Dear Sir,

The Commission requested comment on the proposed rule to implement amendments to the Investment Advisors Act of 1940. The page the Commission listed the question and the actual question I am responding to precede each response. The responses are in bold following the question raised by the Commission.

Page 12: We request comment on whether a transition process is necessary (*e.g.*, whether we should require advisers that do not meet the new eligibility requirements to withdraw from Commission registration as of July 21, 2011), whether two grace periods are necessary (*e.g.*, whether we should require the Form ADV filing and withdrawal of an adviser's registration to occur within the same period), or whether we should provide for a longer period (*e.g.*, whether we should provide 180 days to parallel our current switching rule).

Yes, a transition period is appropriate and allows for a more orderly transition. The rule currently provides for a 180 day transition period and the Commission currently uses a 180 day grace period for advisors that have year end AUM fall below $25 million. The 180 day transition period is preferred to the 90 day period the Commission is currently proposing.

Smaller advisors by definition have fewer resources; therefore, it may take them more time to complete the State registration process given their small staff levels. For smaller advisors that have been registered with the SEC for years, some of the various State processes and rules may be new and take time to absorb in order to file properly. The 180 day transition period will also allow State regulators time to work through the deluge of new registrations they will receive.

The 180 day transition period from the end of the advisors fiscal year end the Commission currently uses for advisors dropping below $25 million AUM appears to be working. I strongly recommend staying with this approach, especially since thousands of advisors will be switching to State regulation.

Although the Commission did not request comment on the implementation date, I also strongly encourage the Commission to maintain the current fiscal year end AUM requirement in combination with a 180 day grace period rather than the July 21, 2011 date. This would further the goal of creating an orderly transition.

It would benefit the SEC, the States and the investing public if the priority of the process was moving advisors to State registration in an orderly transition process rather than as quickly as possible. This would eliminate many potential problems that could come with attempting to move several thousand advisors to State registration too quickly.

Page 12: Further, should the rule permit us to postpone the effectiveness of, and impose additional terms and conditions on, an adviser's withdrawal from SEC registration?

Yes, situations vary and it is tough to predict all potential issues today. The changes are far reaching and should be imposed on a practical, methodical basis rather than a knee

jerk approach. If the Commission believes it would be advantageous to postpone effectiveness at a broad level or at a subset level, then the Commission should have that ability.

Page 12 & 13: If IARD is unable to accept filings of Form ADV, including the proposed revisions discussed below to Item 2 of Part 1A, we may need to use our exemptive authority to further delay implementation of the increased threshold for mid-sized adviser registration until the system can accept electronic filing of the revised form. Should we instead require an alternative procedure, such as a paper filing, for advisers to indicate their eligibility for registration or lack thereof?

No, wait for IARD. The IARD system is efficient and makes documents immediately and permanently available to the investing public and the SEC. The Commission, the States and advisors also benefit from the efficiencies and the reduced risk of misplaced paper documents. In addition, from the advisors perspective, the IARD system is familiar, which reduces the possible filing errors.

It seems delaying implementation would be better than a short-term paper fix that could create a massive paper nightmare, especially in light of new Form ADV Part 2 and the Commissions desire to have this document be searchable. In addition to the potential confusion and decreased filing accuracy, paper filings may lead to less access for all constituents. Finally paper filings would most likely increase the cost to the SEC, which is counterproductive in the current environment of limited budgets.

Page 22: We request comment on our proposed changes to the instructions relating to the calculation of "regulatory assets under management." Are changes to the rule and instructions necessary?

The proposed changes to "regulatory assets under management" are very appropriate and necessary. It will keep unscrupulous advisors from defining their AUM to avoid SEC registration.

Page 25: Should we adopt a similar buffer for the new $100 million dollar threshold in amended section 203A? If so, what should be the amount of the buffer? Should it be $5 million, or higher or lower, and why?

Yes, there should be a buffer and it should be $20 million. There is no benefit and many negatives to clients, prospective clients, the States, the SEC and advisors if advisors need to switch registration back and forth each year between the SEC and the States because of normal AUM fluctuations. Advisors who have AUM around $100 million and are not oriented to adding new clients (hence, not rapidly growing their assets) could be whipsawed by normal market movements year-to-year if there is not a buffer. I agree that the annual fiscal year end regulatory AUM should determine the regulatory authority with

whom the advisor registers. Measurement periods, for purposes of registration requirements, of less than one year should be avoided.

The current $5 million buffer on the $30 million threshold is 16.7% of the $30 million base. In the current high volatility environment is seems at minimum a similar 15% buffer or $15 million is appropriate. However, I argue that a 20% threshold or $20 million would be more appropriate given the higher level of volatility markets have experienced in recent years. In addition, $1 million of new assets is 3% of the current $30 million threshold but only 1% of the proposed $100 million hurdle. As a result, the same dollar value of new assets has less impact on countering downward market volatility.

If a $20 million (20%) buffer were used, then any currently SEC-registered advisor that has greater than $80 million but less than $100 million AUM would continue to register with the SEC. However, if their AUM fell below $80 million, they should then be required to register at the State level and would not be allowed to re-register with the SEC until their assets crossed $100 million again.

Widening the buffer would minimize the number of advisors flip flopping year-to-year, which is counterproductive for all constituents. New registrations are time consuming; and therefore, costly for the regulator involved and the advisor registering. Minimizing the amount of registration flip flopping will also decrease the chance of investor confusion and is better for the Commission, the States and advisors involved.

Your consideration is appreciated,

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