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THE COMMITTEE ON INVESTMENT OF EMPLOYEE BENEFIT ASSETS

March 9, 2007

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-0609

Re: Release No. 33-8766/IA-2576: Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles
File No. S7-25-06

Dear Ms. Morris:

This letter is submitted by the Committee on Investment of Employee Benefit Assets ("CIEBA") in response to the request by the Securities and Exchange Commission (the "Commission") for comments on the above-referenced Release dated December 27, 2006 (the "Proposing Release"). CIEBA is the voice of the Association for Financial Professionals (AFP) on employee benefit plan asset management and investment issues. CIEBA represents more than 115 of the country's largest pension funds. Its members manage $1.4 trillion of defined benefit and defined contribution plan assets, on behalf of 16 million plan participants and beneficiaries. CIEBA members are the senior corporate financial officers who individually manage and administer ERISA-governed corporate retirement plan assets.

Summary

Our letter addresses that portion of the Proposing Release pertaining to proposed Rule 206(4)-8 (the "Proposed Advisers Rule") under the Investment Advisers Act of 1940. For the reasons set forth below, we believe that (a) the definition of "pooled investment vehicle" in the Proposed Advisers Rule should specifically exclude a vehicle comprised entirely of employee benefit plan assets and (b) the requirement that advisers not "omit to state a material fact necessary to make the statements made not misleading" while facially laudable is overly broad and needs clarification so as to not effectively close to the investor important channels of communication with its advisers.

Employee Benefit Plan Vehicles

The Proposed Advisers Rule seeks to regulate certain activities on the part of an investment adviser with respect to a "pooled investment vehicle". In so doing, it includes within its scope not only hedge funds and private equity funds but also certain employee benefit plan vehicles. As a result, it would, in many cases, unnecessarily subject investment advisers to such

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employee benefit plan vehicles to overlapping and burdensome additional federal regulation and in all instances to unnecessary regulation.

Employee benefit plan investment structures include in certain cases trusts or other vehicles that do not rely on section 3(c)(11) of the Investment Company Act of 1940 but instead rely on sections 3(c)(1) and/or 3(c)(7) for exemption from registration under such Act ("Employee Benefit Plan Vehicles"). Unlike investment advisers to hedge funds and private equity funds, who are not typically Employee Retirement Income Security Act of 1974 ("ERISA") fiduciaries to the benefit plan investors in such funds, an investment adviser to an Employee Benefit Plan Vehicle is an ERISA fiduciary with respect to the ERISA plan investors in such vehicle. Congress, through ERISA, already has provided for a comprehensive regulatory scheme with respect to ERISA fiduciaries. Unless revised as suggested herein, the Proposed Advisers Rule, by including such vehicles within the definition of "pooled investment vehicle", would impose an additional and unnecessary layer of federal regulation on such investment advisers under circumstances where there is no demonstrated need to do so.

Moreover, even in those cases where the assets of an employer-sponsored non-ERISA benefit plan are held in an Employee Benefit Plan Vehicle, there is no demonstrated need to subject such Vehicle to the Proposed Advisers Rule. Unlike hedge funds and private equity funds, the sponsors of which are highly compensated and have direct incentives which could lead to the type of conduct covered by the proposed rule, Employee Benefit Plan Vehicles are funding vehicles for employee benefit plans the sponsoring employers of which have no similar profit incentive.

Hindrance to Effective Communications with Advisers

CIEBA member employee benefit plans often invest in private equity and other funds which rely on sections 3(c)(1) and/or 3(c)(7) under the Investment Company Act of 1940. It is in the interest of our members as existing investors in such funds that they be able to engage in free and open communications with the general partners of these funds. Oftentimes, for example, a member will wish to obtain interim fund valuation or performance information from a general partner that a general partner is not otherwise required to provide to such member as an investor. Because the Proposed Advisers Rule requires that investment advisers not "omit to state material facts necessary to make the statements made therein not misleading", we believe that general partners of such funds will become reluctant to engage in and circumspect about non-contractually required communications. Because of the practical significance of such communications to existing fund investors, we strongly believe that the Commission should clarify the application of the Proposed Advisers Rule in the circumstance of non-contractually required communications with existing investors.

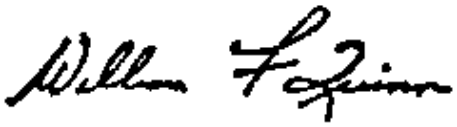
Conclusion

For the reasons set forth above, we recommend that (a) the definition of "pooled investment vehicle" in the Proposed Advisers Rule should specifically exclude a vehicle comprised entirely of employee benefit plan assets and (b) application of such Rule to non-contractually required communications between an investment adviser to a "pooled investment

vehicle" and an existing investor therein must be clarified so as to not effectively close to the investor that important channel of communication with its advisers.

CIEBA appreciates the opportunity to comment on the Proposed Advisers Rule and respectfully requests that the Commission consider the recommendations set forth above. Should you have any questions, please contact Judy Schub, CIEBA's managing director at (301) 961-8682.

Sincerely,



William F. Quinn
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