

| Regulatory Analysis Form | | This space for use by IRRC | |
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| (1) Agency Pennsylvania Securities Commission | | <p>RECEIVED</p> <p>2006 JUN 20 PM 1:00</p> <p>INDEPENDENT REGULATORY REVISION</p> <p>IRRC Number: 2557</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

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| <p>(6) Type of Rulemaking (check one)</p> <p><input checked="" type="checkbox"/> Proposed Rulemaking</p> <p><input type="checkbox"/> Final Order Adopting Regulation</p> <p><input type="checkbox"/> Final Order, Proposed Rulemaking Omitted</p> | <p>(7) Is a 120-Day Emergency Certification Attached?</p> <p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> Yes: By the Attorney General</p> <p><input type="checkbox"/> Yes: By the Governor</p> |
|---|---|

(8) Briefly explain the regulation in clear and nontechnical language.

- a. Commission Regulation 203.041 removes Form E from the Regulation and adds language to refer to Form E.
- b. Commission Regulation 203.151 removes Form 203(o) from the Regulation and adds language to refer to Form 203(o).
- c. Commission Regulation 203.161 removes Form 203-P from the Regulation and adds language to refer to Form 203-P.
- d. Commission Regulation 205.021 removes Form R from the Regulation and adds language to refer to Form R.
- e. Commission Regulation 207.101 removes Form 207-J from the Regulation and adds language to refer to Form 207-J.
- f. Commission Regulation 209.010 removes Form 209 from the Regulation and adds language to refer to Form 209.
- g. Commission Regulation 210.010 removes Form 210 from the Regulation and adds language to refer to Form 210.
- h. Commission Regulation 303.051 removes Form U-SB from the Regulation.
- i. Commission Regulation 504.060 removes Form RO from the Regulation and adds language to refer to Form RO.
- j. Commission Regulation 602.022 adds investment adviser representative to the list the Commission may order denied for abandonment.
- k. Commission Regulation 603.011 adds language to indicate forms are available on the Commission's website.
- l. Commission Regulation 604.013 removes this Regulation as it was adopted as an interim guideline for the registration of associated persons.
- m. Commission Regulation 604.014 removes this Regulation as it was adopted as an interim guideline for the qualification and examination of associated persons.
- n. Commission Regulation 604.015 removes this Regulation as it was adopted as an interim guideline for the effectiveness of registration of associated persons.
- o. Commission Regulation 604.016 changes associated person to investment adviser representative and updates delegated authority.
- p. Commission Regulation 604.020 changes associated persons to investment adviser representatives.
- q. Commission Regulation 609.010 updates the citation referencing accredited investors to conform to the federal act.
- r. Commission Regulation 1001.010 removes Form TDL-1 from the Regulation and adds language to refer to Form TDL-1.

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(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

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(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

- a. No
- b. Commission Regulation 203.151 indicates proxy materials shall conform to SEC Rule 14A, 17 CFR 240.14a-1 – 240.14b-1 (relating to solicitation of proxies) promulgated under the Securities Exchange Act of 1934 (15 U.S.C.A. §§ 78a – 78mm).
- c. Commission Regulation 203.161 indicates that offering documents must meet the requirements elicited by Part VII of the Statement of Policy Regarding Church Bonds adopted April 14, 2002, by the North American Securities Administrators Association, Inc.
- d. Commission Regulation 205.021 indicates that offerings made in reliance on SEC Regulation A promulgated under section 3(b) of the Securities Act of 1935 (15 U.S.C.A. § 77c(b)) shall file Form R.
- e. No
- f. No
- g. No
- h. No
- i. No
- j. No
- k. No
- l. No
- m. No
- n. No
- o. No
- p. No
- q. Commission Regulation 609.010 needs to be updated to conform to Federal Regulation 17 C.F.R. 230.501(a).
- r. No

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(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

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

The Commission sought the input of the regulated community, primarily by means of the Commission's Attorney Advisory Committee.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

The proposed changes are cost neutral.

