O'Higgins Asset Management, Inc.

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July 8, 2009

Ms. Elizabeth M. Murphy, Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Proposed Amendments to Rule 206(4)-2
Release No. IA-2876
File No. S7-09-09

Dear Ms. Murphy:

O'Higgins Asset Management, Inc. appreciates the opportunity to express its views in response to the Securities and Exchange Commission's (the "Commission") request for comments on the proposed amendments to Rule 206(4)-2.

We are a tiny firm, which has only 3 employees and $30 million in assets under management which has been an SEC Registered Investment Advisor for over 31 years and has successfully undergone numerous SEC examinations, the last one being a two week long forensic audit in July of 2008. In the current economic environment, it is hard enough to be profitable without incurring more unnecessary government-imposed expenses.

As an investment adviser registered with the SEC, under Rule 206(4)-2, we are deemed to have custody solely because we have the authority to deduct advisory fees from our clients' accounts, all of which are maintained by an independent, qualified custodian. We strongly believe that the portion of the proposed Rule, which would require advisers with this form of custody to undergo an annual surprise audit, is not warranted.

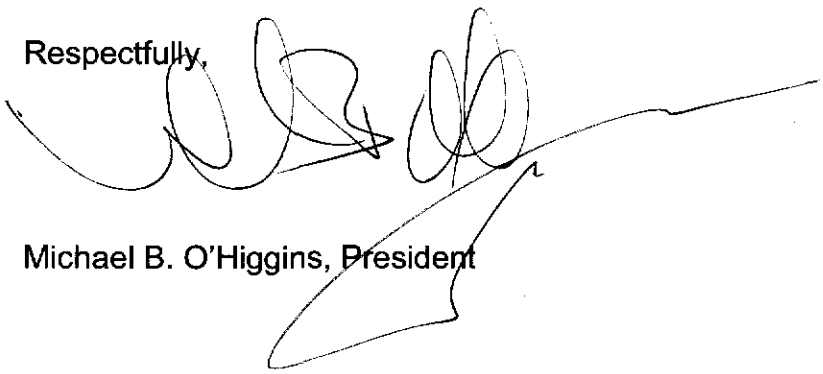
As required by current Rule 206(4)-2, the independent qualified custodian maintaining our clients' accounts delivers account statements, on at least a quarterly basis, directly to clients, identifying the amount of funds and securities at the end of the

period as well as all activity in our clients' accounts. As a result, our clients receive comprehensive account information directly from the qualified custodian and are thus able to monitor the activity in their accounts. Furthermore, our clients agree, in writing, that our advisory fees will be deducted directly from their advisory accounts.

Accordingly, the safekeeping measures currently required by Rule 206(4)-2 provide our clients with the ability to sufficiently identify and detect erroneous or fraudulent transactions. It is also our understanding that abuses in the industry have not generally resulted solely because of arrangements whereby advisers have the authority to deduct fees from accounts maintained at qualified independent custodians. The absence of such actions supports our position that the safeguards mandated by current Rule 206(4)-2 are sufficient to deter advisers from engaging in fraudulent conduct.

Given that existing safeguards in place are adequate and considering the adverse effects of a mandatory surprise audit on advisers as well as clients, we respectfully request that the Commission leave current Rule 206(4)-2 intact and unchanged with respect to advisers who have custody solely because they have the authority to deduct advisory fees from client accounts. We thank the Commission for the opportunity to comment on this matter.

Respectfully,



Michael B. O'Higgins, President