁸ under the Investment Company Act of 1940 (the "Investment Company Act"),⁹ of the private-fund issuer of the securities being offered or sold, pursuant to 17 CFR 230.501(a)(11); or

⁸ 17 CFR 270.3c-5(a)(4).

⁹ 15 U.S.C. 80a-1 *et seq.*

- Individuals who are “family clients” of a “family office”¹⁰ under the Investment Advisers Act of 1940 (the “Advisers Act”)¹¹ and whose prospective investment in the issuer is directed by such family office in accordance with 17 CFR 230.501(a)(12)(iii), pursuant to 17 CFR 230.501(a)(13) (“Rule 501(a)(13)”).

Various institutions may qualify as accredited investors based on their status alone or on a combination of their status and the amount of their total assets or investments. Institutions that qualify include:

- Banks, savings and loan associations; brokers or dealers registered pursuant to section 15 of the Securities Exchange Act of 1934;¹² certain investment advisers; insurance companies; investment companies registered under the Investment Company Act or business development companies as defined in section 2(a)(48) of the Investment Company Act;¹³ and certain specialized investment companies;¹⁴ plans 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 million; employee benefit plans (within the meaning of the Employee Retirement Income Security Act of 1974¹⁵) if a bank, savings and loan association, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million, or, if a self-directed plan,

¹⁰ 17 CFR 275.202(a)(11)(G)-1 (defining “family office”).

¹¹ 15 U.S.C. 80b-1 *et seq.*

¹² 15 U.S.C. 78o.

¹³ 15 U.S.C. 80a-2(a)(48).

¹⁴ This includes small business investment companies licensed under section 301(c) or (d) of the Small Business Investment Act of 1958 [15 U.S.C. 661 *et seq.*], and any rural business investment company as defined in section 384A of the Consolidated Farm and Rural Development Act [7 U.S.C. 1921].

¹⁵ 29 U.S.C. 1001 *et seq.*

with investment decisions made solely by persons who are accredited investors, pursuant to 17 CFR 230.501(a)(1) (“Rule 501(a)(1)”);

- Any private business development company as defined in section 202(a)(22) of the Advisers Act,¹⁶ pursuant to 17 CFR 230.501(a)(2) (“Rule 501(a)(2)”);
- Charitable organizations, corporations, business trusts, partnerships, or limited liability companies not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000, pursuant to 17 CFR 230.501(a)(3) (“Rule 501(a)(3)”);¹⁷
- Trusts 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 17 CFR 230.506(b)(2)(ii), pursuant to 17 CFR 230.501(a)(7) (“Rule 501(a)(7)”);
- Entities in which all of the equity owners are accredited investors, pursuant to 17 CFR 230.501(a)(8) (“Rule 501(a)(8)”);
- Any entity, of a type not listed in Rules 501(a)(1), (2), (3), (7), or (8), not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5,000,000, pursuant to 17 CFR 230.501(a)(9);
- “Family offices” meeting certain requirements, pursuant to 17 CFR 230.501(a)(12) (“Rule 501(a)(12)”);¹⁸ and

¹⁶ 15 U.S.C. 80b-2(a)(22).

¹⁷ A charitable organization is as described in section 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)].

¹⁸ The family office must have assets under management in excess of \$5,000,000; not been formed for the specific purpose of acquiring the securities offered; and its prospective investments 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. *See* 17 CFR 230.501(a)(12)(i) through 230.501(a)(12)(iii).

- Entities that are “family clients” of a “family office” that meets the requirements of Rule 501(a)(12), pursuant to Rule 501(a)(13).

B. Background on Rule 501(a)(10) and Overview of Potential Designation

Rule 501(a)(10) confers accredited investor status on any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status.¹⁹ In adopting Rule 501(a)(10), the Commission stated that certain “professional credentials and experience should enable [investors that hold such credentials] to assess investment opportunities, appropriately allocate capital based on their individual circumstances, including whether to reallocate investment capital between private investments and other equivalent-sized investments, and otherwise make appropriately informed decisions regarding their financial interests, including their ability to bear the financial risk.”²⁰

Rule 501(a)(10) contains the following non-exclusive list of attributes that the Commission will consider in determining whether to designate a professional certification or designation or credential from an accredited educational institution as qualifying for accredited investor status:

- 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

¹⁹ Rule 501(a)(10) does not expressly define what constitutes good standing. In connection with the adoption of Rule 501(a)(10), the Commission stated that in addition to passing the relevant exam, “maintaining an active certification, designation, or license is sufficient to demonstrate the individual’s financial sophistication to invest in exempt offerings . . . [and] that an inactive certification, designation, or license, particularly when the certification or designation has been inactive for an extended period of time, could lessen the validity of the certification or designation as a measure of financial sophistication.” Accredited Investor Adopting Release at 64242. *See infra* section II.B.1.

²⁰ *Id.* at 64241.

issued by an accredited educational institution, under 17 CFR 230.501(a)(10)(i) (“Rule 501(a)(10)(i)”);

- 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, under 17 CFR 230.501(a)(10)(ii) (“Rule 501(a)(10)(ii)”);
- 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, under 17 CFR 230.501(a)(10)(iii) (“Rule 501(a)(10)(iii)”); and
- An indication that an individual holds the certification or designation is either made publicly available by the relevant self-regulatory organization or other industry body or is otherwise independently verifiable, under 17 CFR 230.501(a)(10)(iv) (“Rule 501(a)(10)(iv)”)²¹.

In proposing Rule 501(a)(10), the Commission noted prior recommendations to develop an accredited investor exam that could serve as a means to qualify individuals as accredited investors, though it did not propose to recognize such a test at that time.²² Many of the commenters responding to the Accredited Investor Proposing Release’s request for comment on an accredited investor exam supported such an exam.²³ One of these commenters recommended

²¹ Additionally, Note 1 to paragraph 501(a)(10) specifies that the Commission will designate professional certifications or designations or credentials as qualifying such holders as accredited investors by order, after notice and an opportunity for public comment.

²² *See Amending the “Accredited Investor” Definition*, Release No. 33-10734 (Dec. 18, 2019) [85 FR 2574, 2579-2581 (Jan. 15, 2020)] (the “Accredited Investor Proposing Release”).

