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**INDEPENDENT REGULATORY REVIEW COMMISSION**  
333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

July 24, 2000

Honorable Robert M. Lam, Chairman  
Pennsylvania Securities Commission  
Eastgate Building  
1010 North Seventh Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17102-1410

Re: Regulation # 50-114 (#2107)  
Pennsylvania Securities Commission  
Registration of Securities; Investment Advisor Representatives; and Administration

Dear Chairman Lam:

On July 24, 2000, we discussed several problems with this final-form regulation with Deputy Chief Counsel Philip Rutledge. These problems could be corrected or clarified through the tolling procedure. Therefore, we recommend that you consider tolling the review period in order to make the following revisions:

**1. General**

The final submittal is not in the proper format to indicate changes from proposed to final, in accordance with our regulations, 1 Pa. Code § 307.2(c)(6).

**2. Section 303.012. Investment adviser registration procedure.**

There is a typographical error in the first sentence of Subsection (b). It should state, "Except as set forth in subsection (f)...."

**3. Section 303.032. Examination requirements for investment advisers and investment adviser representatives.**

There is an omission in Section 303.032. The Comment and Response document, on pages 5 and 12, indicates that the CFP Board designations have been changed to the "Certified Financial Planner Board of Standards, Inc." However, this amendment does not appear in Section 303.032(c)(1)(ii)(A) of the regulation.

**4. Section 303.042. Investment adviser capital requirements.**

Subsection (c)(1) begins with a left bracket. However, there is no corresponding right bracket. Additionally, (c)(1)(iii) contains new language. This provision was proposed to be deleted at the proposed rulemaking stage. We did not find a discussion of this provision in the comment and response document.

**5. Section 304.012. Investment adviser required records.**

Subsection (a)(15)(iii) incorrectly references Section 404.013. Due to renumbering of sections in the final regulation, the correct reference is to Section 404.012.

In Subsection (h), the definition of “investment supervisory services” has a typographical error. The second word of the first sentence should be “giving.”

**6. Section 305.019. Dishonest and unethical practices.**

Subsection (c)(3)(xv) incorrectly references Section 404.014 (relating to investment adviser custody or possession of funds or securities of customers), instead of 404.013. Section 404.014 has been changed to Section 404.013 and is titled “Investment adviser custody or possession of funds or securities of clients.”

**7. Section 305.061. Withdrawal of registration or notice filing.**

Subsection (d) has a typographical error. It should state “...or issuer shall file Form U-5....”

**8. Section 404.011. Investment adviser brochure disclosure.**

New Subsection (h)(2) is missing a word. It ends with the phrase “...is required to deliver under section.” It appears the phrase should reference “this section.”

**9. Section 404.012. Cash payment for client solicitation.**

Subsection (b)(4)(iii)(A) references Section 404.012 (relating to wrap free brochure). However, this section was deleted.

Also, the title of the reference to Section 404.011 should be “relating to investment adviser brochure disclosure.”

If the Department chooses to toll the review period, it must deliver written notice to both the Standing Committees and the Commission on the same day. The written notice must be delivered

Hon. Robert M. Lam  
July 24, 2000  
Page 3 of 3

prior to any Standing Committee action on the regulation, or before the end of the Standing Committee's review period on August 1, 2000, whichever occurs first.

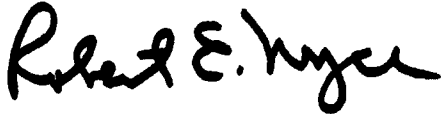
As required by Section 307.5 of our regulations, written notice must include:

1. A citation to the section(s) the Department is considering revising,
2. A description of the revisions being contemplated, and
3. An explanation of how the revisions will satisfy our concerns.

If the Commission objects to tolling the review period, we will notify you and the Standing Committees within two business days after receipt of your tolling notice. In that event, the review period will not be tolled and your regulation will be considered by the Commission at our public meeting on August 10, 2000. If the Commission does not object, the review period will be tolled for up to 30 days beginning with receipt of your letter and ending on the day you resubmit the regulation.

If you have any questions, please call me at 783-5506.

Sincerely,



Robert E. Nyce  
Executive Director

wbg

cc: Honorable George C. Hasay  
Honorable Thomas R. Caltagirone  
Honorable Edwin G. Holl  
Honorable Jay Costa, Jr.  
Thomas A. Hutton, Esq.  
David J. DeVries, Esq.  
G. Philip Rutledge, Esq.

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**INDEPENDENT REGULATORY REVIEW COMMISSION**  
333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

July 27, 2000

*Related doc.*

Honorable Robert M. Lam, Chairman  
Pennsylvania Securities Commission  
Eastgate Building  
1010 North Seventh Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17102-1410

07 07-27-00 ~~to submit~~  
to resubmit.  
PDF

Re: IRRC Regulation #50-114 (#2107)  
Pennsylvania Securities Commission  
Registration of Securities; Investment Adviser Representatives; and Administration

Dear Chairman Lam:

We received your letter informing us of your intent to toll the subject regulation and your revisions to the regulation on this date. The Commission does not object to tolling the review of the regulation and acknowledges receipt of the revisions.

Pursuant to Section 5.1(g)(3) of the Act (71 P.S. § 745.5a(g)(3)), the Committees will now have until August 7, 2000, to complete their review. The Commission will act on this regulation at its public meeting on August 10, 2000.

If you have any questions, please contact me at 783-5506 or bobn@irrc.state.pa.us.

Sincerely,

Robert E. Nyce  
Executive Director

wbg

cc: Honorable George C. Hasay, Majority Chairman, House Commerce & Economic Development Committee  
Honorable Thomas Caltagirone, Democratic Chairman, House Commerce & Economic Development Committee  
Honorable Edwin G. Holl, Chairman, Senate Banking and Insurance Committee  
Honorable Jay Costa, Jr., Minority Chairman, Senate Banking and Insurance Committee  
David J. DeVries, Esq.  
Thomas A. Hutton, Esq.  
G. Philip Rutledge  
Rebecca Alford