SUBMITTED ELECTRONICALLY

August 7, 2018

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: Proposed Commission Interpretation Regarding Standard of Conduct for Investment Advisers, Release No. IA-4889, File No. S7-09-18 (April 18, 2018);

Form CRS Relationship Summary, Release No. 34-83063, IA-4888, File No. S7-08-18 (April 18, 2018).

Dear Mr. Fields:

The American Investment Council (the "AIC") is submitting this letter in response to Release No. IA-4889, in which the Securities and Exchange Commission (the "SEC") has requested comments on the proposed interpretation of the standard of conduct for investment advisers (the "Proposed Interpretation"), and Release No. 34-83063 (the "Form CRS Release"), in which the SEC has requested comments on the proposed Client Relationship Summary ("Form CRS").

The AIC is an advocacy, communications and research organization established to advance access to capital, job creation, retirement security, innovation, and economic growth by promoting responsible long-term investment. In this effort, the AIC develops, analyzes, and distributes information about the private equity and growth capital industry and its contributions to the U.S. and global economy. Established in 2007, and formerly known as the Private Equity Growth Capital Council, the AIC is based in Washington, D.C. The AIC's members are the world's leading private equity and growth capital firms, united by their commitment to growing and strengthening the businesses in which they invest. For further information about the AIC and its members, please visit our website at http://www.investmentcouncil.org.

The AIC's members understand that, as investment advisers, they are subject to the fiduciary duties imposed by the Investment Advisers Act of 1940, as amended (the "Advisers Act") in their dealings with clients (*i.e.*, in the case of private equity fund sponsors, the private equity funds they manage). Our members have a deep understanding of their fiduciary duties, including the duties of loyalty and care. We are concerned that the Proposed Interpretation contains certain statements about the scope of an investment adviser's fiduciary duties that go

beyond, and confuse, the state of existing law, principally with respect to disclosures of an investment adviser's potential or actual conflicts of interest.

As discussed more fully below, the AIC believes that the Proposed Interpretation should be clarified to affirm that (*i*) elimination or mitigation of a conflict of interest is not required where the conflict of interest is fully disclosed; (*ii*) the SEC did not intend to suggest that certain types of conflicts are, even when fully disclosed to clients (or, in the case of a private equity fund client, its investors), fraudulent under the Advisers Act or too complex to properly disclose; and (*iii*) the basis for obtaining "informed consent" from a client is to provide the client with disclosure concerning all material facts concerning the conflict.

The Proposed Interpretation also requests comment on certain "discrete areas where the current broker-dealer framework provides investor protections that may not have counterparts in the investment adviser context."[1] As detailed below, the AIC does not believe that the imposition of such requirements, which have been designed primarily for broker-dealers who service retail customers, is necessary or appropriate for investment advisers, particularly in the private equity fund or institutional investor context.

Finally, the AIC does not believe that registered investment advisers should be required to deliver the proposed Form CRS to clients who are sophisticated and capable of understanding the duties of an investment adviser based on existing disclosures. Thus, the definition of "retail clients" for this purpose should not include natural persons who are sophisticated, as discussed in more detail below.

I. Disclosures of Conflicts of Interest and the Duty of Loyalty

A. Private Equity Fund Investors Receive Robust Disclosures Concerning Potential Conflicts

As noted in the Proposed Interpretation, an investment adviser's duty of loyalty requires, among other things, that the investment adviser "make full and fair disclosure of all material conflicts of interest that could affect the advisory relationship." As registered investment advisers, the market practice among private equity fund sponsors in light of this duty is to make detailed disclosures concerning a range of issues that might involve potential conflicts of interest, including disclosures concerning deal flow allocation, expense sharing, co-investment opportunities, transactions with affiliates, and other conflicts of interest. For example, the Proposed Interpretation cites an instruction to Form ADV that requires that the adviser "provide the client with sufficiently specific facts so that the client is able to understand the conflicts of interest you have and the business practices in which you engage, and can give informed consent to such conflicts or practices or reject them."[2] While investors in private equity funds are not

[1] Proposed Interpretation, at 27.
[2] *Id*., at 19 (citing General Instruction 2 to Part 2 of Form ADV).

clients of the investment adviser,[3] in practice, most private equity fund sponsors provide the firm's Form ADV Part 2 to investors and prospective investors which includes disclosures concerning potential conflicts. These disclosures are often based on information contained in the private placement memoranda through which private equity fund sponsors market interests (typically limited partnership interests) in their private equity funds to prospective investors. More often than not, the information contained in these offering documents results in disclosure that goes beyond what is required by Form ADV.

