



INVESTEC ADVISORY GROUP, L.P.

Strategies For Life

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July 8, 2009

Ms. Elizabeth M. Murphy  
Secretary  
United States Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090



RE: Proposed Amendments to Rule 206(4)-2

Dear Ms. Murphy:

We here at Investec Advisory Group can certainly appreciate the effort to protect investors from Ponzi schemes and other types of fraud that is currently being undertaken by the Securities and Exchange Commission.

However, the proposed amendment to Rule 206(4)-2, which would require all Registered Investment Advisors to undergo an annual audit by an outside accounting firm – at their own cost – is, in our estimation, too broad and inefficient. It is our understanding that the problems this amendment intends to address do not come from firms such as ours – firms that do not custody any client assets but simply deduct client fees through an approved custodian.

Our clients receive account statements that detail all of the holdings and activity in their accounts on at least a quarterly basis. Furthermore, they have agreed, in writing, to have advisory fees deducted directly from their advisory accounts (held at an approved custodian).

The cost associated with the annual audit would place a significant financial strain on small RIA firms, such as ours. In order to absorb such a cost, our remedy would be to increase fees or to reduce operating costs, such as payroll. Neither of these options would be in the best interests of our clients.

Due to the current wording of Rule 206(4)-2, we are deemed to have custody solely because we have the authority to deduct advisory fees from our clients' accounts. (This is the case despite the fact that all of our clients' assets are maintained by independent custodians.) If we were unable to bear the cost of the proposed annual audit, our recourse would be to no longer directly debit our clients' accounts for advisory fees but to bill them directly. A change of this magnitude would adversely affect our practice due to the additional strain on operations. It would also cause confusion to our clients and would, in many cases, cause them to have to change their banking arrangements and normal cash flow.

We are of the opinion that Rule 206(4)-2 should remain unchanged, as it relates to advisors who are deemed to have custody solely based on their ability to deduct advisory fees from client accounts housed with independent custodians.

Thank you for providing us the opportunity to voice our concerns on this matter.

Respectfully yours,



John Gott, CFP®, AIF®  
President and CEO