

Regulatory Analysis Form		This space for use by IRRC
(1) Agency  Pennsylvania Securities Commission		<p>RECEIVED</p> <p>2006 OCT -3 PM 1:04</p> <p>INDEPENDENT REGULATORY REVIEW COMMISSION</p> <p>IRRC Number: 2551</p>
(2) I.D. Number (Governor's Office Use)  #50-120		
(3) Short Title		
<p>Limited offerings</p> <p>Proxy materials</p> <p>Debt securities of nonprofit organizations</p> <p>Registration by coordination</p> <p>Effective period of registration statement</p> <p>Required records; report on sales of securities and use of proceeds</p> <p>Retroactive registration of certain investment company securities</p> <p>Surety bonds</p> <p>Rescission offers</p> <p>Denial for abandonment</p> <p>Filing requirements</p> <p>Interim guidelines for the registration of associated persons – statement of policy</p> <p>Interim guidelines for the qualification and examination of associated persons – statement of policy</p> <p>Interim guidelines for the effectiveness of registration of associated persons – statement of policy</p> <p>Guidelines for waivers of uniform securities agent state law examination (series 63), uniform investment adviser law examination (series 65) and general securities representative non-member examination (series 2) – statement of policy</p> <p>Broker-dealers, investment adviser, broker-dealer agents and investment adviser representatives using the internet for general dissemination of information on products and services – statement of policy</p> <p>Use of prospective financial statements</p> <p>Takeover offeror report regarding participating broker-dealers</p>		
(4) PA Code Cite		(5) Agency Contacts & Telephone Numbers
<p>64 Pa. Code § 203.041</p> <p>64 Pa. Code § 203.151</p> <p>64 Pa. Code § 203.161</p> <p>64 Pa. Code § 205.021</p> <p>64 Pa. Code § 207.101</p> <p>64 Pa. Code § 209.010</p> <p>64 Pa. Code § 210.010</p> <p>64 Pa. Code § 303.051</p> <p>64 Pa. Code § 504.060</p> <p>64 Pa. Code § 602.022</p> <p>64 Pa. Code § 603.011</p> <p>64 Pa. Code § 604.013</p> <p>64 Pa. Code § 604.014</p> <p>64 Pa. Code § 604.015</p> <p>64 Pa. Code § 604.016</p> <p>64 Pa. Code § 604.020</p> <p>64 Pa. Code § 609.010</p> <p>64 Pa. Code § 1001.010</p>		<p>Primary Contact: Michael J. Byrne, Chief Counsel 783-5130</p> <p>Secondary Contact: Stacie D. Gorman, Director Division of Corporation Finance 783-5130</p>

## Regulatory Analysis Form

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

- a. 70 P.S. § 1-203(d) and 70 P.S. § 1-609(a)
- b. 70 P.S. § 1-203(o) and 70 P.S. § 1-609(a)
- c. 70 P.S. § 1-203(p) and 70 P.S. § 1-609(a)
- d. 70 P.S. § 1-205 and 70 P.S. § 1-609(a)
- e. 70 P.S. § 1-205(c) and 70 P.S. § 1-609(a)
- f. 70 P.S. §§ 1-205 or 1-206 and 70 P.S. § 1-609(a)
- g. 70 P.S. §§ 1-205 and 1-206 and 70 P.S. § 1-609(a)
- h. 70 P.S. §§ 1-303(a) – (e) and 70 P.S. § 1-609(a)
- i. 70 P.S. § 1-504(d) or (e) and 70 P.S. § 1-609(a)
- j. 70 P.S. § 1-609(a) and 70 P.S. § 1-609(f)(2)
- k. 70 P.S. § 1-603(a) and 70 P.S. § 1-609(a)
- l. 70 P.S. § 1-303(a)(i) and 70 P.S. § 1-609(a)
- m. 70 P.S. § 1-303(c) and 70 P.S. § 1-609(a)
- n. 70 P.S. § 1-303(a)(ii) and 70 P.S. § 1-609(a)
- o. 70 P.S. § 1-609(a)
- p. 70 P.S. § 1-301(c) and 70 P.S. 1-609(a)
- q. 70 P.S. § 1-609
- r. 70 P.S. § 74

## Regulatory Analysis Form

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

Amendments to Commission Regulation 203.041, 203.151, 203.161, 205.021, 207.101, 209.010, 210.010, 303.051, 504.060 and 1001.010 would remove the forms from the regulation and adds language to refer to the specific forms. All forms are available on the Commission's website and can be obtained at the Commission offices.

