

PICKARD AND DJINIS LLP

ATTORNEYS AT LAW

1990 M STREET, N. W.

WASHINGTON, D. C. 20036

TELEPHONE
(202) 223-4418

TELECOPIER
(202) 331-3813

May 14, 2008

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: *Commission File No. S7-10-00; Amendments to Form ADV*

Dear Ms. Morris:

We submit these comments in response to the above-referenced proposal (the "Proposal") to revamp Part 2 of Form ADV and to amend certain related rules under the Investment Advisers Act of 1940 ("Advisers Act").¹ The Proposal follows up on an earlier attempt by the Commission to revise the investment adviser disclosure brochure.² This letter reflects the opinions of a number of our federally registered adviser clients and is informed by our experience in drafting and reviewing their ADVs over the years.

As a general matter, we support the Commission's attempts to modernize the form and we commend the Commission for addressing some of the more troubling aspects of the 2000 Proposal. However, although the latest effort has much to recommend it, it still contains some features that will significantly burden advisers without delivering any offsetting benefits to advisory clients. In fact, in some cases, the proposed new brochure would do more to overwhelm investors than to inform them.

The Process of Creating and Delivering Part 2

Part 2A - The Brochure

The SEC proposes to require advisers to create user-friendly documents describing their services, fees, business practices and conflicts of interest. In this regard, the new brochure would be in a narrative, as opposed to check-the-box format. It would be written in plain English, contain a table of contents and identify a person or department the client could contact for further information.

¹ See *Amendments to Form ADV, Advisers Act Release No. 2711* (March 3, 2008) (the "Proposing Release").

² See *Electronic Filing by Investment Advisers; Proposed Amendments to Form ADV, Advisers Act Release No. 1862* (April 5, 2000) (the "2000 Proposal").

Recognizing that investment advisers come in many shapes and sizes, the Proposal has a fair amount of flexibility built into it. For example, while the new Part 2 would contain nineteen separate disclosure items, advisers would be required to address only those topics that pertain to the services they offer, and would not need to repeat information that responds to more than one item. Furthermore, because the brochure could be used for marketing as well as regulatory purposes, advisers would be permitted to include information in addition to that which the form requires, so long as the additional content does not obscure the required disclosure. As is the case today, an adviser who offers substantially different types of advisory services would be allowed to prepare separate brochures, as long as each client receives all the information that applies to the services being marketed or provided to that client.

Like Part 1 of Form ADV, the new brochure would be filed electronically through the Investment Adviser Registration Depository ("IARD") and would be available to the public through the SEC's Investment Adviser Public Disclosure ("IAPD") Web site. Unlike the process for filing Part 1, however, an adviser would be able to use its own software to prepare its disclosure brochure and would be able to upload the finished product to the IARD in PDF format.

We generally support these aspects of the Proposal.³ However, we note that the Proposal presents advisers with the difficult task of balancing the need for full disclosure with the need to produce a document that is brief enough to hold the attention of its intended audience. As the Commission recently recognized in the context of its short-form mutual fund prospectus proposal, at a certain point, disclosure loses its potency because investors simply do not read it.⁴ We ask the Commission to be mindful of this tension as it enforces the revised brochure requirements.

In addition to revamping Part 2, the Proposal also would change the brochure delivery requirements found in Advisers Act Rule 204-3. For example, instead of the current "48 hours in advance or at the time of contracting if there is a 5-day cancellation grace period" rule, brochures would now simply have to be

³ The Commission requests comment on whether advisers should be required to file their brochures in XBRL (eXtensible Business Reporting Language) format. Given the absence of developed taxonomies for this purpose and the costs involved in XBRL formatting, we believe that an XBRL filing requirement is premature at this time.

⁴ See e.g., Statement by Commissioner Paul S. Atkins at the Open Meeting on Mutual Fund Prospectus Disclosure and Delivery Requirements (November 15, 2007). See also Testimony of Barbara Roper, Director of Investor Protection, Consumer Federation of America, at the Division of Investment Management Rule 12b-1 Roundtable (June 19, 2007) at 177-179, 196. Based on an investor survey, Ms. Roper also advocated a "less is more" approach to disclosure in the mutual fund context. Both of these references are available at www.sec.gov.

delivered before or at the time the adviser enters into an agreement with the client. We support this simplification of the initial disclosure requirement, and we do not object to the proposal to require updated brochures to be delivered to existing clients whenever there is a change in reported disciplinary information. However, we strongly object to the proposed requirement that advisers deliver updated brochures to clients every year, whether clients want the document or not. Such an obligation would impose a burden on advisers that is neither necessary nor appropriate to protect the interests of investors.

