

Subject: File No. S7-04-23

From: Johnny Public

Dear Securities and Exchange Commission, I am writing in opposition to the proposed changes regarding the audit provision exemption for investment advisers under rule 206(4)-2. While I understand the desire to expand exemptions beyond pooled investment vehicles, the use of the overly broad phrase "any other entity" is deeply concerning. Surely the SEC, along with the American public recognizes the immense risks presented by such non-specific language. The potential for abuse, misuse, and outright fraud by advisers and/or auditors exploiting this ambiguity is abundantly clear. Furthermore, the inevitable regulatory overreach that will follow as regulators try to curb such behavior presents a grave threat to personal liberties. The Commission must reconsider this provision and provide much more narrowly tailored language and criteria for any new categories of exempt client accounts. As written, advisers may claim exemptions for accounts that in no way resemble pooled fund vehicles or present similar risks. Regulators will then be forced to enact draconian interpretations and restrictions in an effort to close loopholes - a dangerous precedent. Furthermore, the lack of clarity regarding what constitutes "any other entity" undermines the very transparency and investor protections these proposed rules aim to provide. Ambiguity does not serve the interests of either clients or the advisers who wish to follow both the letter and spirit of the law. I strongly urge the Commission to revise this proposal with precise, unambiguous language about what types of client accounts fall under the unspecific designation of "any other entity." The current open-ended approach is a recipe for confusion and abuse. Revisions are needed to uphold both the integrity of the rules and the privacy of law-abiding Americans. Reasonable alternatives that accomplish the Commission's goals without unnecessarily infringing on personal and economic freedoms must be explored. Sincerely, John