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February 10, 2020

Via E-mail: rule-comments@sec.gov
Vanessa A. Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File No. S7-25-19: Amending the "Accredited Investor" Definition

Dear Secretary Countryman,

As an attorney who has practiced in the securities field for decades, I wish to comment on the proposal to loosen and expand the requirements for accredited investor status. I welcome the expansion and believe the proposed rule acknowledges that certain persons have the knowledge and business acumen to participate in investments of private entities, and this change will allow more opportunities for wealth creation. I applaud the recognition that the suggested rule gives to joint net worth, persons having a securities registration and those having a degree or license evidencing exposure and understanding of the investment environment. However, as the Commission expands the definition of accredited investor, thereby enabling additional numbers of investors to participate in Rule 506 offerings, I believe the exemption under Section 3(c)(1) of the Investment Company Act of 1940 should also be expanded to accommodate additional accredited investors.

The Commission has rightfully recognized that the definitions of accredited investors have been longstanding and that, based on the ever-increasing group of qualified investors who may still not satisfy those existing criteria of accredited investor, the Commission wishes to expand the opportunity for such persons to invest. The Commission's intent appears addressed at increasing the investment opportunities and afford qualified investors the opportunity to invest in the private markets. While the effect of expanding the definition of accredited investor will accomplish that objective to some extent, I believe the real issue for the private capital market is not finding accredited investors but rather being able to accommodate the increased number of accredited investors who are still prevented from suitable investment opportunities due to the stringent

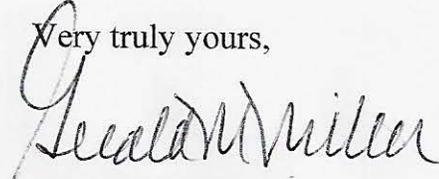
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3(c)(1) exemption. That exemption limits the number of investors to no more than 99 persons, including accredited investors, (subject to Section 3(c)(7)) of the Investment Company Act. That 99 person limit was established when private funds' ability to disseminate information and to report results to its investors was limited. Now, funds have access to administrators and independent auditors who generate information and make them available on a widespread basis. At the very least, the number of permitted investors for exemption under 3(c)(1) of the Investment Company Act should be increased to allow an additional amount of accredited investors .

The problem I have witnessed with clients seeking to raise capital is their frustration at the limitation on its number of investors, not because they are not accredited, but rather because, from a strict economic analysis, the funds cannot afford to register as an investment company. With this expansion of eligible accredited investors, the problem these funds will face will be exacerbated, as more accredited investors will be eligible and available to invest, yet the limitations under 3(c)(1) will continue to bar them investors from doing so. This contradiction between the expansion of accredited investors and the limitation on total investors will limit investment opportunities in order to avoid the rigid requirements of becoming an investment company. Lower threshold accredited investors will have to place a higher percentage of their investment assets into fewer funds. Therefore, I believe the more complete solution to opening up opportunities for investors is both the loosening of the accredited investor status as suggested by the Commission, coupled with an expansion of the Section 3(c)(1) exemption of the Investment Company Act.

Very truly yours,



Gerald M. Miller

GMM/jmb