

LXR Group

October 16, 2026

U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Accredited Investor Definition, File Nos. 4-931, 4-933, and 4-935

Dear Commissioners:

I urge the Commission to improve the accredited investor definition without expanding the eligible population overall. The definition determines who may be sold securities without the protections of registration.¹ Its success should be measured by how reliably it identifies investors equipped to evaluate those offerings, not by how many additional purchasers it makes available to issuers.

Wealth is a poor proxy for sophistication, and relevant professional expertise deserves recognition. But that recognition should be paired with higher financial thresholds, not layered onto existing criteria as another means of expanding private markets. T

he Commission's commitment to private-market growth does not diminish its obligation to justify expanding the population expected to invest without registration protections. The Commission's breathtaking rush to weaken public-market safeguards does not change our judgment that public markets remain the better-protected and more appropriate setting for most investors.

I. Recognize relevant expertise while preserving the definition's protective purpose.

Financial resources do not establish the ability to evaluate an offering, and investors with relevant expertise may fall below the financial thresholds. LXR therefore supports recognizing the **Series 79 registration, the combined Series 86/87 registration, and the CFA charter**, subject to appropriate good-standing and verification requirements.

These qualifications have a substantive connection to investment analysis. Series 79 addresses financial analysis, financing transactions, and investment banking; Series 86/87 addresses securities research, valuation, and the responsibilities of research analysts. The CFA charter combines extensive investment study and examinations with relevant professional experience and ethical obligations. Their value rests on these substantive requirements, not simply on the possession of a financial credential.^{2,3}

Recognizing this expertise should be part of a broader recalibration of eligibility. LXR does not support adding successive qualification pathways while leaving the financial criteria untouched. The definition should better identify investors equipped to evaluate private offerings, rather than steadily enlarge the population presumed not to need registration protections.

¹ SEC, Release No. 33-11445, § I.A and nn. 4-7 (registration exemptions and consequences of accredited status). Source

² SEC, Potential Designation of Certain FINRA Registrations as Qualifying Natural Persons for Accredited Investor Status, Release No. 33-11449, File No. 4-935 (Sept. 30, 2026). Source

³ SEC, notice concerning designation of the CFA charter, Release No. 33-11447, File No. 4-933 (Sept. 30, 2026). Source

II. An accreditation examination must be accompanied by meaningful disclosure and oversight reforms.

we cannot support a stand-alone examination that expands eligibility to purchase private offerings without improving the information available to investors and regulators. A well-designed examination may demonstrate relevant knowledge and provide a more direct measure of sophistication than wealth. But the ability to analyze an investment and access to the information necessary to perform that analysis are separate requirements. An examination can address the former. It cannot supply the latter.

Some commenters emphasize that an examination credential would make accredited status easier to verify. Reliable verification is important, but it answers a different question from whether an investor can make an informed investment decision. A system that makes it easier for issuers to establish purchasers' eligibility should also ensure that those purchasers receive meaningful information about what they are being sold.^{4,5}

LXR could support an examination pathway only as part of a broader reform package that materially improves transparency into private markets. That package should address two distinct needs: timely, decision-useful disclosure to purchasers and reliable reporting that enables regulators to understand offering activity, identify emerging risks, and evaluate investor outcomes. Enhanced Form D reporting could serve the second purpose. A standardized purchaser-facing disclosure document developed by FINRA could help serve the first. Neither should be treated as a substitute for the other.⁶

Purchasers should receive information about the issuer's financial condition, offering terms, intended use of proceeds, intermediary compensation, and material conflicts before committing their funds. Regulatory reporting should capture amounts actually raised and meaningful subsequent developments, rather than leave regulators with a static notice of an offering's commencement. The framework must assign responsibility for reviewing the required information, correcting deficiencies, and enforcing compliance. Review should assess disclosure completeness and compliance, and should not be represented to purchasers as regulatory approval of an investment's merits. Any role assigned to FINRA must account for offerings conducted without a FINRA member intermediary, so that coverage does not depend on the issuer's choice of distribution channel.

