April 21, 2022

<u>VIA ELECTRONIC SUBMISSION</u>
Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

Re: Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews (SEC Release No. IA-5955; File No. S7-03-22 (February 9, 2022)).

Dear Ms. Countryman:

Thin Line Capital thanks you for the opportunity to comment on the Securities and Exchange Commission's proposed rules (the "Proposal") regarding investment advisers to private funds.

Thin Line Capital completed the first close of its first fund in 2019. The purpose of this fund is to target entrepreneurs who are developing businesses and technologies to help humanity address the growing threat of climate change. The transition of the automotive sector to electric vehicles, the transition of our electricity grid to zero-carbon renewable energy resources, and the transition of our agricultural, manufacturing and industrial sectors to a zero-carbon future is a tremendous opportunity. It was the creation of all of these industries which established America's 20th century prominence, and we must play a leading role in this transition if we wish to maintain our 21st century prominence.

However, my firm is not a large one. In many ways, it is just as entrepreneurial as the companies I wish to support. In the last few years there has been an explosion in funds less than $50MM in size, and these smaller funds are key to reaching and supporting entrepreneurs at a stage, and with a breadth, previously not possible. Because of my fund's size, I can take a very targeted approach and commit myself 100% to supporting climate tech companies. While various granting agencies exist, the support these companies in their need to scale would not be possible if not for the private funds industry.

The Biden Administration has expressed its commitment to addressing the climate crisis. This administration has made significant pledges, and supported, through policy and many other means, efforts to address this growing catastrophe – both for America and the world. Emerging fund managers, such as myself, play a key role – one which was missing in the last investment boom in the clean energy space. Emerging fund managers will be undermined by the SEC proposed extensive new rules, which fundamentally change how private fund managers conduct business. I feel that many of the rules were proposed without consideration for the realities of new entrants, and their respective resources.

For example, the Proposals do not take into consideration the unnecessary strain on resources that would otherwise be used to carry out duties. As it stands, many emerging private fund managers do not have the in-house capacity to respond to the proposed rules and rely heavily on outside-counsel to advise. Proposals would further debilitate us and indirectly harm Investors if the side letter terms as they currently exist are eliminated – which provide undisclosed preferential terms to certain Investors. Raising a fund as an emerging manager is extremely challenging, and it is necessary, at times, to address the preferences of different Investors differently.

Other grave concerns include, but are not limited to, prohibiting managers from seeking indemnification, or limited liability in the event of an unforeseen incident, which can result in a loss for Investors and fund managers. Additionally, the inability to charge fees for the increased regulatory compliance, examinations, and investigations place additional constraints on resources that would otherwise be used to identify viable investments and ensure Investors realize an appropriate return on investments. The Proposals further place emerging fund managers at a disadvantage when competing with more established firms that can waive fees for services.

As mentioned, this is not an exhaustive list of concerns. Rather, a response upon my preliminary assessment of the Proposal. The venture capital industry is going through an extremely healthy period of growth, where the power of venture capital managers no longer rests in the hands of a few, large, generalist funds, but is now being spread across an array of specialist funds. We hope that this letter is helpful to the Commission in recognizing the limited resources and limited capacity of these emerging funds as it reconsiders this important Proposal.

Respectfully submitted,

Aaron Fyke

Aaron Fyke

Founder and Managing Partner

Thin Line Capital