

ICI VIEWPOINTS

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JOBS Act Proposal Fails on Investor Protection

By Paul Schott Stevens

Today, the Securities and Exchange Commission (SEC) [issued a proposal](#) to implement an important part of the [Jumpstart Our Business Startups Act](#), or JOBS Act. We are pleased that the Commission decided to issue a proposal that allows for public comment, rather than rush to adopt an interim final rule.

We are keenly disappointed, however, that the SEC has not included content requirements or other investor protection measures in the proposal beyond those few specifically mandated by the JOBS Act. As we noted in [a previous ICI Viewpoints post](#), misleading advertisements by private funds have the potential to confuse investors in funds of all types, and thus not only to harm those investing in the advertised fund itself but also to erode investor confidence in funds and fund investing more generally.

We also are deeply troubled that the Commission does not propose to strengthen the criteria necessary for accredited investor status. The current criteria were established some 30 years ago and have substantially eroded over time. By today's standards, the income and net worth tests are shockingly low and must be modernized to remain effective.

Paul Schott Stevens was President and CEO of ICI.
