



**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
OFFICE OF COMPLIANCE INSPECTIONS AND EXAMINATIONS  
100 F STREET, NE  
WASHINGTON D.C. 20549-7030

March 9, 2009

Ms. Jennifer Han  
Legal Counsel  
Managed Funds Association  
2025 M Street, N.E.  
Washington D.C. 20036

Dear Ms. Han:

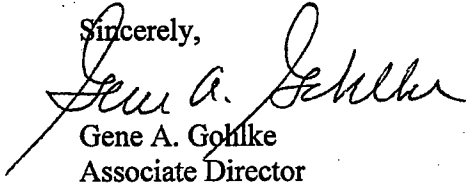
As you are aware, the U.S. Securities and Exchange Commission's mission is to administer the federal securities laws that seek to provide protection for investors. In carrying out this mission, the staff conducts examinations of the books and records of regulated persons and organizations, such as registered investment advisers, to determine whether their business practices conform to the prescribed rules. In recent months, the Commission's examination staff has determined that, in order to perform a valid verification of assets, the staff must request independent confirmation of investor assets from various third-parties. As such, the staff may contact the following entities and persons to confirm the existence of assets managed by the adviser being examined: bank and broker-dealer custodians; account administrators; investors in hedge funds managed by the adviser; advised clients; derivative counterparties; hedge fund administrators and/or managers that are invested in by advised clients; National Securities Clearing Corp.; Depository Trust & Clearing Corp.; and auditors for the advisory firm and/or investor accounts.

In these requests for confirmation, the examination staff will seek confirmation from third-parties of cash and securities held by certain advised clients as of specific date and of transactions in such accounts over a period of time. In requesting confirmations from advisory clients, the examination staff will ask clients to confirm that their account balances as of a specific date were consistent with their records and that their contributions to and withdrawals from their accounts over a period of time were transactions they authorized. In requesting confirmations from investors in hedge funds managed by registered advisers, the staff will request that such investors confirm that their capital account balances, as shown by the funds' records, are consistent with the investors' records.

Please be advised that these account confirmation requests should not be considered as an indication by the Commission or its staff that any violations of law have occurred, nor should these requests be construed as an adverse reflection upon the adviser or any person or entity associated with a firm. The staff's letter seeking such confirmation will make clear that the request should not be construed as a reflection on the adviser or that any violation of the law has occurred. The Commission's examinations are non-public and the staff's communication with these unaffiliated entities is also non-public.

We ask that you inform your members of this exam practice.

Sincerely,



Gene A. Gohlke  
Associate Director