Amendments to Commission Regulation 603.011 add language to indicate forms are available on the Commission's website.

Amendments to Commission Regulation 602.022 would allow the Commission to order investment adviser representatives denied for abandonment.

Amendments to Commission Regulations 604.013, 604.014 and 604.015 would remove these regulations as they were adopted as interim guidelines for the registration of associated persons. These guidelines were superseded by 303.014, 303.032 and 606.041.

Amendments to Commission Regulations 604.016 and 604.020 updates associated persons to investment adviser representatives.

Amendments to Commission Regulation 604.016 updates the delegated authority which is needed to reflect a Commission reorganization.

Amendments to Commission Regulation 609.010 updates the citation referencing accredited investors which is needed to conform with the federal act.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

Not applicable. Regulations are already in place. The proposed changes simply update regulations to conform to statutory terminology and to remove regulations that are not longer applicable.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

Benefits the securities industry by making language clear in light of statutory changes.

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

No groups will be adversely affected by these proposed regulations. These regulatory actions will streamline the regulatory process and clarify regulations.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

Anyone seeking registration under the Pennsylvania Securities Act of 1972. Approximately 6,800 persons are registered as Investment Adviser Representatives per year and approximately 5,000 entities file to issue securities per year.

## Regulatory Analysis Form

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
<b>SAVINGS:</b>	\$0	\$0	\$0	\$0	\$0	\$0
Regulated Community						
Local Government						
State Government						
<b>Total Savings</b>						
<b>COSTS:</b>						
Regulated Community						
Local Government						
State Government						
<b>Total Costs</b>						
<b>REVENUE LOSSES:</b>	0	0	0	0	0	0
Regulated Community						
Local Government						
State Government						
<b>Total Revenue Losses</b>						

(20a) Explain how the cost estimates listed above were derived.

The proposed changes effected are cost neutral.

(20b) Provide the past three year expenditure history for programs affected by the regulation.

Not applicable.

Program	FY -3	FY -2	FY -1	Current FY

## Regulatory Analysis Form

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

Not applicable.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

It is anticipated that the regulations will become effective upon publication of final rulemaking in the *Pennsylvania Bulletin*.

(31) Provide the schedule for continual review of the regulation.

The Commission Regulations proposed herein, will be periodically reviewed by staff, and where changes are warranted, they will be included in the Commission's Regulatory Agenda.

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INDEPENDENT REGULATORY REVIEW COMMISSION  
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**FACE SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE BUREAU**

**(Pursuant to Commonwealth Documents Law)**

Copy below is hereby approved as to form and legality. Attorney General

Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:

Copy below is hereby approved as to form and legality Executive or Independent Agencies -

Pennsylvania Securities Commission  
(AGENCY)

BY Michael J. Byrne

By: \_\_\_\_\_  
(Deputy Attorney General)

DOCUMENT/FISCAL NOTE NO. 50-120

October 3, 2006

DATE OF ADOPTION 10/03/2006

DATE OF APPROVAL

DATE OF APPROVAL

(Chief Counsel - Independent Agency)

Check if applicable  
Copy not approved. Objections attached.

BY [Signature]  
TITLE Secretary

Check if applicable. No Attorney General Approval or objection within 30 days after submission.

**FINAL RULEMAKING  
PENNSYLVANIA SECURITIES COMMISSION  
TITLE 64. SECURITIES**

**Subpart B. Registration of Securities**

Ch. 203. Exempt Transactions

Ch. 205. Registration by Coordination

Ch. 207. General Registration Provisions

Ch. 209. Books, Records and Accounts

Ch. 210. Retroactive Registration of Certain Investment Company Securities

**Subpart C. Registration of Broker-Dealers, Agents, Investment Advisers and Investment Adviser Representatives and Notice Filings by Federally-Covered Advisers**

Ch. 303. Registration Procedure

**Subpart E. Enforcement**

Ch. 504. Time Limitations on Rights of Action

**Subpart F. Administration**

Ch. 602. Fees

Ch. 603. Administrative Files

Ch. 604. Interpretive Opinions of Commission

Ch. 609. Regulations, Forms and Orders

**Subpart I. Takeover Offerors**

Ch. 1001. Takeover Disclosures

§ 602.022 – The Commission amends this regulation by adding investment adviser representative to the list the Commission may order denied for abandonment.

