



SUBJECT: Staff Position Regarding References to the United States Securities and Exchange Commission's Accredited Investor Definition in the Pennsylvania Securities Act of 1972 and the Regulations promulgated under such pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203).

RELEASE NO.: 10-CF-1

DATE OF RELEASE: October 5, 2010

TYPE: Staff Position

PRIOR REFERENCE: None

BACKGROUND

President Barack Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) on July 21, 2010. Currently, both Rule 215(e) and Rule 501(a)(5) of the Securities Act of 1933 (1933 Act) define an accredited investor to include any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000 at the time of purchase. Pursuant to Section 413(a) of the Dodd-Frank Act, titled Adjusting the Accredited Investor Standard, the definition was amended to remove from the calculation of net worth the value of a natural person's primary residence. Section 413(a) provides that such adjustment would be effective upon enactment of the Dodd-Frank Act.

References to the accredited investor definition contained in the rules and regulations of the United States Securities and Exchange Commission (SEC) exist both in the Pennsylvania Securities Act of 1972 (1972 Act) and the Regulations promulgated under the 1972 Act. Release No. 10-CF-1 is intended to provide issuers and issuers' counsel with the position of Pennsylvania Securities Commission (PSC) staff as it relates to such references in light of the Dodd-Frank Act.

STAFF POSITION

It is the position of PSC staff that pending any changes by the SEC to its rules and regulations concerning the definition of accredited investor, all references to the

SEC's accredited investor definition contained in the 1972 Act or the Regulations promulgated thereunder should be read as excluding from the calculation of net worth the value of a natural person's primary residence.

FURTHER ASSISTANCE

Any questions concerning this Release may be directed to staff of the Division of Corporation Finance at (717) 787-5401. Alternative formats of this document may be available on request. Call (717) 787-1165 or TTY Users: via AT&T Relay Center 1-800-654-5984.