

THE CALIFORNIA CORPORATIONS COMMISSIONER 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: DECEMBER 10, 2009

1. Section 260.101.2 of the Corporations Code is amended to read:

§ 260.101.2. Certified National Securities Exchanges.

(a) Pursuant to subdivision (a) of Section 25101 of the Code, the following national securities exchanges are certified:

The NASDAQ Global Market

The New York Stock Exchange

NYSE Amex

Tier 1 of the NYSE Arca

Tier 1 of the NASDAQ OMX PHLX ~~Tier I of the Philadelphia Stock Exchange~~

~~(b) Pursuant to subdivision (a) of Section 25101 of the Code, the interdealer quotation system of the National Association of Securities Dealers, Inc. is certified, but only to the extent that the securities on the interdealer quotation system are those of an issuer which has a security designated as a National Market System security.~~

~~(c) Pursuant to subdivision (a) of Section 25101 of the Code, the American Stock Exchange is certified, but only to the extent that the securities are those of an issuer which has a security that is regularly listed on the American Stock Exchange. An issuer with securities listed on the American Stock Exchange's "Emerging Company Marketplace" or the "AMEX/ECM" is not an issuer which has a security that is regularly listed on the American Stock Exchange and, therefore, the exemption afforded by subdivision (a) of Section 25101 from the qualification requirements of Section 25130 of the Code is unavailable. Emerging Company Marketplace or AMEX/ECM~~

~~securities have the suffix ".EC" as part of their ticker symbol to distinguish them from securities which are regularly listed on the American Stock Exchange.~~

~~(d) Pursuant to subdivision (a) of Section 25101 of the Code, the Pacific Stock Exchange is certified, but with respect to the Small Corporate Offering Registration ("SCOR") securities on the Pacific Stock Exchange's SCOR Marketplace only the common stock and preferred stock listed on the SCOR Marketplace are exempt from the qualification requirements of Section 25130 of the Code. SCOR Marketplace securities have the suffix ".SC" as part of their tickler symbol to distinguish them from other securities listed on the Pacific Stock Exchange.~~

Note: Authority cited: Sections 25101 and 25610, Corporations Code. Reference: Section 25101, Corporations Code.

2. Section 260.103.4 of the Corporations Code is amended to read:

§ 260.103.4. Traded in the Market.

The phrase "traded in the market," as used in subdivision (f) of Section 25103 of the Code means a stock which is either listed or admitted to trading on a national securities exchange or which is the subject of two-way quotations (i.e., both bid and asked prices) regularly published ~~by one or more broker-dealers in the National Daily Quotation Service~~ on the electronic service operated by Pink Sheets LLC or the OTC Bulletin Board.

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25103, Corporations Code.

3. Section 260.105.7 of the Corporations Code is amended to read:

§ 260.105.7. Inter-Dealer Quotations.

There is hereby exempted from the provisions of Section 25130 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of

which is not necessary or appropriate in the public interest or for the protection of investors, inter-dealer solicitations when published and circulated to broker-dealers on a regular subscription basis and in connection with which a charge (which may be included in the subscription price) is made for listing such solicitations. A publication is circulated to broker-dealers within the meaning of this rule when subscriptions are limited substantially to broker-dealers, banks, trust companies, and savings and loan associations subject to a provision that the information contained in the publication is for the private use of the subscriber. The quotation services of ~~the National Quotation Bureau~~ the Pink Sheets LLC, the OTC Bulletin Board, and The NASDAQ Stock Market LLC are exempt pursuant to this rule.

Note: Authority cited: Sections 25105 and 25610, Corporations Code. Reference: Sections 25105 and 25130, Corporations Code.

4. Section 260.105.17 of the Corporations Code is amended to read:

§ 260.105.17. Exemption for Certain~~ly~~ Publicly Traded Common Shares.