²³ *See, e.g.*, letter from Tron Black (Nov. 20, 2019, last updated Dec. 24, 2019) (“T. Black”) (recommending an accredited investor exam that includes specific topics such as valuation, due diligence, liquidity, shareholder rights, and accounting matters, and that test takers should “understand and acknowledge that they bear the risk of loss for their own investment choices — absent outright fraud”); letter from Blake Delaplane (Jan. 13, 2020) (recommending an SEC-issued accredited investor exam paired with investment limits); letter from Crowdwise,

“FINRA establish an examination that would enable an individual to become an accredited investor,” stating that “FINRA is well positioned to create and administer an examination it believes appropriate to ensure an individual has the ability to operate as a sophisticated investor” and that “[s]uch an avenue may make a material difference in democratizing ownership.”²⁴ Other commenters opposed the Series 7, 65, and 82 exams being used as a means for an individual to be an accredited investor and indicated a preference for a specific accredited investor exam.²⁵

Other commenters were not supportive of designating an accredited investor examination. One commenter stated that “no special Accredited Investor examination is needed . . . as long as one could take the [Securities Industry Essentials] or Series 65 [exams].”²⁶ Another commenter suggested that “[f]or the immediate future . . . the SEC only accept FINRA administered examinations as FINRA is subject to SEC oversight and has existing mechanisms

LLC (Mar. 1, 2020) (“Crowdwise”) (recommending the SIE Exam as an initial qualification exam until a specific accredited investor exam is developed and administered, but noting that the SIE Exam leaves investors “with a lack of practical understanding for private market investing”); letter from Tony Sparks (Jan. 2, 2020) (supporting an accredited investor exam because “it’s wise for people to be somewhat informed on how investments work before they invest”); letter from Bruce A. Wallick (Dec. 19, 2019) (“B. Wallick”) (stating that “[w]hat’s really needed to evaluate various investments and avoid endangering one’s wealth is adequate analytical skill . . . [p]erhaps requiring some case study investment analysis as part of the test would be sufficient to determine level of understanding”); letter from the Maryland State Bar Association (Mar. 16, 2020) (noting that “[w]ith respect to persons who believe that they have the requisite sophistication, knowledge, and experience such that they should qualify as accredited investors, we believe that an accredited investor examination to determine investor sophistication . . . would be a much better way to address this issue”); letter from Carta, Inc. (Mar. 16, 2020) (“Carta”); letter from David R. Burton (May 1, 2020) (“D. Burton”). The comment letters to the Accredited Investor Proposing Release are available at <https://www.sec.gov/comments/s7-25-19/s72519.htm>.

²⁴ Letter from Carta. *See also* letter from D. Burton (“Ordinary people outside of the financial industry should have a means to prove that they have the knowledge and sophistication to qualify. Such a test would be central to democratizing access to Regulation D investments and enabling people who have developed the requisite knowledge to have access to these investments.”).

²⁵ *See* letter from Einar Vollset (Dec. 18, 2019) (stating that “[r]equiring highly expensive and specialized professional certifications such as Series 7, 65 or 82 is completely pointless exercise” and proposing “a basic exam proving an understanding of the risks involved” and opposing the Series 7, 65, or 82 exams); letter from Al Hemmingsen (Dec. 29, 2019) (stating that “[t]he usage of FINRA examinations associated with the Series 7, 65 and 82 is problematic” and suggesting that an accredited investor exam should be more rigorous than the Series 7, 65 and 82 exams).

²⁶ Letter from James J. Angel (Mar. 3, 2020).

for making examination-related information publicly available.”²⁷ In addition, two commenters suggested that the Commission’s proposals to add professional certifications or designations to the accredited investor definition should also require professional experience.²⁸

Consistent with the proposal, at the time of adoption of Rule 501(a)(10), the Commission issued an order designating the General Securities Representative license (Series 7), Private Securities Offerings Representative license (Series 82), and Investment Adviser Representative license (Series 65) as qualifying a holder of such licenses in good standing for accredited investor status.²⁹ In the Accredited Investor Adopting Release, the Commission expressly noted that “[a]lthough other professional certifications, designations, and credentials, such as other FINRA exams, a specific accredited investor exam, other educational credentials, or professional experience received broad commenter support, we are taking a measured approach to the expansion of the definition . . . [and] we believe it is appropriate to consider these other credentials after first gaining experience with the revised rules.”³⁰

²⁷ Letter from G. Philip Rutledge (Jan. 31, 2020). This commenter also questioned whether “if one passes a SEC accredited investor examination, is that individual deemed an accredited investor forever or for a specified period of time after which the individual may have to re-take the examination?” *Id.*

²⁸ See letter the North American Securities Administrators Association (Mar. 16, 2020) (“NASAA”) (“[A]ny use of a professional designation or exam as one aspect of a more fulsome assessment of financial sophistication for purposes of determining accredited investor status should also include significant relevant experience.”); letter from Nasdaq, Inc. (May 18, 2020) (“An examination of knowledge, without an additional requirement of industry experience, is not a satisfactory means to determine whether an investor can bear the risk of and evaluate a potential investment in an exempt offering without the benefit of a registration statement or similar disclosure.”). See also letter from Mona DeFrawi (July 31, 2026), available at <https://www.sec.gov/comments/4-892/4892-3054366.pdf> (stating that the Commission should “[e]volve the accredited investor definition via a credential-based exam pathway that qualifies retail investors by demonstrated competence rather than net worth alone”).

²⁹ The exams for the General Securities Representative license (Series 7) and the Private Securities Offerings Representative license (Series 82) are developed and administered by FINRA, and the exam for the Investment Adviser Representative license (Series 65) was developed by NASAA and is administered by FINRA. See *Order Designating Certain Professional Licenses as Qualifying Natural Persons for Accredited Investor Status*, Release No. 33-10823 (Aug. 26, 2020) [85 FR 64234 (Oct. 9, 2020)].

³⁰ Accredited Investor Adopting Release at 64243.

The Commission has now had over five years of experience with the initially designated professional licenses. There is no evidence that we are aware of to suggest that the expansion in 2020 of the accredited investor definition to include these types of financially sophisticated investors has created investor protection concerns. Since the adoption of Rule 501(a)(10) and the initial designations, the Commission has received recommendations to further expand the number of investors that qualify as accredited investors under Rule 501(a)(10).³¹ The arguments in some of these recommendations echo the arguments contained in letters from commenters in connection with the adoption of Rule 501(a)(10), which stated that the definition limits access to private investments primarily to those who are wealthy,³² have close ties to the issuer,³³ or have certain jobs in the financial industry.³⁴ In particular, the Commission has received

