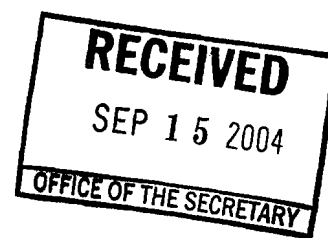




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51

September 14, 2004

Mr. Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0609

**Re: File No. S7-30-04 – Registration Under the Advisers Act of Certain Hedge Fund Advisers**

Dear Mr. Katz:

The Investment Management Consultants Association (IMCA<sup>®</sup>) appreciates the opportunity to comment on the recent proposal of the Securities and Exchange Commission (the Commission), *Registration Under the Advisers Act of Certain Hedge Fund Advisers*. We commend the Commission for considering mechanisms that will enhance efforts to protect investors in hedge funds and our nation's securities markets.

IMCA supports the Commission's proposed new rule and rule amendments, which would require hedge fund advisers to register with the Commission. The new rules would benefit investment advisers and their clients by giving the Commission authority to:

- collect and provide to the public basic information about hedge funds and hedge fund advisers, including the number of hedge funds that advisers manage, the amount of assets in hedge funds, the number of employees and types of clients these advisers have, other business activities they conduct, and the identity of persons who control firms;
- screen individuals associated with advisers to prevent felons or individuals with other serious disciplinary records from managing hedge funds;
- require all hedge fund advisers to adopt basic compliance controls to prevent violation of the federal securities laws, including designating a chief compliance officer;
- conduct examinations of the adviser's hedge fund activities to identify compliance problems early and deter questionable practices; and
- improve disclosures made to prospective and current hedge fund investors, including requiring all direct investors to meet the minimum standards of Rule 205-3.

While IMCA supports the Commission's proposed new rule requiring registration of hedge fund advisers, IMCA also notes the dissent of Commissioners Cynthia A. Glassman and Paul S. Atkins. Their suggestion that viable alternatives to registration should be investigated is important in light of their concern about the Commission's current capabilities and the increasing burdens that the proposed registration would place on the Commission. IMCA agrees with the dissenters that, unless the Commission can examine, investigate, and enforce where necessary, registration would not be effective in protecting investors from hedge fund fraud.

### Who We Are

The Investment Management Consultants Association is an international, nonprofit, professional organization founded in 1985 to educate investment advisers. The organization's purpose is to promote professional conduct in the delivery of financial services through continuing education, certification, and standards.

More than 60 percent of IMCA members have completed a rigorous educational program conducted through The Wharton School, University of Pennsylvania, and the Haas School of Business, University of California, Berkeley, leading to the prestigious Certified Investment Management Analyst (CIMA<sup>®</sup>) designation. The CIMA program involves graduate-level work in investment strategies and theories and also covers legal, regulatory, and ethical issues. Professionals who achieve the CIMA designation have an average of eight to ten years in the securities business and are required to maintain their accreditation through a stringent continuing education program. Many investment advisers in the United States, Canada, and Australia hold this designation. Among our members are persons employed by national and regional brokerage and accounting firms and many independent investment advisers who are self-employed or employed by non-brokerage consulting firms.

The services CIMA designees provide to endowments, foundations, public funds, defined benefit and defined contribution plans, families, and individuals include:

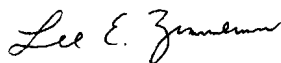
- advanced investment planning
- performance measurement and evaluation
- manager/fund search and due diligence
- fiduciary and employee education
- asset allocation modeling
- asset liability studies
- investment policy and guideline construction

Significantly, IMCA has had a Code of Ethics, our *Code of Professional Responsibility*, in place for nearly 20 years. This *Code*, which was last revised in July 2003, has been adopted to promote and maintain the highest standard of personal and professional conduct in the investment management consulting profession. All members of IMCA are expected to subscribe to our *Code*, which serves to assure public confidence in the integrity and service offered by professional investment management consultants. Adherence to the IMCA *Code* is required of all CIMA designees.

### Conclusion

Clients seeking and requiring investment advice should expect that their investment advisers adhere to the most exacting standards of professional conduct. Thus, IMCA encourages the Commission to require the registration of hedge fund advisers and to continue to consult with professional associations such as IMCA regarding investment adviser issues. By this letter, IMCA offers to serve as a resource to you in this and all other similar matters.

Sincerely,



Lee E. Zimmerman, CAE  
Executive Director  
Investment Management Consultants Association

LEZ/dm

cc: IMCA Board of Directors  
Randy H. Hardock, Davis & Harman LLP

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