

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **HB 2436**, As Amended by House Committee, on page 1, in line 18, by striking "6" and inserting "7";

On page 5, following line 30, by inserting:

"New Sec. 6. (a) A registered investment adviser, as defined in K.S.A. 17-12a102, and amendments thereto, prior to investing any moneys owned by a client, shall obtain written consent from such client stating that the client is fully aware of and consents to the investment of moneys owned by the client or through any mutual fund, actively or passively managed equity fund, company or financial institution that is using environmental, social and governance criteria. Such written consent need only be obtained a single time from the client. Such written consent shall consist of the following disclosure:

"The institution managing this fund is using environmental, social and governance (ESG) criteria. If such ESG criteria is used in managing your fund, these ESG criteria may impact the fund's returns compared to the fund's historical performance or the performance of funds that do not use ESG criteria. You may have the option to choose a similar fund that does not use ESG criteria. By signing below, you consent to have your investment managed by this institution even if the institution uses ESG criteria that may impact your returns compared to historical performance or other funds."

(b) Conduct prohibited by this section shall be considered an act, practice or course of business that operates or would operate as a fraud or deceit in accordance with K.S.A. 17-12a502, and amendments thereto.

(c) Nothing in this section shall be construed to establish any requirements for registration, capital, custody, margin, financial responsibility, making and keeping of records, bonding or financial or operational reporting for a registered investment adviser that differ from the requirements established under federal law to the extent that such requirements are applicable to the registered investment adviser. The requirements of this section shall not apply to annuities managed by an insurance company.

(d) The provisions of this section, or any contract or practice subject to this section, may be enforced by the attorney general. The attorney general may investigate possible violations of this section in accordance with the provisions of K.S.A. 50-631, and amendments thereto.";

And by renumbering sections accordingly;

On page 1, in the title, in line 11, after the semicolon by inserting "directing registered investment advisers to obtain written consent from clients prior to investing client moneys in investments using environmental, social and governance criteria;"

_____ District.