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May 9, 2008

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

Re: Amendments to Form ADV  
Release Nos. IA-2711, 34-57419  
File No. S7-10-00

Dear Ms. Morris:

National Compliance Services, Inc. ("NCS") appreciates the opportunity to express its views in response to the Securities and Exchange Commission's request for comments on the Commission's proposed amendments to Part 2 of Form ADV and related rules under the Investment Advisers Act of 1940, as amended.<sup>1</sup>

NCS provides ongoing compliance consulting services, including preparation of Form ADV, to approximately 600 registered investment advisers ("RIAs") subject to Form ADV requirements. NCS applauds the Commission's proposal to mandate clear and meaningful disclosure to clients and prospective clients of RIAs.

We believe, however, that the transition to a narrative Part 2 will be more difficult than the Commission may have anticipated. The language in plain English documents, if not carefully drafted, may not always be sufficiently precise when describing advisory services and other relevant information. As a result, RIAs need to consider carefully the language used to describe their business practices fairly and accurately, while being mindful of potential legal exposure. Additionally, such language must satisfy regulatory requirements and concerns regarding full and fair disclosures. Furthermore, in the Proposing Release the Commission contemplates the use of charts and graphs in brochures for purposes of making the disclosure easier to understand. Creating these charts and graphs will be time-consuming, especially given that close reviews are required to ensure the information is not misleading.

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<sup>1</sup> Amendments to Form ADV, Release Nos. IA-2711, 34-57419 (Mar. 3, 2008), 73 Fed. Reg. 13958 (Mar. 14, 2008) (the "Proposing Release").

Based on our extensive experience in preparing disclosure documents for RIAs and our review of the proposed amendments, we estimate that the initial average annual burden associated with Form ADV will be approximately fifteen hours for small RIAs (a significant difference from the estimated five hours stated in the Proposing Release). Our estimate for medium-sized and large-sized RIAs is consistent with the estimates stated in the Proposing Release.<sup>2</sup> Therefore, NCS is confronting a monumental task consuming thousands of hours in revising Forms ADV for its clients. Other compliance consultants, who collectively assist a significant percentage of all RIAs in preparing their Forms ADV, are in a similar position. Under these circumstances, NCS believes that requiring most RIAs (those with calendar fiscal years) to comply with the revisions to Part 2 by March 31, 2009, is simply not realistic. NCS suggests that RIAs should be required to comply with the new Part 2 requirements within 18 months following the adoption of the proposed amendments to Form ADV and Rule 204-3.

In addition, the Proposing Release would require RIAs to include in their brochures a detailed table of contents, and the SEC requests comment on whether the SEC should adopt standardized titles for separate sections of a brochure. While NCS believes a detailed table of contents will assist advisory clients and prospective clients in identifying relevant information, NCS does not believe the proposed amendments would facilitate a meaningful comparison of one RIA's Form ADV to another's. Accordingly, NCS respectfully suggests the Commission require a uniform format and include a specific requirement that table of contents subject headings be identical to the subjects identified in Items 4 – 20 of Part 2A, to the extent applicable to an RIA's business. It is our opinion that adopting standardized titles for separate sections of the brochure will be extremely helpful to clients and prospective clients and will not restrict an RIA's ability to provide a narrative in plain English. As the Commission continues its concerted efforts to protect senior investors, it is important that the Commission facilitate a simple comparison of RIAs by clients and prospective clients. Given the reality that clients and prospective clients may simply browse through an RIA's Form ADV, it seems logical that the comparison process should be as straightforward as possible.

Finally, in Item 9 of Part 2A, the Commission has proposed that an RIA would have the ability to decide whether the presumption that certain disciplinary events are material (and therefore required to be disclosed in the brochure) has been overcome. We strongly believe that disciplinary disclosures (as currently outlined in Rule 206(4)-4) are vital to the process of selecting an investment adviser, and that the Commission should not permit an RIA to decide whether there are special circumstances that make a disciplinary event immaterial. The proposed amendments would give an RIA the ability to rebut the materiality presumption by preparing and maintaining a file memorandum that might not be reviewed by the Commission until several years have elapsed. Therefore, an RIA might have little incentive to make disciplinary disclosures that may be considered material. Moreover, during that period, if the RIA has not

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<sup>2</sup> Time requirements may be greater for RIAs who do not have the benefit of utilizing attorneys or compliance consultants with extensive experience.

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effectively rebutted the presumption of materiality, clients and potential clients would have no idea that the RIA might have failed to disclose a material disciplinary event.

We thank the Commission for its consideration of our comments and the opportunity to provide input regarding this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Rita G. Dew". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rita G. Dew, President  
National Compliance Services, Inc.

cc: Office of Management and Budget  
Attention: Desk Officer for the Securities and Exchange Commission  
Office of Information and Regulatory Affairs  
Washington, DC 20503