AMERICAN INVESTMENT COUNCIL
Growth Through Long-Term Investment

July 9, 2018

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

Re: Auditor Independence with Respect to Certain Loans or Debtor-Creditor Relationships (Release No. 33-10491; 34-83157; IA-4904; File No. S7-10-18)

Dear Mr. Fields:

The American Investment Council (the "AIC"), on behalf of its members, is pleased to provide comments to the Securities and Exchange Commission (the "SEC" or the "Commission") in response to its recent rule proposing release, *Auditor Independence with Respect to Certain Loans or Debtor-Creditor Relationships* (the "Release").

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 believes that the amendments proposed in the Release will better align Rule 2-01(c)(1)(ii)(A) (the "Loan Provision") with the auditor independence standard set forth in 17 CFR 210.2-01 ("Regulation S-X") by focusing on those relationships that, whether in fact or appearance, could threaten an auditor's ability to exercise objective and impartial judgment. Therefore, the AIC supports the Commission's proposal to amend the Loan Provision to: (i) focus the analysis solely on beneficial ownership; (ii) replace the existing 10 percent bright-line shareholder ownership test with a "significant influence" test; (iii) add a "known through reasonable inquiry" standard with respect to identifying beneficial owners of an audit client's equity securities; and (iv) for purposes of the Loan Provision, exclude from the term "audit client" for a fund under audit any other fund that would otherwise be considered an "affiliate of the audit client."

The AIC also believes that these proposed amendments to the Loan Provision should be expanded further in order to address certain challenges faced by sponsors of private equity funds, including both management entities and general partners of private equity funds (each such entity, a "Private Equity Sponsor"). In particular: (i) where a Private Equity Sponsor or its parent company is the audit client, the entities within the private equity fund complex, including funds advised by the Private Equity Sponsor and their respective portfolio companies, should be deemed not to be "affiliates of the audit client"; and (ii) where a fund or portfolio company within the private equity fund complex is the audit client, the other portfolio companies within the private equity fund complex should be deemed not to be "affiliates of the audit client." In the context of the Loan Provision, this would mean that an evaluation of "significant influence" would be made solely with respect to the legal entity being audited, which the AIC believes is an appropriate result.

Further, in response to the Commission's solicitation of input regarding other potential changes to Rule 2-01 of Regulation S-X (the "Independence Rules"), the AIC also suggests that the proposed interpretation of "affiliate of the audit client" (as modified by AIC's recommendations in the previous paragraph) be broadly applied to the Independence Rules, rather than limited to the Loan Provision. Without sacrificing the impartiality and objectivity of auditors with respect to the entities that they are auditing, we believe that these and other improvements to the Independence Rules, as described herein, would support capital formation by (i) limiting transaction inefficiency and business disruption; (ii) increasing choice and competition among service providers; and (iii) reducing unnecessary burdens and risks to Private Equity Sponsors and needless costs to private equity investors.

Overview of Private Equity in the United States

Private equity is an important investment sector in the United States that contributes significantly to the development of businesses throughout the economy. Private equity firms sponsor, manage and advise private equity funds, which are closed-end pooled investment vehicles (most frequently organized as limited partnerships) that invest in operating businesses ("portfolio companies"). Subject to limited exceptions, one or more entities within a private equity fund complex are registered as investment advisers under the Investment Advisers Act of 1940.

The various funds within a private equity fund complex may pursue one or several lines of business. Private equity funds invest in a variety of strategies, industries and geographies, often lacking concentrated exposure in any single region or sector. Many private equity firms organize and advise a private equity fund to pursue a particular investment strategy and, once that fund has invested most of its capital, the private equity firm will organize a successor fund to continue that investment strategy. Some private equity firms may pursue two or more distinct private equity investment strategies, organizing a fund (and then successor funds) to pursue each of those strategies.

With respect to each fund, a private equity firm typically owns and controls an entity designated as the general partner (or, in the case of a fund that has a non-partnership structure, the equivalent controlling entity) (each such entity, a "GP"), which makes investment decisions for that fund. The GP also makes a contractual agreement to contribute capital from time to time over the term of the fund as and when needed by the fund to make investments and pay expenses (a "capital commitment"). However, the majority of a fund's capital commitments typically result from private placement transactions at the beginning of a fund's term, in which sophisticated third-party investors (*e.g.*, corporate pension plans, public retirement plans, foundations, endowments, sovereign wealth funds, insurance companies, banks, high net worth individuals and family offices) agree to become the fund's limited partners (or members or shareholders in a non-partnership structure) (each such investor, an "LP").

