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

October 4, 2001

Honorable Robert M. Lam, Chairman
Pennsylvania Securities Commission
Eastgate Office Building
1010 North Seventh Street, 2nd Floor
Harrisburg, PA 17102

Re: Regulation #50-116 (IRRC #2204)
Pennsylvania Securities Commission
National Securities Markets Improvement Act of 1996 Amendments

Dear Chairman Lam:

Enclosed are our Comments. They will soon be available on our website at www.irrc.state.pa.us.

Our Comments list objections and suggestions for consideration when you prepare the final version of this regulation. We have also specified the regulatory criteria which have not been met. These Comments are not a formal approval or disapproval of the proposed version of this regulation.

If you would like to discuss these Comments, please contact my office at 783-5417.

Sincerely,

A handwritten signature in black ink that reads "Robert E. Nyce".

Robert E. Nyce
Executive Director
evp
Enclosure

cc: Honorable George C. Hasay, Majority Chairman, House Commerce and Economic
Development Committee
Honorable Thomas R. Caltagirone, Democratic Chairman, House Commerce and Economic
Development Committee
Honorable Edwin G. Holl, Chairman, Senate Banking and Insurance Committee
Honorable Jack Wagner, Minority Chairman, Senate Banking and Insurance Committee

Comments of the Independent Regulatory Review Commission

on

Pennsylvania Securities Commission Regulation No. 50-116

National Securities Markets Improvement Act of 1996 Amendments

October 4, 2001

We submit for your consideration the following objections and recommendations regarding this regulation. Each objection or recommendation includes a reference to the criteria in the Regulatory Review Act (71 P.S. § 745.5a(h) and (i)) which have not been met. The Pennsylvania Securities Commission (PSC) must respond to these Comments when it submits the final-form regulation. If the final-form regulation is not delivered by September 4, 2003, the regulation will be deemed withdrawn.

Section 304.041. Examinations of broker-dealers and investment advisers. -- Clarity.

This is a new section added to existing regulations. It instructs broker-dealers and investment advisers to honor all requests of PSC staff "to have physical access to all areas of the office which is the subject of the examination and, upon request, shall permit them to review and examine files in the physical place where the files are routinely kept." It is our understanding that the term "files" includes books, records, accounts and electronic files. In order to avoid any ambiguity, the term "files" should be defined. An alternative could be to use a descriptive phrase such as "files including books, records, accounts and electronic files."