In addition to the foregoing, the placement of such interests with investors almost always constitutes a private offering of securities and must therefore comply with applicable laws governing the offering of securities. Prospective investors are generally limited to institutional investors that are both accredited investors for purposes of Regulation D and qualified purchasers under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Thus, these investors are required to be sophisticated and are presumed to be capable of understanding the detailed disclosure that they receive, in addition to being financially capable of assuming the risks associated with their investments. Accordingly, it is widely understood that these investors are capable of understanding the private placement memorandum (as described above) that contains disclosures concerning all material aspects of an investment in the fund, including potential conflicts of interest. It is also understood that these investors are typically well-advised and able to assume the risks of executing the organizational documents of the private equity fund (typically a limited partnership agreement) containing provisions addressing, among other things, potential conflicts of interest. Finally, the offering process provides the typical private equity fund investor the opportunity to request additional information from, and to ask questions of, the private equity fund sponsor. In signing a subscription agreement to invest in the typical private equity fund, the investor is required to acknowledge that it has received and understands all of the relevant disclosures.

B. Mandating Fund Managers to Eliminate or Mitigate Conflicts of Interest is Inconsistent with Accepted Legal Principles

In discussing an investment adviser's duty of loyalty, the Proposed Interpretation highlights that "an adviser must seek to avoid conflicts of interest with its clients, and, at a minimum, make full and fair disclosure of all material conflicts of interest that could affect the advisory relationship."[4] The SEC then stresses that in "cases where full and fair disclosure and informed consent is insufficient, we expect an adviser to *eliminate* the conflict or adequately *mitigate* the conflict so that it can be more readily disclosed."[5] We believe that this statement is inconsistent with the holding of the Supreme Court in *SEC v. Capital Gains Research Bureau, Inc*. ("*Capital Gains*"),[6] the seminal case that articulated an investment adviser's duty of disclosure under the Advisers Act, and therefore creates confusion over whether disclosure is

[3] *See Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. June 23, 2006).
[4] *Supra* note 1, at 15-16.
[5] *Id*., at 19 (emphasis added).
[6] 375 U.S. 180 (1963).

sufficient for an investment adviser to discharge its duty of loyalty. We therefore believe that it is imperative, and consistent with existing law, for the SEC to confirm that elimination of conflicts of interest is not required where the conflict of interest is fully disclosed, taking into account the sophistication of the investor.

In the Proposed Interpretation, the SEC notes that "[d]isclosure of a conflict alone is not always sufficient to satisfy the adviser's duty of loyalty and section 206 of the Advisers Act."[7] However, an investment adviser does not have a duty to eliminate or mitigate actual or potential conflicts of interest so long as those conflicts are fully disclosed. *Capital Gains* reflects this principle, noting that it was the intent of Congress to "expose" all conflicts of interest "which might incline an investment adviser – consciously or unconsciously – to render advice that was not disinterested."[8] There is no suggestion that an adviser has a duty to mitigate or avoid conflicts that are otherwise fully disclosed. Indeed, the Supreme Court rejected the notion that an investment adviser must eliminate all conflicts of interest with its clients, perhaps in recognition of the complexities of the operations of investment advisers that invariably present actual or potential conflicts of interest. In *Capital Gains*, the Supreme Court highlighted the notion that the "fundamental purpose" of the Advisers Act is to "substitute a philosophy of full disclosure for the philosophy of *caveat emptor*."[9] The focus of *Capital Gains* – the core conflict faced by an investment adviser that traded in securities prior to recommending them to its clients – was a conflict that the Supreme Court and the SEC believed could be addressed by the adviser "*fully and fairly revealing* his personal interests in these recommendations to clients."[10] The Supreme Court did not hold that this core conflict had to be eliminated.

The focus of the duty of loyalty rests on disclosure of conflicts that have not been eliminated rather than the elimination or mitigation of conflicts of interest. As such, in finalizing the Proposed Interpretation, the SEC should, consistent with *Capital Gains*, clarify that elimination of a conflict of interest is not required where the material facts concerning the conflict are fully disclosed.

