

MEMORANDUM

To: File S7-09-09

From: Smeeta Ramarathnam
Office of Commissioner Aguilar

Date: October 21, 2009

Re: Meeting with Representatives from Investment Advisers Association
("IAA")

On September 16, 2009, Commissioner Aguilar and his counsel, Smeeta Ramarathnam, met with the following representatives from the IAA: David Tittsworth, Executive Director, Karen Barr, General Counsel, and Valerie Baruch, Assistant General Counsel. The representatives from IAA discussed the issues raised in their comment letter on the SEC proposal to amend 206(4)-2 under the Investment Advisers Act of 1940. In particular, they outlined their concerns about the proposed requirements to have a "surprise" audit to verify client assets when an adviser has custody because of its ability to deduct fees or when a separately managed affiliate of the adviser has custody.