As it stands today, Rule 204-3 obligates advisers to annually deliver or offer to deliver a new brochure to existing clients upon client request. Based on the experience of our registered investment adviser clients, it appears that less than one percent of advisory clients ask for updated brochures. Given that fact and given the fact that all of the new brochures will be publicly available through the IAPD, there is absolutely no reason to put advisers to the expense of mass mailing a new ADV every year.⁵ Although the Commission notes that advisers may use electronic means to deliver their brochures, the Commission makes this option contingent on compliance with guidance it issued in 1996.⁶ Under this 12-year-old guidance, an adviser wishing to use electronic media to satisfy regulatory requirements must either obtain the client's informed consent to the use of such media or must obtain evidence that the client actually received the information electronically.⁷

Requiring affirmative consent as a precondition to valid electronic delivery of a firm brochure is inconsistent with other Commission action regarding electronic delivery of written materials. For example, the Commission's recent amendments to the proxy rules under the Securities Exchange Act of 1934 ("Exchange Act") allow issuers to use electronic means as the default method of delivering proxy materials unless a shareholder requests paper delivery.⁸ We respectfully submit that a similar approach should be incorporated into Rule 204-3. Under such an approach, an adviser would simply notify clients at least once a year that its Form ADV is available through the IAPD (and, if applicable, on its own Web site) and would provide the relevant URL address(es). Advisers also

⁵ We also ask the Commission to be sensitive to the environmental consequences of what it has proposed.

⁶ Advisers Act Release No. 1562 (May 9, 1996).

⁷ Our clients who have tried to obtain return receipt acknowledgements to e-mail communications report that this approach generally does not work.

⁸ See Exchange Act Release No. 56135 (July 26, 2007). In this regard, an issuer posts its proxy materials on an Internet Web site and sends a notice to shareholders informing them of the electronic availability of the proxy materials. The issuer then must respond to shareholder requests for hard copies or e-mail copies of the documents.

would notify clients of their right to obtain a hard copy of the brochure upon request. Such an approach would reduce the burden on advisers without compromising investor protection in any way.

Part 2B - The Brochure Supplement

The Proposal would require advisers to give certain clients biographical supplements regarding the individual advisory employees with whom the clients have contact and on whom they rely for investment advice. The 2000 Proposal had a similar requirement which generated substantial concern from commenters who argued that tracking the supplements and their delivery to clients (especially in large firms) would be unduly burdensome and costly. Commenters also questioned whether clients -- particularly institutional clients -- had any interest in this information.

In order to address these concerns, the Commission now proposes that advisers distribute biographical information about a more limited group of advisory personnel to a more limited group of clients. In particular, brochure supplements would be required for every supervised person who either (1) formulates investment advice for a client and has direct client contact, or (2) makes discretionary investment decisions for a client's assets, even if the supervised person has no direct client contact. However, a supplement would not be required for a supervised person who provides discretionary advice only as part of a team and has no direct client contact.

Information about any particular supervised person would be distributed to only those clients who rely on that person for investment advice. However, disclosure would not have to be made to (i) clients to whom the adviser is not required to deliver a brochure; (ii) clients who receive only "impersonal advice;" (iii) clients who are "qualified purchasers" as defined under Section 2(a)(51) of the Investment Company Act of 1940 ("Company Act"); and (iv) certain "qualified clients" who are officers, directors, employees and other persons related to the adviser. Group supplements would be allowed, and smaller firms could fold the supplements into the brochure itself, thus obviating the need to distribute individual biographical documents.

We appreciate the Commission's efforts to address the concerns expressed about the 2000 Proposal. However, even in its more limited form, the brochure supplement requirement may impose a burden on advisers that is not offset by any benefit to clients. Although this burden would be most pronounced for large firms, small firms could also feel the pinch, since new supplements would have to be created each time a supervised person with front-line advisory responsibilities joins or leaves the firm and each time there is a material change

to such person's reported information.⁹ That fact could erase the benefit of being able to fold the brochure supplements into the brochure itself.

It also might be difficult to identify with certainty which supervised persons advise which clients. In order to protect themselves from SEC enforcement action, advisers would have the incentive to deliver multiple supplements to clients who might neither need nor want such abundant disclosure. For all of these reasons, we respectfully submit that the concept of brochure supplements should be removed from the Proposal.