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

The proposed changes are cost neutral.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

The proposed changes are cost neutral.

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(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 |
|-----------------------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| SAVINGS: | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Regulated Community | | | | | | |
| Local Government | | | | | | |
| State Government | | | | | | |
| Total Savings | | | | | | |
| COSTS: | | | | | | |
| Regulated Community | | | | | | |
| Local Government | | | | | | |
| State Government | | | | | | |
| Total Costs | | | | | | |
| REVENUE LOSSES: | 0 | 0 | 0 | 0 | 0 | 0 |
| Regulated Community | | | | | | |
| Local Government | | | | | | |
| State Government | | | | | | |
| Total Revenue Losses | | | | | | |

(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 |
|---------|-------|-------|-------|------------|
| | | | | |
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(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The proposed changes are cost neutral.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

All of the regulatory proposals were derived from specific statutory sections in the Act, which authorize the Commission to take action only by rule. Therefore, no non-regulatory alternatives were considered for the Commission Regulations proposed herein.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Due to the response in Item 22, no alternative regulatory schemes were considered.

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

None of the regulatory proposals are more stringent than comparable federal standards.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The proposed changes bring the Securities Commission into conformity with other states by utilizing uniform language adopted by other states.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

The proposed regulations affect only the promulgating agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

The Commission has previewed these regulatory proposals with the Commission's Attorney Advisory Committee.

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

No.

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(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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FACE SHEET FOR FILING DOCUMENTS WITH THE LEGISLATIVE REFERENCE BUREAU

INDEPENDENT REGULATORY REVIEW COMMISSION DO NOT WRITE IN THIS SPACE

(Pursuant to Commonwealth Documents Law) 2551

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

Signature of Deputy Attorney General

Pennsylvania Securities Commission (AGENCY)

Signature of Chief Counsel, Pennsylvania Securities Commission, dated May 18, 2006

JUN 08 2006

DOCUMENT/FISCAL NOTE NO. 50-120

DATE OF ADOPTION 5/18/2006

(Chief Counsel - Independent Agency)

DATE OF APPROVAL

Check if applicable Copy not approved. Objections attached.

Signature of Secretary

BY TITLE Secretary

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

PROPOSED 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

**PROPOSED RULEMAKING
PENNSYLVANIA SECURITIES COMMISSION**

Statutory Authority

Notice is hereby given that the Pennsylvania Securities Commission ("Commission"), pursuant to the authority contained in sections 203(d), 203(o), 203(p), 205, 206, 301, 303, 504, 603(a) and 609 of the Pennsylvania Securities Act of 1972, as amended, Act of December 5, 1972 (P.L. 1280, No. 284) (70 P.S. §§ 1-101 *et seq.*) ("Act") and section 74 of the Pennsylvania Takeover Disclosure Law of 1976, Act of March 3, 1976 (No. 19) (70 P.S. §§ 71 *et seq.*) ("Takeover Disclosure Law"), proposed to adopt and amend regulations concerning the subject matter of the Act and Takeover Disclosure Law as set forth in Annex A and further described in the Summary of Regulations.

Summary and Purpose of Regulations

§ 203.041 - The Commission proposes to amend this regulation by removing Form E from the regulation and adding language to refer to Form E.

§ 203.151 - The Commission proposes to amend this regulation by removing Form 203-O from the regulation and adding language to refer to Form 203-O.

§ 203.161 – The Commission proposes to amend this regulation by removing Form 203-P from the regulation and adding language to refer to Form 203-P.

§ 205.021 – The Commission proposes to amend this regulation by removing Form R from the regulation and adding language to refer to Form R.

§ 207.101 – The Commission proposes to amend this regulation by removing Form 207-J from the regulation and adding language to refer to Form 207-J.

§ 209.010 – The Commission proposes to amend this regulation by removing Form 209 from the regulation and adding language to refer to Form 209.

§ 210.010 – The Commission proposes to amend this regulation by removing Form 210 from the regulation and adding language to refer to Form 210.