³¹ See, e.g., *Report on the 45th Annual Small Business Forum* (July 27, 2026) (“2026 Small Business Forum Report”) at 17, available at <https://www.sec.gov/files/2026-oasb-annual-forum-report.pdf> (recommending that the Commission “expand the accredited investor definition to include additional measures of sophistication, including through an investor test and experience”); *Report on the 44th Annual Small Business Forum* (Sept. 22, 2025) (“2025 Small Business Forum Report”) at 18, available at <https://www.sec.gov/files/2025-oasb-annual-forum-report.pdf> (recommending that the Commission “[e]xpand the accredited investor definition to include additional measures of sophistication”); SEC Small Business Capital Formation Advisory Committee (“SBCFAC”) Recommendation regarding the Accredited Investor Definition (May 1, 2024), available at <https://www.sec.gov/files/recs-accredited-investor-definition.pdf> (recommending in part that persons not meeting the definition be able to undertake an educational program, which would allow them to invest a percent of their assets); OASB, *Annual Report for Fiscal Year 2023* at 75, available at <https://www.sec.gov/files/2023-oasb-annual-report.pdf> (recommending expansion of the accredited investor definition to add qualitative professional criteria and alternative ways to demonstrate financial sophistication). See also SEC Investor Advisory Committee (“IAC”) Recommendation regarding Retail Investor Access to Private Market Assets (Sept. 18, 2025) (“2025 IAC Accredited Investor Recommendation”), available at <https://www.sec.gov/files/iac-recommendation-private-market-assets-final-09182025.pdf> (not taking a position on whether the accredited investor definition should be expanded, but recommending that, if the definition were to be expanded, the Commission consider expanding the accredited investor definition to cover additional professional certifications or designations or credentials).

³² See, e.g., letter from D. Burton (stating that “people outside of the financial industry should have a means to prove that they have the knowledge and sophistication to qualify as [accredited investors] . . . [o]therwise, the Commission will effectively creat[e] barriers where only affluent people or those it regulates in the financial industry have access to these investments.”); letter from T. Black.

³³ See, e.g., letter from B. Wallick (stating that the “[accredited investor definition] should include an opportunity for self-taught investors to demonstrate their financial sophistication and achieve accredited status.”); letter from D. Burton.

³⁴ See, e.g., letter from Crowdwise (stating that it is crucial for the Commission to “consider how self-taught, sophisticated investors who do not have any other financial credentials (nor the ability to get them) or finance industry experience can still have access to the same investment opportunities that are available to accredited

recommendations to expand the definition of accredited investors to include those who pass an accredited investor exam.³⁵ The Commission has also received petitions for rulemaking requesting changes to the accredited investor definition.³⁶

In addition, legislation in Congress has been introduced to amend the accredited investor definition to include natural persons who are certified through an accredited investor exam.³⁷

investors today.”); letter from D. Burton (stating that expansion of the accredited investor definition “will help investors that would typically otherwise be barred from investing in Regulation D offerings (most often younger investors or those that live outside of high-income metropolitan areas).”).

³⁵ See, e.g., SBCFAC Recommendation regarding Entrepreneurial Ecosystems (Nov. 16, 2022), available at <https://www.sec.gov/spotlight/sbcfac/entrepreneurial-ecosystems-recommendation-101322.pdf> (recommending “provid[ing] alternative methods for investors to qualify as sophisticated, which could include . . . tests to demonstrate sophistication”); SBCFAC Recommendation regarding Accredited Investor (Mar. 12, 2022), available at <https://www.sec.gov/spotlight/sbcfac/sbcfac-accredited-investor-recommendation-021022.pdf>; 2026 Small Business Forum Report at 17 (recommending the Commission “[e]xpand the accredited investor definition to include additional measures of sophistication, including through an investor test and experience”); 2025 Small Business Forum Report at 18; *Report on the 43rd Annual Small Business Forum* (Sept. 19, 2024) at 11, available at <https://www.sec.gov/files/2024-oasb-annual-forum-report.pdf>; *Report on the 40th Annual Small Business Forum* (Sept. 27, 2021) at 16, available at https://www.sec.gov/files/2021_OASB_Annual_Forum_Report_FINAL_508.pdf. See also 2025 IAC Accredited Investor Recommendation (supporting, in principle, “the notion of creating an accredited investor test,” and stating that “the Commission could delegate administration of the test to FINRA” and separately suggesting certain existing certifications it believed “could be appropriate” for the Commission to designate under Rule 501(a)(10)).

³⁶ See Benjamin Bartel, *Petition for Rulemaking to Amend the Accredited Investor Definition in Rule 501(a) of SEC Regulation D* (Sept. 25, 2025), available at <https://www.sec.gov/files/rules/petitions/2025/petn4-871.pdf>; Fabricio R. Murillo Garcia, *Petition for Modification of Definition of Accredited Investors* (Feb. 13, 2024), available at <https://www.sec.gov/files/rules/petitions/2024/petn4-823.pdf>; Nicholas Morgan, Investor Choice Advocates Network, *Rulemaking petition to reduce the diversity, equity, and inclusion (“DEI”) barriers for “accredited investors” by replacing the net worth and income requirements of Rule 501(a) under the Securities Act of 1933 with non-financial metrics* (Nov. 9, 2022), available at <https://www.sec.gov/files/rules/petitions/2022/petn4-796.pdf>; Benny R. Brown, *Request to change the rules which qualifies an individual or individuals as an accredited investor* (Apr. 26, 2021), available at <https://www.sec.gov/files/rules/petitions/2021/petn4-773.pdf>. The Commission has considered these petitions in connection with this notice and the other notices published elsewhere in this issue of the *Federal Register*. See *infra* note 38.

³⁷ See, e.g., Incentivizing New Ventures and Economic Strength Through Capital Formation Act of 2025 (INVEST Act of 2025), H.R. 3383, 119th Cong. (2025) (as passed by the House of Representatives, Dec. 11, 2025) (“INVEST Act”) (which would require that any such test include the following investment criteria: “(i) the different types of securities; (ii) the disclosure requirements under the securities laws . . . ; (iii) corporate governance; (iv) financial statements and components of such statements; (v) aspects of unregistered securities, securities issued by private companies and investments into private funds . . . ; (vi) potential conflicts of interest . . . ; and (vii) such other criteria as the Commission determines necessary or appropriate in the public interest or for the protection of investors”); Empowering Main Street in America Act of 2024, S.5139, 118th Cong. (2024) (as introduced to the S. Comm. on Banking, Hous. and Urb. Affairs, Sept. 23, 2024) (which would amend the accredited investor definition under section 2(a)(15) of the Securities Act [15 U.S.C. 77b(a)(15)] to include natural persons who are certified through an accredited investor exam established or approved by the

Commission staff and FINRA staff have discussed the possibility of FINRA developing an exam to qualify natural persons for accredited investor status. FINRA staff have formulated initial plans for the Exam, which has been informed by feedback from Commission staff, and is ready to proceed with the next stages of development.

