

# THE FINANCIAL SERVICES ROUNDTABLE



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*Impacting Policy. Impacting People.*

**RICHARD M. WHITING**  
EXECUTIVE DIRECTOR AND  
GENERAL COUNSEL

January 3, 2007

Mrs. Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-1090

Re: Release No. IC-26647; File No. S7-37-04

Ms. Nancy M. Morris

The Financial Services Roundtable<sup>1</sup> appreciates the opportunity to comment on the Commission's re-proposed rule defining eligible portfolio companies.

The Small Business Investment Incentive Act of 1980 created business development companies (BDCs) in order to provide private and small public companies with alternative sources of capital. BDCs provide important resources to those companies that have few available sources of public capital and that do not have a broad market following. The legislative history suggests that nearly two-thirds of all public companies would have been eligible for BDC financing. As such, the Roundtable agrees with the Commission that the standard should be further clarified to ensure that the definition is sufficiently broad as intended by Congress.

The Roundtable believes that using a market capitalization standard, rather than a company's trading platform, best captures a company's ability to obtain financing for long-term growth. Accordingly, we support the Commission's "Alternative Two" of Rule 2a-46(b) defining eligible portfolio companies using a market capitalization standard of \$250 million or less. We believe that this view most closely approximates the field of eligible portfolio companies for BDCs as intended by Congress.

We welcome the opportunity to discuss these issues with the Commissioners and staff. If you have any questions or comments on this matter, please do not hesitate to contact me or Irving Daniels at (202) 589 – 2417.

Sincerely,

*Richard M. Whiting*

Richard M. Whiting  
Executive Director and General Counsel

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<sup>1</sup> The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, investment products and services to the American consumer. Roundtable member companies provide fuel for America's economic engine accounting directly for \$18.3 trillion in managed assets, \$678 billion in revenue, and 2.1 million jobs.

cc: Christopher Cox, Chairman, U.S. Securities and Exchange Commission  
Paul S. Atkins, Commissioner, U.S. Securities and Exchange Commission  
Roel C. Campos, Commissioner, U.S. Securities and Exchange Commission  
Kathleen L. Casey, Commissioner, U.S. Securities and Exchange Commission  
Annette L. Nazareth, Commissioner, U.S. Securities and Exchange Commission