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VIA FEDERAL EXPRESS IN TRIPLICATE

January 20, 2011

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File # S7-36-10 Request for Comments on the Issues of:
Section IIA1 Transition to State Registration
Section IIA4 Switching Between State and Commission Registration

Gentlemen and Ladies,

We appreciate the request for comments regarding the captioned sections.

Background Information about our Firm[1]

Our firm was founded on April 1, 1992 and has operated continuously since that time. It has always consisted of myself (President, Chief Compliance Officer and Sole Advisory Representative), my wife (Vice President) and assistants.

We have 26 client relationships. Many of our clients have been with us for more than 10 years and most have been with our firm for more than 5 years. In some cases, we are now serving the second generation of the original family.

We are long term investors in individual equities and bonds.

Our firm has always utilized a bank custodian and third party broker-dealers to execute trades on behalf of our clients on a delivery versus payment basis. All clients receive, and have always received, monthly statements directly from the bank custodian as well as quarterly analytical reports from our firm. We have no authority to obtain possession of client's funds or securities. Each client portfolio is designed to fit their specific needs.

We rely almost entirely on referrals from existing clients, lawyers and accountants. We have very low client turnover and do not seek to aggressively promote our firm.

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[1] Background on Richard H. Dinel and Joyce K. Dinel:

A. Richard H. Dinel graduated from Stanford Law School in 1967 and practiced securities law for 25 years until founding R. H. Dinel Investment Counsel, Inc. in 1992. His securities law practice involved a heavy emphasis on representation of broker-dealers and investment advisors.

B. Joyce K. Dinel was an employee and later an officer of the trust department of a large California bank from 1966 to 1975. She was a trust officer from 1969 to 1975.

The Situation in California

As you may be aware, the Department of Corporations of the State of California has proposed a novel, lengthy and detailed set of rules relating to investment advisors. These rules are different in a number of important respects from the rules under the Investment Advisors Act of 1940 as promulgated and developed by the SEC over a period of 70 years.

Significant Developments in the Stock Market Since Our Firm was Founded

A. Standard & Poor's equity research reports that the Standard & Poor's 500 Average has evidenced 5 "corrections" of between -10% and -20% lasting between 20 and 104 days since our firm was founded.

B. In addition, the Standard & Poor's 500 Average has suffered 2 "bear markets" (defined as declines of greater than 20%) since our firm was founded.

C. Furthermore, the recoveries from the 5 corrections have ranged in magnitude from +12% to +24.1% and have ranged in duration from 39 days to 125 days. Of course, the recoveries from bear markets have been longer and far more dramatic. (The current recovery is approximately +85% to date.)

D. Since 1992, there have been 3 individual weeks in which the Standard & Poor's 500 Average has declined approximately 10%, and there have been 3 individual weeks during which the Standard & Poor's 500 Average has risen 10% or more.

Volatility of this nature can be expected to continue indefinitely.

Implications for Firms Like Ours

The implications of the new proposed rules of the Commission and the State of California are that we will be constantly switching between two significantly different regulatory frameworks and must stay abreast of both (a heavy and distracting burden). To the extent that this burden can be ameliorated in a fashion consistent with the goals of the Dodd-Frank Act, it would be a great benefit to the many firms like ours. It would also be a great benefit to clients of firms like ours as less time would be required in dealing with technical (not substantive) regulatory matters and more time would therefore be available to do analysis of individual securities and attend to client needs.

Comments Relating to Section IIA1

In view of the foregoing, we strongly believe that the period for transition from Commission to State regulation should be 194 days (month end, 6 months after the July 21, 2011 effective date). Furthermore, we suggest that if at any month end during the 194 days immediately following the July 21, 2011 effective date of the Dodd-Frank Act, advisors have assets under management of more than $100 million that no transition will be required at that time. If at any time, on the other hand, advisors have assets under management of less than $100 million during the 194 day period; their situation should be governed by the comments set forth with relation to Section IIA4 below.

Comments Relating to Section IIA4

In order to avoid constant switching between Commission and State registration, a 20% buffer should be used and averaged over a rolling 3 year period, i.e. if at any month end an SEC registered investment advisor has greater than $80 million but less than $100 million of assets under management, that advisor would continue to register with the SEC subject to the paragraph below.

In order to avoid mass switching of registrations every time there is a stock market correction, recovery or a bear market after 194 days following July 21, 2011 (January 31, 2012), a 3 year measurement period should be used. To clarify, if at any 12 out of 36 month ends between January 31, 2012 and January 31, 2015 assets under management drop below $100 million, the registrant would be required to switch from Commission registration to State registration. Of course, registrants would be required to record assets under management at every month end. These should be rolling 3 year periods so that the first 3 year period would begin on January 31, 2012 and the next 3 year period would begin on January 31, 2013 and so on.[2]

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[2] Proposed model instructions for investment advisors:

A. Starting July 31, 2011, record assets under management at each month end.

B. If at any month end between July 31, 2011 and December 31, 2011 assets under management are less than $100 million but more than $80 million, see below.

C. Starting January 31, 2012, if at any 12 out of 36 month ends between January 31, 2012 and January 31, 2015, assets under management are below $100 million, the registrant is required to withdraw its registration with the commission and register with the state having jurisdiction.

D. These are rolling 3 year periods so that the first 3 year period would begin on January 31, 2012 and end on January 31, 2015. The next 3 year period would begin on January 31, 2013 and end on January 31, 2016, and so on.

While this might initially appear somewhat complicated, its effect would be dramatic simplification particularly for advisors in states such as California which have proposed novel and lengthy rules governing investment advisors.

We appreciate your interest in our comments. Should you desire further information, please do not hesitate to contact the undersigned.

Sincerely,

R. H. Dinel Investment Counsel, Inc.

Richard H. Dinel
President

RHD:lmb