§ 603.011 – The Commission amends this regulation by adding language to indicate forms are available on the Commission's website.

§ 604.013 – The Commission removes this regulation as it was adopted as an interim guideline for the registration of associated persons.

§ 604.014 – The Commission removes this regulation as it was adopted as an interim guideline for the qualification and examination of associated persons.

§ 604.015 – The Commission removes this regulation as it was adopted as an interim guideline for the effectiveness of registration of associated persons.

§ 604.016 – The Commission amends this regulation by changing associated persons to investment adviser representatives and updating delegated authority.

§ 604.020 – The Commission amends this regulation by changing associated persons to investment adviser representatives.

§ 609.010 – The Commission amends this regulation by updating the citation referencing accredited investors to conform to the federal act.

§ 1001.010 – The Commission amends this regulation by removing Form TDL-1 from the regulation and adding language to refer to Form TDL-1.

### ***Persons Affected by these Regulations***

No groups will be adversely affected by these amendments. These regulatory actions will streamline the regulatory process and clarify regulations.

### ***Fiscal Impact***

The amendments are cost neutral.

### ***Paperwork***

No additional paperwork will be required.

### ***Regulatory Review***

Under Section 5(a) of the Regulatory Review Act (71 P.S. §745.5(a), on June 20, 2006, the Commission submitted a copy of proposed rulemaking published at 36 Pa. B. 3542 (July 8, 2006) to the Independent Regulatory Review Commission ("IRRC") and the Chairpersons of the House Committee on Commerce and Economic Development and the Senate Committee on Banking and Insurance for comment and review. In addition the Commission has provided IRRC and the Committees with a copy of a detailed Regulatory Analysis form prepared by the Commission in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." A copy of this material is available upon request.

ANNEX A

**§ 203.041. Limited offerings.**

(a) The notice required by section 203(d) of the act (70 P.S. § 1-203(d)) shall be filed with the Commission within the time period specified by that section on the [following] form, designated by the Commission as Form E in accordance with the General Instructions thereto.

\* \* \* \* \*

[REMOVE FORM E]

**§ 203.151. Proxy materials.**

\* \* \* \* \*

(c) Except for transactions described in subsection (b), notice shall be given to the Commission for a transaction requiring the filing of proxy materials with the Commission under section 203(o) of the act by filing the [following] form designated by the Commission as Form 203-O in accordance with the General Instructions thereto together with the exemption filing fee specified in section 602(b.1)(v) of the act (70 P.S. § 1-602(b.1)(v))[:].

\* \* \* \* \*

[REMOVE FORM 203(O)]

**§ 203.161. Debt securities of nonprofit organizations.**

(a) A person proposing to offer debt securities under section 203(p) of the act (70 P.S. § 1-203(p)) shall complete and file with the Commission two copies of the [following notice] form, designated by the Commission as Form 203-P in accordance with the General Instructions thereto not later than 5 business days before the issuer receives from any person an executed subscription agreement or other contract to purchase the securities being offered or the issuer receives consideration from any person therefor, whichever is earlier.

\* \* \* \* \*

[REMOVE FORM 203-P]

**§ 205.021. Registration by coordination.**

\* \* \* \* \*

(b) In addition to filing the information and form required in subsection (a), issuers in offerings being made in reliance on SEC Regulation A promulgated under Section 3(b) of the Securities Act of 1933 (15 U.S.C.A. § 77c(b)) shall execute and file with the Commission within the specified time period the form, designated by the



[REMOVE FORM 210]

§ 303.051. Surety bonds.

[REMOVE FORM U-SB]

§ 504.060. Rescission offers.

(a) A person proposing to make an offer under section 504(d) or (e) of the act (70 P.S. § 1-504(d) or (e)) shall follow the procedure for the registration of securities by qualification, as described in sections 206 and 207 of the act (70 P.S. §§ 1-206 and 1-207). The forms required to be filed and time periods for Commission action shall be those applicable to registration by qualification, except that it shall be noted [in Item 4 of Form 206] **at the top of Form R** that the offer is a rescission offer. The Commission may, upon petition by the proposed offeror, waive or modify any requirement for the registration if it finds the requirement burdensome and not necessary for the protection of investors.