§ 303.051 – The Commission proposes to amend this regulation by removing Form U-SB from the regulation.

§ 504.060 – The Commission proposes to amend this regulation by removing Form RO from the regulation and adding language to refer to Form RO.

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

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

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

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

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

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

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

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

§ 1001.010 – The Commission proposes to amend 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 proposed regulations. These regulatory actions will streamline the regulatory process and clarify regulations.

Fiscal Impact

The proposed amendments are cost neutral.

Paperwork

No additional paperwork will be required.

Effective Date

The proposed amendments will become effective upon publication in the *Pennsylvania Bulletin* as final-form regulations.

Regulatory Review

Under Section 5(a) of the Regulatory Review Act (71 P.S. §745.5(a), on _____, the Commission submitted a copy of these proposed amendments 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 to submitting the proposed amendments, 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.

If IRRC has objections to any portion of the proposed amendments, it will notify the Commission within 10 days of the close of the committee comment period. The notification shall specify the regulatory review criteria which have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the final-form regulation by the Commission, the General Assembly and the Governor of objections raised.

Availability in Alternative Formats

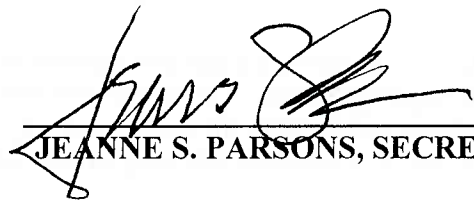
This proposed rulemaking may be made available in alternative formats upon request. The Commission also will receive comments on this proposed rulemaking in alternative formats. TDD users should use the AT&T Relay Center (800) 854-5984. To make arrangements for alternative formats, contact Simon J. Dengel, ADA Coordinator, at (717) 787-6828.

Contact Person

Interested persons are invited to send comments concerning the proposed amendments within 30 days of publication of this notice to Michael J. Byrne, Chief Counsel, Pennsylvania Securities Commission, Eastgate Office Building, 1010 North Seventh Street, Harrisburg, PA 17102-1410, (717) 783-5130. Mr. Byrne also is the contact person for an explanation of the proposed amendments and regulations.



BY ORDER OF THE COMMISSION



JEANNE S. PARSONS, SECRETARY

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

Commission as Form R in accordance with the General Instructions thereto], which follows subsection (d)].

* * * * *

[REMOVE FORM R]

§ 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.

[REMOVE FORM 207-J]

§ 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.

[REMOVE FORM 209]

§ 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 under section 205 or 206, may apply to the Commission on Form 210 in accordance with the General Instructions thereto [following this section] to register the securities retroactive to the date of the initial registration.

* * * * *

[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.

(h) Required forms will be available on the Commission's website at www.psc.state.pa.us. In addition, forms are available in paper format from the Commission.

§ 604.013. Reserved [Interim guidelines for the registration of associated persons—statement of policy.

(a) An application for initial registration as an associated person of an investment adviser shall contain the information requested in and shall be made on Uniform Application for Securities Industry Registration or Transfer (Form U-4), or a successor form. The associated person and the investment adviser shall complete and file with the Commission one copy of Form U-4 and exhibits accompanied by the requisite filing fee in section 602(d.1) of the act (70 P. S. § 1-602(d.1)), and passing results of the examinations required by § 303.032 (relating to qualification of and examination requirement for investment advisers and associated persons).

(b) Every investment adviser for whom associated persons are to be registered shall obtain from the associated person and maintain the following information with respect to each associated person:

(1) Name, address, date of birth, social security number and the starting date of employment or other association with the investment adviser.

(2) Complete educational background and a complete statement of the associated person's principal business, occupation or employment for the preceding 10 years, including reason for leaving each prior employment.

(3) A record of any denial of registration, disciplinary action taken or sanction imposed by a Federal or State agency, by a National securities exchange or a National securities association, or by 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. Reserved [Interim guidelines for the qualification and examination of associated persons—statement of policy.

