COMMENTS REGARDING FILE NUMBER S7-25-10

BACKGROUND AND APPLICABILITY OF PROPOSED EXEMPTION

In the text of your proposed rule, you state that single family offices "generally serve families with at least $100 million or more of investable assets." In a 1999 Family Office Exchange ("FOX") survey, 32% of surveyed families had investable assets of less than $100 million. In the same survey, 82% of all surveyed offices were utilizing the services of external managers rather than managing funds internally.

Is your proposed exemption applicable only to the relatively small number of family offices managing securities internally, or do you intend to apply regulatory requirements to family offices using only outside investment managers where the investment review within the family office of those managers is one of periodic review rather than continuous and ongoing advisory work? We believe that only family offices investing internally, rather than periodically selecting and monitoring external investment managers, should be subject to registration requirements and this proposed exemption.

We believe that the proposed exemption should be more broadly applicable to include smaller family offices and multi-family offices serving multiple families. If the ultimate objective of the SEC is to protect the general investing public, we believe that the threshold could be lowered without posing any practical risk to the general public.

Every family office surveyed in the 1999 FOX survey had assets in excess of $25 million. We believe that a family with investable assets of $25 million would not be considered to be a member of the general public that the original SEC regulations intended to protect.

We believe that it would be reasonable to grant an exemption from SEC registration to a multi-family office representing no more than 10 families with investment assets of not less than $25 million each. This would not resemble a "commercial investment advisor" in that the exempted multi-family office would not hold itself out to the public as an investment advisor. In addition, we believe it would be extremely unlikely that a commercial investment advisor would have 10 or fewer clients all with invested assets of $ 25 million or more and who would also be providing the broader range of services generally provided by multi-family offices.

We believe that the fact that no prior SEC exemptive orders have been applied to multi-family offices is not relevant. What we believe is relevant is whether such multi-family offices would hold themselves out to the general public, and whether there is a practical risk to the general public by such entities not being registered.

The proposal states that family offices not covered by the proposed exemption could still seek an individual exemptive order. However, this is an expensive and time consuming process that would unfairly discriminate against smaller family offices and multi-family offices. In turn, this will harm the families that would potentially utilize such family

office services in that there would be fewer small family offices as the result of these extra compliance costs. Consequently, such families would be forced to seek investment services from alternative providers such as brokerage firms and banks. Since providers such as these aren't required to apply a fiduciary standard to their advisory work, the likelihood is that these families may be harmed by receiving substandard investment advice.

OWNERSHIP RULES

Similarly, we don't think that it's important that a single family office be 100% owned by the family. Family offices employ a variety of compensation plans to reward key employees, and ownership of the family office entity might be one form of compensation, for example, through a valuation and buy-back at the employee's retirement.

What we believe is important is that ownership not be controlled by an external person or entity providing products or services to the family or families. This would represent a potential conflict of interest. For this reason, we would favor prohibiting an investment interest in a family office by any external entity providing financial services or products. In addition, we would favor a requirement that written disclosure be given to any potential family client of all entity owners owning more than a 5% interest in the family office entity.

FAMILY DEFINITION

We think your proposed definition of "family" is also too restrictive. In the case of an amicable divorce, the family member might wish to continue to have the family office provide advice and services to the divorced spouse. The divorced spouse might have otherwise more limited resources and expertise to find such services, so may also want to continue receiving advice and services from the family office. We fail to see what harm or risk this would pose to the general public. In fact, the practical effect of the proposed restriction would be to financially harm former spouses of family members. This would be contrary to public policy.

We think that the definition of "family" that is used in other areas of the law would be adequate for SEC regulatory purposes as well. If an individual is a current or former member of a "family", they should be allowed continued access to family office services, as long as this is mutually acceptable to the family and the former family member.

Respectfully submitted,

Robert Stenson