(b) Compliance with the procedures in subsection (a) is waived:

(1) For a person making a rescission offer for possible violations of the act if the securities which are the subject of the rescission offer were sold to and purchased by no more than 35 persons in this Commonwealth during 12 consecutive [months, the] **months**. **The person making the rescission offer must file the form designated by the Commission as Form RO in accordance with the General Instructions** [files Commission Form RO] requesting waiver of the procedures in subsection (a) accompanied by disclosure materials prepared to satisfy the anti-fraud provisions of section 401(b) of the act (70 P.S. § 1-401(b)) which will be given to each rescission offeree, and the waiver request is not denied within one of the following time periods:

\* \* \* \* \*

[(f) The following form has been designated by the Commission as Form RO:]

[REMOVE FORM RO]

§ 602.022. Denial for abandonment.

The Commission may order an application for registration of securities or an application for registration as a broker-dealer, investment adviser, [or] agent **or investment adviser representative** denied upon the failure of the applicant, within 60 days after written notice warning such applicant that an application will be denied and deemed abandoned, to respond to any request for additional information required under the act or the provisions thereunder or otherwise to complete the showing required for action upon the application; or the applicant may with the consent of the Commission withdraw the application. Upon denial for abandonment, there shall be no refund of any filing fee paid prior to the date of abandonment.

§ 603.011. Filing requirements.

or has previously passed the Series 65, and has not had a lapse in employment as an investment adviser or associated person or principal or agent of a broker-dealer for a period exceeding 2 years.

(2) Satisfied the experience requirement of § 303.032(a)(3) (relating to qualification of and examination requirement for investment advisers and associated persons).

(b) The requirements of subsection (a) do not apply if the conditions in paragraphs (1)—(3) are met:

(1) The individual was identified on a filing on Schedule D of the Uniform Application for Investment Adviser Registration (Form ADV) with the Commission that was current between February 19, 1989 and February 19, 1991.

(2) The individual did not have a lapse in employment with an investment adviser in excess of a period of 2 years after February 19, 1989.

(3) The individual had met the examination and experience requirements in effect prior to February 9, 1991, or the requirements had been waived.]

**§ 604.015. (Reserved) [Interim guidelines for the effectiveness of registration of associated persons—statement of policy.**

The Director of the Division of Licensing and Compliance and the Chief of the Licensing Section have the authority to order effective associated person registrations under section 303(a)(ii) of the act (70 P. S. § 1-303(a)(ii)) and to order effective applications to withdraw as an associated person under section 305(f) of the act (70 P. S. § 1-305(f)).]

**§ 604.016. Guidelines for waivers of Uniform Securities Agent State Law Examination (Series 63), Uniform Investment Adviser Law Examination (Series 65) and General Securities Representative Non-Member Examination (Series 2) - statement of policy.**

(a) Under § 606.041(b)(2) (relating to delegation and substitution), the Commission has delegated to the Director of the Division of Licensing [and Compliance and the Chief of the Licensing Section] the authority to waive the requirement of §§ 303.031 and 303.032 (relating to examination requirements for agents; and qualification of and examination requirements for investment advisers and [associated persons] investment adviser representatives) to take and pass the Series 63, Series 65 and Series 2 examinations administered by the National Association of Securities Dealers (collectively, the "examination") or successor examinations.

(b) Without otherwise restricting the discretionary authority granted to Commission staff by § 606.041, the staff persons will consider the factors listed in this subsection in determining whether a waiver from the examination requirements of § 303.031 or § 303.032 would be granted. These factors are set forth for illustrative purposes only and do not constitute the entire range of considerations that may form the basis for granting or denying a waiver request.

(1) Whether the applicant has disciplinary history for which staff persons would place the applicant under the Commission's Special [Associated Person] Investment Adviser Representative or Agent Review Program.

**§ 604.020. Broker-dealers, investment advisers, broker-dealer agents and investment adviser representatives using the Internet for general dissemination of information on products and services - statement of policy.**

\* \* \* \* \*

(b) Section 301(c) of the act provides that "[i]t is unlawful for any person to transact business in this State as an investment adviser unless the person is so registered or registered as a broker-dealer under this act or unless the person is exempted . . . " Section 301(c) further provides that: [i]t is unlawful for any person to transact business in this State as an [associated person] investment adviser representative unless the person is so registered or exempted from registration . . . "

\* \* \* \* \*

\* \* \* \* \*

**CHAPTER 3280. GROUP CHILD DAY CARE HOMES  
GENERAL REQUIREMENTS**

§ 3280.12. Appeals.

