

THE COMMISSIONER OF CORPORATIONS HEREBY ADOPTS
THE FOLLOWING CHANGES IN THE REGULATIONS UNDER THE
CORPORATE SECURITIES LAW OF 1968
AS SET FORTH IN CHAPTER 3, TITLE 10,
CALIFORNIA CODE OF REGULATIONS
EFFECTIVE: June 6, 2000

1. Amend Section 260.236 to read:

260.236. Qualifications of Investment Advisers, Investment Adviser Representatives and Associated Persons.

(a) Qualification Requirements. An investment adviser and each investment adviser representative or associated person thereof (as defined in Section 25009.5 of the Code) shall pass, within two years prior to the date of filing the application for an investment adviser certificate or becoming engaged as an investment adviser representative or associated person:

(1) the Series 65/Uniform Investment Adviser Law Examination in effect on January 1, 2000, (“2000 Series 65 Examination”), or

(2) the Series 7/General Securities Representative Examination (“Series 7 Examination”) and the Series 66/Uniform Combined State Law Examination (“2000 Series 66 Examination”).

- (b) Waivers: The requirements of subsection (a) do not apply to:

(1) Any investment adviser or individual employed or engaged as an investment adviser representative or associated person registered, reported or licensed in any state of the United States as of December 31, 1999. However, the Commissioner may require additional examinations for any individual found to have violated the Corporate Securities Law of 1968 or the rules promulgated thereunder.

(2) Any investment adviser or investment adviser representative or associated person who has been actively and continuously engaged in the securities business as a broker-dealer, an agent of a broker-dealer, an investment adviser, or an investment adviser representative or associated person, or has been employed in a similar capacity in the banking or insurance industries without substantial interruption (two or more years) since passing the qualifying examination(s) and who has:

(A) passed the Series 2 Examination (SECO/NASD Nonmember General Securities Examination) before January 1, 1998, or

(B) passed the Series 65 Examination or Series 66 Examination before January 1, 2000 and has either:

(i) passed the Series 7 Examination, or

(ii) holds in good standing one of the following designations:

1) Chartered Financial Analyst (“CFA”) granted by the Association for Investment Management and Research;

2) Chartered Financial Consultant (“ChFC”) awarded by The American College, Bryn Mawr, Pennsylvania;

3) Certified Financial Planner (“CFP”) issued by the Certified Financial Planner Board of Standards, Inc.;

4) Chartered Investment Counselor (“CIC”) granted by the Investment Counsel Association of America; or

5) Personal Financial Specialist (“PFS”) administered by the American Institute of Certified Public Accountants.

(c) Exemptions. Subsection (a) shall not apply to:

(1) any individual who has been registered as an investment adviser or employed or engaged as an investment adviser representative or associated person in any state for two consecutive years immediately before the date of filing an application or notice pursuant to Corporations Code Section ~~25230.1(b)~~ 25230(b) or 25230.1(c) in this state. This provision shall not apply to an individual using the exemption in subsection (c)(3).

(2) any individual who, on January 1, 2000, has actively and continuously been engaged in the securities business as a broker-dealer, an agent of a broker-dealer, an investment adviser, or an investment adviser representative or associated person, or has been employed in a similar capacity in the banking or insurance industries, without substantial interruption (two or more years) since passing the qualifying examination(s).

(3) any investment adviser representative or associated person employed by or engaged by an investment adviser only to offer or negotiate for the sale of investment advisory services of the investment adviser.

(4) any individual who currently holds one of the following professional designations: CFA, ChFC, CFP, CIC, or PFS.

(d) An individual who has not been registered in any state for a period of two years shall be required to comply with the examination requirements of this rule. This provision shall not apply to an individual using the exemption in subsection (c)(2), (c)(3), or (c)(4).

Note: Authority cited: Sections 25236(a) and 25610, Corporations Code. Reference: ~~Section~~ Sections 25230, 25230.1 and 25236, Corporations Code.