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Via Electronic Filing

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

Re: File No. S7-10-00 (Comments on Amendments to Form ADV)

Dear Ms. Morris:

Wellington Management Company, LLP (“Wellington Management”) appreciates the opportunity to comment on the proposed rule and form amendments (collectively, the “Proposed Amendments”) described in Investment Advisers Act Release No. IA-2711 dated March 3, 2008 (the “Proposing Release”).¹

I. Introduction

Wellington Management is a privately owned, investment management firm registered under the Investment Advisers Act of 1940 (the “Advisers Act”) that provides investment services to investment companies, employee benefit plans, endowments, foundations and other institutions. As of March 31, 2008, Wellington Management served as an investment adviser to approximately 1600 clients and had investment management authority with respect to approximately \$543 billion in assets. Wellington Management’s investment services include portfolio management styles and approaches in equities, fixed income securities, currencies and commodities, and asset allocation across these asset categories.

We generally support the Proposed Amendments and strongly endorse the underlying goal of improving clients’ ability to evaluate investment advisers and the potential conflicts of interest that they face. In particular, we believe that replacing the current “check-the-box approach” with a narrative brochure written in plain English will greatly enhance an adviser’s disclosure of important information about its business and practices. The current form’s series of multiple-choice and fill-in-the-blank questions can too often lead to lengthy and technical responses that are difficult to read. In contrast, the

¹ The Proposing Release is also designated as Securities Exchange Act Release No. 57419.

flexibility of a narrative format should result in clearer and more meaningful disclosures that make relevant information readily accessible to prospects and clients. However, we believe that certain modifications will enhance the Proposed Amendments and help to further their goals, as described below.

First, we believe that the revised form should take full advantage of the flexibility offered by a narrative format. Rather than impose a uniform set of specific requirements, the revised form should establish general topics and principles for disclosure. This approach would allow each adviser to make a reasonable determination as to what information is material to a client's evaluation of its business and practices. Most importantly, by doing so an adviser is more likely to produce "clear, current and meaningful" disclosure -a brochure tailored to its own unique business practices and its clients' needs.

Second, the Commission should provide additional guidance on the electronic delivery of firm brochures. We believe that endorsing a modernized approach to electronic delivery is consistent with the goal of improving client disclosures and with the Commission's actions in recent rule amendments. In addition, increased use of electronic delivery would serve to align the Proposed Amendments more closely with technological developments and the current business practices of both clients and advisers.

II. Alternative Proposal Regarding Required Disclosures

As indicated above, we generally support the Proposed Amendments and strongly endorse the underlying goal of improving client disclosures. We believe that requiring an investment adviser to provide a clear, narrative description of its business practices and potential conflicts will help clients to better understand and evaluate the adviser and the services it offers. We also believe that crafting such a brochure can be of benefit to the adviser itself -by helping it to assess its own practices and identify potential conflicts more effectively.

However, for a firm brochure to provide "clear, current and meaningful" disclosure to clients, the document must reflect the nature of an adviser's business and operations and address the actual needs of its clients. A "one size fits all" model of disclosure can actually hinder the underlying goal of improving a client's ability to evaluate an adviser and the relevant conflicts that it faces. Investment advisers can take many different forms and can offer a multitude of services and products.² As the Commission recognized in adopting the compliance program rule, "advisers are too varied in their operations for the rules to impose a single set of universally applicable required elements."³ Similarly, investment advisers can serve a wide range of clients with very different levels of financial knowledge and experience. As the Proposing Release states, "[f]rom individuals and families seeking

² E.g., Rand Corporation, Investor and Industry Perspectives on Investment Advisers and Broker-Dealers Rand Study, xiv (2008) ("Our analysis confirms what many stakeholders expressed in their interviews: The industry is composed of heterogeneous firms that provide a range of services and are engaged in a variety of relationships with one another....") (hereinafter Rand Study).

³ Compliance Programs of Investment Companies and Investment Advisers, Investment Advisers Act Release No. 2204, 5 (Dec. 17, 2003).

to save for college and plan for retirement to multi-national institutions managing billions of dollars, clients seek the services of investment advisers to help them evaluate *their* (emphasis added) investment needs...."⁴ Information relevant to "multi-national institutions managing billions of dollars" in selecting an investment adviser will surely differ from that needed by individuals and families. For these reasons the Proposing Release's underlying goals would best be served by setting out general topics and principles for disclosure and then requiring each adviser to make a reasonable determination as to what is (and thus what is not) material to its clients' evaluation of its business and practices.⁵