(a) There is hereby exempted from the provisions of Sections 25110, 25120 and 25130 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors, the offer or sale of nonassessable common shares, or any warrant or right to purchase or subscribe to any such shares, or any unit or right arising from a compensation plan of the issuer or affiliate of the issuer payable in such shares or cash in an amount which relates to the value of and/or dividends paid on such shares, or both, whether or not subject to any contingency, if on the business day preceding the date of sale of such shares, warrant or right, or grant of such unit or right, all of the following requirements are met:

(1) Such shares (or the shares issuable upon exercise of such warrant or right or payable upon such unit or right) are issued by a person which is the issuer of any security registered under

Section 12 of the Securities Exchange Act of 1934 (15 USC 781(g)) or exempted from such registration by Section 12(g)(2)(G) (15 USC 781(g)(2)(G)) of that Act;

(2) The shares to be offered or sold (or the shares issuable upon exercise of such warrant or right or payable upon such unit or right) are listed or approved for listing upon notice of issuance on a national securities exchange approved for the purpose of this section by rule or order of the Commissioner, (or in the case of employee options or rights, shareholder approval is required of the options or rights or of the plan and the issuer has no reason to believe that, upon such approval, the shares issuable upon the exercise of such options or rights, will not be listed or approved for listing upon notice of issuance), or quotations for the class of such shares are reported by the automated quotations system operated by ~~the National Association of Securities Dealers, Inc. or a subsidiary thereof or by any other~~ quotation system approved by rule or order of the Commissioner pursuant to this section;

(3) Shares of the class to be offered or sold (or shares of the class issuable upon exercise of such warrant or right or payable upon such unit or right) shall have been traded or (in the case of shares traded only over-the-counter) offered for sale on each of at least twelve (12) days within the thirty (30) calendar days preceding the date of sale of such shares, warrant or right and during such period (A) shares of such class shall not have been suspended from trading by order of the Commissioner or the Securities and Exchange Commission; and (B) the average closing sale price and the last closing sale price of shares of such class (exclusive of any sale price for the business day preceding the offering) as reported on any national securities exchange on which shares of such class are listed, or the average closing bid price and the last closing bid price of shares of such class (exclusive of any bid price for the business day preceding the offering), as reported by the quotation system referred to in clause (2) of this subsection shall be at least \$4 per share. Quotations appearing in the Wall Street Journal or any other publication approved by order of the Commissioner may be relied upon to satisfy the requirement of this clause (3);

(4) The issuer of such shares is a corporation organized under the laws of the United States or any state of the United States or the District of Columbia and meets all of the following requirements:

(A) Such corporation has an authorized capitalization which includes not more than one class of common shares, and such common shares are voting shares;

(B) Such corporation has not during the past five years, or during the period of its existence if shorter, defaulted in the payment of any dividend or sinking fund installment on preferred shares, or in the payment of any principal, interest or sinking fund installment on any indebtedness for borrowed money;

(C) Such corporation has a net worth on a consolidated basis of at least one million dollars (\$1,000,000) according to (1) its most recent available audited financial statement which may not be over 15 months old and (2) its most recent available unaudited financial statement as of a date subsequent to such audited statement;

(D) Such corporation has had net income, after all charges, including taxes and extraordinary losses, and excluding extraordinary gains, of either (1) at least five hundred thousand dollars (\$500,000) for its last fiscal year and one million five hundred thousand dollars (\$1,500,000) in total for its last five fiscal years, or (2) at least one million dollars (\$1,000,000) in each of its last two fiscal years. The determination of net income herein required, if such determination is made within 90 days after the close of its last fiscal year and prior to the availability of an audited statement for that period, may be based upon an unaudited statement for the period which the issuer reasonably believes is prepared in accordance with generally accepted accounting principles. In determining whether a corporation satisfies the requirements of this subsection (D), there may be included the net income of any corporation to whose assets such corporation, or a successor of such corporation, has succeeded by merger, consolidation or acquisition of assets, if

such net income of such predecessor corporation may, in accordance with generally accepted accounting principles, be consolidated with the income of such corporation.

(b) Pursuant to subsection (a)(2) of this section, the following national securities exchanges are certified:

~~The American Stock Exchange~~

The NASDAQ Global Market

The New York Stock Exchange

NYSE Amex

Note: Authority cited: Sections 25105 and 25610, Corporations Code. Reference: Sections 25105 and 25531(a), Corporations Code.

5. Section 260.105.33 of the Corporations Code is amended to read:

§ 260.105.33. Senior to Listed or Designated Securities.

(a) There is hereby exempted from the provisions of Sections 25110 and 25130 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors, any offer or sale of an equity security

(1) which is

~~(A) issued by the issuer of a security listed on an exchange certified by the Commissioner pursuant to the provisions of Section 25100(o) of the Code, or~~

~~(B) issued by the issuer of a security designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. certified by the Commissioner pursuant to the provisions of Section 25100(o) of the Code, and~~

(2) which is senior to such listed or designated security, including a senior security which is convertible into another senior security or into securities of the listed or designated class.