C. <u>Complex Conflicts Can Be Addressed Through Disclosure</u>

In discussing an investment adviser's duty of loyalty, and specifically its duty to disclose conflicts of interest, the Proposed Interpretation notes that "it would not be consistent with an adviser's fiduciary duty to infer or accept client consent to a conflict where . . . the material facts concerning the conflict could not be fully and fairly disclosed" and that "in some cases, conflicts may be of a nature and extent that it would be difficult to provide disclosure that adequately conveys the material facts or the nature, magnitude and potential effect of the conflict necessary

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7 *Supra* note 1, at 17.
8 *Supra* note 6.
9 *Id*.
10 *Id*. (emphasis added).

to obtain informed consent and satisfy an adviser's fiduciary duty."[11] The SEC seems to be suggesting that there may be conflicts that are too complex to be properly disclosed.

The process of providing investment advice is an inherently complex, innovative exercise. This is true of all forms of investment advisory activity and not simply the management of private equity funds. The development of innovative strategies and their implementation in a manner that will achieve the objectives of the investment adviser's clients is key to the success of an investment adviser, its clients and, in a broader sense, the vitality of the American economy. Developing new investment programs, methods and technology, as well as expanding business relationships, in a manner that is fair to the investment adviser's clients, goes to the core of the investment advisory industry. Indeed, investment advisers grow by conveying their "know how" to their investment professionals and employees as well as their clients. An important part of this "know how" is addressing (through disclosure or otherwise) the conflicts of interest that the adviser will face. As necessary, sponsors also convey this "know how" to their investors in connection with offering interests in their private equity funds. To the extent investment programs, methods and technology intersect with transactions or practices that give rise to conflicts of interest, investment advisers, including private equity fund sponsors, have successfully conveyed this information to investors.

The AIC believes that even complex information can be adequately explained to investors, particularly if the intended recipient is sufficiently sophisticated. Innovation in the investment advisory industry has led to tremendous benefits for investors. The suggestion that information regarding new investment strategies and technologies, and the potential conflicts of interest they may implicate, cannot be adequately disclosed to investors would stifle the ability of investment advisers to offer innovative strategies based on concerns relating to the complexity of the disclosures that they provide to investors.

Thus, we believe that it is important for the SEC to confirm that potential conflicts of interest, even those that might involve complex facts, can be addressed through disclosure and that, assuming such disclosure contains all material facts, such disclosure should be sufficient to satisfy an investment adviser's fiduciary duty. As discussed in more detail below, we also believe that the sufficiency of the disclosure should be based on, among other things, the sophistication of the investor to whom the disclosure is addressed.

D. <u>Providing Sufficient Disclosure Should Satisfy Any Requirement to Obtain Informed Consent</u>

In discussing an investment adviser's duty to disclose conflicts of interest, the Proposed Interpretation states that disclosure of conflicts of interest must be "sufficiently specific so that a client is able to decide whether to provide *informed consent* to the conflict of interest."[12] The Proposed Interpretation does not define the type of consent that constitutes "informed consent"

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[11] *Supra* note 1, at 18.

[12] *Id*., at 16 (emphasis added).

but, as noted above, suggests there may be instances where such consent cannot be inferred. For example, the Proposed Interpretation notes that an adviser cannot infer informed consent "where either (*i*) the facts and circumstances indicate that the client did not understand the nature and import of the conflict, or (*ii*) the material facts concerning the conflict could not be fully and fairly disclosed."[13]

The AIC asks that the SEC confirm and clarify that sufficiently detailed disclosure concerning the conflict or potential conflict that provides clients or investors with the material facts necessary to evaluate the conflict or potential conflict should be sufficient to establish that the recipient of the disclosure has provided its "informed consent." In the context of an offering of interests in a private equity fund, the sufficiency of the disclosures should be based upon traditional securities law concepts[14] and the level of sophistication of the investor. As such, any final interpretation or guidance should confirm that the determination of whether informed consent has been obtained should be based on, among other things, the sophistication of the investor, as measured by traditional securities law concepts.

