

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. _____
OFFERED BY MS. OCASIO-CORTEZ OF NEW YORK

Strike all after the enacting clause and insert the following:

1 SECTION 1. REGULATION OF FAMILY OFFICES.

2 (a) FAMILY OFFICE SIZE LIMITATION.—Section
3 202(a) of the Investment Advisers Act of 1940 (15 U.S.C.
4 80b–2(a)) is amended—

5 (1) in paragraph (11), by striking “; (G) any
6 family office, as defined by rule, regulation, or order
7 of the Commission, in accordance with the purposes
8 of this title” and inserting “; (G) any covered family
9 office”;

10 (2) by redesignating the second paragraph (29)
11 as paragraph (31); and

12 (3) by adding at the end the following:

13 “(32) COVERED FAMILY OFFICE.—

14 “(A) IN GENERAL.—The term ‘covered
15 family office’ means a family office with less
16 than \$750,000,000 in assets under manage-
17 ment.

1 “(B) RULEMAKING.—The Commission
2 shall further define the term ‘covered family of-
3 fice’, by rule, in accordance with the purposes
4 of this title. In issuing such rule, the Commis-
5 sion—

6 “(i) shall exclude any person who is
7 subject to a final order described in section
8 15(b)(4)(H) of the Securities Exchange
9 Act of 1934 (15 U.S.C. 78o(b)(4)(H)); and

10 “(ii) may include a family office with
11 fewer assets under management than the
12 threshold described under subparagraph
13 (A), if the Commission, by rule, determines
14 the family office is highly leveraged or en-
15 gaged in high risk activities that the Com-
16 mission determines warrants inclusion, as
17 appropriate to protect investors.”.

18 (b) EXEMPTION OF AND REPORTING BY FAMILY OF-
19 FICES.—Section 203 of the Investment Advisers Act of
20 1940 (15 U.S.C. 80b–3) is amended by adding at the end
21 the following:

22 “(o) EXEMPTION OF AND REPORTING BY FAMILY
23 OFFICES.—

24 “(1) IN GENERAL.—The Commission shall pro-
25 vide an exemption from the registration require-

1 ments under this section to any family office that is
2 not a covered family office.

3 “(2) REPORTING.—The Commission shall re-
4 quire investment advisers exempted by reason of this
5 subsection to maintain such records and provide to
6 the Commission such annual or other reports as the
7 Commission determines necessary or appropriate in
8 the public interest or for the protection of inves-
9 tors.”.

10 (c) REMOVAL OF GRANDFATHER PROVISION.—Sec-
11 tion 409 of the Dodd-Frank Wall Street Reform and Con-
12 sumer Protection Act (15 U.S.C. 80b-2 note) is amend-
13 ed—

14 (1) in subsection (b)—

15 (A) in paragraph (1), by adding “and” at
16 the end;

17 (B) in paragraph (2), by striking “; and”
18 and inserting a period; and

19 (C) by striking paragraph (3); and

20 (2) by striking subsection (c).

