

117TH CONGRESS  
1ST SESSION

# H. R. 4620

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.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2021

Ms. OCASIO-CORTEZ introduced the following bill; which was referred to the Committee on Financial Services

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## 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.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. REGULATION OF FAMILY OFFICES.**

4 (a) FAMILY OFFICE SIZE LIMITATION.—Section  
5 202(a) of the Investment Advisers Act of 1940 (15 U.S.C.  
6 80b–2(a)) is amended—

7 (1) in paragraph (11), by striking “; (G) any  
8 family office, as defined by rule, regulation, or order  
9 of the Commission, in accordance with the purposes

1 of this title” and inserting “; (G) any covered family  
2 office”;

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

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

6 “(32) COVERED FAMILY OFFICE.—

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

11 “(B) RULEMAKING.—The Commission  
12 shall further define the term ‘covered family of-  
13 fice’, by rule, in accordance with the purposes  
14 of this title. In issuing such rule, the Commis-  
15 sion—

16 “(i) shall exclude any person who is  
17 subject to a final order described in section  
18 15(b)(4)(H) of the Securities Exchange  
19 Act of 1934 (15 U.S.C. 78o(b)(4)(H)); and

20 “(ii) may include a family office with  
21 fewer assets under management than the  
22 threshold described under subparagraph  
23 (A), if the Commission, by rule, determines  
24 the family office is highly leveraged or en-  
25 gaged in high-risk activities that the Com-

1 mission determines warrants inclusion, as  
2 appropriate to protect investors.”.

3 (b) EXEMPTION OF AND REPORTING BY COVERED  
4 FAMILY OFFICES.—Section 203 of the Investment Advis-  
5 ers Act of 1940 (15 U.S.C. 80b–3) is amended by adding  
6 at the end the following:

7 “(o) EXEMPTION OF AND REPORTING BY COVERED  
8 FAMILY OFFICES.—

9 “(1) IN GENERAL.—The Commission may pro-  
10 vide an exemption from the registration require-  
11 ments under this section to any covered family of-  
12 fice.

13 “(2) REPORTING.—The Commission shall re-  
14 quire investment advisers exempted by reason of this  
15 subsection to maintain such records and provide to  
16 the Commission such annual or other reports as the  
17 Commission determines necessary or appropriate in  
18 the public interest or for the protection of inves-  
19 tors.”.

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

24 (1) in subsection (b)—

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

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

5           (C) by striking paragraph (3); and  
6           (2) by striking subsection (e).

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