

Amend SB 1447 by inserting the following new SECTION to the bill, numbered appropriately, and renumbering SECTIONS of the bill accordingly:

SECTION \_\_\_\_ . Subchapter D, Chapter 825, Government Code, is amended by adding Section 825.3012 to read as follows:

Sec. 825.3012. INVESTMENT IN CERTAIN HEDGE FUNDS LIMITED.

(a) For the purposes of this section, "hedge fund" means a private investment vehicle that:

- (1) is not registered as an investment company;
- (2) issues securities only to accredited investors or qualified purchasers under an exemption from registration; and
- (3) engages primarily in the strategic trading of securities and other financial instruments.

(b) Notwithstanding any provision of Section 825.301, not more than five percent of the value of the total investment portfolio of the retirement system may be invested in hedge funds.

(c) The percentage of the value described by Subsection (b) is determined by reference to the value of the total investment portfolio of the retirement system as of the date the retirement system executes the subscription documents for each hedge fund investment.