

110TH CONGRESS  
1ST SESSION

# H. R. 2586

To amend the Investment Advisers Act of 1940 to authorize the Commission to require the registration of hedge fund advisers under that Act.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 2007

Mr. CAPUANO 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 authorize the Commission to require the registration of hedge fund advisers under that Act.

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. SHORT TITLE.**

4 This Act may be cited as the “Securities and Ex-  
5 change Commission Authority Restoration Act of 2007”.

6 **SEC. 2. AUTHORITY TO LIMIT EXEMPTION.**

7 Section 203 of the Investment Advisers Act of 1940  
8 (15 U.S.C. 80b–3) is amended by adding at the end the  
9 following new subsection:

10 “(1) **AUTHORITY TO LIMIT EXEMPTION.**—

1           “(1) AUTHORITY.—The Commission may, by  
2 rule or regulation, limit the availability of the ex-  
3 emption provided by subsection (b)(3), and require  
4 the registration under this section, of an investment  
5 adviser by requiring that certain shareholders, part-  
6 ners, and beneficial owners of, or investors in, clients  
7 of the adviser shall also be counted as clients them-  
8 selves for purposes of such subsection, as the Com-  
9 mission determines necessary in the public interest  
10 or for the protection of investors.

11           “(2) RULE OF CONSTRUCTION.—The treatment  
12 of a shareholder, partner, beneficial owner, or inves-  
13 tor as a client for purposes of registration under this  
14 section shall not affect, and shall not be affected by,  
15 the treatment of such persons not as clients for pur-  
16 poses of section 206 or any other section of this  
17 title.”.

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