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:

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 management.’’
“(B) Rulemaking.—The Commission shall further define the term ‘covered family office’, by rule, in accordance with the purposes of this title. In issuing such rule, the Commission—

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

“(ii) may exclude 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 engaged in high risk activities that the Commission determines warrants inclusion, as appropriate to protect investors.”.

(b) Exemption of and Reporting by 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 Family Offices.—

“(1) In general.—The Commission shall provide an exemption from the registration require-
ments under this section to any family office that is not a 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).