



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
INVESTMENT MANAGEMENT

August 9, 2010

Ira D. Hammerman, Esq.
Senior Managing Director and General Counsel
Securities Industry and Financial Markets Association
1101 New York Avenue, NW, 8th Floor
Washington, DC 20005

Dear Mr. Hammerman,

As you know, rule 206(3)-3T under the Investment Advisers Act of 1940, which provides an alternative means for an investment adviser that is also registered with the Commission as a broker-dealer to comply with section 206(3) of the Advisers Act when it acts in a principal capacity in transactions with certain of its advisory clients, is set to expire on December 31, 2010. We understand that few firms today are relying on rule 206(3)-3T. I am writing so that firms relying on the rule will become aware of the Division's determination not to recommend further Commission action on the rule. Therefore, we anticipate that rule 206(3)-3T will expire at the end of the year.

We recognize that some firms may wish to submit applications for exemptive orders under the Act that could provide a similar means to comply with section 206(3) of the Act. As you know, the Commission, in evaluating any such request, would need to consider, among other things, whether the order is necessary or appropriate in the public interest and consistent with the protection of investors. Investment advisers with questions concerning the process for submitting an application for an exemptive order should contact Matthew Goldin, Branch Chief, Office of Investment Adviser Regulation, in the Division.

The Division is posting this letter on the Commission's web site to notify advisers and other persons that may be affected by the expiration of rule 206(3)-3T.

Sincerely,

Andrew J. Donohue
Director