

# Smaller Adviser Feedback Flier

## Proposed Amended Adviser Advertising and Solicitation Rules

We are proposing reforms of rules under the Advisers Act relating to how advisers advertise to and solicit clients and investors. First, we are proposing a rule addressing advertisements by investment advisers that would replace the rule that we adopted in 1961, rule 206(4)-1. We are also proposing to amend the Advisers Act cash solicitation rule, rule 206(4)-3, to update its coverage to reflect regulatory changes and the evolution of industry practices since we adopted the rule in 1979. We are also proposing related amendments to Form ADV that are designed to provide additional information regarding advisers' advertising practices, and amendments to the Advisers Act books and records rule, rule 204-2, related to the proposed changes to the advertising and solicitation rules. More information about our proposal is available at [www.sec.gov/rules/proposed/2019/ia-5407.pdf](http://www.sec.gov/rules/proposed/2019/ia-5407.pdf).

We are interested in learning what smaller investment advisers think about the requirements of proposed new and amended advertising and solicitation rules for investment advisers. Hearing from smaller investment advisers could help us learn how our proposal would affect these entities, and evaluate how we could address any unintended consequences resulting from the cost and effort of regulatory compliance while still promoting investor protection. Please also note the following:

- While some smaller investment advisers may offer both advisory and brokerage services, please focus your responses on investment advisory advertising and referral activities.
- Because the advertising rules for registered investment companies (RICs) and business development companies (BDCs) are not the subject of this proposal, please focus your responses on advertising to non-RIC and non-BDC investors.

We would appreciate your feedback on any or all of the following questions. At your option, you may include general identifying information that would help us contextualize your other feedback on the proposal. This information could include responses to the following questions, as well as any other general identifying information you would like to provide.

All of the following questions are optional, including any questions that ask about identifying information. *Please note that responses to these questions—as well as any other general identifying information you provide—will be made public.*

## General Information About the Adviser

- a. How big is the adviser in terms of assets under management?
- b. Approximately how many employees work for the adviser (include independent contractors in your answer)?
- c. Does the adviser advise a registered investment company (RIC) or a business development company (BDC)?  Yes  No
- d. Does the adviser advise a private fund or a pooled investment vehicle other than a RIC or BDC?  Yes  No
- e. Does the adviser advise non-retail investors (qualified purchasers – *e.g.*, entities with \$25 million in investments; natural persons with \$5 million in investments; the adviser’s knowledgeable employees)? Please exclude from your answer investors in any RIC, BDC, private fund or other pooled investment vehicle.  Yes  No
- f. Does the adviser advise retail investors (all investors other than investors listed in c-e)? Please exclude from your answer investors in any RIC, BDC, private fund or other pooled investment vehicle.  Yes  No
- g. Does the adviser advertise its advisory business?  Yes  No

Questions About Presentation of Performance Results in Advertisements

Our proposed advertising rule would generally treat performance advertising as follows:

Performance results in Retail Advertisements	Performance results in both Retail and Non-Retail Advertisements
<ul style="list-style-type: none"> <li>• <i>Performance results generally.</i> If presenting performance results, the advertisement must include results of the same portfolio for one-, five-, and ten-year periods, each presented with equal prominence and ending on the most recent practicable date (except for portfolios not in existence during a particular prescribed period in which case the life of the portfolio must be substituted for that period).</li> <li>• <i>Gross performance.</i> Can present it only if the advertisement also presents net performance with at least equal prominence and in a format designed to facilitate comparison with gross performance. See also <i>schedule of fees</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Schedule of fees.</i> If any advertisement presents gross performance, it must also provide or include an offer to provide, a schedule of the specific fees and expenses deducted to calculate net performance.</li> </ul> <p>In addition:</p> <ul style="list-style-type: none"> <li>• Any such schedule of fees must itemize the specific fees and expenses that were incurred in generating the performance of the specific portfolio being advertised.</li> <li>• Where an adviser does not otherwise present or calculate net performance, such schedule should show the fees and expenses that the adviser would apply in calculating net performance as though such adviser were presenting net performance.</li> </ul>

a. As noted above, the proposed advertising rule would distinguish between advertisements to qualified purchasers and certain knowledgeable employees (defined as “Non-Retail Advertisements” in the proposed rule) and all other advertisements (defined as “Retail Advertisements” in the proposed rule).

1. Does the adviser currently have policies and procedures that help track which communications are given to qualified purchasers and knowledgeable employees, and which are given to retail investors?  Yes  No
2. If the adviser answered “yes” to question 1, do its policies and procedures help track the distribution of advertisements by third parties such as fund placement agents, capital introduction programs and third-party broker-dealers?  Yes  No

b. Presentation of gross and net performance, time period requirement, and schedule of fees

1. In the past, has the adviser provided investors with information about fees and expenses that were deducted to calculate net performance? Check all that apply.

