SANTÉ VENTURES

January 24, 2011

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

RE: Release No. IA-3111; File Number S7-37-10, Exemptions for Adviser 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:

On behalf Santé Ventures, we are pleased to have an opportunity to comment on the Proposed Rules referenced above. As a member of the National Venture Capital Association (the NVCA), Santé Ventures ardently endorses the comments to the Proposed Rules submitted to the Securities and Exchange Commission (the Commission) by the NVCA on January 12, 2011. We strongly urge the Commission to consider the comments of the NVCA and to incorporate those comments into the final version of the Proposed Rules adopted by the Commission.

Santé Ventures manages a venture capital fund with aggregate capital commitments of over $130 million that it invests in early-stage life science and healthcare ventures to build valuable, enduring companies. The businesses that we invest in are privately held companies typically started by inspired individual entrepreneurs seeking to improve the quality, cost and efficiency of healthcare in the United States. Because our portfolio companies are generally very early in their development cycle, it is difficult to predict the exact needs of the company, including the exact structure of future financing needs, and this uncertainty means that we have to be prepared to financially support each of our portfolio company in the manner that best fits their particular business and capital needs as they evolve.

This need for flexibility in financing structures is exactly why the NVCA's proposed concept of a permissible level of non-qualifying activity at the fund level is so important to venture capital funds, and especially early-stage investors like Santé Ventures. Using an arbitrary limit for non-qualifying activity at the individual qualifying portfolio company level, rather than a fund level limit, may mean that a fund has insufficient flexibility to structure the type of financing needed by an individual company to give that company the best chance to grow into a successful business capable of creating new jobs in the US economy. For this reason, we encourage the Commission to adopt the concept of a permissible level of non-compliance at the fund level, as proposed by the NVCA, in the Commission's final version of the Proposed Rules.

We also urges the Commission to clarify, as suggested by the NVCA in its comments, the types of investor rights typically held by venture capital funds, like the right to appoint a director of the company or receipt of a management letter received by a venture capital fund, as is normally associated with a "venture capital operating company" under ERISA, would qualify as an "offer of managerial assistance" under the final version of the Proposed Rules. We believe that it is important to recognize the number of different ways that venture capital funds offer and provide managerial assistance to portfolio companies.

We appreciate the complexity of the Commission's task in balancing its obligations under the Dodd-Frank Wall Street Reform and Consumer Protection Act with the needs of the venture capital investment community to maintain the ability to fund and manage the innovative companies of the future with sufficient flexibility to adapt to a quickly evolving, competitive business landscape. While the Proposed Rules represent a significant step in the right direction of striking that balance, we believe that by incorporating the comments of the NVCA into the Proposed Rules, the Commission will be able to achieve its duty of protecting investors and the financial markets while supporting and maintaining a strong venture capital industry.

We reiterate our support for the NVCA's comments to the Proposed Rules, and we appreciate the Commission's consideration of our comments as well. Please do not hesitate to contact any of us at (512) 721-1200 if you have any questions.

Sincerely,

Doug French
Managing Director

Joe Cunningham
Managing Director

Kevin M. Lalande
Managing Director