(a) Appeals related to the Department's approval or licensure decisions shall be made under [ Chapter 9003 of the Public Welfare Manual published at 7 Pa.B. 3264 (November 5, 1977) to be codified at Chapter 30 (relating to the licensure/approval/appeal procedures) ] 2 Pa.C.S. §§ 501—508 and 701—704 (relating to Administrative Agency Law) and 1 Pa. Code Part II (relating to General Rules of Administrative Practice and Procedure).

\* \* \* \* \*

**CHAPTER 3290. FAMILY CHILD DAY CARE HOMES  
GENERAL REQUIREMENTS**

§ 3290.13. Appeals.

(a) Appeals related to the Department's registration decisions shall be made under [ Chapter 9003 of the Public Welfare Manual published at 7 Pa.B. 3264 (November 5, 1977) to be codified at Chapter 30 (relating to licensure or approval appeal procedures) ] 2 Pa.C.S. §§ 501—508 and 701—704 (relating to Administrative Agency Law) and 1 Pa. Code Part II (relating to General Rules of Administrative Practice and Procedure).

\* \* \* \* \*

**Subpart E. RESIDENTIAL AGENCIES, FACILITIES  
AND SERVICES**

**ARTICLE I. LICENSING/APPROVAL**

**CHAPTER 3680. ADMINISTRATION OF PRIVATE  
CHILDREN AND YOUTH SOCIAL SERVICES  
AGENCY**

**GENERAL RESPONSIBILITIES OF THE LEGAL  
ENTITY**

§ 3680.14. Appeals.

(a) The legal entity has the right to appeal the Department's decisions related to licensure or approval under [ Chapter 9003 of the Public Welfare Manual published at 7 Pa.B. 3264 (November 5, 1977) to be codified at Chapter 30 (relating to licensure or approval appeal procedures) ] 2 Pa.C.S. §§ 501—508 and 701—704 (relating to Administrative Agency Law) and 1 Pa. Code Part II (relating to General Rules of Administrative Practice and Procedure).

\* \* \* \* \*

**CHAPTER 3700. FOSTER FAMILY CARE AGENCY  
REQUIREMENTS FOR FFCA APPROVAL OF  
FOSTER FAMILIES**

§ 3700.72. Foster family approval appeals.

\* \* \* \* \*

(b) Foster parents who wish to appeal an FFCA decision to disapprove or provisionally approve the foster family shall submit to the FFCA a written appeal [ ,postmarked no later than 15 calendar days from the date of the written notice ]. The appeals are subject to [ Title 9003 of the DPW Manual to be codified at Chapter 30 (relating to licensure or approval appeal procedures) ] 2 Pa.C.S. §§ 501—508

and 701—704 (relating to Administrative Agency Law) and 1 Pa. Code Part II (relating to General Rules of Administrative Practice and Procedure).

\* \* \* \* \*

**PART VIII. MENTAL RETARDATION MANUAL**

**Subpart E. RESIDENTIAL  
AGENCIES/FACILITIES/SERVICES**

**ARTICLE I. LICENSING/APPROVAL**

**CHAPTER 6400. COMMUNITY HOMES FOR  
INDIVIDUALS WITH MENTAL RETARDATION  
GENERAL REQUIREMENTS**

§ 6400.12. Appeals.

Appeals related to the Department's licensure shall be made in accordance with 2 Pa.C.S. §§ 501—508 and 701—704 (relating to the Administrative Agency Law) and [ Chapter 9003 of the Public Welfare Manual published at 7 Pa.B. 3264 (November 5, 1977) to be codified at Chapter 30 (relating to licensure or approval appeal procedures) ] 1 Pa. Code Part II (relating to General Rules of Administrative Practice and Procedure).

**CHAPTER 6500. FAMILY LIVING HOMES  
GENERAL REQUIREMENTS**

§ 6500.13. Appeals.

Appeals related to the Department's licensure or waiver decisions shall be made in accordance with 2 Pa.C.S. §§ 501—508 and 701—704 (relating to the Administrative Agency Law) and [ Chapter 9003 of the Public Welfare Manual published at 7 Pa.B. 3264 (November 5, 1977) to be codified at Chapter 30 (relating to licensure or approval appeal procedures) ] 1 Pa. Code Part II (relating to General Rules of Administrative Practice and Procedure).

[Pa.B. Doc. No. 06-1268. Filed for public inspection July 7, 2006, 9:00 a.m.]

