

July 28, 2009

WILLIAM J. HUPP
PARTNER - CFO

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20459-1090

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Re: Amendments to Custody Rule; File Number S7-09-09

Comment Letter on Custody Rule; File Number S7-09-09

Dear Ms. Murphy:

Adams Street Partners, LLC, a registered investment advisor, appreciates the opportunity to provide our comments on the proposed amendments to Rule 206(4)-2 of the Advisors Act ("Custody Rules"). Our comments are based on the impact of the draft rules on what has been for us, established custody and reporting practices in the private equity and venture capital business. (The appendix provides more information about Adams Street Partners, LLC.)

Surprise Examinations on Pooled Investment Interests

While we understand the need to provide a safe environment for investors, the current proposal does not appear to add any benefits for investors, but only additional costs. Adams Street Partners as a fund of funds provider is a limited partner in investment partnerships (pooled investment vehicles), as well as the investment manager and general partner for our own the limited partnership funds (also pooled investment vehicles.) As an investor we would not take any comfort in the additional surprise audits that would be performed on the funds we invest in.

These funds are already audited annually by reputable accounting firms. The controls that produce these financial statements are reviewed as part of the annual financial statement audits by their auditors. This is in addition to our own assessment of their controls during our initial and ongoing monitoring due diligence. Our rights as to these audits and the required books and records the funds must keep are detailed in the limited partnership agreements that govern the funds. Those contractual rights are enforceable. These surprise audits would not enhance, or be a substitute for, the proper due diligence and monitoring that any investor in these types of investment vehicles needs to be prepared to do.

Investments in investment limited partnerships are governed by their limited partnership agreements. These are overwhelming closed-end funds which have few changes of equity partners over the ten to fifteen year operating life of the fund. Ownership and changes of ownership are strictly defined by the partnership agreements and controlled by the partnerships. Financial statements and records are maintained and issued on a quarterly basis. Any surprise auditor examination in the three non-year end quarters would likely not be in anyway a surprise or effective. Since there are no stock certificates or book entry systems to audit and reconcile, such audit results would at best duplicate the same work the auditors perform at year end.

Most of our investors are institutional investors, global defined benefit plans and other retirement money, and they have the same obligations in investing in our funds that we have investing in the private equity and venture capital funds that we invest in. We do not see how the additional costs of the surprise audits in the funds we invest in or the surprise audits of our funds will be of any benefit to our investors. These costs will be passed on to them as expenses of the funds.

While surprise audits may appear to provide more safety for investors, both Adams Street Partners as an institutional investor in pooled investment vehicles and our clients as investors in our pooled investment vehicles would be poorly served as the cost of such audits would far outweigh any benefits.

Pooled Investment Vehicle Account Delivery Exception

The current Custody Rules require that pooled investment vehicles be audited annually and distribute their audited financial statements within 120 days of the end of its fiscal year end. This rule gives investors comfort that their investments exist and that values provided have been audited as part of the financial statement audit. There have not been any audit failures or problems in interim periods that would indicate the need to change or in some way enhance this rule. We therefore would endorse making no changes to this area of the Custody Rules and request that the SEC eliminate the proposed surprise examination requirement for advisers to pooled investment vehicles that are audited annually in accordance with the rule requirements and codify the Commission staff's prior no-action relief allowing advisers of fund of funds 180 days to complete the annual audit.

What we believe would be more effective

Recent frauds have certainly raised the need to examine the safety that the current system provides to investors. We would suggest that any additional protections and safety added to the system be as cost effective as possible. Investors and limited partners can provide valuable feedback as to the best ways to do that.

Current proposals requiring registration of all investment managers with the SEC, use by pooled investment advisors of a PCAOB-registered accountant for the annual audit of their investment vehicles, and adding additional resources for SEC oversight of investment managers would all be more cost beneficial for investors than the additional audit requirements contained in the current proposal.

We appreciate the opportunity to comment on the proposed changes to the Custody Rules. If I can offer any further clarification please feel free to call me at 312-553-7877.

Very truly yours,

/s/ William J. Hupp

William J. Hupp
Chief Financial Officer and Treasurer

Appendix

Adams Street Partners, LLC

Adams Street Partners is a registered investment advisor, providing investment advisory services to clients who wish to pool their investment assets with those of other investors. We have provided discretionary investment advice for our clients on a separate account basis and through a variety of investment vehicles, including collective trusts, offshore trusts and limited partnerships. We currently manage over \$20 billion in assets under management. From our beginning as a part of First National Bank of Chicago in 1972 through our current status as an independent registered investment advisor, we have operated as a fiduciary for our clients. In general, our clients are institutional entities, often operating under ERISA or similar regulations in their countries. Adams Street Partners, the operating management company, is both investment advisor and general partner for the current investment vehicles we advise.

As one of the original providers of access to first venture capital and then more broadly private equity investing through a fund of funds structure, we are intimately aware of the issues and complexities of such structures. We have also been an active participant in secondary interest transactions going back to the 1980s. In all of these endeavors we have followed standards of fair value and transparency in reporting.