

FOSTER
Co.

Amendment to H.R. _____

Offered by Mr. Foster

At the end of title IV insert the following (and conform the table of contents accordingly):

SEC. 414. CUSTODIAL REQUIREMENTS.

Not later than 180 days from the date of the enactment of this Act, the Securities and Exchange Commission shall adopt a rule pursuant to its authority under section 211(a) of the Investment Advisers Act making it unlawful under section 206(4) of that Act for an investment adviser registered under the Act to have custody of funds or securities of a client the value of which exceeds \$10,000,000, subject to such exception the Commission determines in such rule are in the public interest and consistent with the protection of investors, unless—

- (1) the funds and securities are maintained with a qualified custodian either in a separate account for each client under the client's name, or in accounts that contain only client funds and securities under the name of the investment adviser as agent or trustee for the client; and
- (2) the qualified custodian does not directly or indirectly provide investment advice with respect to such funds or securities.