For the reasons set forth in section II, based on our understanding of how FINRA intends to design and implement the Exam, we believe that receiving a passing score on the Exam would satisfy the standard in Rule 501(a)(10).³⁸ Accordingly, as required by Rule 501(a)(10), we are providing notice and an opportunity for public comment on potential designation of passage of the Exam as qualifying natural persons for accredited investor status.³⁹

Commission, a State securities commission, or a self-regulatory organization). *But see* Letter to the House of Representatives from NASAA (Dec. 10, 2025), available at <https://www.nasaa.org/wp-content/uploads/2025/12/NASAA-Urges-Congress-to-Oppose-the-INVEST-Act-As-Written-12.10.25-F.pdf> (responding to the INVEST Act, stating that “[a]s for an accredited investor exam, NASAA would prefer an exam that tests relevant knowledge coupled with practical experience. NASAA would not endorse a test that does not meaningfully probe the investor’s financial sophistication and ability to understand the information asymmetry and other risks posed by private market investing.”) (last retrieved Sept. 24, 2026).

³⁸ We are also concurrently providing notice pursuant to Note 1 to paragraph 501(a)(10) with respect to the potential designation of each of the following as qualifying natural persons for accredited investor status: holding a license as a U.S. certified public accountant in good standing; holding a charter as a Chartered Financial Analyst in good standing; holding a certification as a Certified Financial Planner in the United States in good standing; and the Investment Banking Representative license (Series 79) and the Research Analyst license (Series 86 and Series 87). *See Potential Designation of U.S. Certified Public Accountant License as Qualifying Natural Persons for Accredited Investor Status; Potential Designation of Chartered Financial Analyst Designation as Qualifying Natural Persons for Accredited Investor Status; Potential Designation of Certified Financial Planner Certification as Qualifying Natural Persons for Accredited Investor Status; Potential Designations of the Investment Banking Representative License (Series 79) and the Research Analyst License (Series 86 and Series 87) as Qualifying Natural Persons for Accredited Investor Status* published elsewhere in this issue of the *Federal Register*.

³⁹ The description of the Exam that follows is based on Commission staff’s discussions with FINRA staff. Any discussion in this notice that FINRA “intends,” “indicates,” “anticipates,” or “believes” is based on what FINRA staff has communicated to the Commission staff. Similarly, any discussion in the notice that the Exam or Exam Holder “will” or “would” have certain characteristics should be read to refer to what FINRA currently anticipates or intends as of the date of this notice. As is the case for the other prongs of the accredited investor definition, Exam Holders would only themselves qualify as accredited investors and could not rely on their status as accredited investors to purchase securities on behalf of another person.

II. DISCUSSION

A. Exam Requirements

1. Background

FINRA intends to create an Exam to assess a candidate's comprehension and sophistication in the areas of securities and investing, including if the candidate has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of a prospective investment. FINRA is developing the Exam specifically as an accredited investor exam that is intended to satisfy the requirements of Rule 501(a)(10).

The format, administration, and policies and procedures of the Exam would be largely modeled on the Securities Industry Essentials Exam ("SIE Exam"), an existing FINRA exam for prospective securities industry professionals that assesses a candidate's knowledge of basic securities industry information.⁴⁰ Modeling the format, administration, and policies and procedures of the Exam on the existing SIE Exam will allow the general public to more easily understand the logistics of the Exam and will streamline the process for developing the Exam, due to the currently available information about, and market familiarity with, the policies and procedures for the SIE Exam.

⁴⁰ See FINRA, *Securities Industry Essentials (SIE) Exam* ("SIE Exam Overview"), available at <https://www.finra.org/registration-exams-ce/qualification-exams/securities-industry-essentials-exam> (stating that "[p]assing the SIE is the first step toward a career in the securities industry. The next step is becoming associated with a FINRA member firm and taking one of the [Series 6, Series 7, Series 22, Series 57, Series 79, Series 82, Series 86 and 87, or Series 99] exams") (last retrieved Sept. 24, 2026); FINRA, *Securities Industry Essentials (SIE) Examination Content Outline* ("SIE Exam Content Outline"), available at https://www.finra.org/sites/default/files/2025-10/SIE_Content_Outline.pdf (providing further details on the structure and administration of the SIE Exam, as well as a detailed content outline) (last retrieved Sept. 24, 2026); FINRA, *SIE Exam and Exam Restructuring Frequently Asked Questions (FAQ)*, available at <https://www.finra.org/registration-exams-ce/qualification-exams/sie-and-exam-restructuring-faq> (providing information on SIE Exam enrollment, eligibility, scoring and other matters) (last retrieved Sept. 24, 2026). See also FINRA, *Frequently Asked Questions about the Test Enrollment Services System (TESS)* ("FINRA Test Enrollment Services System FAQs"), available at <https://www.finra.org/registration-exams-ce/qualification-exams/securities-industry-essentials-exam/tess-faq> (providing details on creating an account and enrolling for the SIE Exam) (last retrieved Sept. 24, 2026).

As explained in section II.B, we believe designating individuals who pass the Exam and who are within the Exam’s ten-year validity period (“Exam Holders”) as accredited investors would be consistent with the standard in Rule 501(a)(10) because such status would meet the non-exclusive attributes the Commission identified in Rule 501(a)(10) as relevant to its consideration of adding additional professional certifications or designations or credentials.⁴¹

2. Eligibility to Take the Exam

The Exam would be open to anyone age 18 years or older. Association with a FINRA member firm would not be required to take the Exam. Passing the Exam by itself would not qualify an individual for registration with a FINRA member firm or to engage in securities business under FINRA rules.

3. Exam Content and Format

The Exam would be designed to assess candidates’ knowledge, comprehension, and skills covering the following securities and investing topics:⁴²

Table 1: Exam Contemplated Sections and Content Weightings

Contemplated Sections	Contemplated Weightings of Exam Items
Definitions and Structures of Securities	13%-20%
Investment Risks	20%-28%
Disclosures and Regulatory Requirements	13%-20%
Financial Statements	11%-19%
Conflicts of Interest	10%-18%
Corporate Governance	10%-18%

⁴¹ See section II.A.4.v for a discussion of the ten-year validity period.

⁴² The competencies included in the contemplated Exam sections are similar to those in the INVEST Act. See *supra* note 37.

The Definitions and Structures of Securities section would be designed to test knowledge, comprehension, and skills with respect to the types of securities and investment structures in exempt offerings of securities under the Securities Act (e.g., offerings in reliance on Regulation D, Regulation A, or Regulation Crowdfunding), and how such offerings compare to offerings of securities registered under the Securities Act. For example, this section would test candidates' knowledge of the characteristics of, and the differences between, different types of securities, such as equity securities (e.g., common and preferred stock), debt securities (e.g., bonds), and Simple Agreements for Future Equity (SAFEs).⁴³ This section would also be designed to test candidates' knowledge of different investment structures, such as open-end and closed-end investment companies, private funds, and trusts (such as real estate investment trusts or REITs).