In the absence of complete elimination, we have two suggestions to further minimize the brochure supplement burden. First, we suggest that brochure supplements not be required regarding anyone who formulates investment advice for clients as part of a team and has no direct client contact. The SEC's reason for not requiring a supplement for a person who provides discretionary advice as part of a team -- *i.e.*, that when advice is formulated by a team, specific information about each individual team member takes on less importance¹⁰ -- applies with equal force where a team formulates nondiscretionary advice.

Second, we suggest a further limitation on the types of clients to whom a supplement must be given. In this regard, we advocate an approach consistent with the one the Commission took in determining when a supervised person should be considered an "investment adviser representative" subject to state licensing requirements in the wake of NSMIA. After deciding that the need for state licensing was limited to "retail" investors, the Commission proceeded to define that concept to include only natural persons other than those defined as "qualified clients" under Rule 205-3(d)(1). Since the Commission is again faced with the task of determining which unsophisticated advisory clients need extra protection, it would make sense to rely on the test the Commission has already established.

Applying such an approach to the brochure supplement situation would result in Rules 204-3(c)(2)(iii) and (iv) reading as follows:

(iii) who is not a natural person; or

⁹ Moreover, an amendment to a brochure supplement could have a cascading effect, such that a change in one supplement would necessitate changes in a number of other supplements. For example, if a person with supervisory responsibilities leaves a firm, all of the supplements in which that person has been identified in Item 6 (discussed below) would have to be changed as well. Tracking such collateral amendments could be extremely burdensome.

¹⁰ Proposing Release at note 164.

(iv) who is an "excepted person" under ' 275.203A-3(a)(3)(i).¹¹

The Content of Part 2

The Brochure

Financial Information

Item 18.A of the proposed Part 2A would require any adviser (other than a qualified custodian or insurance company) who "requires" or "solicits" prepayment of more than \$1200 in fees per client six months or more in advance to include in the firm brochure a balance sheet audited by an independent public accountant. This item is an updated version of the current Form ADV, Schedule G, which requires an audited balance sheet where an adviser "requires" prepayment of more than \$500 of fees six months or more in advance.¹²

In proposing to continue this balance sheet requirement, the Commission appears to have ignored all of the cogent reasons it articulated in eliminating a similar requirement in connection with the adoption of the new Advisers Act custody rule. In that case, the Commission recognized that a balance sheet may give an imperfect impression of an adviser's financial health, since a profitable adviser may have few financial assets.¹³ The Commission also noted that advisers who hold customer assets are already obligated under Rule 206(4)-4 to disclose any financial condition that is reasonably likely to impair the adviser's ability to meet its contractual commitments to clients. In the Commission's view, that disclosure requirement is a more effective way to warn clients about risks to their assets.

In addition to noting the tepid customer protection afforded by the balance sheet requirement, the Commission also noted the compliance burden this requirement imposes on advisers. According to the SEC staff's Paperwork

¹¹ An "excepted person" is a natural person who (a) has at least \$750,000 of assets under the adviser's management; (b) in the adviser's reasonable belief, has a net worth in excess of \$1,500,000; (c) is a qualified purchaser under Section 2(a)(51) of the Company Act; or (d) is an officer, director, etc. or certain type of knowledgeable employee of the adviser.

¹² Although Schedule G mandates a balance sheet only where the adviser "requires" prepayment of fees, the SEC examination staff has interpreted this requirement to mean where the adviser "accepts" prepayment. Thus, advisers who offer their clients a choice of payment options have become subject to balance sheet requirements if their clients choose to pay on an annual or semiannual rather than a quarterly basis. We assume that the Commission's use of the word "solicit" in Item 18 is intended to reflect this broader interpretation.

¹³ Advisers Act Release No. 2176 (Sept. 25, 2003), note 59.

Reduction Act analysis, an adviser not otherwise required to prepare audited financial statements spent approximately \$15,000 in 2002 (\$17,800 in 2008 dollars) to satisfy the balance sheet requirement of Form ADV.¹⁴

The proposal to continue requiring balance sheets in pre-paid fee situations is especially puzzling in light of the fact that the Commission also proposes to fold the Rule 206(4)-4 financial disclosure requirement directly into Form ADV. In this regard, Item 18.B would oblige any adviser who has discretionary authority over or custody of client funds or securities, or who requires or solicits prepayment of more than \$1,200 of fees per client six months or more in advance, to disclose any financial condition that is reasonably likely to impair the adviser's ability to meet contractual commitments to clients. Item 18.C of the proposed form would require disclosure of any bankruptcy petition involving the adviser at any time during the past ten years.