Under current law, analyzing whether an adviser has disclosed relevant conflicts to clients appropriately focuses on the sufficiency of the disclosure rather than the complexity of the conflict of interest. In *dicta*, the Supreme Court in *Capital Gains* noted that "[c]ourts have imposed on a fiduciary . . . an affirmative obligation 'to employ *reasonable care* to avoid misleading' clients."[15] Nor has the SEC (prior to the Proposed Interpretation) suggested that there are conflicts that could not be addressed through disclosure. Rather, the focus of the SEC has been, and should continue to be, on whether there is sufficient disclosure to address the conflict.[16]

The question of whether or not a potential conflict of interest has been sufficiently disclosed to satisfy an adviser's duty of loyalty cannot be answered without taking into account the sophistication of the applicable investor. As noted above, in the context of private equity funds that rely on exemptions from registration by limiting the offering of their interests to sophisticated investors, we believe that the investors – and, indeed, the existing law presumes that such investors – are sufficiently capable of evaluating whether or not the disclosures with which they are presented enable them to render informed investment decisions. This is the primary reason why the disclosures concerning the risks involved in making an investment in the private equity fund, including potential conflicts of interest, tend to be fairly detailed. By failing to refer to the level of an investor's sophistication when stating that "[d]isclosure of a conflict

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13 *Id*., at 18.

14 *See* Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles, SEC Rel. No. IA-2628 (Aug. 3, 2007)("A fact is material if there is a substantial likelihood that a reasonable investor in making an investment decision would consider it as having significantly altered the total mix of information available." citing, *inter alia*, *Basic, Inc. v. Levinson*, 485 U.S. 224, 231-32 (1988) and *TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438, 449 (1976)).

15 *Supra* note 6 (emphasis added).

16 *See, e.g., In the Matter of The Robare Group, Ltd., Mark L. Robare, and Jack L. Jones, Jr.*, Investment Advisers Release No. 4566 (Nov. 7, 2016) (Cease-and-Desist Proceeding).

alone is not always sufficient to satisfy the adviser's duty of loyalty and section 206 of the Advisers Act,"[17] we fear that the Proposed Interpretation suggests that the sufficiency of disclosure should be measured against an absolute standard of adequacy and that it invites second-guessing without regard to the relative sophistication of the intended recipient.

The SEC should state that the nature of the clients may be taken into account in addressing the sufficiency of the disclosures. As the SEC has acknowledged in the past, the "method and extent of disclosure depends upon the particular client involved," and an unsophisticated client may require "a more extensive explanation than the informed investor."[18] This approach – to know your reader, gauge the financial sophistication of readers, and present information in a way that will be easily understandable – should continue to be the focus of the SEC.[19]

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It is important for the SEC to address the points raised in Section I of this letter in a timely fashion. The Proposed Interpretation is just that – a proposed interpretation of the standard of conduct for investment advisers that does not represent the SEC's final interpretation. We applaud the SEC for requesting comment on these issues rather than implementing the Proposed Interpretation unilaterally without the benefit of review by the public. We are concerned, however, that certain portions of the Proposed Interpretation suggest that it merely reaffirms or clarifies the law. In light of the issues raised above, we believe that in some instances the Proposed Interpretation may create confusion rather than clarity concerning the standard of conduct applicable to investment advisers. We believe that the SEC should act promptly to address these issues before taking any actions that suggest that the Proposed Interpretation is in any sense final.

II. <u>The Suggested Enhancements to Investment Adviser Regulation Are Not Necessary</u>

The Proposed Interpretation requests comments on whether the regulation of investment advisers could be "enhanced" by certain aspects of broker-dealer regulation that could provide "investor protections that may not have counterparts in the investment adviser context."[20] The Proposed Interpretation identifies the following areas for potential future action: (*a*) whether investment adviser representatives should be subject to federal continuing education and licensing requirements; (*b*) whether investment advisers should be required to provide account

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17 *Supra* note 1, at 17.

18 *In the Matter of Arleen W. Hughes*, Exchange Act Release No. 4048 (February 18, 1948).

19 *See, e.g.*, U.S. Securities and Exchange Commission, A Plain English Handbook: How to create clear SEC disclosure documents (August 1998), *available at* https://www.sec.gov/pdf/handbook.pdf. *See also* Heitman Capital Management, LLC, Investment Advisers Ref. No. 200463918, File No. 801-15473 (Feb 12, 2007) (adequacy of disclosure concerning "hedge clauses" in investment management agreements should be evaluated taking into account that the clients were "sophisticated persons that have the resources and experience to understand the investment advisory agreements . . .").