## SECURITIES COMMISSION

[64 PA. CODE CHS. 203, 205, 207, 209, 210, 303,  
504, 602, 603, 604, 609 AND 1001]

**Rescission of Forms and Other Technical Amend-  
ments**

The Securities Commission (Commission), under sections 203(d), (o) and (p), 205, 206, 301, 303, 504, 603(a) and 609 of the Pennsylvania Securities Act of 1972 (act) (70 P. S. §§ 1-203(d), (o) and (p), 1-205, 1-206, 1-301, 1-303, 1-504, 1-603(a) and 1-609) and section 4 of the Takeover Disclosure Law (70 P. S. § 74), proposes to amend regulations concerning the act and the Takeover Disclosure Law (70 P. S. §§ 71—85) to read as set forth in Annex A.

*Summary and Purpose of Regulations*

The Commission proposes to amend § 203.041 (relating to limited offerings) by rescinding Form E and adding language to refer to Form E.

The Commission proposes to amend § 203.151 (relating to proxy materials) by rescinding Form 203-O and adding language to refer to Form 203-O.

Annex A

TITLE 64. SECURITIES

PART I. SECURITIES COMMISSION

Subpart B. REGISTRATION OF SECURITIES

CHAPTER 203. EXEMPT TRANSACTIONS

§ 203.041. Limited offerings.

(a) The notice required by section 203(d) of the act (70 P.S. § 1-203(d)) shall be filed with the Commission within the time period specified by that section on the [ following ] form, designated by the Commission as Form E [ : ] in accordance with the General Instructions thereto.

(Editor's Note: As part of this proposed rulemaking, the Commission is proposing to delete the form which appears in 64 Pa. Code pages 203-3—203-9, serial pages (262379) to (262380), (297475) to (297476) and (317571) to (317573).)

\* \* \* \* \*

§ 203.151. Proxy materials.

\* \* \* \* \*

(c) Except for transactions described in subsection (b), notice shall be given to the Commission for a transaction requiring the filing of proxy materials with the Commission under section 203(o) of the act by filing the [ following ] form designated by the Commission as Form 203-O in accordance with the General Instructions thereto together with the exemption filing fee specified in section 602(b.1)(v) of the act (70 P.S. § 1-602(b.1)(v)) [ : ].

(Editor's Note: As part of this proposed rulemaking, the Commission is proposing to delete the form which appears in 64 Pa. Code pages 203-15—203-18, serial pages (317579) to (317582).)

\* \* \* \* \*

§ 203.161. Debt securities of nonprofit organizations.

(a) A person proposing to offer debt securities under section 203(p) of the act (70 P.S. § 1-203(p)) shall complete and file with the Commission two copies of the [ following notice ] form, designated by the Commission as Form 203-P in accordance with the General Instructions thereto not later than 5 business days before the issuer receives from any person an executed subscription agreement or other contract to purchase the securities being offered or the issuer receives consideration from any person therefor, whichever is earlier.

(Editor's Note: As part of this proposed rulemaking, the Commission is proposing to delete the form which appears in 64 Pa. Code pages 203-20—203-24, serial pages (317584) to (317588).)

\* \* \* \* \*

CHAPTER 205. REGISTRATION BY COORDINATION

§ 205.021. Registration by coordination.

\* \* \* \* \*

(b) In addition to filing the information and form required in subsection (a), issuers in offerings being made in reliance on SEC Regulation A promulgated under section 3(b) of the Securities Act of 1933 (15 U.S.C.A. § 77c(b)) shall execute and file with the Commission

within the specified time period the form, designated by the Commission as Form R [ , which follows subsection (d) ] in accordance with the General Instructions thereto.

\* \* \* \* \*

(Editor's Note: As part of this proposed rulemaking, the Commission is proposing to delete the form which appears in 64 Pa. Code pages 205-2—205-11, serial pages (317598) to (317600), (287531) to (217536) and (317601).)

CHAPTER 207. GENERAL REGISTRATION PROVISIONS

§ 207.101. Effective period of registration statement.