Except as provided in the next sentence, an equity security is "senior" to a listed or designated security of the same issuer within the meaning of this section if, upon liquidation or dissolution of the issuer, the holders of such security are entitled to payment from, or to participate in the distribution of assets of, the issuer prior to any payment to, or participation in such distribution of assets by, the holders of such listed or designated security. An equity security is not "senior" to a listed or designated security of the same issuer if it is currently able to be converted into an evidence of indebtedness which does not meet the requirements for the exemption under Rule 260.105.34.

(b) Notice. The issuer of securities pursuant to the exemption under this rule or Rule 260.105.34 shall file a notice upon the form specified below containing the information specified and in accordance with the instructions in subsections (c) and (d). Neither the failure to file the notice nor the failure to file it as required by this section shall affect the availability of the exemption under this rule or Rule 260.105.34. The notice shall be in the following form:

Department of Corporations Use Only
Fee Paid \$ _____
Receipt No. _____

DEPARTMENT OF CORPORATIONS
FILE NO. (if any)

Insert file number(s) of previous filings
before the Department, if any.

FILING FEE: \$25.00 \$35.00 \$50.00 \$150.00 \$300.00

See instructions and Rule 260.608.3, Title 10, California Code of Regulations

NOTICE TO CALIFORNIA COMMISSIONER OF CORPORATIONS OF
TRANSACTION UNDER RULE 260.105.33 AND/OR RULE 260.105.34 UNDER THE
CORPORATE SECURITIES LAW OF 1968

() Original Notice

() Amendment to Notice dated: _____

PLEASE COMPLETE EACH ITEM ACCORDING TO THE INSTRUCTIONS BELOW:

1. A. Name of Issuer: _____

Insert legal name.

B. Address of Principal Business Office of Issuer:

2. Other Issuer Information:

A. Type of Organization: _____

B. Year of Organization: _____

C. State of Organization: _____

3. Person to be contacted regarding this Notice:

Name: _____

Mailing Address: _____

Phone: () _____

4. Transaction: (See Instructions on reverse)

A. Rule Used: () 260.105.33 () 260.105.34

B. Proposed 1st Sale Date: _____

C. Securities Description: _____

D. Value of Securities: _____

E. Convertible: () Yes () No

If Yes, Name of Class: _____

5. () Attached is a consent to service of process required by Corporations Code Section 25165.

6. Execution on behalf of Issuer

Date of Notice: _____

Authorized signature on behalf of Issuer named above

Printed name of signatory

Title

(c) General Instructions.

(1) Time to File: The notice pursuant to the exemptions from qualification under Rules 260.105.33 and 260.105.34 (Title 10, California Code of Regulations) is to be filed within 60 days after the first contractual commitment in this state to purchase the securities offered in the transaction. If one of the securities offered are sold in this state, a notice need not be filed.

(2) "Transaction." File a separate notice for each transaction. For the purposes of this notice, "transaction" means:

(A) All offers and sales of securities pursuant to a registration under Section 5 of the Securities Act of 1933 [or in the case of a "shelf registration" under Rule 415 (17 C.F.R. 230.415), pursuant to a supplement to the registration] or pursuant to notice filed under Section 4(6) of that act or Regulation A, B, D, or E thereunder (17 C.F.R. Sections 230.251 to 230.2643, ~~230.300 to 230.346~~, 230.501 to 230.5068, and 230.601 to 230.610(a)~~(a)~~).

(B) Except as provided in subsection (A), the term "transaction" means all sales of securities which would constitute a single transaction, based on the discussion of "integration" in Release 33-4552 under the Securities Act of 1933.

(3) Form: Use the printed form available from any office of the Commissioner or type the form on one side of 8 1/2 by 11 inch white bond paper.

(4) Filing Fee: Payment of the fee prescribed by Rule 260.608.3 is required only when an original notice is required to be filed for a transaction exempted by Rule 260.105.33, Rule

260.105.34 or both rules. Neither a notice nor a fee is required if securities are offered but not sold in this state in the transaction. No fee is required for filing an amended notice unless the aggregate value of the securities sold is increased as explained in Rule 260.608.3.

(d) Instructions for Completing Items. In the heading portion of the form, insert the Department's file number for the issuer, if available, in the space provided, and circle or underline the amount of the fee specified for the notice by Rule 260.608.3.

(1) The issuer. Give the legal name of the issuer and the mailing address of its principal business office.

