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Via Email
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

COMMENTS REGARDING FILE NUMBER S7-25-10

We appreciate the opportunity to comment on the Securities and Exchange Commission's (the "Commission's") proposed rule creating an exemption from the Investment Advisers Act for family offices. We represent a number of family offices which look forward to taking advantage of the proposed exemption. Generally, we agree with the breadth of the proposed definition of the term "family client," particularly the inclusion of non-family member key employees and certain charitable organizations. Moreover, we generally agree with the three primary conditions for reliance on the exemption: (i) that the family office provides investment advice exclusively to "family clients," (ii) that family office be wholly-owned by "family members," and (iii) that the family office not hold itself out to the public as an investment adviser. However, we believe that the distinctions between the terms "family client" and "family member" are unnecessary and that, as to the second condition stated above, there is little justification for excluding persons and entities who are "family clients," but not "family members" from ownership of a family office seeking to avail itself of the exemption.

In the proposed rule release, the Commission notes that the condition requiring that the family office be wholly-owned and controlled by family members "assures that the family is in a position to protect its own interests and thus is less likely to need the protection of the federal securities laws." It is difficult to understand how expanding the universe of possible owners of a family office to be coextensive with the universe of eligible "family clients" of that family office would impair the family members' ability to protect their own interests.

The proposed rule release also states that this condition helps to distinguish family offices from a family-run office that may provide advice to other people and, therefore, operates as a more typical commercial investment adviser. We agree that a family office should not be owned by completely unrelated third-parties. At the same time, it is difficult to understand how limiting ownership of the family office to the universe of persons/entities who are eligible to be clients of that office would cause the family office to appear to operate more like a "typical commercial investment adviser."

Finally, the proposed rule release notes that this condition alleviates any concern that the Commission may have "about the profit structure of the family office, because any profits generated by the family office from managing family clients' assets only accrue to family members." Again, we believe that expanding the universe of eligible owners of a family office

to include those persons/entities who could be clients of such office should not increase the Commission's concerns about "profit structure" or "profit motive" of a family office.

Making the universe of eligible owners of a family office coextensive with the universe of persons/entities who are eligible to be clients of such family office also would have the added benefit of simplifying the proposed rule. In other words, if all family clients were eligible to own a family office, there no longer would be a need to differentiate the terms "family member" and "family client."

Respectfully yours,

Winston & Strawn LLP