20 *Supra* note 1, at 27.

statements to clients; and (*c*) whether investment advisers should be subject to financial responsibility or fidelity bond requirements along the lines of those that apply to broker-dealers.

The AIC does not believe that any of these suggested changes would enhance the regulatory framework established by the Advisers Act, particularly as it applies to private equity funds, their investment advisers and their investors. We also believe that certain of these changes would require amendments to the Advisers Act, as they appear to go beyond the SEC's rulemaking authority.

A. Continuing Education

The Proposed Interpretation notes that the federal securities laws do not require investment adviser representatives to become licensed or to meet qualification requirements, but that most states impose such requirements on investment adviser representatives who have a place of business in the state, regardless of whether the investment adviser is registered with the SEC or the state.[21] The Proposed Interpretation requests comment on whether licensing or continuing education requirements should be imposed on investment adviser representatives or other personnel of federally registered investment advisers. The Proposed Interpretation does not discuss why this approach, which was, in effect, codified as part of the National Securities Markets Improvement Act of 1996 ("NSMIA"), should be changed, or which personnel (in addition to investment adviser representatives) should be subject to these requirements at the federal level.

The states have had many years of experience in imposing these types of requirements on investment adviser representatives that service retail clients. The lengthy request for comments itself demonstrates the complexity of imposing such a scheme at the federal level, and the Proposed Interpretation does not demonstrate that there will be any tangible benefit for investors in doing so. We note that clients receive disclosure concerning the "supervised persons" that service their accounts in Part 2B of Form ADV (the "Brochure Supplement"). The Brochure Supplement provides information concerning the educational background, business experience, disciplinary information, and business activities of these supervised persons. When the SEC proposed the Brochure Supplement requirement in 2000, it concluded that the Brochure Supplement would contain information that it believed "clients want and need . . . about the individuals on whom they will rely for investment advice."[22] This approach is consistent with the basic disclosure framework of the Advisers Act.

In addition, in considering whether to propose such requirements, the SEC should consider whether accreditation or continuing education standards would suggest to clients or prospective clients that these standards would be viewed as providing the investment adviser with the SEC's imprimatur or endorsement. Form ADV itself is designed to avoid any such

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[21] *Id*., at 28.

[22] Proposed Rule: Electronic Filing by Investment Advisers; Proposed Amendments to Form ADV, Release No. IA-1862; 34-42620; File No. S7-10-00 (April 7, 2000).

implication, but there is a risk that mandatory accreditation standards might increase the risk that the typical retail investor might view his or her investment adviser representative as being endorsed by the SEC.[23]

Finally, if the SEC determines to propose such requirements, they should be limited to investment advisers whose clients consist of predominantly retail investors. These requirements should also be limited to investment adviser personnel that interface with retail investors rather than personnel involved in managing institutional accounts or pooled investment vehicles. It may be that the SEC will conclude that such clients would benefit the most if their investment advisers were subject to these types of requirements. We do not believe, however, that such requirements will provide any benefits for a sophisticated investor or investors in private equity funds.

B. Account Statement Requirements

The Proposed Interpretation suggests that this enhancement would be designed to address the SEC's view that fees and costs are important to retail investors and that requiring the delivery of periodic account statements that specify the dollar amounts of fees and expenses would allow clients to readily see and understand the fees and expenses they pay for an adviser's services.[24]

We are not in a position to assess whether an account statement requirement will achieve this objective for retail investors. We note that, in accordance with Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), investors in most private equity funds receive the fund's audited financial statements on an annual basis, which contain disclosure concerning the fees and expenses paid by the private equity fund. We do not believe that an account statement, in addition to audited financial statements, would be particularly meaningful for the typical private equity fund investor (and it is unclear what information an account statement for a pooled investment vehicle would contain). If the SEC determines that it is appropriate to proceed with such a proposal, we recommend that it be limited to providing account statements to retail clients and not to institutional clients or private equity funds (or investors in private equity funds).