Our firm has adopted this approach to identifying and disclosing material business practices and associated conflicts to our institutional clients. We have created a narrative description of our business, the conflicts that are associated with it, and the various approaches that we take to managing those conflicts ("WMC Brochure"). In some areas our WMC Brochure discloses information not required by the current Form ADV or the Proposed Amendments.⁶ In other areas it leaves out certain information required by the current (and proposed) form that we instead disclose to our institutional clients in a different context or that is not relevant to our business or our institutional clients.⁷

Our goal in creating the WMC Brochure was to provide to our clients, in a readable and easy-to-use format, the information necessary for them to assess our firm and our business practices and conflicts. In our experience clients find a tailored and readable document a much more useful tool for evaluating our firm than a brochure that, as a result of specific form requirements, distracts attention from material information with required but irrelevant disclosures.⁸

This approach is entirely consistent with elements of the Proposing Release. For example, the Proposed Amendments already recognize that certain items of the form may not be relevant to all clients. The Proposing Release states that "certain institutional and sophisticated clients do not need the protections of the brochure supplement requirement because they are in a position to obtain, and frequently do obtain, information about the advisory personnel on whom they rely for investment advice."⁹ We agree. Moreover, in

⁴ Proposing Release at 3-4.

⁵ This approach would also serve to reduce the need to make future amendments to the form designed to ensure that the information required remains relevant given changes in the industry and the financial markets.

⁶ For example, we have chosen to include discussions of the nature and role of research at our firm and our investment model, how we allocate investment opportunities (including equity IPOs), how we handle competing trades and manage trading related costs, how we resolve trade errors, pricing and valuation, limits on aggregate ownership levels, restrictions on offering our products and services, control over use of material, non-public information, and investments by our personnel in products we manage.

⁷ For example, we have chosen to disclose the relevant fee information to clients and prospective clients outside the WMC Brochure. As discussed below, we believe that including a lengthy list of fee schedules by investment approach to our institutional clients would provide the client with a significant amount of irrelevant information and would make the WMC Brochure less readable.

⁸ In similar fashion the Commission has asserted that "[t]he foundation of [its proposal to enhance mutual fund disclosure] is the provision to all investors of streamlined and user-friendly information that is key to an investment decision." Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, Investment Company Act Release No. 28064, 11 (November 21, 2007).

⁹ Proposing Release at 57-58.

our experience institutional clients not only can and do obtain information on the advisory personnel servicing their accounts, they regularly obtain detailed information specific to their accounts on a wide range of matters.¹⁰ In addition, they often negotiate express commitments on items ranging from the fees that they will pay to the investment parameters applicable to their accounts.

As with the brochure supplement, requiring general disclosures on matters that are commonly negotiated by institutional clients or that are normally discussed with those clients in specific reference to their own accounts provides no additional information or protection. In fact, these general disclosures can confuse clients if they differ from express commitments or information specific to their own accounts obtained from the adviser in the ordinary course. As a result, we believe that institutional clients¹¹ will not benefit from the following disclosure required by the Proposed Amendments: (i) an adviser's basic fee schedule for all investment advisory services;¹² (ii) a summary of the adviser's practices regarding cash balances in client accounts;¹³ (iii) a description of third party fees or expenses that clients may incur;¹⁴ (iv) an explanation that investing in securities involves a risk of loss;¹⁵ and (v) generic or service center contact information for the adviser on the cover page of the brochure.¹⁶ Instead, an adviser should make a reasonable determination as to what is material to its clients' evaluation of its business and practices and then exclude any items that are irrelevant to their clients or addressed in greater detail outside of the firm brochure.¹⁷ Moreover, the adviser should have the ability to choose the appropriate location within the brochure to include that information.¹⁸

An example is the proposed requirement to include an adviser's basic fee schedule. As is likely typical for advisers offering multiple strategies, Wellington Management's current basic fee schedule is lengthy –approximately 4 pages– and includes fee information on a selection of over 60 different investment styles for US clients. It is difficult to see how institutional clients benefit from receiving this information in a firm brochure since much of

¹⁰ Prior to engaging an adviser, institutional clients often require the completion of lengthy and detailed "requests for proposals" or other similar questionnaires that seek much more tailored information than the general disclosures that the Proposed Amendments would require to be included in a firm brochure. Institutional clients may also rely on consultants or other experts to help them make an informed decision in selecting an investment adviser.

¹¹ Institutional clients would generally qualify as "qualified purchasers" as defined under section 2(a)(51)(A) of the Investment Company Act of 1940 and/or "qualified clients", as defined in Rule 205-3(d)(1) under the Investment Advisers Act of 1940, who are also officers, directors, employees and other persons related to the adviser.

¹² Proposed Item 5.A.

¹³ Proposed Item 8.D.

¹⁴ Proposed Item 5.C.

¹⁵ Proposed Item 8.A.

¹⁶ Proposed Item 1.A.

