

MEMORANDUM

To: File No. S7-09-09

From: Jennifer B. McHugh
Senior Advisor to the Chairman

Date: September 16, 2009

Re: Meeting with the Investment Adviser Association (“IAA”), Heritage Investment Management, and T. Rowe Price

On September 10, 2009, David Tittsworth, Executive Director, Karen Barr, General Counsel, and Valerie Baruch, Assistant General Counsel of the IAA as well as Michael Cornfeld, President, Heritage Investors Management Corporation, and Christine Morgan, Managing Counsel of T. Rowe Price met with the following SEC representatives: Mary L. Schapiro, Chairman; Robert E. Plaze, Associate Director, Division of Investment Management; Sarah Bessin, Assistant Director, Division of Investment Management and Jennifer B. McHugh, Senior Advisor to the Chairman.

The IAA discussed the issues raised in their comment letter on the SEC proposal to amend 206(4)-2 under the Investment Advisers Act of 1940. In particular, the IAA representatives outlined their concerns about the proposed requirement to have a “surprise” audit to verify client assets when an adviser has custody because of its ability to deduct fees or when a separately managed affiliate of the adviser has custody.