While both the GP and the LPs contribute capital to the fund over its term, the LPs generally are not involved in the management or control of the business of the fund. Rather, the LPs generally authorize the Private Equity Sponsor to draw on capital commitments to purchase (and later sell) ownership interests in various portfolio companies.

Existing Independence Rules and the Unique Governance Structure of Portfolio Companies

The requirement under the existing Independence Rules that an auditor must be independent of the "audit client" (be it a portfolio company or a fund), including its affiliates, is particularly challenging for private equity firms. Private Equity Sponsors, the funds that they advise, and the portfolio companies owned by the funds typically are deemed to be under common control; by definition, each such entity is thus considered an "affiliate of the audit client" under the current Independence Rules. As a result, the list of entities that might be deemed to be under common control with any given audit client is expansive and constantly changing, including but not limited to the Private Equity Sponsor, the funds it advises, the portfolio companies owned by the funds and any of their respective parent companies, general partners, managers, holding companies and/or special purpose vehicles.

However, this application of the affiliate definition is based upon an inference of a level of control over portfolio activities that is antithetical to the way the vast majority of private equity fund complexes interact with their portfolio companies. Outside of their relationship to the Private Equity Sponsor, controlled portfolio companies within a private equity fund complex – including portfolio companies owned by the same fund – generally are unrelated to each other and do not share internal control structures, operations, systems, or management. Such portfolio companies often have different auditors, operate independently, are separately financed by distinct stakeholders, maintain separate organizational structures and information systems and are governed by stand-alone boards of directors and audit committees.

Moreover, in general, private equity funds are intentionally designed such that each portfolio company typically operates in a silo from a governance perspective. A fund will generally own an equity interest in each of its portfolio companies (which may also issue other equity or debt to different stakeholders), and there are no further cross-collateralizations or guarantees between the fund and a portfolio company, or between two portfolio companies. This structure is dictated by a fund's governing documents, and is designed to protect such fund's LPs, as well as various stakeholders in each portfolio company, from experiencing the loss of an investment in one portfolio company owned by a fund due to the performance of another portfolio company of the fund. Each portfolio company must also have its own governance structure designed to avoid conflicts of interest, and any arrangements between a fund and its portfolio companies, or between two portfolio companies owned by the same fund, generally must be executed at arm's length.

Financial reporting rules also demonstrate the separation between various entities within a private equity fund complex. Under current U.S. GAAP, financial results of a fund's portfolio companies generally are not consolidated into the financial statements of that fund; rather, portfolio company financial results are reported under specialized accounting provided for in ASC 946 and managed on a fair value basis for the benefit of the LPs. In a majority of cases, the Private Equity Sponsor also does not "control" the funds it manages within the meaning of ASC 946, and therefore financial results of funds are not consolidated into the Private Equity Sponsor's financial statements (or those of its parent entities). Even in the less common case where a Private Equity Sponsor may be deemed to control a fund and therefore consolidate its results, the specialized accounting provided for funds under ASC 946 is retained at the Private Equity Sponsor level, and therefore all fund investments are reported at fair value rather than consolidated.

Further, the affiliate definition under the Independence Rules applies irrespective of (i) the nature of the relationship between the audit client and the affiliated entity under common control and (ii) the materiality of these entities to the controlling entity. As a result, a potential breach of the Independence Rules can arise because of two portfolio companies that are immaterial to the fund and/or Private Equity Sponsor, do not control or exert any influence over each other, have separate governance structures and are not consolidated. In such cases, a reasonable investor with knowledge of the relevant facts and circumstances would not conclude that an accountant is incapable of exercising objective and impartial judgment with respect to the audit of one such portfolio company despite the existence of currently impermissible relationships or service arrangements with respect to the other portfolio company, nor would investor protection be compromised in fact if the accountant were to audit one such portfolio company while maintaining the currently impermissible relationships or service arrangements with respect to the other portfolio company.