¹⁷ We note that advisers electing to exercise this discretion would remain subject to the general anti-fraud provisions under section 206 of the Advisers Act and the related rules adopted by the Commission.

¹⁸ Although the instructions state that advisers do not have to provide responses in the same order as items appear within the form, Proposed Item 1 mandates disclosure on the cover page of the brochure of the adviser's name, business address, telephone number and Web site address, as well as a required legend. We do not believe that all advisers need to include each requirement in this item on the cover page to make the brochure accurate and not misleading.

it is irrelevant to their decision to hire or retain an adviser for a specific mandate. These clients obtain detailed fee information for specific advisory services outside of the firm brochure and frequently are in a position to negotiate the fees to be paid for those services. Inserting extraneous information into a firm brochure for institutional clients only distracts from the material information (such as other financial industry activities and affiliations, brokerage practices and participation or interest in client transactions) that these clients would look to obtain from it and that the document is intended to provide.

Each of the other proposed items identified above raises similar issues. A general description of how an adviser manages cash would be of little value to institutional clients. Such clients often specifically direct how cash is to be managed in the account and certainly can and do obtain detailed information on these practices if relevant. Institutional clients generally understand that they may incur third party fees and expenses and that investing in securities involves risk of loss. With respect to certain third party fees, such as custody or administrative fees, these clients typically have more information on this subject than the adviser as the client generally engages these third parties and thus negotiates and pays their fees. In creating the categories of “qualified purchasers” and “qualified clients,” Congress and the Commission have already recognized that these persons possess sufficient knowledge and experience to appreciate the risks of investing without the protections required for less financially sophisticated investors.¹⁹ Finally, given that institutional clients often interact with a dedicated individual or team due to the general size and complexity of such relationships, including generic or service center contact information in a firm brochure for these clients would create confusion.

In reviewing our current WMC Brochure in light of the Proposed Amendments, we have concluded that including these required items would make the document lengthier, less readable and potentially confusing to institutional clients. Moreover, we do not believe that including these disclosures in the Form ADV brochure would provide any corresponding benefit to these clients.²⁰

III. Alternative Proposal Regarding Electronic Delivery

Although the Proposing Release notes that an adviser may deliver brochures electronically, the Commission last issued interpretive guidance on the use of electronic media to fulfill these obligations in 1996. With the passage of more than 10 years and the increased use of electronic mail, the Internet and other forms of electronic media as a means to quickly, reliably, and inexpensively disseminate information, we think it is appropriate for the Commission to revisit that guidance. In doing so the Commission should consider technological developments, recent rulemaking activities and current business practices. Based on all three of these considerations, we recommend that the Commission endorse a

¹⁹ See, e.g., S. Rep. No. 104-293, 10 (1996) (“The qualified purchaser pool reflects the Committee’s recognition that financially sophisticated investors are in a position to appreciate the risks associated with investment pools that do not have the Investment Company Act’s protections. Generally, these investors can evaluate on their own behalf matters such as the level of a fund’s management fees, governance provisions, transactions with affiliates, investment risk, leverage and redemption rights.”)

²⁰ We also suggest that the Commission consider the relative usefulness of these proposed disclosures to institutional clients in its cost-benefit analysis of the Proposed Amendments.

“notice and access” model for delivery of the firm brochure, similar to that adopted in other contexts. More specifically, we believe that advisers should be permitted to meet their delivery obligations under the Proposed Amendments via electronic means if an adviser (i) provides affirmative notice to clients of its intention to deliver such information electronically, and (ii) takes reasonable steps to ensure that recipients have access to that information through electronic mail or posting to a client accessible website.

A notice and access model is consistent with the Commission’s actions in recent rule amendments relating to the delivery of final prospectuses and proxy materials. For example, as amended in 2005, Rule 172 under the Securities Act provides that a final prospectus is deemed to precede or accompany the confirmation or delivery of a security if the final prospectus is filed within the required time period. Investors are able to access the electronically filed final prospectus on EDGAR but no longer receive a copy unless they request one.²¹ More recently in 2007, the Commission endorsed a “notice and access” model that allows an issuer to publish proxy materials on the Internet as an alternative to mailing the materials if it notifies the shareholders of the website where proxy materials are available.²² This alternative method provides shareholders with notice of, and access to, proxy materials while taking advantage of technological developments and the growth of the Internet and electronic communications.

