TEMPLE UNIVERSITY
Beasley School of Law

Tom C.W. Lin
Associate Professor of Law

1719 N. Broad Street
Philadelphia, PA 19122
[redacted]

July 14, 2016

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Report on the Review of the Definition of "Accredited Investor"

Dear Mr. Fields:

I am a law professor at Temple University Beasley School of Law. I research, teach, and write in the areas of corporate law and securities regulation. This comment letter is provided in response to the solicitation by the Securities and Exchange Commission (the "Commission") for comments on the Commission's Report on the Review of the Definition of "Accredited Investor" (the "Report").

I am supportive of the Commission's recent efforts to review and improve the securities rules relating to accredited investors as detailed in the Report. In connection with the Report, I would like to highlight two broad issues for the Commission's consideration that are detailed at length in the referenced and attached research paper:[1]

1. The capital markets today consist of an incredibly diverse population of reasonable investors, both accredited investors and ordinary investors, many of whom leverage the new financial technology of smart machines in managing their investments. Today's diverse population of investors frequently deviates from the theoretical, monolithic reasonable investor paradigm of perfectly rational human beings of average wealth and ordinary financial sophistication that invest passively for the long term that historically has premised much of securities regulation. In fact, many investors in today's marketplace use autonomous, algorithmic programs powered by artificial intelligence to make their investment decisions, which represents a significant departure from historical

[1] Tom C.W. Lin, *Reasonable Investor(s)*, 95 B.U. L. REV. 461 (2015), available at: http://ssrn.com/abstract=2579510.

investor practices and presumptions. As such, while it is important to protect every investor – accredited or not – it is also important to acknowledge that not every reasonable investor is the same, and thus not every investor needs the same type of protection. (*See* Tom C.W. Lin*, Reasonable Investor(s)*, 95 Boston University Law Review 461, 466-76 (2015)).

2. In light of the role that smart machines are playing in today's marketplace, the Commission should consider investment technological capabilities and sophistication as a factor in identifying individuals and entities that may qualify as accredited investors based on criteria other than income and net worth. For instance, the Commission could consider introducing an *Algorithmic Investor* qualifying category to its current conceptions of accredited investors to better reflect the realities of the marketplace. (*See* Tom C.W. Lin*, Reasonable Investor(s)*, 95 Boston University Law Review 461, 495-501 (2015)).

I appreciate the opportunity to participate in this process, and would be happy to discuss my comments or any questions the Commission may have with respect to this letter. Any comments or questions by the Commission about this letter may be directed to [redacted].

Sincerely,

/s/ Tom C.W. Lin

Attachments:

1. Tom C.W. Lin*, Reasonable Investor(s)*, 95 Boston University Law Review 461 (2015)

Lin, Tom C. W., Reasonable Investor(s). 95 Boston University Law Review, 461, 2015; Temple University Legal Studies Research Paper No. 2015-20. Available at SSRN: http://ssrn.com/abstract=2579510