PTV Sciences

January 24, 2011

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090
rule-comments@sec.gov

Re: *File No S7-37-10, Exemptions for Advisers to Venture Capital Funds, Private Fund Advisers With Less Than $150 Million in Assets Under Management, and Foreign Private Advisers (the Proposed Rules)*

Dear Ms. Murphy:

As a venture capital fund, we see ourselves as enablers of innovation and job creation within the life sciences community and it is from this position that we write to you to express our support of the NVCA's comments and suggested clarifications. We appreciate the greater initiative for reform, and acknowledge that interests must align to ensure transparency for both the investing public, and the U.S. financial system as a whole.

We believe that the suggested clarifications submitted by the NVCA would avoid significant negative changes within the venture capital industry, primarily due to the new investor advisor requirements. The venture capital industry has consistently been a job creator in the U.S. market and the proposed changes to our industry would come at an extraordinarily high cost and will require a re-focus of time, manpower and budgetary planning, reducing our ability to focus on our core business, investing in the future of America and its health. Furthermore, while investor and U.S. financial system protection is necessary, it should not come at the cost of innovation and job growth.

We would like to further stress that venture capital funds by-in-large lack the complete control over certain portfolio company activities that would be necessary in order to comply with the SEC's definition for exemption as it stands today. Acknowledgement of this is crucial and should be reflected within the language of the proposed rules. For the commission to deny such a relationship between a venture capital fund and its portfolio companies risks significant damage to the venture capital industry as a whole.

It is our view that allowing the definition of the Venture Capital Fund (VCF) Exemption to include a permissible level of non-qualifying activity, not to exceed 15% of a venture fund's capital commitments is crucial and well within the scope of necessary regulatory structuring with respect to this exemption. Additionally, the allowance of permissible non-qualifying activity would acknowledge future improvement on industry practices and/or future economic conditions. Without such an allowance, the venture industry is at risk for penalization that holds no merit.

We also believe that follow-on investments in a portfolio company going public should qualify as permissible fund investments provided the venture fund holds at least a majority of its original investments previously made in privately acquired equity securities. Moreover, an initial public offering (IPO) often functions as an additional financing round, in which we and many other funds take part of. The medical device industry in particular utilizes this type of financing. As a whole, device companies are capital-intensive due to many factors including compliance to FDA regulatory pathways, trial design and implementation and manufacturing costs. Small companies see this type of funding transaction as critical to their success as a growing public company.

Likewise, limiting the VCF exemption to be based upon these public company investments, and in which a VCF already holds privately acquired equity securities would be, in our view, a viable point from which to delineate.

With respect to exit opportunities, there are certainly many instances where an opportunity is presented in the form of what is currently deemed a non-qualifying investment. It is either through an M&A process or a QPC's public offering where public shares are sold or distributed to investors, with the intent of providing liquidity for it's VCF. Subsequently, these shares are turned into profits to our investors by selling or distributing the acquired company stock. If the acquired company stock does not qualify as a permissible fund investment, then the penalty would impact the finance industry in much greater lengths than was intended.

It is also our opinion that non-convertible bridge loans to portfolio companies that are of limited duration should qualify as permissible fund investments. Furthermore, limiting such loans with a maturity of 180 days or less, with up to one 180-day rollover period is within rational constrains and should not damage the investment process or put investors at risk. We agree with the NVCA that these non-convertible bridge loans are not used to execute leveraged financing transactions and therefore are within the scope of permissible actions.

As a venture capital investor we have utilized intermediate holding vehicles such as a private fund or holding company for structuring investors' holdings due to legal, tax and/or regulatory reasons and this type of action should be permitted. Preventing potential abuse from the duplication of the "15% allowances" for non-qualifying investments or activities by reducing the top-tier entities (*i.e.*, entities further from the portfolio company) by its pro-rata share of such an allowance is a prudent regulation. We are also in agreement that VCFs that invest in parallel be similarly aggregated for such "15% allowance" purposes.

We would like to thank you for your consideration and look forward to seeing the proposed rules for exemption in their entirety. We are confident that the SEC will align with the just and well balanced comments submitted by the NVCA. We are certain that stifling growth and innovation was not the intended result of the proposed exemption and through careful consideration of comments such as ours we know we will collaborate to become a stronger country, and a stronger industry.

Sincerely,

Rick D. Anderson Matthew S. Crawford Evan S. Melrose, M.D.