Alternatively, we propose that given technological developments and current business practices the Commission recognize that a client’s everyday conduct may itself adequately address the requirements for electronic delivery set out in its prior guidance. In our experience, investment advisers and their institutional clients rely on electronic media to send and receive all types of communications. The overwhelming majority of our written communications with our institutional clients is through electronic media, and these clients generally ask to receive information in an electronic format. Given institutional clients’ broad acceptance of electronic media, the Commission should make clear that the requirements of notice, access and evidence to show delivery (*e.g.*, consent) set out in its prior guidance may be presumed from an institutional client’s normal and everyday use of these media. This presumption would require that a client has demonstrated its acceptance of electronic delivery (*e.g.*, by communicating, accessing or requesting other information via electronic media) and would not apply if a client specifically requests a paper copy of the firm brochure. However, if an adviser and a client communicate through an electronic medium regularly and consistently in the normal course of their business, such as through electronic mail or through the posting of client reports on a password-protected website, we believe that these requirements, and the concerns they were meant to address, have been met.

²¹ Securities Offering Reform, Securities Act Release No. 8591, 245-247 (July 19, 2005) (explaining that the “access equals delivery” model will continue to satisfy the principal statutory purposes of final prospectus delivery while recognizing the need to modernize the obligations in view of technological and market structure developments”).

²² Internet Availability of Proxy Materials, Investment Company Act Release No. 27671, 8 (January 22, 2007) (stating that “[the Commission believe[s] that current levels of access to the Internet merit adoption of the notice and access model as an alternative to the existing proxy distribution system”) (hereinafter Proxy Release).

A modernized approach to electronic delivery is consistent with the goals of the Proposing Release. Today, many firms are hesitant to adopt electronic delivery given the uncertainty as to how to apply the Commission's historical guidance to current practices. More widespread adoption of electronic delivery would benefit investors through easier and more rapid dissemination of required client disclosures. As demonstrated by their own use, many clients prefer electronic forms of communication. Disclosures made via electronic media can be made available to clients more quickly and can be shared by clients, both internally and with their representatives, more easily. In addition, electronic media often present relevant information in a more readily accessible manner by enabling electronic searches for key words or terms.²³

Besides the direct benefits to clients, it is important to remember that any costs imposed on an adviser will ultimately impact the fees and/or levels of service it negotiates with its clients. We note that in the Proposing Release the Commission estimates that the annual cost associated with annual and interim delivery of brochures and supplements would be \$168,766,752, but that "[a]dvisers may significantly minimize the costs associated ... by arranging to deliver their brochures and supplements to some or all clients by electronic media."²⁴ In our view many advisers are unlikely to choose to meet their obligations through electronic delivery unless the Commission endorses a modernized approach. We urge the Commission to consider the benefits to both clients and advisers of such an approach in its cost-benefit analysis of the Proposed Amendments.

Finally, as with the Internet delivery of proxy materials, reducing the environmental costs associated with printing and mailing firm brochures would be an additional benefit of increasing the use electronic delivery.²⁵ A recent study sponsored by the Commission and encompassing over 7,000 investment advisory firms found that the mean number of accounts across those firms was 1,448, with the median being 190 accounts.²⁶ Based on those statistics annual delivery of the firm brochure alone could result in the annual printing and mailing of over 10 million documents. Although perhaps smaller in scale than the environmental costs of the proxy solicitation process, these costs would still be significant.

IV. Conclusion

Wellington Management generally supports the Proposed Amendments and strongly endorses the underlying goal of improving client disclosures. We believe, however, that the revised form would better serve clients if it established general topics and principles for disclosure and then allowed an adviser to determine what information is

²³ Although a firm brochure would not contain the type of financial information that is the focus of the Commission's XBRL initiatives, technology can help to empower investors in important ways. See, e.g. Chairman Christopher Cox, How Technology Can Improve Life for Investors, Introductory Remarks at the Gartner Symposium / IT Expo (October 8, 2007).

²⁴ Proposing Release at 101-102.

²⁵ Proxy Release at 64-65 ("Paper production and distribution can adversely affect the environment due to the use of trees, fossil fuels, chemicals such as bleaching agents, printing ink (which contains toxic metals), and cleanup washes.")

²⁶ Rand Study at 40.

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necessary for its clients to evaluate its business and practices. Adopting this approach, especially with respect to institutional clients, is consistent with the Commission's current proposals and its goal of improving client disclosures. In addition, we believe that the final amendments should endorse a modernized approach to electronic delivery of the firm brochure, similar to that adopted in other contexts and in line with technological developments and current business practices.

We appreciate your consideration of this letter and look forward to working with the Commission and its staff when final amendments are adopted.

Sincerely,

_____/s/ Cynthia M. Clarke
Cynthia M. Clarke
General Counsel
Wellington Management Company, LLP

cc: The Honorable Christopher Cox, Chairman
The Honorable Paul S. Atkins
The Honorable Kathleen L. Casey

Mr. Andrew J. Donohue, Director, Division of Investment Management
Mr. Robert E. Plaze, Associate Director, Division of Investment Management