(2) Other Issuer Information. Indicate the issuer's type of organization (e.g., "corporation," "partnership," or "business trust"), the jurisdiction under whose laws it was organized and the year of its incorporation or inception.

(3) Contact Person. Indicate the name of the person to be contacted regarding the notice, including the name of that person's firm, and the person's mailing address and telephone number.

(4) Transaction. See General Instructions.

(A) Rule Number. Indicate either Rule 260.105.33 or 260.105.34, or both rules, as applicable.

(B) Proposed 1st Sale Date. Insert the date upon which it is believed that the first contractual commitment in this state was received in connection with the offering. If the first sale has not occurred, insert the date of the notice from Item 6.

(C) Securities Description. Insert a brief description of the security or securities, and indicate whether it is convertible into another class of securities of the issuer, and if so, the name of such other class.

(D) Value of Securities. Indicate the value of the securities sold or expected to be sold in the transaction, determined pursuant to Corporations Code Section 25608(g). The value of consideration other than cash may be determined by the issuer.

(5) The consent to service of process should be filed on Form 260.165. It need not be filed if the issuer is a California corporation or if the issuer has a consent to service on file with the Commissioner.

(6) Execution. The notice should be manually signed by a person authorized to do so on behalf of the issuer.

Note: Authority cited: Sections 25105 and 25610, Corporations Code. Reference: Sections 25105 and 25608(w), Corporations Code.

6. Section 260.105.34 of the Corporations Code is amended to read:

§ 260.105.34. Exemption for Rated Debt Securities.

(a) There is hereby exempted from the provisions of Section 25110 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors, any offer or sale of any evidence of indebtedness, whether or not convertible into any other security, whether secured or unsecured, and any guarantee thereof, which has been rated as an "investment grade security" as defined below by Standard & Poor's Rating Services, ~~Fitch IBCA, Inc.~~ Fitch, Inc., or Moody's Investors Service, Inc.

(1) An evidence of indebtedness is an "investment grade security" if it is rated or provisionally rated by Standard & Poor's Rating Services as AAA, AA, A or BBB; Fitch IBCA, Inc Fitch, Inc., as International Long-term AAA, AA, A or BBB or International Short-term F1 to F3; or by Moody's Investors Service, Inc. as Aaa, Aa, or A or Baa, including any such ratings with "+" or "-" designations or other variations that occur within such ratings.

(2) Convertible evidence of indebtedness shall be exempt under this section only if the security which may be issued on conversion (i)~~(A)~~ is listed or approved for listing upon notice of issuance on a national securities exchange certified by rule or order of the Commissioner pursuant

~~to Section 25100(o) of the Code or (B) is designated or approved for designation upon notice of issuance as a national market system security on an interdealer quotation system by the National Association of Securities Dealers Automated Quotation System certified by the rule or order of the Commissioner pursuant to Section 25100(o) of the Code and (ii), if common shares, will have full voting rights equal per share to any other class of outstanding common shares of the issuer.~~

(b) The issuer of securities in a transaction under this exemption shall file a notice in the form and containing the information specified in Section 260.105.33. Neither the failure to file the notice nor the failure to file it as required shall affect the availability of the exemption under this section.

Note: Authority cited: Sections 25105 and 25610, Corporations Code. Reference: Sections 25105 and 25110, Corporations Code.

7. Section 260.105.37 of the Corporations Code is repealed.

~~§ 260.105.37. Exemption for Certain Securities Listed on the Chicago Board Options Exchange.~~

~~(a) There is hereby exempted from the provisions of Sections 25110, 25120 and 25130 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors, the offer or sale of any security listed or approved for listing upon notice of issuance on the Chicago Board Options Exchange ("CBOE") pursuant to the criteria for approval of securities for original listing adopted by the CBOE under Chapter XXXI of its rules, and any warrant or right to purchase or subscribe to such security.~~

~~(b) The CBOE shall file annual reports when requested to do so by the Commissioner. The annual reports shall contain, by issuer: the variances granted to the criteria for approval of securities for original listing adopted by the CBOE under Chapter XXXI of its rules, including~~

~~variances from corporate governance and voting rights' standards, for any security of that issuer; the reasons for the variances; a discussion of the review procedure instituted by the CBOE to determine the effect of the variances on investors and whether the variances should be continued; and any information that the Commissioner deems relevant. The purpose of these reports is to assist the Commissioner in determining whether the criteria for original listing adopted by the CBOE and the quantitative and qualitative requirements of Section 25100(e) of the Code are substantially being met by the CBOE in general or with regard to any particular security.~~