The Investment Risks section would be designed to test knowledge, comprehension, and skills with respect to the risks associated with exempt offerings. For example, this section would test candidates' understanding of liquidity risks (e.g., resale restrictions, redemption restrictions, and risks associated with potentially longer investment horizons), issuer performance history (if any), concentration risks, diversification as a risk mitigation strategy, investment specific risks (e.g., dilution), the use of leverage and its potential to amplify losses, and the impact of fees and expenses on net investment returns.

The Disclosures and Regulatory Requirements section would be designed to test knowledge, comprehension, and skills with respect to disclosure concepts, the types of disclosures provided under different regulatory regimes, and the regulatory requirements in

⁴³ A Simple Agreement for Future Equity (SAFE) is an agreement between a company and an investor in which the company promises to give the investor a future ownership interest in the company if certain triggering events occur, such as a future equity financing or an acquisition of the company.

exempt offerings (particularly as compared to registered offerings). For example, this section would test candidates' knowledge of disclosure concepts (such as materiality and risk factors), required disclosures (or lack of disclosure requirements) under different exemptions from registration (e.g., offerings in reliance on Regulation D, Regulation A, or Regulation Crowdfunding), initial disclosures versus ongoing disclosures, regulatory requirements for issuers, and regulatory requirements for intermediaries.

The Financial Statements section would be designed to test knowledge, comprehension, and skills to understand different types of financial statements, financial statement numeracy, and investment-related ratios and metrics. For example, this section would test candidates' knowledge of the different types of financial statements (e.g., balance sheets and income statements), GAAP versus non-GAAP financial measures, and valuation ratios and metrics (e.g., debt-to-equity ratio, current ratio, internal rate of return, and bond calculations such as yield to maturity).

The Conflicts of Interest section would be designed to test knowledge, comprehension, and skills with respect to a variety of conflicts investors may encounter in exempt offerings. For example, this section would test candidates' understanding of issuer and affiliate conflicts of interest, intermediary conflicts of interest, insider conflicts of interest, and investor conflicts of interest (such as tiered information access and other preferential treatment for certain investors).

The Corporate Governance section would be designed to test knowledge, comprehension and skills with respect to board, management, and investor rights and obligations. For example, this section would test candidates' knowledge of board and management fiduciary duties, corporate structures (such as different legal entity types), corporate documents (such as charters and by-laws), investor rights (such as voting rights, information rights, tag-along rights, drag-

along rights, and rights of first refusal), and investor recourse or lack thereof under applicable law.

The format of the Exam would be consistent with the SIE Exam. The Exam would be administered in English. It is anticipated that the Exam would consist of approximately 75 multiple-choice written questions.⁴⁴ Candidates would be allowed approximately 2 hours to complete the Exam, consistent with the SIE Exam.⁴⁵ Similar to other FINRA exams, FINRA would designate a passing score “based on a process known as standard setting, which assesses a number of factors, including industry trends . . . and evaluations of content difficulty” by a committee of subject matter experts.⁴⁶ The passing score for the Exam would be set to reflect the minimum level of knowledge necessary for candidates to reliably and validly demonstrate their comprehension and sophistication in the areas of securities and investing such that the candidate will reasonably be expected to have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of a prospective investment.⁴⁷

FINRA would engage in an ongoing review of the contents of the Exam, and update the Exam as necessary, to reflect developments in private and public offerings, as well as changes in applicable laws and rules.

⁴⁴ While the exact number of questions has not yet been finalized, FINRA anticipates the Exam would have between 65-85 questions. Consistent with the SIE Exam, FINRA may include five to ten additional, unidentified pretest questions that do not contribute toward the candidate’s score. *See* SIE Exam Content Outline at 2.

⁴⁵ *See id.*

⁴⁶ *Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Change Relating to Provision of Test Result Information to Candidates Who Pass a FINRA Qualification Examination*, Release No. 34-84376 (Oct. 5, 2018) [83 FR 51720, 51720 (Oct. 12, 2018)].

⁴⁷ FINRA also intends to make adjustments to Exam candidate test scores to account for slight variations in the difficulty that may exist among different sets of Exam questions. This method allows for a fair comparison of scores and helps ensure that every candidate is held to the same passing standard regardless of which set of Exam items they received.

4. Administration and Delivery of the Exam

i. Administration and Enrollment

While FINRA would create and administer the Exam, FINRA intends to have a third-party vendor deliver the Exam, consistent with the SIE Exam.⁴⁸ Detailed information about enrollment procedures, frequently asked questions, and a content outline would be available on a dedicated location on FINRA’s website.

Consistent with the SIE Exam, candidates would enroll for the Exam by creating an account with FINRA and paying the Exam fee on a website maintained by FINRA.⁴⁹

ii. Fees

It is anticipated that the Exam fee would be similar to the SIE Exam fee, which is currently \$100.⁵⁰ As a not-for-profit self-regulatory organization, FINRA receives no taxpayer funding and accordingly would rely on fees to offset the costs of creating, administering, maintaining, and paying for the delivery of the Exam.⁵¹ Generally, exams that are administered by FINRA more frequently or are longer in duration typically require more effort and cost to develop, maintain, and update.⁵² The Commission also extensively supervises FINRA, among other things, with rules or fees proposed by FINRA subject to review by the Commission.⁵³ Fees

⁴⁸ A third-party vendor would handle the logistical aspects of administration of the Exam, such as operation of the testing facilities. *See* FINRA, *Schedule an Exam* (“SIE Exam Scheduling Procedures”), available at https://www.finra.org/registration-exams-ce/qualification-exams/schedule-exam#request_online_sie (last retrieved Sept. 24, 2026).

⁴⁹ *See* FINRA Test Enrollment Services System FAQs.

⁵⁰ *See* SIE Exam Overview.

⁵¹ *See Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adjust FINRA Fees to Provide Sustainable Funding for FINRA’s Regulatory Mission*, Release No. 34-101696 (Nov. 21, 2024) [89 FR 93709, 93709 (Nov. 27, 2024)] (“2024 FINRA Fee Adjustment Release”).

⁵² *See* 2024 FINRA Fee Adjustment Release at 93719.

⁵³ *See, e.g.*, 2024 FINRA Fee Adjustment Release at 93725 (revising, among other fees, the fees for FINRA’s existing qualification examinations). FINRA is also required to comply with section 15A(b)(5) of the Exchange

for the Exam would take into account direct costs for the Exam (such as Exam development and operating expenses) and indirect costs for the Exam.⁵⁴

iii. Scheduling an Exam

After a candidate is enrolled to take the Exam, FINRA intends to provide a 120-day window in which the Exam must be taken.⁵⁵ The Exam would be available in-person only.⁵⁶ Most test centers are open at least five days a week (except for major holidays) and candidates would be able to schedule a time within that 120-day window based on appointment availability. FINRA expects that 95% of potential United States test-takers would be within 60 miles of an in-person test center.⁵⁷

Act [15 U.S.C. 78o-3(b)(5)] which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls. The Commission's Division of Examinations also conducts examinations of FINRA through its FINRA and Securities Industry Oversight (FSIO) Examination Program.

