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November 16, 2010

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Proposed Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 File Number S7-25-10 (the "Release")

Dear Ms. Murphy:

We are submitting this letter to express our views about the nature and scope of the rule that the Commission must adopt to implement the authority granted to it in Section 409 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to define the term "family office" under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). We appreciate this opportunity to comment on Proposed Rule 202(a)(11)(G)-1 (the "Proposed Rule").

Our comments in this letter relate to broadening the definition of "founders" to permit certain multi-family offices to fit within the family office exclusion.

Inclusion of Multi-Family Offices

The Proposed Rule defines "founders" in Section 202(a)(11)(G)-1(d)(5) as "the natural person and his or her spouse or spousal equivalent for whose benefit the family office was established and any subsequent spouse of such individuals." By using the singular "person," the Proposed Rule would effectively prevent multi-family offices from qualifying as "family offices" under the exclusion. We note that on page 14 of the Release, the Commission specifically requested comment on whether it should permit multi-family offices to operate under the exclusion from the Advisers Act set forth in Section 202(a)(11)(G)-1.

In our experience, it is a common practice for multiple families, who are not related by blood, but who typically share business affairs or otherwise have long-standing relationships of trust similar to those shared by family members, to establish and operate family offices for the benefit of their collective families in order to minimize overhead,[1] to leverage investment opportunities, and to enable access to, and coordination of, financial, tax, estate planning and philanthropic expertise that would otherwise not be available to the families separately. From a policy perspective, we believe

[1] We note that the Commission stated on page 14 of the Release that "some families have added other families to their family office's clientele to achieve economies of scale and thus save on costs."

that the regulation of family offices that are established and operated for the foregoing reasons for the benefit of and under the control of family members and that do not hold themselves out to the public are not within the intent of the Advisers Act. As such, we believe that the definition of "founders" set forth in the Proposed Rule is unnecessarily restrictive and would likely cause a number of multi-family offices that are not within the intent of the Advisers Act to be forced to, among other things, (i) seek exemptive orders from the Commission, (ii) separate into several single family offices or (iii) register under the Advisers Act, all of which would result in significant costs and inefficiencies at such multi-family offices without corresponding benefits to such multi-family offices, the families of such multi-family offices, the general public, or the Commission.

We propose permitting certain multi-family offices to operate under the family office exclusion from the Advisers Act. We are sympathetic to the Commission's concern that it may be difficult to distinguish between a multi-family commercial office and a family office that more closely resembles those operating under the Commission's previously-issued exemptive orders.[2] However, we believe that the Commission may successfully draft the exclusion narrowly enough to allow certain multi-family offices that are established for no more than three (3) unrelated founders to qualify under the exclusion, provided that such multi-family offices otherwise comply with the other aspects of the Proposed Rule, including, but not limited to, refraining from holding themselves out to the public. Specifically, we propose that the Commission amend and restate the definition of "founder" in subparagraph (d)(5) of the Proposed Rule to read "the natural person **or natural persons, whether or not related, and each such natural person's** spouse or spousal equivalent, for whose benefit the family office was established and any subsequent spouses of such individuals, **provided that not more than three unrelated natural persons (excluding, for the purposes of this proviso, each such natural person's spouse or spousal equivalent) may be founders of any family office.**" In the event that the Commission determines to implement the above modification, we recommend that it also make conforming changes to the definitions of "family client" and "family member."

We believe that the above recommendation provides for a minor modification to the Proposed Rule that does not run afoul of the purposes of the Advisers Act to protect the public interest and the interest of investors. The restriction on size set forth in the above recommendation ensures that qualifying multi-family offices may not operate on such a large scale as to begin to resemble commercial multi-family offices. The above recommendation would also provide greater clarity to certain multi-family offices and reduce the number of exemptive order applications, which in turn would reduce the strain on the Commission's resources. In addition, certain multi-family offices that meet the proposed definition of "founders" recommended above will continue to benefit

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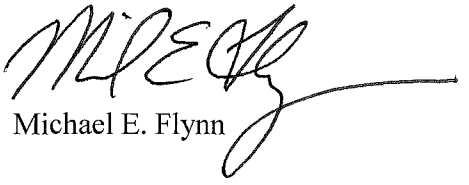
[2] We do not believe that the fact that the Commission has not previously granted an exemptive order with respect to multi-family offices is dispositive to the analysis of whether multi-family offices should be exempted from registration under the Advisers Act. Rather, we believe that many multi-family offices have historically relied on the exemption from registration set forth in Section 203(b)(3) of the Advisers Act, and thus determined not to incur the cost and expense of seeking an exemptive order. We generally believe that the policy set forth in the previously-issued exemptive orders with respect to single family offices are equally applicable, from a policy perspective, to certain multi-family offices described in this letter.

from the economies of scale, investment opportunities, and expertise resulting from the multi-family office structure without the unnecessary imposition of increased compliance costs, administrative burdens and loss of privacy associated with registration under the Advisers Act. The above recommendation would also alleviate the need of such families to seek investment services from alternative providers, such as traditional commercial advisers, to satisfy their needs, which may be unsettling and likely disappointing for family members who have relied, often for decades, on the security, comfort and privacy provided by the family office. Lastly, the above recommendation will not result in systemic risk, a threat to the general public, or other regulatory concerns because the above modification is sufficiently narrowly tailored to prevent multi-family offices from engaging in the level of activity that is associated with commercial investment advisers.

We appreciate the opportunity to comment on the Proposed Rule and thank you in advance for your consideration of these comments. If you have any questions or would like to discuss our comments further, please do not hesitate to contact me at (949) 725-4245.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH



Michael E. Flynn