

AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE
MILLER OF CALIFORNIA OR HIS DESIGNEE, DEBATABLE FOR 20
MINUTES

IRJ

**AMENDMENT TO RULES COMMITTEE PRINT OF
H.R. 2374
OFFERED BY MR. GEORGE MILLER OF
CALIFORNIA AND MR. CONYERS OF MICHIGAN**

Page 1, line 5, strike “After” and insert “(a) IN GENERAL.—Except as provided in subsection (b), after”.

Page 1, after line 14, insert the following:

- 1 (b) EXCEPTION.—
2 (1) IN GENERAL.—The Secretary of Labor may
3 issue a rule that—
4 (A) establishes standards of care to im-
5 prove investment advice provided to participants
6 and beneficiaries under the Employee Retire-
7 ment Income Security Act of 1974 (29 U.S.C.
8 1001 et seq.);
9 (B) requires that personalized investment
10 advice is provided in a fiduciary capacity that
11 is in the best interests of such participants and
12 beneficiaries;
13 (C) requires that, before receiving invest-
14 ment advice, the compensation of investment
15 advisors and financial service providers is clear-

1 ly disclosed to such participants and bene-
2 ficiaries; and

3 (D) satisfies the requirements of para-
4 graph (3).

5 (2) PROCESS.—The Secretary of Labor may
6 issue a rule pursuant to paragraph (1)—

7 (A) after coordination and consultation
8 with the Securities and Exchange Commission;
9 and

10 (B) after considering surveys and data on
11 investment education and investment advice.

12 (3) PARTICIPANT INVESTMENT EDUCATION; AP-
13 PRAISALS.—The rule issued pursuant to paragraph
14 (1) shall provide standards of conduct for—

15 (A) participant investment education;

16 (B) access to reliable investment education
17 and investment advice to traditionally under-
18 served communities;

19 (C) reasonable compensation for invest-
20 ment advisors and financial service providers;
21 and

22 (D) fair market value appraisals of stock
23 held by employee stock ownership plans to em-
24 ployers, participants, and beneficiaries under

1 the Employee Retirement Income Security Act
2 of 1974 (29 U.S.C. 1001 et seq.).

At the end of the bill, insert the following:

3 **SEC. 4. REPORTS ON THE IMPACT OF PRACTICES OF PER-**
4 **SONS WHO PROVIDE INVESTMENT ADVICE.**

5 (a) IN GENERAL.—Not later than 90 days after the
6 date of enactment of this Act, the Secretary of Labor shall
7 report to Congress on how certain practices of persons
8 who provide investment advice affect the standard of care
9 exercised in relation to investors.

10 (b) REPORT REQUIREMENTS.—Such report shall—

11 (1) describe how the structure of compensation
12 for persons who provide investment advice affects
13 the standard of care exercised by such persons, in-
14 cluding—

15 (A) practices involving fees paid from in-
16 vestment vehicles to such persons; and

17 (B) other forms of compensation paid to
18 such persons that are not dependent upon the
19 investor's return;

20 (2) compare the standards of care exercised by
21 persons who provide investment advice to low-income
22 and middle-class investors with the standards of care
23 exercised by persons who provide investment advice
24 to high-income investors, and the effect such stand-

1 ards of care have on the investment vehicles selected
2 by investors; and

3 (3) evaluate the extent to which the standard of
4 care used by persons who provide investment advice
5 affects the adequacy of investment returns to pro-
6 vide for retirement for investors.