⁵⁴ See generally 2024 FINRA Fee Adjustment Release at 93709-93710; *Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adjust FINRA Fees to Provide Sustainable Funding for FINRA's Regulatory Mission*, Release No. 34-90176 (Oct. 14, 2020) [85 FR 66592, n.14 (Oct. 20, 2020)].

⁵⁵ FINRA anticipates this 120-day window would start the day following successful enrollment, and if the candidate does not take the Exam within that window, then the candidate would forfeit payment of Exam fees and would need to reschedule and pay the Exam fee. This 120-day window and forfeiture process would be consistent with the SIE Exam. See SIE Exam Scheduling Procedures.

⁵⁶ As with FINRA's existing exams, the Exam would be designed to comply with the Americans with Disabilities Act [Public Law 101-336, 104 Stat. 328 (1990)], providing testing modifications and aids to individuals with disabilities and/or learning impairments that substantially limit a major life activity, such as learning, speaking, hearing and vision. FINRA intends to provide such testing accommodations in a manner consistent with its existing exams. See FINRA, *Exam Candidates Requiring Testing Accommodations*, available at <https://www.finra.org/registration-exams-ce/qualification-exams/candidates-disabilities> (last retrieved Sept. 24, 2026).

⁵⁷ FINRA also intends for the Exam to be available in select international locations.

iv. Rules of Conduct

Candidates would be subject to FINRA rules of conduct regarding cheating, confidentiality, and other matters in a manner generally consistent with the SIE Exam and other FINRA qualification exams.⁵⁸

v. Results, Validity, and Retake Procedures

FINRA intends to notify candidates of whether they passed the Exam and provide candidates with test results shortly after completion of the Exam, in a manner consistent with the SIE Exam.⁵⁹

It is anticipated that the Exam would be valid for ten years from the date that a candidate passes the Exam. Individuals would have to retake the Exam and pass it again in order to remain an accredited investor in reliance on their status as an Exam Holder and it is not anticipated that FINRA would consider any waivers.

The ten-year renewal frequency would help ensure that individual investors' knowledge remains up-to-date while mitigating the costs to those investors of taking the Exam. A shorter period would increase costs for individuals that seek to establish accredited investor status by using this Exam, while a longer period could allow the individual's financial knowledge to become stale or obsolete without testing.

If a candidate does not pass the Exam, the retake process would be similar to the process for the SIE Exam. Any person who fails to pass the Exam would be permitted to take the Exam again after a period of 30 calendar days has elapsed from the date of such person's last attempt to

⁵⁸ See, e.g., FINRA Rule 1210 Supplementary Material .05 (describing consequences of violating FINRA qualification exam rules of conduct).

⁵⁹ See FINRA, *Prepare for Your Test Center Appointment*, available at <https://www.finra.org/registration-exams-ce/qualification-exam/testcenter#results> (last retrieved Sept. 24, 2026).

pass that Exam, except that any person who fails to pass the Exam three or more times in succession within a two-year period would be prohibited from again taking the Exam until a period of 180 calendar days has elapsed from the date of such person's last attempt to pass the Exam.⁶⁰ The Exam fee would need to be paid each time a candidate takes the Exam.

vi. Public Verification

For people who pass the Exam, FINRA would develop a process where issuers or others would be able to independently verify the status of Exam Holders (together with the passage date of the Exam and date the ten-year validity period ends) in a manner that is compliant with Rule 501(a)(10)(iv).

B. Rationale for Designation

1. Rule 501(a)(10) Generally and Rule 501(a)(10)(i)

Based on our understanding of how FINRA intends to design and implement the Exam, we believe it would be appropriate to designate Exam Holders as qualifying for accredited investor status pursuant to Rule 501(a)(10). The Exam would provide an additional knowledge-based means for individuals to qualify as accredited investors while appropriately balancing investor protection concerns.⁶¹ The Exam, as currently intended to be designed and implemented by FINRA, would fulfill the non-exclusive list of attributes enumerated in Rule 501(a)(10) and allow investors to demonstrate comprehension and sophistication in the areas of securities and

⁶⁰ See FINRA Rule 1210 Supplementary Material .06. FINRA recently filed with the SEC a proposed rule change to amend FINRA Rule 1210 to reduce the waiting periods for retaking FINRA Qualification examinations to 15 and 60 calendar days (from 30 and 180 calendar days, respectively). See SR-FINRA-2026-014, Proposed Rule Change to Amend FINRA Rule 1210 (Registration Requirements), available at <https://www.finra.org/rules-guidance/rule-filings/sr-finra-2026-014> (last retrieved Sept. 24, 2026). FINRA anticipates such reductions would also apply to the retake periods for the Exam, if adopted.

⁶¹ As the Commission stated in connection with adoption of Rule 501(a)(10) “[w]e believe that the amendments we are adopting in [the Accredited Investor Adopting Release] provide appropriate investor protections while facilitating capital formation.” Accredited Investor Adopting Release at 64256. See also *supra* note 20.

investing without needing to establish their wealth, their income, or that they satisfy the other prongs of the existing accredited investor definition.

Rule 501(a)(10) requires that any professional certifications and designations and other credentials designated as qualifying such holder for accredited investor status be held in good standing.⁶² We believe that passage of the Exam and the ten-year validity period are an appropriate measure of good standing. The requirement to periodically retake the Exam would ensure that investors continue to have the requisite financial sophistication to qualify as accredited investors. In particular, this requirement would help ensure that individuals who previously passed the Exam continue to stay apprised of important developments in the areas of securities, investing, and financial and business matters as they develop and change over time.

As we stated in the Accredited Investor Adopting Release, individuals holding qualifying credentials under Rule 501(a)(10) need not practice in the fields related to the certifications or designations, and therefore passage of the Exam with a ten-year validity period would be sufficient to demonstrate a candidate's financial sophistication, even when the Exam Holder is not practicing in an area related to the certification or designation.⁶³

Rule 501(a)(10)(i) additionally requires that a designated certification, designation, or credential arise out of an examination or series of examinations administered by a self-regulatory organization or other industry body or be issued by an accredited educational institution. As described in section II.A.4, FINRA, a self-regulatory organization registered with the Commission,⁶⁴ would create and administer the Exam, with delivery by a third-party vendor.

⁶² See *supra* note 19.

⁶³ See Accredited Investor Adopting Release at 64242.

