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January 21, 2011

U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090
Attention: Elizabeth M. Murphy, Secretary

Re: File# S7-37-10

Dear Ms. Murphy:

This letter is in response to the rules recently proposed by the Securities and Exchange Commission in Release No. IA-3111, File Number S7-37-10, "Exemptions for Advisers to Venture Capital Funds, Private Fund Advisers With Less Than \$150 Million in Assets Under Management, and Foreign Private Advisers." Although we believe that VCFA Group and other secondary investment firms like VCFA Group do not constitute a systemic risk to the economy, the purpose of our letter is to comment on new reporting requirements that may result from the investment adviser registration requirements.

Secondary Funds

VCFA Group manages investment funds that invest primarily in venture capital funds, leveraged buyout funds and private companies, on a secondary basis. Like a fund of funds, a secondary fund is a "Pooled Vehicle," but unlike a fund of funds, which commits capital to invest in newly formed venture capital and leveraged buyout funds, a secondary fund purchases its investments from existing investors in other venture capital funds, leveraged buyout funds or private companies. Additionally, a secondary investment may at times include a purchase of interest in another fund of funds. A secondary fund generally does not borrow or incur financial leverage, does not offer investors redemption rights, is not a registered investment company and has not elected to be treated as a business development company.

Reporting Requirements Under the Investment Advisers Act of 1940

The amendments to the custody and recordkeeping rules under Investment Advisers Act of 1940 are designed to provide additional safeguards when an investment adviser has

custody of client funds. These amendments will result in new reporting requirements for many investment advisers and we would like to focus on the following requirement. Amended rule 206(4)-2(b)(4)(i) requires the distribution of audited financial statements within 120 days of the end of the Pooled Vehicle's fiscal year. Advisers to funds of funds have been allowed by the Securities and Exchange Commission to distribute audited financial statements within 180 days of the Pooled Vehicle's fiscal year-end.

This 180-day reporting requirement is not achievable for secondary funds having a fiscal year ending December 31, given that most investment advisers to underlying investments will not be required to distribute audited financials to their investors (such as secondary funds) until 120 days from their fiscal year end. This would result in a 60-day window, at best, for secondary funds to comply with the 180-day reporting requirement for advisers to fund of funds. Indeed, many underlying investments, particularly those underlying funds utilizing investment advisers that are exempt from registration, may not distribute audited financial statements until well after the 120-day mark. In the case of a secondary investment in a fund of funds, the underlying audited financials may not be received until 180 days subsequent to year-end.

From a practical standpoint, the audit of a secondary fund cannot begin in earnest until 120 to 180 days subsequent to the end of the fiscal year, after the receipt of nearly all underlying audited financial statements. In addition, like their underlying funds, Pooled Vehicles require a substantial time investment from their auditors to complete an audit. The 60-day window, under the proposed reporting requirement, may stretch the resources of auditors.

We would like to offer a more practicable deadline for completion, submission and distribution of audited financials. We propose a deadline of September 15 for Pooled Vehicles with a fiscal year ending December 31. This deadline will ensure that the audited financial statements will be complete, precise and will include all underlying investment valuations.

Thank you for considering our comments. We would be happy to discuss this issue and proposal with you and/or your staff and/or provide you with a statement from our public accountant, PricewaterhouseCoopers. Please feel free to contact Deena Seelenfreund at 212-838-5577 or Steven Taubman at 415-296-0660 if you require any additional information on our comments.

Sincerely yours,



Deena B. Seelenfreund
Chief Financial Officer



Steven J. Taubman
Managing Director