

February 18, 2008

Memorandum

**SEC PROPOSES AMENDMENTS TO
PART II OF FORM ADV**

On February 13, 2008, the SEC proposed amendments to Form ADV that would require registered advisers to revise Part II of their Form ADV and file the revised Part II (re-designated Part 2) electronically with the SEC.

The proposals would eliminate the current check-the-box, fill-in-the-blank form of Part II, which most advisers use as their brochures, and replace it with a new plain English, narrative form. Like the existing brochure, the new narrative form of the brochure would need to be delivered to the registered adviser's clients initially, but, unlike the existing brochure, the new narrative form of brochure would also need to be delivered to the adviser's clients annually.

The proposals would also require registered advisers to:

- file Part 2 electronically with the SEC using the IARD system;
- file a supplement with Part 2 that:
 - ◆ is one page or less;
 - ◆ contains information about the adviser's educational background, business background and material disciplinary history; and
 - ◆ includes the adviser's and its employees' job descriptions, including any responsibilities not directly related to the adviser's principal business, and part-time jobs held by the employees;
- disclose in Part 2 soft dollar arrangements, the conflicts of interest presented by such arrangements and the benefits to the adviser of such arrangements; and
- disclose in Part 2 conflicts of interest (e.g., side-by-side trading arrangements, performance fee arrangements, receipt of compensation from issuers of financial products the adviser recommends to clients).

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We will prepare, and forward to you, a memorandum that describes the proposals in more detail once the SEC has made its proposing release publicly available. Should you have any questions concerning the proposals, please contact an attorney in our Investment Management Group.