

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

DAVID CHAVERN
CHIEF OPERATING OFFICER
& SENIOR VICE PRESIDENT

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-3101 • 202/463-5327 FAX
dchavern@uschamber.com

March 9, 2007

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Release Nos. 33-8766; IA-2576; File No. S7-25-06

Dear Ms. Morris:

The U.S. Chamber of Commerce is the largest business federation in the world, representing the interests of some three million companies of every size and industry. As noted in our previous comment letters, we are committed to supporting sound and responsible capital market regulation, including efforts to update and modernize the regulatory framework governing market participants and investors.

Consequently, the Chamber supports not only the Commission's proposal to clarify its antifraud enforcement authority with respect to investment advisers, but also its undertaking to strengthen investor protection by updating the investor eligibility requirements for certain hedge funds and other pooled investment vehicles. The existing "accredited investor" income and net worth tests have not been adjusted since 1982, and we therefore believe it is appropriate for the Commission to seek to revise the monetary thresholds as they apply to these investment vehicles to account for the inflation in wealth and incomes that has occurred over the last 25 years.

In determining how best to update investor eligibility standards, the Commission should consider the important role that hedge funds and their investors play in providing liquidity to our capital markets and facilitating capital formation. In this regard the Chamber believes it is important that the new "accredited natural person" standard be easily interpreted and applied and not unnecessarily foreclose investment by investors that possess sophistication meriting an exception from the enhanced eligibility standards. In particular we strongly believe that the new rules should permit "knowledgeable employees" meeting the requirements of rule 3c-5 of

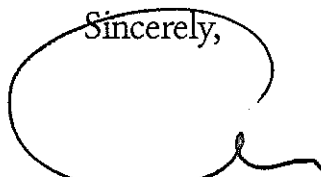
Ms. Nancy M. Morris
March 9, 2007
Page 2

the Investment Company Act to invest in the private investment vehicles managed by their employers.

The Commission's proposed increases to investor eligibility standards for 3(c)(1) funds, if implemented, will, when taken together with the "qualified purchaser" requirements applicable to 3(c)(7) funds, create a far more stringent standard for hedge fund investments than is currently applicable to other private offerings. In light of this fact, we believe it may be timely for the Commission to seek to modernize and clarify the existing prohibitions on general solicitation and advertising as they currently apply to hedge funds. For example, the Commission could issue guidance specifying the types of communications in which hedge funds may appropriately engage while preserving a clear restriction on mainstream advertising. We believe that enhanced legal certainty in this area would promote transparency of the industry and eliminate unnecessary confusion regarding what constitutes an advertisement or a general solicitation.

We appreciate the opportunity to comment on the Commission's proposed rules and welcome any questions you may have.

Sincerely,



David C. Chavern
Chief Operating Officer and
Senior Vice President

cc: Chairman Christopher Cox
Commissioner Paul S. Atkins
Commissioner Roel C. Campos
Commissioner Kathleen L. Casey
Commissioner Annette L. Nazareth