



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
INVESTMENT MANAGEMENT

April 8, 2011

Mr. David Massey
Deputy Securities Administrator, North Carolina Securities Division
President, North American Securities Administrators Association, Inc.
750 First Street, N.E., Suite 1140
Washington, D.C. 20002

Dear Mr. Massey,

I am writing as a follow-up to the conversations between members of NASAA and the Division at the March 28 NASAA/SEC 19(d) Conference regarding the implementation of two provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). We anticipate that the Commission will complete its implementing rulemaking by July 21, 2011 in accordance with the Dodd-Frank Act, but expect in connection therewith that the Commission will consider providing additional time for investment advisers affected by these provisions to come into compliance.

1. Mid-Sized Advisers

In accordance with section 410 of the Dodd-Frank Act, "mid-sized advisers" (certain advisers having between \$25 million and \$100 million of assets under management) will have to withdraw from registration with the Commission and register with one or more states pursuant to state law. Once the Commission adopts the implementing rulemaking, the Investment Adviser Registration Depository system (IARD) will require re-programming to accept advisers' transition filings. We understand that the re-programming process will take until the end of the year to complete. Accordingly, we expect that the Commission will consider extending the date by which mid-sized advisers must transition to state regulation such that all SEC-registered advisers would be required to report their eligibility for registration with the Commission in the first quarter of 2012. Those no longer eligible for Commission registration (*i.e.*, mid-sized advisers) would have a grace period providing them time to register with the appropriate state regulators and come into compliance with state law before withdrawing their Commission registration.

2. Advisers Relying on the Private Adviser Exemption

Section 403 of the Dodd-Frank Act also repeals, as of July 21, 2011, the private adviser exemption in section 203(b)(3) of the Advisers Act and will require advisers relying on that exemption (including advisers to many hedge funds and other private funds) to register with the Commission. In addition, the Dodd-Frank Act provides some new exemptions, such as for

advisers to venture capital funds and advisers to private funds with less than \$150 million in assets under management in the United States. Those new exemptions require Commission rulemaking. As noted above, we anticipate that the Commission will issue those final rules in advance of July 21. However, given the time needed for advisers to register and come fully into compliance with the obligations applicable to them once they are registered, we expect that the Commission will consider extending the date by which these advisers must register and come into compliance with the obligations of a registered adviser until the first quarter of 2012.

I look forward to our continued work together to assure an orderly implementation of these provisions of the Dodd-Frank Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Plaze", with a long horizontal flourish extending to the right.

Robert E. Plaze
Associate Director