

110TH CONGRESS
1ST SESSION

S. 1402

To amend the Investment Advisers Act of 1940, with respect to the exemption to registration requirements.

IN THE SENATE OF THE UNITED STATES

MAY 15, 2007

Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Investment Advisers Act of 1940, with respect to the exemption to registration requirements.

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 “Hedge Fund Registra-
5 tion Act of 2007”.

6 **SEC. 2. LIMITATION ON EXEMPTION FROM INVESTMENT**
7 **ADVISER REGISTRATION REQUIREMENTS.**

8 Section 203(b)(3) of the Investment Advisers Act of
9 1940 (15 U.S.C. 80b–3(b)(3)) is amended to read as fol-
10 lows:

1 “(3) any investment adviser who, during the
2 course of the preceding 12-month period—

3 “(A) had assets under management of not
4 more than \$50,000,000;

5 “(B) had fewer than 15 clients, except that
6 for purposes of determining such number, no
7 shareholder, partner, or beneficial owner of a
8 business development company, shall be deemed
9 to be a client of the investment adviser, unless
10 such person is a client of the investment adviser
11 separate and apart from their status as a
12 shareholder, partner, or beneficial owner;

13 “(C) did not manage the assets of more
14 than 15 investors, whether individually, in a
15 pooled investment vehicle described in para-
16 graph (1) or (7) of section 3(c) of the Invest-
17 ment Company Act of 1940 (15 U.S.C. 80a–
18 3(c)), or otherwise; and

19 “(D) was neither held out generally to the
20 public as an investment adviser nor acted as an
21 investment adviser to any investment company
22 registered under title I, or a company which has
23 elected to be a business development company

- 1 pursuant to section 54 of title I, and has not
- 2 withdrawn its election;”.

○