Provided fee schedule within advertisements	Offered to provide separate fee schedule	Did not advertise performance results	Don't know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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2. Has the adviser calculated net performance by deducting “model” fees or expenses (instead of fees and expenses actually incurred)?  Yes  No  Don’t know

3. If the adviser answered “yes” to questions 1 or 2, please provide any details you believe could provide helpful context for our rulemaking (e.g., what categories of fees has the adviser typically deducted, or under what circumstances has the adviser deducted “model” fees?).


4. Are there types of fees and expenses for which providing a schedule would be particularly difficult and/or present compliance challenges? If so, what are they?


5. Approximately how much do you think it would cost the adviser, on an initial and ongoing basis, to comply with the proposed requirements for the presentation of certain time periods (one-, five-, and ten-year periods), the presentation of gross and net performance and the presentation or offer of schedule of fees, as applicable?

Estimated initial cost (\$)						
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	>\$100,001	Does not expect to advertise performance results	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Estimated ongoing cost per year (\$)						
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	>\$100,001	Does not expect to advertise performance results	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Would there be circumstances in which the adviser might have to provide proprietary or sensitive information to comply with these proposed requirements? Should we take those circumstances into account? If so, how?


c. Presentation of hypothetical performance

Under our proposal, hypothetical performance generally is performance results that were not actually achieved by any portfolio of any client of the investment adviser.

The proposed advertising rule would allow an adviser to provide hypothetical performance in an advertisement only if:

- the adviser adopts and implements policies and procedures reasonably designed to ensure that hypothetical performance is given only to persons for which it is relevant to their financial situation and investment objectives;
- the adviser provides in the advertisement additional information that is tailored to the audience receiving it, that provides sufficient information to understand the criteria used and assumptions made in calculating the hypothetical performance; and
- the adviser provides in the advertisement additional information tailored to the audience receiving it that provides sufficient information to understand the risks and limitations of using hypothetical performance. For “qualified purchasers” and “knowledgeable employees,” an adviser could provide this information promptly upon request rather than providing it in the advertisement.

1. In the past, has the investment adviser presented in an advertisement any of the following types of hypothetical performance? Check all that apply.

Performance derived from representative model portfolios that are managed contemporaneously alongside portfolios managed for actual clients	Performance that is backtested by the application of a strategy to market data from prior periods when the strategy was not actually used during those periods	Targeted or projected performance returns with respect to any portfolio or to the investment services offered or promoted in the advertisement	Did not advertise hypothetical performance	Other (please explain on line(s) below)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Does the adviser believe that, if the proposed advertising rule is adopted, the adviser would present hypothetical performance results in advertisements?  Yes  No

3. If the adviser answered “yes” to question 2, how much do you think it would cost the adviser, on an initial and ongoing basis, to comply with the proposed requirements for advertisements presenting hypothetical performance (e.g., preparing and adopting policies and procedures that address the distribution of advertisements containing hypothetical performance)?

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Estimated initial cost (\$)						
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	>\$100,001	Does not expect to advertise hypothetical performance results	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Estimated ongoing cost per year (\$)						
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	>\$100,001	Does not expect to advertise hypothetical performance results	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d. Presentation of related and extracted performance

Presentation of Related Performance	Presentation of Extracted Performance
<ul style="list-style-type: none"> <li>Under the proposed rule, related performance is generally performance results of one or more related portfolios, either on a portfolio-by-portfolio basis or as one or more composite aggregations of all portfolios falling within stated criteria.</li> <li>The proposed rule would allow the presentation in any advertisement of related performance, if the performance generally includes all related portfolios, which would generally be portfolios managed by the investment adviser, with substantially similar investment policies, objectives, and strategies as those of the services being offered or promoted in the advertisement.</li> </ul>	<ul style="list-style-type: none"> <li>Under the proposed rule, “extracted performance” is generally the performance results of a subset of investments extracted from a portfolio.</li> <li>The proposed rule would allow the presentation in any advertisement of extracted performance if the advertisement provides or offers to provide promptly the performance results of all investments in the portfolio from which the performance was extracted.</li> </ul>

1. In the past, has the investment adviser presented in an advertisement any related or extracted performance? Check all that apply.

Related performance	Extracted performance	Did not advertise performance	Don't know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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2. Does the adviser believe that, if the proposed advertising rule is adopted, the adviser would present related or extracted performance in advertisements?  Yes  No

3. If the adviser answered “yes” to question 2, how much do you think it would cost the adviser, on an initial and ongoing basis, to comply with the proposed requirements for advertisements presenting related or extracted performance?

