ARTIVEST

Via Electronic Mail

April 22, 2020

Vanessa A. Countryman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Amending the "Accredited Investor" Definition
File No. S7-25-19 Release Nos. 33-10734; 34-87784; RIN 3235-AM19

Dear Ms. Countryman:

We appreciate this opportunity to comment on the Securities and Exchange Commission's (the "**Commission**") proposed amendments (the "**Proposal**") to the definition of "accredited investor" under the Securities Act of 1933, as amended (the "**Securities Act**"). If adopted, the Proposal would add new categories of qualifying natural persons and entities and make certain other modifications to the existing definition. The Proposal includes a request for public comment on the proposed expanded categories of qualifications. At Artivest Holdings, Inc. ("**Artivest**"), qualifying investors are currently able to obtain exposure to our alternative investment programs through exempt offerings in pooled investment vehicles; however, similar opportunities are typically limited or nonexistent for the many investors that do not meet the current qualifying criteria but are otherwise financially sophisticated. We support the Commission's proposed rule changes as we believe they would meaningfully benefit investors that ought to be able but, due to existing regulatory impediments, are currently unable, or limited in their ability, to invest in alternative investment programs.

Founded in 2011, Artivest has developed a leading automated digital alternative investment platform for hedge funds, private equity and debt, real assets and other alternative offerings. Artivest uses online communications, proprietary technology and a web-based approach to enhance transparency in order to offer financial advisers and high net worth investors access to these strategies. Artivest's proprietary platform serves over 10,000 investors and provides access to premier global investment firms that manage strategies across multiple alternative investment programs. Advisers and suitable investors are given the opportunity to learn about the investment managers and strategies offered on Artivest's proprietary platform to the extent that investors meet applicable accreditation standards and, if they so choose, to allocate assets to a manager. The amendments in the Proposal are of particular interest to Artivest as they strive to provide a broader investor base with an investment platform that allows for increased market efficiency and greater investor access. Our market experience has shown that the current accreditation thresholds preclude many otherwise sophisticated and suitable investors into alternative investment programs from pursuing such opportunities.

Given the importance of the accredited investor definition in securities laws, we agree with the Commission that the definition should maintain the current net worth and net income thresholds for natural persons, except for those with specifically identified professional certifications, designations or financial knowledge or sophistication (as addressed below and in the Proposal). We support exceptions that provide objective and well-understood criteria indicative of financial sophistication consistent with our prior comment letters to the Commission.[1] We believe that the inclusion of individuals who hold Series 7, 65, and 82 licenses, as suggested in the Proposal, is the first step in expanding the definition. However, we believe this "licensed professionals" category in the Proposal should be further expanded to include the Series 66, Series 3, Series 6, certified public accountant (**CPA**), chartered alternative investment analyst (**CAIA**) and chartered financial analyst (**CFA**) designations. Excluding similarly qualified and sophisticated individuals unnecessarily limits the definition without providing an investor protection benefit. Continuing to allow these qualified and financially sophisticated individuals to advise accredited investors with respect to investment opportunities without allowing those individuals to directly participate in such investment opportunities does not appear to have a public policy justification.

We also support the Proposal's inclusion of "knowledgeable employees" as defined by Rule 3c-5 of the Investment Company Act of 1940, as amended ("**1940 Act**"). Continuing to allow a "knowledgeable employee" to be considered a "qualified purchaser" under the 1940 Act but not an accredited investor under the Securities Act also does not appear to have an investor protection justification.

We also support the Proposal permitting not just spouses, as is currently the case, but also spousal equivalents (domestic partners and other qualifying significant others) to pool their finances for the purpose of qualifying as accredited investors, as it would expand opportunities to more households.

With respect to legal entities, we agree that the accredited investor definition should be expanded to allow any legal entity with investments in excess of $5 million to qualify as an accredited investor. We support this proposed change as entities, regardless of form (partnership, limited liability company or corporate), with such investments are likely to be sophisticated enough to protect themselves from the risks of the investment and presumably able to withstand the potential loss.

We also support the Proposal's creation of a new category of accredited investors for certain "family offices" and their "family clients," each as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940, as amended. We agree that family clients of a family office with at least $5 million of assets under management should also be considered accredited investors.

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[1] For reference, please see our comment letter, dated September 19, 2013, relating to the Commission's proposal to amend Regulation D (File No. S7-06-13) and our comment letter, dated October 8, 2019, relating to the Commission's concept release on harmonization of securities offering exemptions (File No. S7-08-19).

In the Proposal, the Commission asks if it should include additional expansions to the definition in the final rule. Notwithstanding our support of the initial steps detailed in the Proposal, we believe the accredited investor definition should be further expanded to include natural persons (i) that are advised by a financial professional, such as a registered investment adviser, that acts as a fiduciary in making the investment; (ii) with financial professional credentials (including those with an MBA from an accredited institution); or (iii) who have at least $5 million of investments and can, therefore, bear the risk of loss. We agree with the Commission's view, with respect to the $5 million catch-all for entities described above, that an investment test is appropriate as it demonstrates that an entity has sufficient investment experience and financial sophistication to automatically qualify as an accredited investor. However, we do not see an appropriate justification to distinguish entities from natural persons in this regard. Further, a $5 million investment test is already used for natural persons in the "qualified purchaser" definition under the 1940 Act. Respectfully, the Commission might also consider imposing a percentage of either net worth or liquid assets as an investment limitation (e.g., an investor cannot invest more than 10% of the investor's documented net worth into certain types of products).

We also strongly support indexing any financial thresholds included in the final definition to inflation. Periodic adjustments of this type avoid unnecessary uncertainty associated with an abrupt and sizeable adjustment to compensate for many years of inflation. In that regard, if such indexing is adopted, we believe that adjustments to the financial thresholds should take place on a fixed forward-looking schedule so that both issuers and investors alike can properly prepare for adjustments.

Further, respectfully, we encourage the Commission to revise the definition of "qualified client" under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), to include the expanded categories of accredited investors. Private fund managers typically are compensated with a management fee based on a percentage of the assets under management (often 1.5% to 2.0%) and an incentive or performance fee based on the capital appreciation of the value of the fund's holdings (often 20% of the appreciation). However, private fund managers are currently prohibited from charging incentive or performance-based fees under the Advisers Act to investors who are not "qualified clients" as defined in Rule 205-3 of the Advisers Act. On the other hand, the Commission's rules do allow business development companies ("BDCs") that are publicly-traded to utilize a similar incentive or performance-based fee structure without a requirement to limit their securities offerings to qualified clients or even to accredited investors despite the BDC primarily investing in private credit and debt investments. Limiting the same fund to qualified clients, after it is already limited to accredited investors, does not appear to serve a practical purpose and results in unnecessary administrative costs for the fund and its adviser, as well as additional complexity and often confusion on the part of investors in evaluating their ability to invest. As such, we respectfully suggest conforming the accredited investor and qualified client definitions.

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We appreciate the opportunity to comment on the Proposal and would be pleased to discuss these issues or to answer any questions. If you have any questions regarding the foregoing, feel free to contact at Mayer Brown LLP at or me at . Thank you.

Sincerely,

Kamal Jafarnia
General Counsel
Artivest Holdings, Inc.

Cc: Anna Pinedo, Mayer Brown LLP