

## **Annexure - Accredited Investors Norms in USA**

Under the Securities Act of 1933, a company that offers or sells its securities must register the securities with the SEC, or find an exemption from the registration requirements. The Act provides companies with a number of exemptions. For some of the exemptions from registration requirements of federal securities laws, a company may sell its securities to what are known as "accredited investors".

The federal securities laws define the term "accredited investor" in Rule 501 of Regulation D as:

1. A bank, insurance company, registered investment company, business development company, or small business investment company;
2. An employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of US\$5 million;
3. A charitable organization, corporation, or partnership with assets exceeding US \$5 million;
4. A director, executive officer, or general partner of the company selling the securities;
5. A business in which all the equity owners are accredited investors;
6. A natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds US\$1 million at the time of the purchase, excluding the value of the primary residence of such person;
7. A natural person with income exceeding US\$200,000 in each of the two most recent years, or joint income with a spouse exceeding US\$300,000 for those years and a reasonable expectation of the same income level in the current year; or a trust with assets in excess of US\$5 million, not formed to acquire the securities offered, whose purchases a sophisticated person makes.