C. Financial Responsibility Standards

The Proposed Interpretation notes that, unlike broker-dealers, investment advisers "are not subject to net capital requirements" that would ensure that, under financial stress, an investment adviser "has sufficient liquid assets to satisfy all non-subordinated liabilities without the need for a formal liquidation proceeding."[25] Similarly, investment advisers do not have

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[23] The brochure cover page must state that the information in the brochure "has not been approved or verified by the [SEC] or by any state securities authority and, if the adviser refers to itself as a registered investment adviser, must state that "registration does not imply a certain level of skill or training."

[24] *Supra* note 1, at 31-32.

[25] *Id*., at 31-35.

oversight mechanisms during liquidations and are not required to obtain fidelity bond coverage to protect client assets.[26]

We are not aware of any situations that suggest a need to impose financial responsibility and fidelity bond requirements on investment advisers. The Custody Rule, despite its need for modification in certain respects, has proven to be an effective means of protecting client assets and, as the SEC recognizes, investment advisers are required to "disclose any material financial condition that impairs their ability to provide services to their clients."[27] Even in the downturn in 2008, a recent study shows that "the PE industry withstood the maelstrom far better than commonly expected."[28] The AIC also notes that the SEC has not provided any specific evidence that the current regulatory regime with respect to investment adviser licensing of representatives or custody of client assets has been deficient in any manner. In fact, the SEC's release proposing a rule that would have required investment advisers to adopt business continuity and transition plans contained a detailed discussion of investment adviser transitions that have occurred without disruptions.[29] Along with an absence of any identified problem, the SEC does not provide any evidence that any of these solutions are effective in achieving their goals.

III. <u>The Delivery Requirements for Proposed Form CRS Should Exclude Sophisticated Investors</u>

The SEC proposes that investment advisers prepare and deliver to current and prospective "retail" investors a Form CRS. Form CRS would include a description of services provided; the applicable standard of conduct; the associated fees and costs; a comparison of brokerage and investment advisory services; a summary of the conflicts of interests that may arise; where to find additional information; and suggested questions that retail investors should ask. Form CRS would be delivered to retail investors – that is, any "prospective or existing customer who is a natural person (an individual)."[30] The SEC specifically notes that "[a]ll natural persons would be included in the definition, regardless of the individual's net worth (thus including, *e.g.*, accredited investors, qualified clients or qualified purchasers)."[31]

The AIC appreciates that the SEC believes that the disclosure provided by the proposed form may provide retail investors with the necessary tools to make informed decisions with respect to which investment professional services best suit their needs and financial goals.

The AIC, however, believes that the definition of "retail investors" is too broad and should be narrowed to exclude investors who are financially sophisticated – for example, "qualified purchasers" and "knowledgeable employees" of the investment adviser (as defined

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26 *Id*.
27 *Id*., at 35.
28 *Global Private Equity Report 2016*, Bain & Company.
29 Adviser Business Continuity and Transition Plans, Release No. IA-4439; File No. S7-13-16 (June 28, 2016).
30 Form CRS Release; Form ADV, Part 3: Instructions to Form CRS.
31 Form CRS Release.

under the Investment Company Act), "accredited investors" and "qualified institutional buyers" (as defined in Regulation D and Rule 144a, respectively, under the Securities Act of 1933 (the "Securities Act")), and "qualified clients" (as defined on Rule 205-3 under the Advisers Act). We believe that these categories of investors are sufficiently sophisticated to understand the disclosures they receive concerning these issues (particularly those disclosures in Part 2A of Form ADV and in other disclosure documents). As stated above, Congress and the SEC have acknowledged that natural persons meeting these standards do not need the full protection of the U.S. federal securities laws. These investors are sufficiently sophisticated to understand the disclosures they receive in an investment adviser's brochure as well as the differences between dealing with an investment adviser and a broker-dealer. Consideration should also be given to excluding from the definition of retail investors other clients who the adviser has determined (based on various criteria developed by the adviser including, for example, whether the client is represented by a "purchaser representative" of the type described in Regulation D under the Securities Act) are sufficiently sophisticated to understand the disclosures provided by the brochure. Imposing a requirement to prepare a Form CRS would be an unnecessary burden on registered investment advisers that limit their clients to these categories of investors.

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The AIC appreciates the opportunity to comment on the Proposed Interpretation and proposed Form CRS and would be pleased to answer any questions you might have regarding our comments.

Respectfully submitted,

Jason Mulvihill
General Counsel
American Investment Council