Estimated initial cost (\$)						
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	>\$100,001	Does not expect to advertise performance results	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Estimated ongoing cost per year (\$)						
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	>\$100,001	Does not expect to advertise performance results	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

e. Additional performance advertising question

1. If the adviser disseminates advertisements by or through third parties, what steps would the adviser expect to take in order to comply with the proposed requirements for performance advertising?

Outside consultant to prepare and verify performance

Use of Testimonials, Endorsements, and Third-Party Ratings in Adviser Advertisements

Under our proposal:

- A testimonial generally means a statement of a client or investor’s experience with the adviser.
- An endorsement generally means a statement by a person other than a client or investor indicating approval, support, or recommendation of the investment adviser.
- A third-party rating generally means a rating of an investment adviser provided by a third-party that provides such ratings in the ordinary course of its business.

In addition to the conditions described below, under our proposal an adviser could not use a testimonial, endorsement, or third-party rating in an advertisement if it violates the proposed advertising rule’s general prohibitions of certain advertising practices (e.g., it could not include an untrue or misleading implication about a material fact relating to the investment adviser).

Testimonials and Endorsements in Advertisements	Third-Party Ratings in Advertisements
<p>Our proposed advertising rule would permit investment advisers to use testimonials and endorsements only if:</p> <ul style="list-style-type: none"> <li>• They clearly and prominently disclose:                             <ul style="list-style-type: none"> <li>» that the statement was given by an investor (if a testimonial) or a non-investor (if an endorsement); and</li> <li>» that cash or non-cash compensation has been provided by or on behalf of the adviser in connection with the testimonial or endorsement, if applicable</li> </ul> </li> </ul>	<p>Our proposed advertising rule would permit investment advisers to use third-party ratings in adviser advertisements, only if:</p> <ul style="list-style-type: none"> <li>• They contains disclosures similar to, and in addition to, those required for testimonials and endorsements; and</li> <li>• the adviser reasonably believes that any questionnaire or survey used in the preparation of the third-party rating is structured to make it equally easy for a participant to provide favorable and unfavorable responses, and is not designed or prepared to produce any pre-determined results</li> </ul>

1. Does the adviser currently use endorsements and/or third-party ratings in adviser advertisements?  Yes  No
2. Do you anticipate that, if the proposed advertising rule is adopted, the adviser would use testimonials, endorsements, or third-party ratings in adviser advertisements?  Yes  No
3. If an adviser advertises a testimonial, endorsement, or third-party rating that is made available by a third-party (such as on a third-party hosted website), what procedures would the adviser implement to form a reasonable belief that the third-party includes the required disclosures in the testimonials, endorsements, or third-party ratings?




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4. If the adviser answered “yes” to either question 1 or 2, approximately how much do you think it would cost the adviser, per year on an initial and ongoing basis, to implement the proposed requirements for testimonials, endorsements, and third-party ratings (e.g., the required disclosures and the additional conditions for using third-party ratings)? If applicable, include in your answer the costs of forming a reasonable belief that any testimonial, endorsement, or third-party rating in an adviser advertisement that is made available by a third-party contains the required disclosures.

Estimated initial cost (\$)						
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	>\$100,001	Does not expect to use testimonials or third party ratings	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Estimated ongoing cost per year (\$)						
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	>\$100,001	Does not expect to use testimonials or third party ratings	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Review and Approval of Advertisements

The proposed advertising rule would generally require an adviser to designate an employee that would be required to review the adviser's advertisements before each advertisement is given to any client or investor. The following are exceptions to this requirement:

- communications that are disseminated only to a single person or household or to a single investor in a pooled investment vehicle; or
- live oral communications that are broadcast on radio, television, the internet, or any other similar medium.

1. Does the adviser already have internal policies and procedures that require reviews of adviser advertisements?  Yes  No

2. If so, who reviews the adviser's advertisements? (check all that apply)

Personnel who have reviewed adviser advertisements							
In-house compliance employee(s)	Chief Compliance Officer	In-house attorney(s)	In-house paralegal	In-house business analyst and/or portfolio manager	In-house marketing personnel	Outside consultant or outside attorney	Other (please describe below)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. If the adviser answered "yes" to question 1, would the adviser need to expand the scope of existing reviews as a result of the proposed rule (e.g., so that the employee review process would apply to advertisements emailed to more than 1 person)?  Yes  No

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4. Approximately how much do you think it would cost the adviser, per year on an initial and ongoing basis, to comply with the proposed employee review requirements (e.g., preparing, adopting, implementing and overseeing any new or revised policies and procedures for review of advertisements)?

