



~ *Manage Through Change* ~

December 31, 2010

To Our Clients:

As we close the books for 2010, all of us at Renaissance once again recognize the importance of the relationships we have developed with our clients and friends over the years, and want to thank all of you for your support. This past year brought many new developments for our industry, and the team at RRS has worked hard to prepare for the wide range of new regulations that will likely change the face of the financial services industry as we know it today.

For many of our clients, and the industry as a whole, 2010 was a year of rebuilding and reinventing business models. There is little doubt that this trend will continue in 2011. We continue to see a consistent number of mergers and acquisitions, new startup ventures, and firms expanding product and service offerings as the industry evolves. The changes to the industry will also be accelerated as various components of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") are implemented. As we have already seen, some banks have begun the process of divesting business units that will not be permissible under the new regulatory framework. These divestitures have ranged from spinoffs to new entities, sale of operating units and the complete shutdown of operations. Another critical issue raised by Dodd-Frank that we expect would have a significant impact on the way firms conduct their business, is the application of the fiduciary standard to broker-dealers. While the regulators and many in the industry agree that such a standard is necessary, agreement on a uniform definition for broker-dealers is more controversial and elusive.

Rest assured that the compliance professionals at RRS are applying their extensive industry expertise and experience to monitor the developments of all aspects of the regulatory trend. Our team is active with all major industry trade groups, maintains frequent contact with leading law firms and, most of all, continue to engage available resources within the regulatory agencies. We recognize the increased costs associated with regulatory changes and are taking steps to respond. In order to help our clients cope with the new regulatory burdens and the associated costs. RRS will expand its service offerings in 2011, and among other initiatives, will introduce a new level of compliance consultant for firms with limited resources. This new level of service leverages the expertise of our Regulatory Consultants, staff who have worked with a regulatory agency, by providing access through a Compliance Consultant. This level of service is an outgrowth to our Compliance Administrator services, which provide ongoing support to CCO's at investment advisors and broker-dealers. In addition, we will be increasing the access to licensed FINOPs through our Financial Reporting team. We have also been working to enhance our technology infrastructure in response to the regulatory emphasis on third party vendors for investment advisors and broker-dealers and will be adding additional resources and online compliance support services in 2011.

As we enter the new year, we are excited at the prospects that lie ahead. We are committed to continuing to help our clients *Manage Through Change*, and look forward to helping you manage through the changes that lie ahead. As always, our telephones, fax, and emails are open. Please feel free to contact us with your thoughts, questions, and suggestions.

Louis Dempsey

Bart McDonald

*Renaissance Regulatory Services, Inc.*

350 Camino Gardens Blvd., Suite 105

Boca Raton, Florida 33432

(561) 368-2245