\* \* \* \* \*

(d) Except with respect to an open-end or closed-end investment company, face amount certificate company or unit investment trust, as those persons are classified in the Investment Company Act of 1940 (15 U.S.C.A. §§ 80a-1—80a-64), the effective period of a section 205 registration statement may be extended beyond the initial 1-year effectiveness period specified in subsection (a)(1) in increments of 1-year periods up to a maximum of 3 years from the initial effectiveness date of the registration statement in this Commonwealth by filing the [ following ] form designated as Form 207-J in accordance with the General Instructions thereto with the Commission prior to the expiration of the currently effective period of registration. The provisions of this section are not available if the issuer, during the 3 year period from the initial effectiveness date of the registration statement in this Commonwealth, is required to file a new registration statement with Securities and Exchange Commission.

(Editor's Note: As part of this proposed rulemaking, the Commission is proposing to delete the form which appears in 64 Pa. Code pages 207-6 and 207-7, serial pages (317608) and (297501).)

CHAPTER 209. BOOKS, RECORDS AND ACCOUNTS

§ 209.010. Required records; report on sales of securities and use of proceeds.

\* \* \* \* \*

(c) The form for reports required in subsection (b), except for subsection (b)(2), shall be filed with the Commission on the [ following ] form, designated by the Commission as Form 209 [ : ] in accordance with the General Instructions thereto.

(Editor's Note: As part of this proposed rulemaking, the Commission is proposing to delete the form which appears in 64 Pa. Code pages 209-3 and 209-4, serial pages (317613) to (317614).)

CHAPTER 210. RETROACTIVE REGISTRATION

§ 210.010. Retroactive registration of certain investment company securities.

(a) An open-end or closed-end investment company, face amount certificate company or unit investment trust, as those persons are classified in the Investment Company Act of 1940 (15 U.S.C.A. §§ 80a-1—80b-21), which, during the effective period of registration under section 205 or 206 of the act (70 P.S. §§ 1-205 or 1-206) sold securities in this Commonwealth in excess of the aggregate amount registered for sale in this Commonwealth

a foreign country governing or regulating any aspect of the business of securities, commodities or banking.

(4) A record of convictions for a felony or misdemeanor, except minor traffic offenses, of which the associated person has been the subject.

(c) Every investment adviser shall ensure that each applicant for registration as an associated person is familiar with the sections of the act and regulations governing associated persons and investment advisers. Further, the investment adviser shall have taken appropriate steps to verify the items and attachments contained in Form U-4.

(d) An associated person and an investment adviser shall take all necessary steps to ensure that material information contained in Form U-4 remains current and accurate. In the event that a material statement made in the Form U-4 becomes incorrect or incomplete, the associated person and the investment adviser shall file with the Commission an amendment to Form U-4 within 30 days of the occurrence of the event which requires the filing of the amendment. ]

§ 604.014. [ Interim guidelines for the qualification and examination of associated persons—statement of policy ] (Reserved).

[ (a) No individual may be registered as an associated person unless the person has:

(1) Received a passing grade on the following:

(i) The securities examination for registered representatives or supervisors (Series 2, 7, 8 or 24), or successor examinations thereto, administered by the National Association of Securities Dealers, Inc., within 2 years prior to the date of filing an application for registration, or has previously passed the Series 2, 7, 8 or 24 and has not had a lapse in employment as an investment adviser or associated person or principal or agent of a broker-dealer for a period exceeding 2 years.

(ii) The Uniform Investment Adviser Law Examination (Series 65), or a successor examination thereto, administered by the National Association of Securities Dealers, Inc., within 2 years prior to the date of filing an application for registration, or has previously passed the Series 65, and has not had a lapse in employment as an investment adviser or associated person or principal or agent of a broker-dealer for a period exceeding 2 years.

(2) Satisfied the experience requirement of § 303.032(a)(3) (relating to qualification of and examination requirement for investment advisers and associated persons).

(b) The requirements of subsection (a) do not apply if the conditions in paragraphs (1)—(3) are met:

(1) The individual was identified on a filing on Schedule D of the Uniform Application for Investment Adviser Registration (Form ADV) with the Commission that was current between February 19, 1989 and February 19, 1991.

(2) The individual did not have a lapse in employment with an investment adviser in excess of a period of 2 years after February 19, 1989.

(3) The individual had met the examination and experience requirements in effect prior to February 9, 1991, or the requirements had been waived. ]

§ 604.015. [ Interim guidelines for the effectiveness of registration of associated persons—statement of policy ] (Reserved).