Estimated initial cost (\$)					
\$0 - \$25,000	\$25,000 - \$50,000	\$50,000 - \$100,000	\$100,000 - \$500,000	> \$500,000	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Estimated ongoing cost per year (\$)					
\$0 - \$25,000	\$25,000 - \$50,000	\$50,000 - \$100,000	\$100,000 - \$500,000	> \$500,000	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. If the adviser already has policies and procedures that require reviews of adviser advertisements, would the adviser designate a different employee or employees to review advertisements under the proposed advertising rule?  Yes  No

6. If the proposed advertising rule is adopted, which employee or employees would the adviser designate to review the advertisements?

Personnel who would review adviser advertisements							
Same personnel who currently review advertisement (see above)	Compliance employee(s)	Chief Compliance Officer	Attorney(s) (legal and/or compliance attorney)	Paralegal	Business analyst and/or portfolio manager	Marketing personnel	Other (please describe below)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. If we were to require that the employee who reviews a firm's advertisements be someone other than the employee who created the advertisements, would the adviser be able to comply with the rule?  Yes  No

## Overall Effect of Proposed Advertising Rule on Smaller Advisers

1. If the proposed advertising rule is adopted, which of the following impacts do you think the amended rule would have on your firm's advertising and related compliance budget?

- No impact (budget would be unchanged)
- Budget would be the same overall amount but allocated differently
- Budget would be increased
- Budget would be decreased
- Don't know

General Information About the Adviser's Referral Activities

1. Does the adviser, directly or indirectly, provide any person compensation that is specifically related to obtaining advisory clients? Do not include regular salaries paid to your employees.  
 Yes    No
  
2. If the adviser advises any private funds, does the adviser, directly or indirectly, provide any person compensation that is specifically related to obtaining investors in the firm's private funds? Do not include regular salaries paid to your employees.  
 Yes    No    Adviser does not advise any private funds
  
3. If you answered "yes" to questions 1 or 2, who does the adviser compensate for referrals (other than regular salary)? (Check either or both)  
 the adviser compensates its own personnel  
 the adviser compensates a third-party
  
4. If you answered "yes" to questions 1 or 2, does the adviser pay cash compensation, non-cash compensation, or both? Non-cash compensation can be, for example, gifts and sending business to the adviser's solicitors (e.g., directing brokerage to brokers who solicit for the adviser).  
 cash compensation  
 non-cash compensation
  
5. If the adviser pays solicitors non-cash compensation, can the adviser briefly describe the type of non-cash compensation?
  
6. If applicable, which of the below options best represents the typical dollar amount or value of compensation paid per referral (in cash or converted to cash equivalent)?

Estimated cost (in dollar or equivalent amount)					
\$1 - \$20	\$21 - \$100	\$101 - \$1,000	> \$1,001	A percentage of assets under management	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Questions About the Proposed Solicitation Rule

Under the proposed solicitation rule, an adviser that pays cash or non-cash compensation to a solicitor for investor referrals would be subject to the proposed rule's requirements, generally as follows:

- The adviser and solicitor must enter into a written agreement that describes the solicitation activities to be performed along with the terms of the compensation for the solicitation activities, and contains an undertaking by the solicitor to perform its duties under the agreement in a manner consistent with certain Advisers Act rules
- the solicitor or the adviser must provide the client with a separate solicitor disclosure describing the solicitation arrangement and the solicitor's compensation
- The adviser must oversee the solicitor's solicitation activities
- The adviser may not hire a disqualified solicitor (a list of disqualifying misconduct is enumerated in the rule).

The proposed solicitation rule would contain certain exemptions from most or all of the above for:

- an adviser's employees and other affiliates
- solicitors that refer client solely for impersonal investment advice
- solicitors that are provided de minimis compensation of \$100 or less during a 12-month period
- solicitors that are nonprofit programs that satisfy certain conditions and disclosures under the proposed rule.

1. If the proposed solicitation rule were adopted, would the adviser be required to enter into additional written agreements with solicitors, given the proposed rule's expanded application to non-cash compensation and compensated solicitations for private fund investors?