The threat of harm to clients from an adviser's poor financial condition can be addressed much more effectively by a timely and targeted disclosure of the type required by Items 18.B and C than it can by an audited balance sheet. We therefore ask the Commission to eliminate proposed Item 18.A in its entirety.

Brokerage Practices

Item 12 would oblige advisers to describe the factors they consider in selecting or recommending broker-dealers for client transactions and for determining the reasonableness of their compensation. Among the topics covered by this item are the adviser's soft-dollar practices. Although to a large extent the new soft dollar disclosure requirements track those in the current ADV, there are three deviations that each merit further attention.

First, in addition to disclosing whether the adviser uses soft-dollar benefits to service all of its accounts or only the accounts that paid for the benefits -- which is a current requirement -- the new Part 2A would also require disclosure of whether the adviser seeks to allocate soft-dollar benefits to client accounts proportionately to the soft-dollar credits the accounts generate. This new requirement seems unnecessary and may have negative implications for advisers who aggregate client commissions for soft-dollar purposes, as Section 28(e) of the Exchange Act expressly allows. In including commission aggregation within the safe harbor, Section 28(e) implicitly recognizes that research cannot easily be allocated in proportion to the soft-dollar credits used to obtain it. Obliging advisers to state whether they allocate soft-dollar benefits in proportion to credits from specific client accounts suggests otherwise and

¹⁴ *Id.* at note 60. The 2008 figure was derived from the CPI Inflation Calculator, available at <http://data.bls.gov/cgi-bin/cpicalc.pl>.

conveys the impression that the adviser who aggregates commissions is doing something wrong. Merely stating that the adviser avails itself of the benefits of the safe harbor (*i.e.*, that it aggregates commissions) should suffice.

The second deviation would require an adviser to explain that when it uses client commissions to receive ancillary brokerage and research products and services, it receives a benefit because it does not have to produce or pay for those products and services. Such a statement is not universally true, however, because an adviser would not necessarily pay for or produce each product or service it obtains for soft dollars. Furthermore, this statement overlooks the fact that the client also benefits when his commissions buy goods and services that lead to better investment decisions or more efficient trading.

The third deviation is a proposed requirement that advisers disclose that soft-dollar arrangements may give them an incentive to choose a broker-dealer based on the advisers' interests in receiving ancillary goods and services rather than on clients' interests in receiving best execution. The problem here is that the Commission has repeatedly said that the value of research and brokerage services is **part of** a best execution analysis. Best execution and soft-dollar benefits are not an "either-or" proposition.¹⁵

Depending on the circumstances, each of these aspects of proposed Item 12 could convey misleading information to investors. We therefore ask that they be stricken from the Proposal.

Another topic addressed in Item 12 is directed brokerage. Among other things, an adviser who routinely recommends, requests or requires clients to direct that their trades be effected through a particular broker-dealer would be obliged to explain that this practice may impede the adviser's ability to achieve best execution and that the practice may cost clients more money. The problem with such a statement is that it tells only part of the story. In some cases, directing brokerage may save the clients money. Advisers should be permitted to say so.

Finally, Item 12 would oblige advisers to discuss their trade aggregation practices. The Commission requests comment on whether advisers should also be required to disclose whether and under what conditions they break up large orders to mitigate the market impact of the transactions. We do not think this level of detail is required and urge the Commission not to adopt such a requirement.

¹⁵ See, e.g., Exchange Act Release No. 54165 (July 18, 2006) at note 149, *quoting* Exchange Act Release No. 23170 (April 23, 1986) at 32.

Advisory Business

Proposed Item 4 calls for a range of information about the adviser and the nature of the advisory services offered. We generally support this part of the Proposal, particularly the Commission's decision not to require advisers to list and describe all periodicals or reports they issue and all wrap fee programs in which they participate. There are, however, a few areas that merit further attention. First, we note that determining how long an adviser has been in business may not be a straightforward exercise. Mergers, spin-offs and major reorganizations might produce advisers who bear little resemblance to their initial incarnations, while newly formed advisers may be staffed by portfolio managers with years of experience. In each case, investors may be misled by a statement as to how long an advisory firm "has been in business." We therefore suggest striking this requirement.