Detrimental Effect on Capital Formation due to Expansive Scope of Affiliation Rules

The purpose of the Independence Rules should be to support capital formation by ensuring the impartiality and objectivity of auditors with respect to the entities that they are auditing and, in turn, the work that they perform for their audit clients, so that audited financial statements can be relied on by investors with confidence. This goal is shared by all stakeholders, including auditors, accounting firms, Private Equity Sponsors, portfolio companies, investors and the Commission. Unfortunately, the expansive scope of the affiliation rules – which, in light of the issues discussed above, do not appear to have been designed with private equity investing in mind – has had a detrimental effect on capital formation.

> ***The current interpretation of auditor independence under the Independence Rules imposes substantial transaction costs on Private Equity Sponsors, the funds they advise and existing or prospective portfolio companies of the funds, and may distort the economic decisions that are made by both the Private Equity Sponsor and the prospective portfolio company's investors in connection with the transaction.***

The auditor independence standards set forth in the Independence Rules apply to Private Equity Sponsors with respect to (i) audited financial statements that are filed with the SEC (most frequently in connection with the initial public offering ("IPO") of a portfolio company; and (ii) audited financial statements of private equity funds that are provided to investors in the funds in order to comply with the Advisers Act "custody rule," which requires the auditor to qualify as an "independent public accountant" as defined in the Independence Rules. In each of these contexts, the AIC is aware of situations in which the expansive scope of the affiliate definition in the Independence Rules has posed a barrier to capital formation.

Under the current Independence Rules, when control of a portfolio company is acquired by a private equity fund, the portfolio company will be considered under common control with the other entities in the private equity fund complex, including all other portfolio companies of other funds advised by the Private Equity Sponsor or its affiliated investment advisers and GPs. Because any relationships or service arrangements that impair the independence of an auditor with respect to a portfolio company or other commonly controlled entity in a private equity fund complex are also deemed to impair the auditor's independence with respect to *all* such commonly controlled entities, the prospective portfolio company's relationships and service arrangements with accounting firms must be analyzed and addressed before the acquisition is complete.

Similarly, when a Private Equity Sponsor seeks to exit an investment in a portfolio company via an IPO, all relationships and service arrangements with the portfolio company's auditor as of the time of the IPO must be evaluated for independence issues. Because IPOs typically require three years of audited financial statements to be provided to the SEC, the relevant analysis looks back at relationships and service arrangements (even those that have been terminated) between the portfolio company's auditor and all entities within the private equity fund complex (including controlled portfolio companies) over the preceding three years; in many cases, this three-year period begins prior to the private equity fund's acquisition of the relevant portfolio company.

The examples below illustrate recent real-life issues encountered by AIC member firms in each of these contexts.

> <u>Example 1 -- Portfolio Company Acquisition</u>: A private equity fund ("Fund X") entered into an agreement to acquire a controlling interest in a global business that would be carved out from the selling company and formed as a new standalone business upon closing (the resulting business, "Portfolio Company A"). Prior to closing, the auditor of Portfolio Company A ("Auditor G") was appropriately independent of Portfolio Company A. However, Auditor G also performed a range of non-audit services for other portfolio companies of Fund X ("Portfolio Companies BCD"). Under the Independence Rules, once the transaction closed and Portfolio Company A came under common control with Portfolio Companies BCD, the non-audit services provided to Portfolio Companies BCD would be deemed to impair Auditor G's independence with respect to Portfolio Company A.

> <u>Example 2 -- Portfolio Company IPO</u>: A private equity fund ("Fund Y") began pursuing the IPO of a U.S.-based portfolio company ("Portfolio Company K"). Late in the process, the company's auditor ("Auditor H") discovered that it was no longer in compliance with the Independence Rules due to the recent acquisition of a non-U.S.-based portfolio company ("Portfolio Company L") by a fund under common control with Fund Y ("Fund Z"). Under the Independence Rules, a pre-existing business relationship between Auditor H and Portfolio Company L was be deemed to impair Auditor H's independence with respect to Portfolio Company K.

