



March 5, 2026

The Honorable Paul Atkins
Chairman
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: IPA Recommendations to Support Small Business Capital Formation and Expand Investor Access to Private Markets

Dear Chairman Atkins:

On behalf of the Institute for Portfolio Alternatives ("IPA"),¹ thank you for your leadership and continued focus on capital formation, investor protection and the long-term strength of U.S. financial markets. IPA represents asset managers, distributors and service providers operating across both public and private markets, and we appreciate the opportunity to share policymaking recommendations that we believe merit near-term Commission attention to support small and emerging businesses.

Although we work with the Commission on a broad range of issues affecting private markets, the purpose of this letter is to focus on one primary issue: broadening the accredited investor definition to better reflect financial sophistication and the realities of today's advice-driven marketplace. Updating the definition would not only expand responsible investor access to private markets but would also improve the existing regulatory frameworks, such as Rule 506, that help channel investment to small and emerging businesses.

¹ For more than 40 years, the IPA has served as the leading voice for global asset managers, distributors and service providers in the private markets and alternative investment industry. We deliver best-in-class education for practitioners and champion policies that expand investor access to wealth-building private market strategies, including real estate, credit, infrastructure, private equity and venture capital, among other asset classes. These investments offer lower correlation to public markets, strengthen retirement outcomes and enhance portfolio diversification while operating within robust investor-protection standards. Over the past 25 years, private market and alternative investments have driven more than \$1 trillion in capital formation, playing a critical role in fueling national and local economic growth.



Today’s accredited investor definition is based primarily on income and net worth as proxies for investor suitability. The IPA is grateful for recent bipartisan legislative efforts that appropriately recognize professional credentials, job experience and examinations as indicators of financial sophistication.² We also believe the Commission has a meaningful opportunity to further modernize the framework by recognizing investors who invest upon the recommendation of an SEC-regulated investment adviser (“RIA”) or broker-dealer (“BD”) as accredited.

As the Commission’s staff has observed, the RIA and BD regulatory regimes are grounded in core fiduciary principles requiring these financial professionals to act in the retail investor’s best interest. RIAs and BDs must understand the retail investor’s financial circumstances, investment goals, and risk tolerance. RIAs and BDs must evaluate the risk associated with a particular product, manage their own conflicts, and tailor recommendations to the investor’s individual circumstances.³ These fiduciary principles help ensure that an RIA or BD’s recommendation to invest in a Rule 506 offering is in the best interest of the retail investor.

Expanding accredited investor eligibility to investors working with an RIA or BD would also directly address a persistent challenge in the private markets: accredited investor verification under Rule 506(c). Rule 506 offerings represent one of the primary mechanisms through which small and emerging businesses raise capital in the United States, accounting for a significant share of private market financing that supports entrepreneurship, innovation and job creation.

Since enactment of the Jumpstart Our Business Startups (JOBS) Act (P.L. 112-106) in 2012, Rule 506(c) has remained significantly underutilized despite permitting general solicitation. The primary obstacle has been the requirement that issuers take reasonable steps to verify accredited investor status, despite typically having no direct relationship with the underlying investor or access to sensitive financial information.

² Incentivizing New Ventures and Economic Strength Through Capital Formation (“INVEST”) Act of 2025, H.R. 3383, 119th Cong. (2025), available at Congress.gov bill page. The legislation includes provisions to modernize the accredited investor definition by recognizing professional licensure, education and experience as indicators of financial sophistication.

³ 2023 SEC Staff Bulletin: “Both Reg BI for broker-dealers and the IA fiduciary standard for investment advisers are drawn from key fiduciary principles that include an obligation to act in the retail investor’s best interest and not to place their own interests ahead of the investor’s interest. Complying with their care obligations is an important aspect of how firms and financial professionals form a reasonable belief that their investment advice and recommendations are in the retail investor’s best interest. Although the specific application of Reg BI and the IA fiduciary standard may differ in some respects and be triggered at different times, in the staff’s view, they generally yield substantially similar results in terms of the ultimate responsibilities owed to retail investors.” Standards of Conduct for Broker-Dealers and Investment Advisers Care Obligations, <https://www.sec.gov/about/divisions-offices/division-trading-markets/broker-dealers/staff-bulletin-standards-conduct-broker-dealers-investment-advisers-care-obligations> (April 30, 2023).

Issuers often distribute offerings through financial intermediaries and platforms rather than directly to investors. As a result, they are unable to request sensitive financial documentation from individuals with whom they do not have a direct or established relationship. By contrast, RIAs and BDs already collect and evaluate investor financial information as part of customer onboarding, suitability analysis and ongoing monitoring obligations.

Allowing issuers to reasonably rely on an investor's participation through an SEC-regulated financial intermediary when satisfying the "reasonable steps to verify" requirement would better align Rule 506(c) with distribution practices today. Such clarity would reduce uncertainty for issuers and distributors, facilitate responsible use of general solicitation and help unlock the intended capital formation benefits for small and emerging companies without undermining investor protection.

IPA appreciates the Commission's thoughtful engagement on these issues and stands ready to work collaboratively with you and Staff as you advance pro-growth, disclosure-based and investor-focused regulatory policies. Please contact Jeff Evans, Director of Government Affairs and Policy, at jevans@ipa.com, with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Anya Coverman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Anya Coverman
President & CEO

CC:

The Honorable James Moloney, Director, Division of Corporation Finance