Furthermore, the requirement that federally registered advisers disclose their principal owners, including some of the intermediate subsidiaries in the chain of ownership, could confuse investors by displaying information different from that shown on Schedule B of Form ADV, Part 1A, which clients also may access through the IAPD. Advisers who are part of a conglomerate corporate structure may have many intermediate subsidiaries whose existence has no practical effect on the adviser's operations, and whose identities change frequently. For these reasons, we suggest that the concept of intermediate subsidiaries be eliminated from proposed Item 4.

Client confusion could also arise from the proposal to require disclosure of the amount of assets advisers manage on a discretionary and non-discretionary basis ("AUM"), but to let advisers calculate that information in a manner different from that which they use to calculate their AUM for purposes of Part 1A. Although the Commission's reasons for asking the same question in each part of the form may differ, investors would expect the same questions to yield the same answers. The use of nonstandardized methods of calculating AUM could also have competitive implications for advisers who calculate their AUM in accordance with the Part 1A instructions while other advisers use more aggressive calculation methods. For these reasons, we submit that the AUM component of proposed Item 4 should be harmonized with Item 5.F of Part 1A.

Disciplinary Information

The Commission proposes to include the basic disciplinary disclosure required by Advisers Act Rule 206(4)-4 in Item 9 of Part 2A. In this regard, an adviser would be obliged to disclose legal or disciplinary events that are material to a client's or prospective client's evaluation of the adviser's business or the

integrity of its management. The item lists a range of events that are presumed to be material if they occurred in the past ten years. An adviser would be allowed to rebut the presumption, but if it did so, it would have to document the reasons for its determination and maintain that documentation for the SEC exam staff.

We generally agree that this type of information would be of interest to clients and prospective clients. We do not, however, believe that the Commission should expand the categories of disciplinary events deemed material (e.g., cease and desist or censure orders, arbitration awards or claims, or damages in civil proceedings); nor do we think that advisers should be required to deliver copies of all SEC administrative orders to clients.

Because the Commission proposes to incorporate the disciplinary disclosure requirements of Rule 206(4)-4 into Item 9 of Part 2A, and the rule's financial disclosure requirements into Item 18.B, the Commission also proposes to rescind Rule 206(4)-4. We do not think this is a good idea. As the Commission notes, even if the new Part 2A is adopted as proposed, advisers would continue to have a fiduciary duty to disclose material disciplinary or legal events or an inability to meet contractual commitments to clients who are not entitled to receive a disclosure brochure. As a matter of regulatory policy, such advisers should have the benefit of a rule articulating this duty, and should not be expected to stumble across its articulation in a Form ADV adopting release. We therefore urge the Commission to retain Rule 206(4)-4 to clarify the disclosure obligations of advisers in situations in which they have no brochure delivery obligations.

Custody

Proposed Item 15 would obligate advisers who have custody of client funds or securities to make certain disclosures consistent with the Advisers Act custody rule (206(4)-2) as that rule was amended in 2003. The Commission indicates that the term "custody" would have the same meaning for purposes of Part 2A that it currently has in Part 1A of Form ADV.¹⁶ Under Part 1A, an adviser who has custody only because it deducts advisory fees directly from client accounts may answer "no" to Item 9. We ask the Commission to clarify whether a similar approach is intended for Part 2A, such that an adviser whose custody derives solely from fee deductions can omit a response to Item 15.

Disclosing Disclosure

Both Items 5.E.1 and 11.B would require advisers to explain that certain practices present conflicts of interest and describe how the advisers address

¹⁶ Proposing Release at note 114.

those conflicts, including "procedures for disclosing the conflicts to clients." Requiring disclosure of a conflict to describe the procedures used to disclose the conflict is an existential exercise that will lengthen advisers' brochures for no good reason. We ask that these items be amended to eliminate the redundancy.

The Brochure Supplement

Outside Business Activities

In addition to requiring disclosure of a supervised person's outside investment-related business activities, Item 4 of the proposed Part 2B calls for disclosure about other outside business activities. If a supervised person engages in such an activity for compensation, and if that activity provides a substantial source of the supervised person's income or involves a substantial amount of the supervised person's time, the adviser would have to disclose this fact and describe the nature of the business. The Commission opines that clients may have different expectations of a person whose sole business is providing investment advice than they do of a person who is engaged in other substantial business activities.¹⁷ The Commission seeks comment on whether this disclosure will assist clients and prospective clients in evaluating a supervised person's competence.¹⁸