In each of these cases, the pre-transaction auditor of the portfolio company being purchased or sold did not have a direct impermissible relationship with the entity being audited; such accounting firm's only impermissible relationships were with other portfolio companies owned by funds managed by the Private Equity Sponsor. Given the standalone nature of portfolio company operations and governance structures (as discussed above), it is unlikely that a reasonable investor with knowledge of the relevant facts and circumstances would conclude that the impermissible relationships would in fact render the pre-transaction auditor incapable of exercising objective and impartial judgment with respect to the audit of the relevant portfolio company.

Despite such tenuous relationships, proceeding with either of these example transactions required the Private Equity Sponsor to decide between the following two options, each representing a significant disruption and resulting in significant costs to the relevant private equity fund and its investors:

> <u>Option 1 -- Terminate Services/Relationships</u>: Retain the auditor of the portfolio company being purchased/sold and, prior to the closing of the acquisition/IPO, terminate all independence-impairing non-audit service arrangements/relationships between the portfolio company's auditor and other commonly controlled portfolio companies.

The immediate and unforeseen termination of independence-impairing non-audit service arrangements/relationships, as required by Option 1, often results in significant disruptions to the businesses of the relevant portfolio company; these disruptions are typically costly to the Private Equity Sponsor, the relevant fund, such fund's investors and the portfolio company itself. Depending on the nature and complexity of the services or relationship at issue, it can take substantial time and resources for the portfolio company to identify an alternative provider, which introduces duplication of effort, business disruption and increased cost. In Example 1, the level of disruption that would have been caused by the immediate and unforeseen termination of the non-audit services to Portfolio Companies BCD was determined to be so significant that the Private Equity Sponsor and Fund X determined that a change in auditor was the only feasible alternative, which in turn raised the issues discussed below with respect to Option 2.

Further, terminating the independence-impairing non-audit service arrangements/relationships is not always a complete solution. In the case of Example 2, even if the business relationship between Auditor H and Portfolio Company L was terminated immediately upon discovery, there would still have been a short period of time during the "audit period" (which, under the Independence Rules, encompasses both the engagement period and period of the financial statements being audited) in which Portfolio Company K and Portfolio Company L were under common control and the independence-impairing relationship was maintained. Therefore, after terminating the relationship with Portfolio Company L, Auditor H would need to obtain Commission relief from certain requirements of the Independence Rules in order to serve as the independent auditor for the IPO of Portfolio Company K.

> <u>Option 2 -- Terminate Auditor</u>: Retain the independence-impairing non-audit service arrangements/relationships between the auditor of the portfolio company being purchased/sold and other commonly controlled portfolio companies and, prior to the closing of the acquisition/IPO, replace the portfolio company's auditor with a different accounting firm that is, and will continue to be, independent after the transaction.

Changing auditors, as required by Option 2, would prove disruptive and costly to the relevant portfolio company, fund and Private Equity Sponsor. In Example 2, Portfolio Company K estimated that the training and preparation required for a new auditor to be appointed would result in significant costs, a disruption of the business and require up to four months.

Changing auditors in the private equity context can also be exceptionally challenging because other accounting firms often have pre-existing relationships with the Private Equity Sponsor, the funds it advises and/or the funds' portfolio companies that would be deemed to be independence impairing if the accounting firm were engaged to perform the audit. In Example 1, given the scale and global footprint of Portfolio Company A, Fund X focused its search for a new auditor of Portfolio Company A on the remaining three of the "Big Four" accounting firms (*i.e.*, those other than Auditor G). Upon issuing a request for proposal, Fund X learned each of these three audit firms had independence-impairing business relationship(s) of significant commercial value with Portfolio Company A. Therefore, none of these audit firms would be able to serve as an independent auditor of Portfolio Company A without terminating such independence-impairing business relationship(s) with one of the three audit firms and therefore addressing the issues discussed above with respect to Option 1 (including the need to obtain Commission relief from certain Independence Rules requirements because independence-impairing relationships were maintained during the "audit period" – in this case, the portion of the fiscal year prior to the termination of such relationships).

Situations such as those described above are increasing, and the effects of the resulting barriers to capital formation are wide-reaching. In Example 2, the delay of Portfolio Company K's IPO meant that Fund Y lost months of optionality to access the public markets, which ended up being significant as confidence in the stock market in general, and sentiment around Portfolio Company K's sector in particular, both worsened during the course of this time period. These changes to the IPO timeline impacted various parties, including the investors in Fund Y, other stakeholders Portfolio Company K and future investors in the public company.