(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. 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 . . . "

* * * * *

(f) Broker-dealers, investment advisers, broker-dealer agents (hereinafter, BD agents) and [associated persons] **investment adviser representatives** (hereinafter, IA reps) who use the Internet to distribute information on available products and services through Internet Communications directed generally to anyone having access to the Internet, will not be deemed to be "transacting business" in this Commonwealth for purposes of section 301(a) and (c) of the act based solely on that fact if all the following conditions are met:

§ 609.010. Use of prospective financial statements.

* * * * *

(c) The use or distribution of prospective financial statements in connection with the following securities offerings is permissible if it complies with section 401 of the act (70 P.S. § 1-401):

(1) Offers or sales of securities of reporting companies as the term is defined in section 102(q) of the act (70 P.S. § 1-102(q)).

(2) Offers and sales of securities made under an exemption not set forth in subsection (b).

(3) Offers and sales of securities made to experienced private placement investors as that term is defined in § 204.010(d)(1)(relating to increasing number of purchasers and offerees).

(4) Offers and sales of securities to an individual - and spouse when purchasing as joint tenants or as tenants by the entireties - where the minimum amount of securities to be purchased in the offering by the individual is \$500,000 or more and the purchase of the securities is for cash or an unconditional obligation to pay cash which obligation is to be discharged within 5 years from the date of sale of the securities.

(5) Offers and sales of securities to a person which is organized primarily for the purpose of purchasing, in nonpublic offerings, securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and one of the following exists:

(i) The person has purchased \$450,000 or more of the securities for cash or for an unconditional obligation to pay cash which obligation is to be discharged within 5 years from the date of sale of the securities, excluding a purchase of securities of a corporation in which the affiliates of the person directly or beneficially own more than 50% of the corporation's voting securities.

(ii) The person is purchasing \$500,000 or more of the securities being offered for cash or an unconditional obligation to pay cash which obligation is to be discharged within 5 years from the date of sale of the securities being purchased.

(6) Offers and sales of securities made to accredited investors as that term is defined in [§ 204.010(d)(5)] **Rule 501(a) (17 CFR 230.501(a)) in Regulation D of the Securities Act of 1933 (15 U.S.C.A. §§ 77a - 77z-3).**

§ 1001.010. Takeover offeror report regarding participating broker-dealers.

(a) The Commission has determined that, to carry out the purposes of the Takeover Disclosure Law (70 P.S. §§ 71-85), it is necessary to require the offeror to file, as an exhibit to the registration statement filed under section 4 of the law (70 P.S. § 74), Commission Form TDL-1 **in accordance with the General Instructions thereto.**

[(b) The Commission has designated the following form as Commission Form TDL-1.]

[REMOVE FORM TDL-1]



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA SECURITIES COMMISSION

Robert M. Lam
Chairman

June 20, 2006

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

**RE: SECURITIES COMMISSION
64 Pa. Code, Chs. 203, 205, 207, 209, 303, 504, 602, 603, 604, 609, 1001
General Revisions
PROPOSED FORM
#50-120**

Dear Chairman Bush:

Enclosed is a copy of the above-referenced proposed regulatory actions and a Regulatory Analysis Form 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 necessary to facilitate a thorough review of these proposed regulatory actions. He may be contacted at 783-5130.

Very truly yours,

Robert M. Lam
Chairman

RML:val

Enclosure

**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

XX Proposed Regulation

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

2016 JUN 20 PM 1:08
 INDEPENDENT REGULATORY
 REVIEW COMMISSION

RECEIVED

FILING OF REGULATION

DATE

SIGNATURE

DESIGNATION

Joseph Floyd

HOUSE COMMITTEE ON COMMERCE

Kay O'Brien

6-20-06 Amber Latta

SENATE COMMITTEE ON BANKING AND INSURANCE

N Bailey

6/20/06 Kathy Cooper

INDEPENDENT REGULATORY REVIEW COMMISSION

ATTORNEY GENERAL

6/20/06 C. Lee Brown

LEGISLATIVE REFERENCE BUREAU

April 20, 2001