- the adviser would be required to enter into additional written agreements with solicitors because of the proposed rule's new inclusion of non-cash compensation
- the adviser would be required to enter into additional written agreements with solicitors because of the proposed rule's new inclusion of compensation to solicitors of private fund investors
- both of the above
- the adviser does not expect enter into any solicitation arrangements that would be subject to the proposed rulee

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2. If the proposed rule is adopted, does the adviser think that it would use any of the proposed rule's exemptions?  Yes  No

3. If yes, please check all that apply:

- exemption for compensation to an adviser's employees or other affiliates
- exemption for compensation to solicitors that refer clients solely for impersonal investment advice
- exemption for de minimis compensation to solicitors (\$100 or less during a 12-month period)
- exemption for compensation to solicitors that are nonprofit programs

4. Does the adviser currently have policies and procedures to determine that a solicitor is not disqualified under the rule (*e.g.*, the solicitor did not engage in the rule's enumerated misconduct), and that the solicitor complies with the proposed rule's written agreement requirements (including delivering the solicitor disclosure)?  Yes  No

5. If the adviser answered "yes" to question 4, what steps does the adviser take to oversee its solicitors?


6. What does the adviser expect the cost would be, per year on an initial and ongoing basis, in order to comply with the proposed solicitation rule's requirements (*e.g.*, overseeing its solicitors, overseeing any policies and procedures around solicitor disqualification, entering into required written solicitation agreements, preparing and delivering solicitor disclosures or overseeing the solicitor's delivery of the disclosures, and tracking the firm's use of any applicable exemptions)?

Estimated initial cost (\$)				
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	> \$50,001	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Estimated ongoing cost per year (\$)				
\$0 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	> \$50,001	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. If the adviser anticipates that it would use employees or other affiliates as compensated solicitors under the proposed rule, does the adviser believe that the affiliation between the employee/affiliate, on the one hand, and the adviser, on the other hand, would be readily apparent to the solicited client or investor?  Yes  No  not applicable
8. If the adviser answered “no” to the previous question, would it be impractical or difficult for the employee or affiliate to disclose its affiliation with the adviser at the time of solicitation?  Yes  No  Don't know

If yes, what practical difficulties would arise?


9. If the proposed amendments to the solicitation rule are adopted, do you think your firm's solicitation or referral and related compliance budget would be:
- No impact (budget would be unchanged)
  - Budget would be the same overall amount but allocated differently
  - Budget would be increased
  - Budget would decreased
  - Don't know



Questions About the Proposed Amendments to the Books and Records Rule

Advisers are currently required to make and keep certain books and records relating to their investment advisory businesses. Our proposal would update the recordkeeping rule to conform to the proposed changes to the advertising and solicitation rules, as follows:

- an adviser would be newly required to keep copies of advertisements to one or more persons (rather than to ten or more persons, as is generally required now)
- an adviser would be newly required to keep copies of written approvals of advertisements required under proposed advertising rule's employee review
- an adviser that uses a third-party rating in any advertisement under the proposed rule would be newly required to retain copies of questionnaires or surveys used in preparation of the third-party rating
- an adviser that compensates a solicitor under the proposed solicitation rule would no longer be required to keep written acknowledgments of each client's receipt of the solicitor disclosure, but would be newly required to keep certain records related to its belief that each solicitor has complied with the required written agreement
- an adviser that compensates a nonprofit program under the proposed solicitation rule would be newly required to keep certain records relating to the nonprofit program
- an adviser that compensates a solicitor under the proposed solicitation rule would be newly required to keep certain records related to its belief that any such solicitor is not disqualified under the proposed solicitation rule
- an adviser that compensates a solicitor under the proposed solicitation rule would be newly required to keep records of the names of all solicitors that are employees or other affiliates

1. Approximately how much do you think it would cost the adviser, on an initial and ongoing basis, to comply with the proposed amendments to the books and records rule?

Estimated initial cost (\$)					
\$0 - \$1,000	\$1,001 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$15,000	> \$15,001	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Estimated ongoing cost per year (\$)					
\$0 - \$1,000	\$1,001 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$15,000	> \$15,001	Does not know
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Would complying with these proposed amendments to the books and records rule be particularly difficult and/or present compliance challenges? Please explain.  Yes  No

**Additional Overall Feedback**

1. Are there any less expensive alternatives to any of these proposed requirements you can suggest that would still preserve the proposed amendments' intended investor protection safeguards?

A large rectangular text box with horizontal lines for inputting feedback.

**Clear Form** **Submit Form**

**How to Submit your Feedback**

You can send us feedback in the following ways (include the file number S7-21-19 in your response):

**Print your responses and Mail**

Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Submit a PDF of Your Responses and Email**

Use this fillable PDF form to fill out and click "Submit Form" when finished to email a file to: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

**Print a Blank Copy of this Flier, Fill it Out, and mail**

Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

We will post your feedback on our website. Your submission will be posted without change; we do not redact or edit personal identifying information from submissions. You should only make submissions that you wish to make available publicly.

*Thank you!*