Portfolio companies are subject to substantial restrictions on their ability to choose audit and non-audit service providers.

The Independence Rules issues described above can result in additional restrictions on a portfolio company's choices among accounting firms with respect to both audit and non-audit services, which can negatively impact private equity funds, portfolio companies and investors. Prior to acquisition, a prospective portfolio company may be forced to change its auditor, either because (i) the original auditor would no longer be compliant with the Independence Rules once the portfolio company is under common control with the rest of the entities in the private equity fund complex (in some cases, limiting the prospective portfolio company's choice of auditor to options outside of the "Big Four" accounting firms), or (ii) the Private Equity Sponsor needs to arrange for all entities under its deemed control to obtain audit services from one designated accounting firm in order to minimize Independence Rules issues across the private equity fund complex (which may also require the prospective portfolio company to terminate certain existing relationships and/or service arrangements with the designated auditor and obtain Commission relief from certain Independence Rules requirements).

Limitations on portfolio companies' choices among accounting firms also arise outside of the acquisition context. In the normal course of business, an accounting firm may be unable to propose certain services to a portfolio company without being required to terminate relationships and/or service arrangements with other entities in the private equity fund complex (and, in some cases, obtain Commission relief from certain Independence Rules requirements). Accounting firms may also choose to avoid providing services to portfolio companies (or other entities within private equity fund complexes) in order to avoid having to navigate the complexity of the current Independence Rules as they relate to private equity. Similarly, some Private Equity Sponsors are forced to avoid some of the complexity imposed by the affiliate definition through policies that limit portfolio companies' choices of non-service providers.

Ultimately, portfolio companies whose service provider choices are restricted may suffer economic and/or competitive disadvantages due to the loss of important services, the termination of important contracts, increased costs (due to lack of competition) and/or decreased quality of services. Any of these disadvantages can translate to lower investment returns, negatively impacting investors in the relevant private equity fund.

Private Equity Sponsors and their funds' portfolio companies are subject to undue burdens and risks that result in needless increased costs to investors.

Application of the current Independence Rules in the private equity context introduces a level of complexity that is very difficult and costly for Private Equity Sponsors to administer. It is difficult to reconcile the resulting incremental costs, which are borne by private equity fund LPs, with any notion that investor protection is somehow increased by these requirements. Accounting firms, Private Equity

Sponsors and the portfolio companies of private equity funds must spend significant time, money and effort on obtaining the requisite information needed to track compliance with the affiliation rules, which is especially challenging given the volume, complexity and speed of the relevant transactions within any given private equity fund complex. As the number and complexity of entities and transactions related to a private equity fund complex grow, so does the risk of unintended breaches of the Independence Rules.

As discussed above, it is often the case that violations of the affiliation rules would not materially impair independence from the standpoint of a reasonable investor, but in most cases any identified issues still require time-consuming evaluations and discussions with audit committees and/or the Commission and its staff. While the Commission staff may grant relief from some Independence Rules requirements in certain situations, such relief typically is only obtainable after the relevant fund and its investors have spent significant amounts of money, and the Private Equity Sponsor, its auditor and its audit committee have spent substantial time, seeking to address the relevant issue. In addition, similarly to the concern noted in the Release with respect to compliance with the Loan Rule, the devotion of such resources to evaluating compliance with the Independence Rules can distract auditors' and audit committees' attention from matters that may be more likely to bear on the auditor's objectivity and impartiality; violations that a reasonable investor would not view as "independence impairing" can also desensitize market participants to more significant violations of the Independence Rules.

Additional Considerations

In addition to the issues discussed above relating to affiliation under the Independence Rules as applied to private equity firms, we note below several additional topics for the Commission's consideration.

Commission Rules for Private Equity Inconsistent with Treatment of Investment Company Complexes

As discussed above, private equity portfolio companies are managed differently than subsidiaries of a traditional company. Private equity complexes are structured in many ways like investment company complexes, and are typically treated in the same manner under the relevant accounting rules; they are not, however, afforded the same treatment under the current Independence Rules. Where a company within an investment company complex is the audit client, portfolio companies engaged in unrelated commercial activities generally would not be considered "affiliates" of that audit client. This creates a divergence when applying the rules to a private equity complex and at the same time an opportunity to allow private equity complexes to apply already established guidance, were the same principles extended to cover private equity complexes in addition to investment company complexes.

