



National Venture Capital Association

August 27, 2004

VIA E-Mail

Jonathan G. Katz  
Secretary  
U.S. Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, D.C. 20549-0609  
*rule-comments@sec.gov*

Re: File No. S7-30-04, Registration Under Advisers Act of Certain Hedge Fund Advisers (Release No. IA-2266).

Dear Mr. Katz:

The National Venture Capital Association (NVCA) represents approximately 450 venture capital and private equity firms. NVCA's mission is to foster greater understanding of the importance of venture capital to the U.S. economy, and support entrepreneurial activity and innovation. The NVCA represents the public policy interests of the venture capital community, strives to maintain high professional standards, provide reliable industry data, sponsor professional development, and facilitate interaction among its members.<sup>1</sup>

While the rules proposed in the above-captioned Release, which would require registration of hedge fund advisers, are not intended to affect venture capital firms or funds, the proposed rule has significant implications for the venture capital community of investors, venture capital funds and firms. Therefore, NVCA is studying both the above-referenced proposal and the record upon which the Commission proposed these rules.

Our evaluation necessarily requires development of a broad perspective as to both the potential impact of the proposed rule on venture capital and private equity and the implications that this proposal has for future regulation of our members.

Despite ongoing efforts since the Commission acted on this Release, we do not believe we will have time for a full evaluation and full consultation with our members prior to the September 15, 2004 comment deadline. Given the timing of the comment period – August and early September – we believe additional time to comment is especially appropriate for

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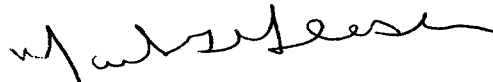
<sup>1</sup> For more information about the NVCA, please visit [www.nvca.org](http://www.nvca.org).

organizations which have not been involved in the Commission's investigation and rulemaking process to date. Therefore, we note with approval the requests from organizations that have been closely involved with the SEC's hedge fund investigation for extension of the comment deadline until October 28, 2004.

We believe that a full 90-day comment period is appropriate for two reasons. This proposal is highly controversial and it is based on an extensive record and many separate findings and conclusions. Our preliminary review indicates that the rule, as proposed, may actually fail to exclude venture capital and private equity firms from the new registration regime, despite the Commission's stated intent to do so. In addition, numerous justifications offered for these proposed rules raise implications for future regulation of venture capital and private equity. Moreover, a number of alternative proposals have been discussed or proposed, each of which deserves review by organizations like NVCA as part of the notice and comment process.

Therefore, we also request the Commission provide additional time, up to October 28, 2004, in which to file comments on the above-reference Release.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Mark G. Heesen', written in a cursive style.

Mark G. Heesen  
President

CC

All Commissioners