[ The Director of the Division of Licensing and Compliance and the Chief of the Licensing Section have the authority to order effective associated person registrations under section 303(a)(ii) of the act (70 P.S. § 1-303(a)(ii)) and to order effective applications to withdraw as an associated person under section 305(f) of the act (70 P.S. § 1-305(f)). ]

§ 604.016. Guidelines for waivers of Uniform Securities Agent State Law Examination (Series 63), Uniform Investment Adviser Law Examination (Series 65) and General Securities Representative Non-Member Examination (Series 2)—statement of policy.

(a) Under § 606.041(b)(2) (relating to delegation and substitution), the Commission has delegated to the Director of the Division of Licensing [ and Compliance and the Chief of the Licensing Section ] the authority to waive the requirement of §§ 303.031 and 303.032 (relating to examination requirements for agents; and qualification of and examination requirements for investment advisers and [ associated persons ] investment adviser representatives) to take and pass the Series 63, Series 65 and Series 2 examinations administered by the National Association of Securities Dealers (collectively, the "examination") or successor examinations.

(b) Without otherwise restricting the discretionary authority granted to Commission staff by § 606.041, the staff persons will consider the factors listed in this subsection in determining whether a waiver from the examination requirements of § 303.031 or § 303.032 would be granted. These factors are set forth for illustrative purposes only and do not constitute the entire range of considerations that may form the basis for granting or denying a waiver request.

(1) Whether the applicant has disciplinary history for which staff persons would place the applicant under the Commission's Special [ Associated Person ] Investment Adviser Representative or Agent Review Program.

\* \* \* \* \*

§ 604.020. Broker-dealers, investment advisers, broker-dealer agents and investment adviser representatives using the Internet for general dissemination of information on products and services—statement of policy.

\* \* \* \* \*

(b) Section 301(c) of the act provides that "[i]t is unlawful for any person to transact business in this State as an investment adviser unless the person is so registered or registered as a broker-dealer under this act or unless the person is exempted. . . ." Section 301(c) further provides that: [i]t is unlawful for any person to transact business in this State as an [ associated person ] investment adviser representative unless the person is so registered or exempted from registration. . . ."

\* \* \* \* \*



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA SECURITIES COMMISSION

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Robert M. Lam  
Chairman

October 3, 2006

Honorable Alvin C. Bush  
Chairman  
Independent Regulatory Review Commission  
333 Market Street, 14<sup>th</sup> Floor  
Harrisburg, PA 17120

**RE: SECURITIES COMMISSION  
64 Pa. Code, Chs. 203, 205, 207, 209, 303, 504, 602, 603, 604, 609, 1001  
Rescission of Forms and Other Technical Amendments  
FINAL FORM RULEMAKING  
#50-120**

Dear Chairman Bush:

Enclosed is a copy of the above-referenced regulatory actions for review by the Independent Regulatory Review Commission pursuant to the Regulatory Review Act.

Chief Counsel Michael J. Byrne will provide the Commission with any assistance you require to facilitate a thorough review of these regulatory actions. He may be contacted at 783-5130.

By letter dated September 6, 2006, the Independent Regulatory Review Commission advised that it had no objections, comments or suggestions with respect to these regulations as published at 36 Pa.B. 3542 on July 8, 2006.

Very truly yours,

A handwritten signature in cursive script, appearing to read "R. Lam".

Robert M. Lam  
Chairman

RML:val  
Enclosure

DRRC

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE REGULATORY REVIEW ACT

I.D. NUMBER: 50-120
SUBJECT: 64 PA. Code, Chs. 203, 205, 207, 209, 303, 504, 602, 603, 604, 609, 1001
AGENCY: Pennsylvania Securities Commission

TYPE OF REGULATION

Proposed Regulation

XX Final Regulation

Final Regulation with Notice of Proposed Rulemaking Omitted

120-day Emergency Certification of the Attorney General

120-day Emergency Certification of the Governor

Delivery of Tolled Regulation

a. With Revisions b. Without Revisions

INDEPENDENT REGULATORY REVIEW COMMISSION
2006 OCT -3 PM 1:01

RECEIVED

FILING OF REGULATION

DATE SIGNATURE DESIGNATION
10/3/06 Brenda Zablotzky HOUSE COMMITTEE ON COMMERCE
10/3/06 Isabel Lloyd -
C Schiel SENATE COMMITTEE ON BANKING AND INSURANCE
Aotatsha
10/3/06 Stephen F. Hoffman INDEPENDENT REGULATORY REVIEW COMMISSION
ATTORNEY GENERAL
LEGISLATIVE REFERENCE BUREAU