117TH CONGRESS
1ST SESSION

H. R. ______

To amend the Investment Advisers Act of 1940 to limit the exemption provided for family offices from the definition of an investment adviser, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. Ocasio-Cortez introduced the following bill; which was referred to the Committee on _____________________

A BILL

To amend the Investment Advisers Act of 1940 to limit the exemption provided for family offices from the definition of an investment adviser, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REGULATION OF FAMILY OFFICES.

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

(1) in paragraph (11), by striking ‘‘;; (G) any family office, as defined by rule, regulation, or order
of the Commission, in accordance with the purposes
of this title’’ and inserting ‘‘; (G) any covered family
office’’;

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

(3) by adding at the end the following:

‘‘(32) COVERED FAMILY OFFICE.—

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

ment.

‘‘(B) RULEMAKING.—The Commission shall further define the term ‘covered family of-

fice’, by rule, in accordance with the purposes of this title. In issuing such rule, the Commis-

sion—

‘‘(i) shall exclude any person who is subject to a final order described in section


‘‘(ii) may include a family office with fewer assets under management than the threshold described under subparagraph

(A), if the Commission, by rule, determines the family office is highly leveraged or en-
engaged in high risk activities that the Commission determines warrants inclusion, as appropriate to protect investors.”.

(b) Exemption of and Reporting by Covered Family Offices.—Section 203 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3) is amended by adding at the end the following:

“(o) Exemption of and Reporting by Covered Family Offices.—

“(1) In General.—The Commission may provide an exemption from the registration requirements under this section to any covered family office.

“(2) Reporting.—The Commission shall require investment advisers exempted by reason of this subsection to maintain such records and provide to the Commission such annual or other reports as the Commission determines necessary or appropriate in the public interest or for the protection of investors.”.

(c) Removal of Grandfather Provision.—Section 409 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 80b-2 note) is amended—

(1) in subsection (b)—
(A) in paragraph (1), by adding “and” at
the end;
(B) in paragraph (2), by striking “; and”
and inserting a period; and
(C) by striking paragraph (3); and
(2) by striking subsection (c).