

[Your Name]
[Street Address]
[City, ST ZIP Code]
February 2, 2011

[Recipient Name]
[Title]
[Company Name]
[Street Address]
[City, ST ZIP Code]

RE: SEC's Study on Enhancing Investment Adviser Examinations
(As required by Section 914 of the Dodd-Frank Wall Street Reform and Consumer Protection Act)

Dear [Recipient Name]:

As an independent registered investment advisor with "[Firm Name]" and one of your constituents, I would like to express my support for retaining the Securities and Exchange Commission's (SEC or Commission) role in overseeing and examining registered investment advisors.

On January 19, 2011, the staff of the SEC presented Congress with a Study that, in part, outlined the following recommendations to strengthen the SEC's investment adviser examination program:

- 1) Authorize the Commission to impose user fees on advisers to better fund the SEC's examination program;
- 2) Authorize the Commission to designate one or more adviser self-regulatory organizations to assist the SEC in its examination program; or
- 3) Grant the Financial Industry Regulatory Authority Inc. ("FINRA") the power to examine broker-dealers who are dually registered as investment advisers for Investment Advisers Act of 1940 ("Advisers Act") compliance.

The SEC has regulated advisers for 70 years (since the Advisers Act). The Study makes it clear that the SEC needs appropriate funding and resources to more effectively deliver on its oversight mission. For example, the Study indicates that between October 1, 2004, and September 30, 2010, the number of advisers increased 38.5%. Over that same period of time, the number of the SEC's Office of Compliance Inspections and Examinations staff dedicated to examining investment advisers decreased 3.6%, from 477 to 460.¹

Looking ahead, the Study also states, "The (SEC) staff believes that the Commission likely will not have sufficient capacity in the near or long term to conduct effective examinations of registered investment advisers with adequate frequency." It is clear that, given the gaps in its resources, the Commission requires a significant change in its funding.

I fully support strong investor protections, and believe just as strongly that the SEC is the best institution to oversee and examine investment advisory firms to help ensure that the right protections are in place and properly implemented. I am writing to you today to let you know that if necessary, I could support the assessment of a reasonably priced user fee in order to provide additional funding to the SEC for this purpose, and ask that you consider and support this alternative.

Retaining and strengthening the SEC's examination program through the use of a user-funded option is also in line with a recent executive order issued by President Obama. This order requires a government-wide review of regulations to ensure that appropriate consumer protections are in place without impeding economic growth by imposing undue regulatory burdens on businesses.

Thank you for this opportunity to provide input. I believe that by working together, the investment advisory industry, Congress and the SEC can protect investors while not placing unreasonable regulatory burdens on advisors.

Sincerely,

[Your Name]

¹ <http://www.sec.gov/news/studies/2011/913studyfinal.pdf>, pages 9-11