We do not believe that the Commission's goals would be met by the current language of Item 4.B. Businesses activities engaged in outside of the adviser's normal business hours -- even if they produce substantial income -- would not typically interfere with a supervised person's investment advisory duties to clients. On the other hand, volunteer activities or family obligations that consume a substantial portion of the supervised person's time might do so. If the Commission wants advisers to tell clients whether a supervised person is engaged in the adviser's business on a full-time or part-time basis, Item 4.B should say that. Furthermore, since, by definition, these activities are not investment-related, a description of the nature of the activities is not likely to advance a client's evaluation of the supervised person's competence. It may, however, intrude on the supervised person's legitimate privacy interests. We submit, therefore, that Item 4.B should be substantially modified or eliminated altogether.

Supervision

Item 6 of the proposed brochure supplement would require an adviser to explain how it supervises the supervised person, including how the adviser

¹⁷ Proposing Release at 65.

¹⁸ *Id.* at 66.

monitors the advice the supervised person provides to clients. The name, title and phone number of the responsible supervisor would also have to be disclosed. We believe that this item could burden advisers without providing useful information to clients.

In some cases, it may be impossible to identify one person who is responsible for supervising the supervised person. Different managers may be responsible for overseeing different aspects of a supervised person's activities.¹⁹ Furthermore, it may be difficult to describe, in a way that is both succinct and meaningful, how a person is supervised. Because the Proposal would already require advisers' brochures to identify a person clients can contact for more information, it would be more sensible and cost-effective to have that contact person answer questions about a supervised person's supervision if and when such questions arise.

The Costs of Compliance

The Commission estimates that it will take federally registered advisers an average of 22.25 hours to complete both Parts 1A and 2A of Form ADV as well as the brochure supplements.²⁰ This figure reflects an assumption that small advisers would spend a mere 5 hours reading the form, interpreting the form, gathering data,²¹ performing required calculations, drafting required narrative disclosure on up to nineteen topics in a way that is both brief and complete²² and harmonizing answers throughout the form. The estimate for medium-size firms is 50 hours, notwithstanding the fact that in addition to covering more employees, clients, assets, and diverse services, creating an ADV at a larger firm requires extensive co-ordination among the compliance department, portfolio managers, traders, marketers, back office staff, and in most cases, legal counsel.

¹⁹ As discussed in note 9 above, identifying supervisors by name could substantially increase advisers' work load by requiring them to amend numerous supplements each time a supervisor's responsibilities change.

²⁰ Proposing Release at 78-80.

²¹ For Part 1A alone, this data includes, but is not limited to, the number and character of employees; the number and character of accounts; assets in accounts; names, social security numbers and dates of birth or Tax ID numbers for officers and directors; addresses, phone numbers and fax numbers for branch offices and record storage locations; and identifying information for affiliated advisers, affiliated limited partnerships and reportable wrap fee programs.

²² Although the operations of a small adviser may be less complex than those of a large adviser, we do not believe, as the Commission suggests, that small advisers will necessarily be relieved of the need to address many of the items in proposed Part 2A. For example, small advisers frequently utilize broker-dealer platforms that supply the adviser with trading, research and back-office assistance. The use of such platforms implicates the same soft-dollar disclosure items that apply to larger advisers, albeit in a different way.

Based on our extensive experience with the current iteration of Form ADV, we believe that the Commission has radically underestimated the amount of time advisers will spend complying with the proposed new Part 2. Unfortunately, there is no way to achieve the Proposal's goals without increasing the burden on advisers. However, we ask that as it reviews the public comments on the Proposal, the Commission be mindful of just how substantial these burdens are likely to be.

Conclusion

We believe, in general, that the Proposal will lead to the creation of investment adviser brochures that are more user-friendly than the ones distributed today. Nevertheless, we are concerned that many aspects of the Proposal would impose burdens on advisers that are not offset by any benefits to investors. In some respects, we fear that the level of required information would actually result in less effective disclosure's being made to clients.

We very much appreciate the opportunity to comment on this important matter, and we would be happy to supply additional information to the Commission or the staff if you so desire.

Very truly yours,

A handwritten signature in black ink that reads "Mari-Anne Pisarri". The signature is written in a cursive style with a large, looping initial "M".

Mari-Anne Pisarri

Cc: The Honorable Christopher Cox
The Honorable Paul S. Atkins
The Honorable Kathleen L. Casey
Andrew J. Donohue, Director, Division of Investment Management
David W. Blass, Assistant Director, Division of Investment Management