

VIA EMAIL AND FACSIMILE

December 27, 2004

CFA Institute
CFA Centre for Financial Market Integrity
Reference: Guidance Statement on Wrap Fee/ SMA Performance
P.O. Box 3668
Charlottesville, Virginia 22903

Dear Investment Performance Council members and CFA Institute:

Thank you for this opportunity to share my views regarding the proposed GIPS Guidance Statement on Wrap Fee/Separately Managed Account Performance. As a CFA charterholder, I do agree with the need for a common standard in presenting Wrap Fee/SMA performance. However, my firm, Kayne Anderson Rudnick Investment Management, is unusual in that approximately two-thirds of our assets under management are from broker referred or "wrap" programs. This means that these proposed new standards have a particularly significant impact on my firm. I have been asked by my operational and administrative colleagues to support a delay in the implementation of the standards from 1 January 2006 until 2008. Kayne Anderson Rudnick Investment Management has one hundred product buckets at over forty different broker-sponsor partners. Each of them has their own protocols, procedures, and privileges. To obtain the appropriate back-up data from each broker-sponsor is a separate mini project unto itself. It is unrealistic to expect that all of the work can be completed in a year without taking significant risk of partial compliance and incomplete recordkeeping. Extra time will allow for better, more accurate results and permit a manageable transition to the new standards.

Regards,

Amanda Mar, CFA
Quantitative Performance Analyst
Kayne Anderson Rudnick Investment Management