Definition of Control when Applying the Independence Rules

Under the current Independence Rules, the definition of an affiliate includes, among other things, entities controlled by the audit client. While the definition of control is well defined and understood under US GAAP, the broader interpretation of "control" under the securities laws has created added complexity and ambiguity when applying the Independence Rules, particularly for the asset management industry. For example, using a broader definition of "control" when applying the Independence Rules can result in multiple parties having "control" over a single entity. This creates added burden and complexity and in many cases results in registrants having to make legal determinations around control. Further, the determination of "significant influence" for purposes of applying the Independence Rules is based on the application of US GAAP, which results in different frameworks being used to determine an audit client's affiliates. This not only creates inconsistencies in how the rules are applied, but also increased compliance costs for both Private Equity Sponsors and accounting firms. To illustrate, we are aware of an asset manager who recently entered into a joint arrangement to advise a registered investment adviser. While the accounting definition of control resulted in the asset manager consolidating the joint venture, a broader interpretation of securities law led to the determination that both the asset manager and other party involved jointly controlled the advisor, resulting in the accounting firm having to be independent of two separate investment company complexes in order to comply with the Independence Rules. Consequently, the accounting firm had to terminate and transition certain in-process services, creating a delay in the launching of the fund and ongoing compliance costs for all parties to maintain independence going forward.

We believe that to achieve consistency in how control and significant influence are determined, the application of an integrated framework is necessary – such as that currently provided under US GAAP. The US GAAP framework has been long applied by accounting firms and issuers and is well understood by other stakeholders. Accordingly, we believe that it represents a readily available and administrable alternative that would not compromise investor protection.

Business Relationships

As discussed above, under the current Independence Rules, business relationships are broadly defined and, in many cases, can be construed to apply to relationships that present no reasonable threat to objectivity and impartiality in the conduct of an audit. This results not only from the expansive incorporation of affiliates into the term "audit client," but also from the fact that the terms "substantial stockholder" and "indirect relationship" are not defined in the Independence Rules. The result is that significant resources are being expended by issuers, accounting firms and audit committees to evaluate and track many relationships that pose no risk to investors regarding auditor objectivity and impartiality. As with the loan rule and similar to the audit client affiliate discussion above, this can disrupt the provision of audit services or delay capital formation and transaction efficiency. We encourage the Commission to consider interpreting the definition of "substantial stockholder" in a manner that is consistent with the "significant influence" approach in the loan provision proposal, and to undertake a review of the application of direct and indirect business relationships in the context of the evolution toward an increasingly interconnected business environment.

Application of Foreign Private Issuer Accommodations to Domestic Company IPOs

As discussed above, when a Private Equity Sponsor seeks to take public a controlled portfolio company of one of its advised funds in the United States, it must evaluate relationships and services provided to all controlled companies in all of the funds it advises, sometimes looking back three years, to evaluate whether there are any independence issues with respect to the up-and-over provision. Under the Independence Rules, foreign private issuers ("FPIs") are able to take advantage of a provision that requires them to be independent for only the most recent audited fiscal year and all subsequent periods. Because this same provision is not available to domestic companies, this puts US domestic companies at a disadvantage relative to FPIs and often results in domestic companies incurring significant costs, having to re-audit historical periods and/or delaying in accessing the public markets, as compared to FPIs. We do not believe there is compelling evidence to suggest that investor protection justifies differential treatment of US issuers and FPIs.

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In conclusion, we appreciate the opportunity to submit this comment letter, and applaud the Commission's efforts to better align the Loan Provision with its goals of capital formation and investor protection. However, we encourage the Commission to undertake a broader review of the challenges that the Independence Rules present for stakeholders, including the private equity industry, and in particular to give consideration to a more targeted application of the affiliation aspects of the Independence Rules. Given the importance of this issue to the private equity and broader asset management industries, the AIC and its member firms would greatly appreciate the opportunity to discuss our comments, experiences and potential solutions with the staff and the Commission at your earliest convenience.

Respectfully submitted,

Jason Mulvihill

Jason Mulvihill
Interim CEO & General Counsel
American Investment Council