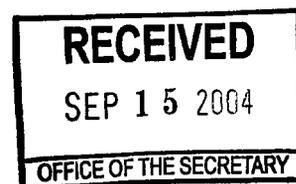


The Greenwich Roundtable

49

9 September 2004



Mr. Jonathan G. Katz
Secretary
US Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: File No S7-30-04: Proposed Registration Under the Advisers Act of Certain Hedge Fund Advisers

Dear Mr. Katz:

The Greenwich Roundtable is pleased to comment on the proposed rules concerning registration of hedge fund managers. The Greenwich Roundtable is a nonprofit research and education group funded by its members, private and institutional investors who are considered to be the most influential and respected investors in hedge funds. This nonprofit group seeks to articulate from the perspective of a hedge fund's limited partner the common concerns and issues that are important to investors in the hedge fund community.

A majority of the Board of Trustees of the Greenwich Roundtable endorses the government's role to protect investors and supports the Commission's desire to formalize a culture of compliance among hedge fund managers, which largely exists informally today. We are not opposed to the objectives that mandating registration of hedge fund managers is designed to address under the Proposed Rule. We question, however, whether registration will resolve those objectives, and we are concerned that the Proposed Rule, in its current form, will have unintended consequences.

For example, we respectfully disagree with the Proposed Rule's definition of a "private fund" as a fund that permits investors to redeem their interests in the fund within two years of purchasing them. Using "redeemability" as a factor to define "private fund" is likely to cause hedge fund advisers to lengthen their redemption periods. Longer redemption periods do not benefit investors, and may force many investors to redeem their investments prematurely. If the intention of the Rule is to specifically exclude venture capital and private equity funds, then those funds can more easily be excluded without harming genuine hedge fund investors. We would suggest instead that the Rule apply a test that

The Greenwich Roundtable

focuses on the marketability of a fund's holdings, rather than on an investor's willingness to lock-up an investment. For instance, if a fund invested a certain level of its assets in marketable securities (as defined by the Staff), that fund should be considered a "private fund" under the Rule. A requirement tailored along these lines will separate hedge funds from venture capital and private equity funds, but will not encourage behavior that is clearly disadvantageous to investors. The Roundtable does not support a "private fund" test based on the length of lock-up periods.

Further, the Proposing Release states that registration will "legitimize a growing and maturing industry." The hedge fund industry is already a highly legitimate and professional industry. Sophisticated investors in the hedge fund community make significant allocation decisions based in large part on the rigorous due diligence examinations that they personally perform prior to making an investment. We would hope that requiring registration of hedge fund managers would not encourage investors who meet eligibility requirements, but who are not truly sophisticated investors, to invest in hedge funds.

We appreciate the opportunity to comment on the Commission's proposed rule, and we hope that the Commission will find these comments helpful. Please feel free to contact our executive director, Steve McMenamin at 203-862-1401 if the Staff would like to discuss any of these comments in greater detail.

Sincerely,



Board of Trustees
The Greenwich Roundtable