These reforms must also preserve existing disclosure protections. The release expressly identifies potential issuer savings when investors become accredited and the disclosure requirements applicable to non-accredited purchasers under Rule 506(b) consequently no longer apply. That possibility underscores the need to evaluate what investors would lose, not merely what issuers would save. An examination should not become the mechanism by which investors receive less information. LXR would not support using examination passage to establish eligibility for generally solicited offerings under Rule 506(c).⁷

Before recognizing the final examination, the Commission should publish its content, passing standard, validation methodology and results, and requirements for maintaining the qualification, and provide an opportunity for public comment. Validation should assess whether the examination tests the application of knowledge to realistic investment decisions, including identifying missing information, evaluating conflicts, and assessing illiquidity and loss exposure. A passing score should

⁴ Umergence LLC, comment on File No. 4-931 (Oct. 12, 2026). Source

⁵ AccreditedNow LLC, comment on File No. 4-931 (Oct. 5, 2026). Source

⁶ NASAA, statement to the SEC Investor Advisory Committee on retail access to private market assets (Sept. 18, 2025), item 2 (Form D and complementary disclosure reforms). Source

⁷ SEC, Potential Designation of Passage of an Accredited Investor Exam To Be Developed by FINRA as Qualifying Natural Persons for Accredited Investor Status, Release No. 33-11445, File No. 4-931 (Sept. 30, 2026), economic analysis. Source

reflect demonstrated competence, not a policy objective of increasing the number of eligible investors.⁸

If FINRA proceeds with developing an examination, it should invite NASAA to serve as a joint development partner. State securities regulators bear substantial responsibility for investigating private-offering fraud and pursuing remedies for harmed investors.⁹ Their experience can help identify the difference between knowing investment terminology and recognizing misleading disclosures, undisclosed conflicts, and warning signs of fraud. That perspective should shape the examination's content and standards from the outset.¹⁰

This recommendation contemplates voluntary cooperation, not Commission authority to compel participation by NASAA or state authorities. Joint development would strengthen the examination, but would not replace the disclosure, reporting, and review reforms necessary for LXR's support. Those protections should be in place when any examination pathway becomes effective, not deferred for future consideration.

III. Pair additional credentials with higher financial thresholds.

The Commission should pair recognition of these credentials with increases in the income and net-worth thresholds, calibrated to avoid an overall expansion of the accredited investor population. It should estimate the combined effects, account for overlap among qualification categories, and explain the basis for its calibration. Future inflation adjustments should prevent further erosion of the financial thresholds.¹¹

Financial capacity and sophistication are distinct. Raising the financial thresholds would not make wealth a better measure of knowledge or impose a wealth requirement on credential holders. It would strengthen the separate financial pathway while allowing relevant expertise to receive appropriate recognition. LXR's support for the additional credential pathways is conditioned on concurrent adjustments to the financial thresholds designed to avoid an overall expansion of the eligible population.

The Commission should improve the accuracy of the accredited investor definition without enlarging its reach overall. Relevant professional expertise deserves recognition. An examination pathway warrants consideration only alongside enforceable reforms that materially improve disclosure, reporting, and regulatory review, and should not establish eligibility for generally solicited offerings. The objective should be better-informed investment under a more carefully calibrated definition. A larger pool of eligible purchasers should not be the measure of success.

Respectfully submitted,

Michael J. Canning, Jr.

Principal, LXR Group

⁸ SEC, Release No. 33-11445, § II (contemplated examination and requests for comment). The validation and further-comment conditions stated here are LXR recommendations. Source

⁹ NASAA, 2025 Enforcement Report, p. 6 (reporting 152 investigations and 47 enforcement actions involving Rule 506(b) offerings in 2024). Source

¹⁰ NASAA, statement to the SEC Investor Advisory Committee (Sept. 18, 2025), item 2 (relevant knowledge, practical experience, and consultation with FINRA and state regulators). Source

¹¹ SEC staff, Review of the "Accredited Investor" Definition under the Dodd-Frank Act (Dec. 2023), § III, pp. 46–48 (financial thresholds and inflation-adjustment proposals). Source