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

Paris, 24th January 2011

AFG COMMENTS ON 'EXEMPTIONS FOR ADVISERS' AND 'RULES IMPLEMENTING AMENDMENTS TO THE INVESTMENT ADVISERS ACT OF 1940'

AFG is very grateful to the Commission for having organised such a public consultation, as many non-US investment management industries are deeply concerned by the potential unintended very harmful impact of these parts of the Dodd Frank Act on them.

As you are aware, the Association Française de la Gestion financière (AFG)[1] represents the France-based investment management industry, both for collective and discretionary individual portfolio managements. Our members include 409 management companies, which are entrepreneurial or belong to French or foreign banking or insurance groups.

AFG members are managing more than 2300 billion euros (funds and/or discretionary mandates) in the field of investment management, making the French industry the leader in Europe in terms of financial management location for collective investments (with nearly 1400 billion euros managed, i.e. 21% of all EU investment funds assets under management), wherever the funds are legally domiciled in the EU, and second at worldwide level after the US. In the field of collective investment, our industry includes – beside UCITS – the employee savings schemes and products such as regulated hedge funds, funds of hedge funds as well as a significant part of private equity funds and real estate funds.

AFG is of course a member of the European Fund and Asset Management Association (EFAMA) and of the European Federation for Retirement Provision (EFRP). AFG is also a member of the International Investment Funds Association (IIFA).

In particular, before developing our own comments below, we wish to stress that we actively contributed to the EFAMA response to the Commission consultation, that we fully support and share.

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We mainly wish bring to your knowledge the following concerns that our members have regarding the potential unintended very harmful impacts of the Dodd Frank Act on them and the forthcoming Commission derived legal texts.

Generally speaking, what our members are concerned about are the **uncertainties** surrounding the consequences of the Act as well as the Commission texts. These uncertainties are from different sorts but are cumulative:

- they do not clearly show the content of the reporting obligations which would apply to non-US managers, including to those which would be exempted from registration to the SEC, and therefore the degree of burden it would imply for them – in particular in terms of **consistency with the comprehensive reporting obligations which already apply to them in Europe** for instance;

- the **same uncertainty applies for antifraud provisions** as compared to antifraud provisions which apply in Europe.

Of course we perfectly understand that the Commission cannot deviate from what was adopted by the Congress and promulgated by President Obama through the Dodd Frank Act.

However, we respectfully request the Commission **to implement the Act in a proportionate way, in order not to over-burden its consequences for non-US players**.

In addition, in considering the notion of 'US investors', the Commission should take into account that European management companies very often:

- either have investors which invest in their funds without being clients as such, through spontaneous investment: many investors have not been solicited at all. In this case, management companies should not be subject to SEC registration as such companies are not able to control the spontaneous investment by investors in their funds;

- and/or do not even know their ultimate investors, as in many cases the relevant funds are sold through chains of intermediaries.

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We therefore would like to express the following requests in particular:

- we understand that "Foreign Private Advisers", in spite of being exempted from registration and reporting, would still have to comply with some provisions of the Advisers Act, but not all: for us, there is a lack of clarity on the scope of Advisers Act

provisions which would apply to them. Some clarification from the Commission on which provisions would apply would be very helpful for our members;

- regarding the exemption of "Private Fund Advisers", we understand that only the assets managed from a US office should be taken into account when determining the threshold of 150 billion dollars. **We deeply wish that the Commission will clarify that the management of assets done from non-US offices is exempted**;

- regarding the calculation of thresholds, we would like the Commission **to consider each entity of a management group separately**, as we would not understand the meaning of putting together different legal entities with different activities, and which by law must have, for each one, its own specific organization in order to prevent conflicts of interest;

- **the threshold of 25 billion dollars for AuMs attributable to US clients and US Private Fund investors should probably be raised to 150 billion dollars**, to be consistent with the second indent right above.

In addition to possible changes or clarifications in the texts submitted to consultation, the Commission, to our knowledge, has the possibility **to provide for no-action letters** which may reduce the scope of uncertainties that we mentioned above: the most important thing for our members is to reduce this scope of uncertainties. Such no-action letters would give them some comfort.

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We thank in advance the Commission very much for taking into consideration our comments and remain available for any further questions. Please feel free to contact myself at 33 1 44 94 94 14 (e-mail: p.bollon@afg.asso.fr) or our Head of International Affairs Division, Stéphane Janin, at 33 1 44 94 94 04 (e-mail: s.janin@afg.asso.fr).

Yours sincerely,

(signed)

Pierre Bollon