Advisor Solutions Group, Inc.
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May 12, 2008

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-06-08;
Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Personal Information.

Dear Ms. Morris:

We appreciate the opportunity to comment on the above referenced proposal. Advisor Solutions Group, Inc. is a compliance consulting firm that assists small to mid-sized investment advisers with registration and ongoing compliance needs. Our investment adviser clients typically have 20 or fewer employees and many have less than 10. Their assets under management are each under one billion dollars and many manage less than three hundred million.

Given the timing of the release of the proposal, (i.e. during the first quarter of the year and tax season, a particularly busy time for advisers) and the near simultaneous release of the proposed rule on Amendments to Form ADV, we submit that the comment period has not been sufficient for us to adequately evaluate the proposal and to solicit our client's input. We respectfully request an extension of the comment period of 60-90 days so that we may study the impact of the proposal and evaluate the potential costs.

However, in anticipation that the comment period may not be extended, we submit just a few of our general comments and concerns over the proposal:

While, in general, we agree that every business, including financial institutions and their service providers, should take substantial steps to protect information that in the wrong hands could result in substantial harm or inconvenience to customers, we voice our concern over the potential cost of compliance to the small investment adviser and their service providers, also often small businesses. While we agree that the benefits to customers could be substantial, they must be carefully weighed against all costs; costs which will ultimately be borne by the consumer.

We agree that investment advisers have programs in place to comply with current regulation and to protect nonpublic information. However, it is our experience that small advisers accomplish compliance primarily through preventative measures. The proposed rule would add the requirement that advisers also implement controls to detect attacks or intrusions by unauthorized persons. On a physical level, we envision that this might include the installation of security cameras and the regular review or monitoring of security footage. From a network security standpoint, the proposal suggests that firms may need to regularly monitor network traffic, review various logs or install intrusion detection systems ("IDS"). In consultation with one information security specialist, we understand that monitoring of this kind requires expertise to interpret such reports, which, with respect to an IDS, can be exacerbated by the frequent number of false positives such systems can produce. The costs of these controls and the expertise to implement, monitor, and test them are not included in the proposal. While we support flexibility for firms to develop policies and procedures that are reasonable for the firm, we request guidance on the scope of detection controls that might be considered reasonable for small firms.

We also find overwhelmingly that small investment advisers "don't know what they don't know" when it comes to information security. Most small firms either have an employee on staff with some computer knowledge who handles the IT needs of the firm as one of the many hats worn or the firm outsources its IT needs. In either case, small firms typically do not have the knowledge to evaluate the expertise of their employees or their IT providers with respect to information security. We are concerned that small firms could face deficiencies or enforcement for lack of technical knowledge or expertise. Small firms in particular need additional guidance in this area.

We are also concerned about the impact on our society that the proposal will have with respect to the oversight of service providers. Small investment advisers rely on many service providers which are often small firms themselves, including IT professionals, compliance consultants, back office service providers and others to help them run their businesses and meet the needs of their clients. Again, small firms may not have the expertise or time to evaluate the safeguard programs of their service providers; although the programs of those service providers may be perfectly adequate. Consequently, small firms may feel that their only safe option is to retain service providers that can produce SAS 70 or similar reports. This will have costly impacts on small financial institutions and our society. First, we believe the service costs to financial institutions by service providers who will regularly supply the financial institution with audit reports will be higher than for firms that do not do this. Second, financial institutions will bear a cost of switching service providers. Finally, the loss of business to small service providers could be substantial. Small businesses are the lifeblood of our economy and already spend more per employee on compliance than their larger firm counterparts. (Please refer to the Small Business Associations' FAQ, http://www.sba.gov/advo/stats/sbfaq.pdf)

From our perspective, as a small firm that would fall within the definition of "service provider", we are concerned about the time, interruption, and cost impact to our business to retain a third-party to review our safeguards. These are costs we would have to pass on to our investment adviser clients, which conceivably would then be passed on to the investment advisers' clients. We already take measures to protect the information we have access to and are constantly evaluating and improving our processes

and controls. We request that the Commission address its authority to in effect extend its regulatory arm in this manner.

We do not agree that the disposal rule needs to be expanded to create personal liability for natural persons. The majority of these persons are likely not aware of this proposal and consequently do not have the opportunity to comment on it. It should be the firm's responsibility to implement reasonable programs and train its associated or supervised persons. It should further be the firm's responsibility to implement controls to ensure that its programs are effective and internally determine appropriate disciplinary measures for those individuals who violate firm policy. Holding natural persons directly responsible we fear will lead to unnecessary disputes over whether the individual failed to follow firm policy or if the firm failed to adequately train and supervise the individual. If an individual associated with a covered institution intentionally misuses nonpublic personal information or provides this information to unauthorized parties with the knowledge that it will be misused, that individual can already be prosecuted or otherwise held liable through existing regulations. There is no need for additional regulation that could open the door to personal lawsuits. We request that the Commission address its authority to impose such personal liability on individuals.

We support the Commission's effort in proposing to amend the rule to allow for customer choice by permitting the option for limited information transfer when representatives move between firms. Further discussion is needed as to whether this is an option that financial institutions have or an obligation they must comply with. Furthermore, clarification is needed to define when an institution's customers are considered to be a representative's clients. Does the definition only include clients that the representative introduced to the financial institution upon hire or does it also include clients that the representative obtained using the resources of the financial institution? Who should determine this definition, the Commission or the financial institution?

We believe that the estimated burden hours and costs as outlined in the proposal for small firms are already high and that they do not reflect the total cost this proposal would have on small firms. We believe that the low end estimate of two hours for initial compliance is too low and that low end estimates of initial and ongoing compliance of $500 and $250 appear to be extremely low. Even our one-person investment adviser clients would be subject to substantially greater time and cost burdens for initial and ongoing compliance. Raising the low end estimate would raise the mid-point and total cost. The cost estimates do not include the opportunity cost to financial institutions for having to spend the additional cost and time for implementation and ongoing compliance. The cost estimates to do not include the potential costs raised in our letter above.

These are only a few of the grave concerns we have regarding the proposed rule as presented. We hope that the Commission extends the comment period so that we can seek the comments of our clients, attempt to weigh the increased costs against the potential benefits, and present alternatives.

Just a few suggestions we would like to explore and submit for consideration are: (1) the creation of a safe harbor for small firms that includes a list of potential risks and corresponding minimum security standards or reasonable controls for prevention, detection, and testing; (2) having the Commission

share the types of procedures and internal controls it has in place for its examiners who collect, transport, and store nonpublic personal information when conducting examinations; and (3) having the Commission use CCOutreach resources through white papers, model programs, or seminars to provide further guidance to small firms on these matters.

We appreciate the opportunity to comment on this proposal. If you have any questions or would like to request clarification, please contact me at 949.250.1855, via e-mail, or the address above.

Sincerely,

Krista S. Zipfel, CFA
President & CEO