~~(c) The Commissioner, after appropriate notice and opportunity for hearing in accordance with the provisions of the Administrative Procedure Act, Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, may, in the Commissioner's discretion, by order, repeal this rule if the CBOE ceases to substantially apply the criteria for approval of securities for original listing and the suspension and delisting policies under Chapter XXXI of its rules or the minimum standards for listing and delisting common shares as set forth in Section 25100(e) of the Code, whichever is greater, in listing, suspending or delisting any security to which the criteria, policies or standards are applicable.~~

~~(d) The exemption for the securities listed on the CBOE provided for by this rule is effective only for a period of 36 months from the effective date of this rule, unless extended by order of the Commissioner.~~

~~By order dated July 11, 1995, the Commissioner extended the effectiveness of the exemption afforded by this rule for an additional 36 months from the date of the order.~~

~~Note: Authority cited: Sections 25105 and 25610, Corporations Code. Reference: Section 25105, Corporations Code.~~

8. Section 260.204.11 of the Corporations Code is repealed.

§ 260.204.11. Pacific Exchange, Inc.

~~An exemption from the provisions of Section 25210 of the Code is hereby granted, as being necessary and appropriate in the public interest, to any persons who are members of the Pacific Exchange, Inc. that do not carry public customer accounts but conduct proprietary or firm trading activity or act as agents for other broker-dealers through the facilities of the Pacific Exchange, Inc. with other broker-dealer members of the Pacific Exchange, Inc.~~

~~Note: Authority cited: Sections 25204 and 25610, Corporations Code. Reference: Sections 25204 and 25610, Corporations Code.~~

9. Section 260.211.1 of the Corporations Code is amended to read:

§ 260.211.1. Application for License by Notification.

(a) An application for licensing by notification pursuant to Section 25211(b) of the Code shall be in the following form and contain the information therein specified:

Mail to:	Fee: \$300
State of California	File No. _____
Department of Corporations	Date of Application _____
1515 K Street, Suite 200	
Sacramento, CA 95814-4052	

DEPARTMENT OF CORPORATIONS
STATE OF CALIFORNIA
APPLICATION BY NOTIFICATION
PURSUANT TO CORPORATIONS CODE SEC. 25211(b)
FOR BROKER-DEALER CERTIFICATE

b. The broker-dealer is a member in good standing of the self-regulatory organizations checked:

NYSE NYSE_AMEX ~~PCX~~ NYSE Arca ~~NASD~~FINRA

c. Check the applicable box:

(1) The broker-dealer has never had a certificate as a broker-dealer, investment adviser or agent revoked, or an application for such a certificate denied, under the Corporate Securities Law of 1968 or any predecessor statute.

(2) The Commissioner has by order waived the denial or revocation of a certificate as a broker-dealer, investment adviser or agent heretofore issued to the broker-dealer.

6. Exhibits. Attach the following exhibits:

a. A completed Customer Authorization of Disclosure of Financial Records (Form QR 500.261 (1/00), hereby incorporated by reference).

b. A completed Form BD (Uniform Application for Broker-Dealer Registration, 17 C.F.R. § 249.501) and the schedules thereto.

NOTE: Social Security Numbers: In accordance with Section 7 of the Privacy Act of 1974 (PL. 93-579), the following information is provided in connection with the disclosure of social security account

numbers in Form BD (Uniform Application for Broker-Dealer Registration, 17 C.F.R § 249.501) and the Schedules thereto.

Disclosure of a social security account number shall be considered a voluntary disclosure, except as provided below. A social security account number is solicited pursuant to one or more of the following authorities:

Section 25211, Corporations Code.

Section 260.211, Title 10, California Code of Regulations.

Section 17520, Family Code.

Uses to be made of social security account numbers, solicited by Form BD and the Schedules thereto are:

- A. For all persons disclosing social security account numbers, the number may be used, in addition to other information provided, to conduct a background investigation of the individual by the Department of Justice's Identification and Information Branch or by other federal, state or local law enforcement agencies. The social security number may also be used to respond to requests for this information made by child support agencies.

- B. The completed form, except any disclosed social security account numbers, shall become a public record and available to members of the public pursuant to the provisions of the Public Records Act (Government Code Sections 6250, et seq.).

