



March 11, 2011

Via Electronic Mail: rule-comments@sec.gov

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Managed Funds Association Comments on Net Worth Standard for Accredited Investors; File No. S7-04-11

Dear Ms. Murphy:

Managed Funds Association (“MFA”)¹ appreciates the opportunity to comment on the Securities and Exchange Commission’s (the “SEC”) proposed rule, “Net Worth Standard for Accredited Investors” (the “Proposed Rule”). MFA strongly supports the goal underlying Section 413 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the Proposed Rule, ensuring that private funds are sold only to sophisticated investors.

MFA worked constructively with policy makers during the legislative process to develop an appropriate mechanism to ensure that the accredited investor standard does not become diluted over time as a result of inflation. We believe that Section 413 of the Dodd-Frank Act is well designed to achieve that goal. Section 413 also amends the accredited investor standard to exclude the value of a natural person’s primary residence for purposes of determining the net worth of a natural person. We believe that the Proposed Rule provides a reasonable method for implementing that statutory mandate. Accordingly, we encourage the SEC to adopt a final rule that is substantially similar to the Proposed Rule.

¹ MFA is the voice of the global alternative investment industry. Its members are professionals in hedge funds, funds of funds and managed futures funds, as well as industry service providers. Established in 1991, MFA is the primary source of information for policy makers and the media and the leading advocate for sound business practices and industry growth. MFA members include the vast majority of the largest hedge fund groups in the world who manage a substantial portion of the approximately \$1.9 trillion invested in absolute return strategies. MFA is headquartered in Washington, D.C., with an office in New York.

Conclusion

MFA appreciates the opportunity to comment on the Proposed Rule. MFA strongly supports the goal underlying Section 413 of the Dodd-Frank Act, ensuring that private funds are sold only to sophisticated investors. We support the approach taken in the Proposed Rule to implement the statutory mandate to exclude the value of a natural person's primary residence from the net worth standard in the accredited investor definition.

If you have any questions regarding any of these comments, or if we can provide further information with respect to these or other regulatory issues, please do not hesitate to contact Stuart J. Kaswell or me at (202) 730-2600.

Respectfully submitted,

/s/ Richard H. Baker

Richard H. Baker
President and CEO