

Further Guidance On The Revised Accredited Investor Standard

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Title IV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") sets forth, among other regulatory changes, a revised net worth test for a natural person to qualify as an "accredited investor" for purposes of Regulation D under the Securities Act of 1933, as amended (the primary private placement exemption relied on by investment advisers managing private investment funds). The revised standard requires such an individual's net worth, or joint net worth with the spouse of that person, at the time of investment to be in excess of \$1,000,000, *excluding the value of the primary residence of such natural person*. The Securities and Exchange Commission ("SEC") has confirmed that this change became effective immediately upon the enactment of the Act on July 21, 2010.

Further, the SEC has issued guidance to the effect that, pending final amendments to its rules as required by the Act, for purposes of calculation of an investor's net worth under the revised net worth standard an investor may *also exclude the amount of mortgage or other debt secured by the individual's primary residence, up to the amount of the value of such primary residence*. To the extent that the debt secured by the investor's primary residence exceeds the value of such primary residence, the amount the excess must be deducted from the investor's net worth.

Any adviser to one or more private investment funds that accepted subscriptions from natural persons resident in the U.S. on or subsequent to July 21st should confirm that the subscriber meets the revised definition of an "accredited investor," and to the extent continuing to accept new subscriptions should begin the process of revising the offering materials of each applicable fund to reflect the revised standard.

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