⁶⁴ See *Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change to Amend the By-Laws of NASD to Implement Governance and Related Changes to Accommodate*

2. Rules 501(a)(10)(ii) and 501(a)(10)(iii)

Rule 501(a)(10)(ii) states that the Commission will consider whether “[t]he 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.” Rule 501(a)(10)(iii) states the Commission will consider whether “[p]ersons obtaining [a] certification, designation, or credential [designated under Rule 501(a)(10)] 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.”

We believe that the passage of an exam designed to satisfy the objectives of Rule 501(a)(10)(ii), such as the Exam described in section II.A, would also satisfy the objectives of Rule 501(a)(10)(iii). A person that demonstrates comprehension and sophistication in the areas of securities and investing through the passage of such Exam 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.

As described in more detail in section II.A.3, the Exam would be specifically designed to evaluate a person’s comprehension and sophistication in the areas of securities and investing. We believe the Exam would achieve this objective, as the topics FINRA intends to test on the Exam are specifically tailored to testing the candidates’ financial sophistication. The Exam’s Definitions and Structures of Securities section would assess knowledge, comprehension, and skills with respect to the types of securities and investment structures in exempt offerings of securities under the Securities Act and how such offerings compare to offerings of securities

the Consolidation of the Member Firm Regulatory Functions of NASD and NYSE Regulation, Inc., Release No. 34-56145 (July 26, 2007) [72 FR 42169 (Aug. 1, 2007)].

registered under the Securities Act. The Exam’s Investment Risks section would assess candidates’ understanding of the merits and risks of investing in exempt offerings (including as compared to registered offerings). Additionally, other sections of the Exam would also evaluate a person’s comprehension and sophistication with respect to legal and financial issues around securities and investing, such as the Corporate Governance section (which would test candidates’ understanding of their rights and obligations) and the Financial Statements section (which would test candidates’ understanding of financial statements, financial statement numeracy, and investment-related ratios and metrics).

We believe that by passing the Exam, such persons will have demonstrated that they have the comprehension and sophistication to evaluate the merits and risks of investment opportunities, and ultimately, appropriately allocate capital based on their individual circumstances, and otherwise make appropriately informed decisions regarding their financial interests.⁶⁵

3. Rule 501(a)(10)(iv)

Rule 501(a)(10)(iv) states the Commission will consider whether “[a]n indication that an individual holds the certification or designation is either made publicly available by the relevant self-regulatory organization or other industry body or is otherwise independently verifiable.” As described in section II.A.4.v, FINRA intends to develop a process by which issuers or others can independently verify the status of Exam Holders in a manner that is compliant with Rule 501(a)(10)(iv).

⁶⁵ See Accredited Investor Adopting Release at 64241.

C. Economic Considerations

As discussed above, we are considering whether to add Exam Holders to the list of designated professional certifications, designations, or credentials that would qualify natural persons for accredited investor status under Rule 501(a)(10). Thus, individuals who pass the Exam and are within the ten-year validity period would qualify as accredited investors and would be able to participate in investment opportunities that may not otherwise have been available to them, unless they were already accredited investors based on another criterion. This change could also impact issuers seeking to raise capital.⁶⁶ The designation of Exam Holders as accredited investors would have economic effects on investors and issuers that would be consistent with those the Commission discussed in creating the Rule 501(a)(10) designation process in the Accredited Investor Adopting Release.⁶⁷

It is difficult to quantify how many additional natural persons would qualify as accredited investors because we cannot reliably predict how many prospective investors will attempt, and pass, the Exam, as well as information about how many of those that pass the Exam already qualify as accredited investors based on one or more of the other eligibility criteria in Rule 501(a), such as those for net worth, income, and other qualifying professional certifications, designations, or credentials.⁶⁸ Further, while individuals taking the Exam may presumably be motivated by the potential qualification as an accredited investor, it is unclear to what extent any

⁶⁶ To the extent that the accredited investor definition is used outside of the Federal securities laws (such as for non-Federal securities laws that incorporate the accredited investor definition), the designation of Exam Holders as accredited investors might have indirect economic effects.

⁶⁷ See Accredited Investor Adopting Release at section VI.

⁶⁸ For instance, some existing investors that qualify as accredited investors based on income or net worth may pursue the Exam to facilitate the issuer's reasonable belief or reasonable steps to verify requirements of Rule 506(b) and Rule 506(c). Such individuals also may hold other licenses or credentials that are already designated, or that we are potentially designating, under Rule 501(a)(10). See *supra* note 38. Thus, by taking and passing the Exam, this category of investors may not contribute to a meaningful net expansion of the pool of accredited investors.

newly eligible accredited investors will choose to participate in exempt offerings after passing the Exam.

Issuers are expected to benefit from the expansion of the accredited investor definition under Rule 501(a)(10) through potentially greater capital formation, lower cost of capital, and greater efficiency in raising capital due to an expanded pool of accredited investors (especially for issuers that are small or do not have access to a network of institutional accredited investors or persons with the required net-worth or income to qualify as accredited investors).⁶⁹ This change may also benefit issuers in exempt offerings by making it easier and less costly to find and verify accredited investors (i.e., by reducing search costs).⁷⁰ As discussed in section II.A.4.vi, the status of an Exam Holder could be easily independently verified, which would directly reduce issuers' costs of confirming accredited investor eligibility, relative to verifying income or net worth.⁷¹ This is expected to benefit issuers and intermediaries in exempt offerings where only accredited investors may be purchasers (such as Rule 506(c)) or where some provisions, such as limits on the number of purchasers or investment limits, are dependent on accredited investor status (e.g., Rule 506(b), Regulation A, and Regulation Crowdfunding). However, to the extent that issuers would have otherwise pursued additional financing from accredited investors meeting the existing definition or engaged in an offering that is not dependent on accredited investor participation (such as a registered securities offering), the amount of additional capital formation may be limited. Still, issuers may benefit from greater flexibility in how they may raise capital, which could result in some cost savings and a lower

⁶⁹ See Accredited Investor Adopting Release at 64264-65.

⁷⁰ See Accredited Investor Adopting Release at 64264.

⁷¹ Thus, even if some Exam Holders already meet other accredited investor eligibility criteria, the overall costs of verification of accredited investor status may decrease with the addition of the Exam option.

cost of capital. For instance, issuers undertaking a Rule 506(b) offering may incur lower costs if all of their purchasers are accredited investors as compared to if not all of their purchasers are accredited investors, as the rule would not require them to furnish the financial and other information prescribed by Rule 502(b) for offerings involving non-accredited investors.⁷² For issuers in Rule 506(c) offerings, verification of accredited investor status based on a credential that is easier to confirm may be less costly than verification of other prongs of the accredited investor definition (such as financial eligibility), reducing their transaction costs.⁷³ For issuers that undertake a Tier 2 Regulation A or Regulation Crowdfunding offering, both of which are subject to investment limits for non-accredited investors, having more accredited investors in the offering enables higher investment amounts per investor, which may decrease all-in offering costs.⁷⁴ Issuers choosing among different exempt offering alternatives may choose a Regulation D offering if they have enough prospective investors that meet the accredited investor definition, instead of pursuing a Regulation A or Regulation Crowdfunding offering, potentially lowering their compliance, intermediary, and marketing costs-per-dollar raised. Some issuers choosing between an exempt and a registered offering may choose an exempt offering if they have enough prospective investors that meet the accredited investor definition, instead of pursuing a registered offering.

