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U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: Family Offices, Proposed Rule  
Release No. IA-3098; File No. S7-25-10 (the "Release")**

Dear Ms. Murphy:

We appreciate the opportunity to comment on the above-referenced rulemaking proposal (the "Release") that will implement Section 409 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). Section 409 of the Dodd-Frank Act amended the Investment Advisers Act ("Advisers Act"), 15 U.S.C. § 80b, by adding a new Section 202(a)(11)(G) which authorized the Commission to adopt a rule exempting "family offices" from the Advisers Act. Proposed Rule 202(a)(11)(G)-1 will implement the new authority.

As have others who have submitted comment letters with respect to the Release, we take as a premise for this rulemaking that the intent of the Commission is to adopt a rule with provisions broad enough to include arrangements and relationships that are reflected in the practices of *bona fide* single family offices, in order to avoid dislocations at family offices and a rush of exemptive applications and registrations at the Commission, while not drawing the provisions so broadly as to allow evasion of the Advisers Act and abuse of investors under the guise of the family office exemption by firms providing services to persons and entities outside of normal familial relationships.

To emphasize the importance of two issues pertaining to a family office "owned and controlled" by trusts, we are limiting our comments to what we believe to be the desirability that the Commission clarifies that (i) ownership of a single family office through trusts funded by family members or former family members for the exclusive benefit of family members and other "family clients" (or at a minimum "family clients" other than "key employees") is permissible; and (ii) "family clients" include charitable foundations, charitable organizations or charitable trusts which have been funded exclusively either by one or more family members or

former family members, or by one or more trusts funded exclusively by one or more family members or former family members.

One of the requirements under the Release for an entity to qualify as a family office is that the entity is “wholly owned and controlled (directly or indirectly) by family members.” We think this language should be revised to substitute the defined term “family clients” for “family members.” If using the defined term “family clients” is not acceptable because it includes “key employees,” we suggest as an alternative substituting “family clients other than key employees” for “family members.”

It is common for a family office not to be “owned” directly by “family members,” but rather to be owned by trusts that qualify as “family clients” because they solely benefit family members and charitable organizations. Moreover, the “family members” may not directly “control” the family office, if for established commercial and tax reasons, the trustees of such trusts are independent institutional trustees, rather than individual family members.

We see no reason why a single family office that is wholly owned and controlled by trusts that have independent trustees, and that benefit only family members and charitable organizations, should not qualify for relief.

We believe that the term “indirectly” in the proposed text could reasonably be read to include ownership by family members indirectly through one or more trusts. We suggest, however, for the sake of clarity, that the text of this clause be revised to read “wholly owned and controlled (directly or indirectly) by or for the benefit of family members and other family clients.” As noted above, it is common for a family office to be owned and controlled through one or more trusts for the benefit of family members and other family clients. The Commission has recognized this fact, having previously approved this ownership structure for family offices through individual exemptive orders. In the alternative, the adopting release could include a statement clarifying that ownership and control of the family office through one or more trusts for the benefit of family members and other family clients (or, at a minimum, charitable foundations, charitable organizations and charitable trusts funded by family members or former family members) is included within the meaning of “directly or indirectly.”

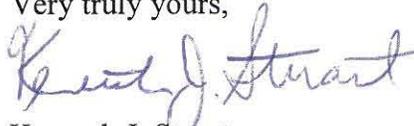
A single family office which is “owned and controlled” by one or more trusts which have been funded by family members or former family members solely for the benefit of family clients should in our view be exempt from the provisions of the Advisers Act, whether the trustees are family members or independent institutional trustees. In the Release, the Commission expressed concern that any profits generated by the family office from managing family clients’ assets should only accrue to family members. A family office “owned and controlled” by one or more trusts funded by family members or former family members solely for the benefit of family clients should not be of concern to the Commission, since any profits generated from managing such family clients’ assets would accrue to the trust or trusts which own and control the family office, which trust or trusts have been funded by family members or former family members and exist for the sole benefit of family clients.

Similarly, we urge the Commission to clarify in the definition of “family client” that a charitable foundation, charitable organization, or charitable trust qualifies as a “family client” if it was either (i) funded exclusively by one or more family members or former family members, or (ii) funded exclusively by one or more trusts funded exclusively by one or more family members or former family members.

In closing, we note that others who have submitted comments on the Release have also commented that a family office owned and controlled by trusts which exclusively benefit family clients should be included within the rule exempting family offices from the Advisers Act.

We appreciate the opportunity to provide comments on the Release. If you have any questions or wish to discuss our comments further, please contact Ken Stuart at (212) 303-9510 or Mike Dougherty at (212) 888-3033

Very truly yours,

A handwritten signature in blue ink that reads "Kenneth J. Stuart". The signature is written in a cursive style with a large initial "K".

Kenneth J. Stuart