For investors, the availability of the Exam as a means of becoming an accredited investor could enable more natural persons who would not otherwise meet one of the eligibility criteria in

⁷² See 17 CFR 230.502(b).

⁷³ See 17 CFR 230.506(c)(1) through 230.506(c)(2).

⁷⁴ See 17 CFR 230.251(d)(2)(i)(C); 17 CFR 227.100(a)(2).

Rule 501(a), such as the income and net worth criteria, to access a broader range of investment options, potentially enhancing their ability to diversify and optimize portfolio allocations.⁷⁵

However, these investment options generally come without the additional disclosure provided by registration under the Securities Act and could entail greater costs related to illiquidity,⁷⁶ agency costs (i.e., costs arising from conflicts of interest between investors and managers), adverse selection, and business risk, as compared to investments in the public capital markets. Individual investors' comprehension and sophistication in the areas of securities and investing, and knowledge and experience in financial and business matters, as reflected in having a professional certification or designation or credential under Rule 501(a)(10), increases the likelihood that such individual investors would be capable of evaluating the merits and risks of a prospective investment in an exempt offering and managing such risks. For example, such individuals may be more likely to consider the size of any single investment relative to their overall portfolio and diversify their portfolio.⁷⁷ It is unclear whether additional investment opportunities would improve portfolio efficiency for newly eligible accredited investors.

⁷⁵ As noted above, the extent of overlap between the Exam Holders and the investors that meet the existing accredited investor criteria is unclear. Some investors that already meet income or net worth criteria may find it is easier or less costly to demonstrate their accredited investor status under Rule 501(a)(10).

⁷⁶ While securities sold in an exempt offering are generally illiquid, the introduction of a larger pool of investors that become eligible as accredited investors through the Exam could potentially (at the margin) create impetus for additional secondary market liquidity in these securities. In addition, the expansion of the accredited investor pool also would potentially increase the feasibility of resales under section 4(a)(7) of the Securities Act [15 U.S.C. 77d(a)(7)]. However, if some newly eligible investors have fewer financial resources (see *infra* note 77), they may be less willing to hold restricted securities over long holding periods, and especially, seek to unload positions during downturns.

⁷⁷ As stated in the Accredited Investor Adopting Release, while certain of these individuals may have fewer financial resources and, as a result, be less able to bear the financial risk of private investments, we believe their knowledge and sophistication should enable these investors to assess investment opportunities, appropriately allocate capital based on their individual circumstances, including whether to reallocate investment capital between private investments and other equivalent-sized investments, and otherwise make appropriately informed decisions regarding their financial interests, including their ability to bear the financial risk. See Accredited Investor Adopting Release at 64241.

Investors that elect to pursue the Exam will also incur some costs, including the Exam fee (anticipated to be similar to the SIE Exam fee, which is currently \$100),⁷⁸ the costs of travel to the Exam location, and the costs of time to study and take the Exam; these costs are expected to be incurred in connection with each initial Exam attempt, any retakes if the initial Exam attempt is unsuccessful, as well as renewal of the credential by retaking the Exam every ten years. Investors are expected to incur those costs only if they perceive the benefits of accredited investor status to exceed the costs.

The described effects, including both the benefits and the costs to issuers and investors, may be modest in magnitude, as discussed in detail in the Accredited Investor Adopting Release. First, it is possible that a number of the individuals who would qualify as accredited investors under the potential designation may already qualify as accredited investors based on one or more of the criteria in Rule 501(a).⁷⁹ Second, because any newly eligible individuals may have income and net worth below the currently required thresholds for individual accredited investors, the increase in the capital supply from an individual newly eligible accredited investor would likely be low, and the collective impact would depend on the size of any increase in the number of individual accredited investors.⁸⁰ Third, although the individuals taking the Exam may presumably be motivated by the potential qualification as an accredited investor, the effects may be more modest to the extent that some of the newly eligible natural persons may end up not participating in exempt offerings.⁸¹ Fourth, it is possible that issuers may choose to offer

⁷⁸ See *supra* note 55 (discussing rescheduling fees).

⁷⁹ See Accredited Investor Adopting Release at 64262.

⁸⁰ *Id.*

⁸¹ See, e.g., Katherine Carman et al., *Exploring Accredited Investors and Private Market Securities Ownership* 18 tbl. 6 (OIAD, Working Paper No. 1, June 2025), available at <https://www.sec.gov/files/exploring-accredited-investors-june-2025.pdf> (reporting, based on a recent investor survey, that, 14.4% of accredited investors and 4.7% of non-accredited investors, respectively, indicate interest in investing in new or private companies, and

securities to institutional accredited investors, or apply investment minimums (perhaps in an effort to simplify their capitalization table), such that any individual accredited investors participating in exempt offerings are more likely to be those who meet the net worth or income criteria in Rule 501(a). Fifth, any specific effects of this potential change to the accredited investor pool would be partly diluted to the extent that other Commission actions designating other credentials result in expanding the pool of natural persons qualifying as accredited investors based on multiple criteria.

III. NOTICE

For the reasons set forth herein, we believe that passage of the Exam, as it is currently intended to be designed and implemented by FINRA, would meet the requirements set forth in Rule 501(a)(10). Accordingly, we believe it is appropriate to designate Exam Holders as qualifying for accredited investor status pursuant to Rule 501(a)(10). We are issuing this notice and providing an opportunity for public comment on such a potential designation. We are particularly interested in comments on whether we should designate Exam Holders as qualifying natural persons for accredited investor status pursuant to Rule 501(a)(10), as discussed in this notice, and whether such designation could raise investor protection concerns unique to persons who would be qualified under such designation.

that 4.3% of accredited investors and 1.1% of non-accredited investors, respectively, report owning a “private fund or offering”). *See also* Katherine Carman & Alycia Chin, *Accredited Investors in the US Population*, 9 FIN. PLAN. REV. e70023 (2026).

We are also interested in comments on the Exam itself (including the scope and appropriateness of the content, format, administration, result verification, fees, and validity period). We will share any such comments with FINRA staff and take such comments into consideration when determining whether to designate Exam Holders as accredited investors.

By the Commission.

Dated: September 30, 2026.

Vanessa A. Countryman,

Secretary.