7. Applicant's Minimum Net Capital Requirement: \$_____

8. Applicant's Fiscal Year Ends: ___/___ (Month/Day)

9. Execution:

By _____

(Title)

Note: Authority cited: Sections 25211(b) and 25610, Corporations Code. Reference: Section 1798.17, Civil Code; and Sections 25210, 25211, 25216, 25241 and 25608, Corporations Code.

9.10. Section 260.217 of the Corporations Code is amended to read:

§ 260.217. Qualifications of Broker-Dealers, Compliance Supervisors and Reported Agents.

(a) Every individual who is a broker-dealer, or a compliance supervisor or reported agent of a broker-dealer:

(1) shall have passed, within two years prior to the date of filing the application for, or the issuance of, a broker-dealer license, or becoming a compliance supervisor or reported agent of a licensed broker-dealer, the Series 63/Uniform Securities Agent State Law Examination ("Series 63 Examination") or the Series 66/Uniform Combined State Law Examination ("Series 66 Examination"), both of which are administered by the ~~National Association of Securities Dealers Regulation, Inc.~~ Financial Industry Regulatory Authority; and

(2) shall meet all applicable examination requirements of the Securities and Exchange Commission and the self-regulatory organizations of which the broker-dealer is a member.

(b) The provisions of subsection (a)(1) shall not apply to an individual:

(1) who was a broker-dealer licensed under the Code (or a compliance supervisor or reported agent of a broker-dealer licensed under the Code) on May 22, 1989, or

(2) who has been an active broker-dealer (or a compliance supervisor or reported agent of a broker-dealer) without an interruption of two or more years since passing the Series 63 Examination or the Series 66 Examination or not being required to take the Series 63 Examination or the Series 66 Examination pursuant to subsection (b)(1).

(d) The provisions of this section do not apply to a broker-dealer or a compliance supervisor or reported agent of a broker-dealer when acting within the scope of his or her affiliation with a broker-dealer:

(1) who is licensed by the State Cemetery ~~Board~~ Bureau as a Cemetery Authority or as a Cemetery Broker under Sections 9700 through ~~9719~~ 9723.3 of the Business and Professions Code and who sells only the securities of one issuer in connection with arrangements for funerals or cemetery space; or

(2) who sells only evidences of indebtedness of issuers organized exclusively for religious purposes and not for pecuniary profit.

(e) Definitions. For purposes of this section:

(1) "Compliance supervisor" of a broker-dealer means every individual who has responsibility of ensuring that reported agents comply with the Corporate Securities Law of 1968 and the rules thereunder.

(2) "Reported agent" means every agent employed by a broker-dealer and whose employment has been reported in accordance with Section 260.210 of these rules.

Note: Authority cited: Sections 25217(a) and 25610, Corporations Code. Reference: Section 25217, Corporations Code.

~~40-11.~~ Section 260.230 of the Corporations Code is amended to read:

§ 260.230. Electronic Filings.

(a) Designation: The Commissioner designates the web-based Investment Adviser Registration Depository ("IARD") operated by the ~~National Association of Securities Dealers Regulation, Inc.~~ Financial Industry Regulatory Authority to receive and store filings and collect related fees from investment advisers and investment adviser representatives on behalf of the Commissioner.

(b) Use of IARD: All investment adviser and investment adviser representative applications, amendments, reports, notices, related filings and fees required to be filed with the Commissioner pursuant to the rules promulgated under the Code shall be filed electronically with and transmitted to IARD, except as otherwise indicated in these rules. The following conditions relate to such electronic filings:

(1) Electronic Signature: When a signature or signatures are required by the particular instructions of any filing to be made through IARD, a duly authorized officer of the applicant or the applicant him or herself, as required, shall affix his or her electronic signature to the filing by typing his or her name in the appropriate fields and submitting the filing to IARD. Submission of a filing in this manner shall constitute irrefutable evidence of legal signature by any individuals whose names are typed on the filing.

(2) When filed: Solely for purposes of a filing made through IARD, unless otherwise specified, a document is considered filed with the Commissioner when all fees are received and the filing is accepted by IARD on behalf of the state.

(3) Any documents required to be filed with the Commissioner that are not permitted to be filed with or cannot be accepted by IARD shall be filed in paper directly with the Commissioner.

Note: Authority cited: Sections 25231, 25610 and 25612.5, Corporations Code.

Reference: Section 1633.7, Civil Code; and Sections 25231 and 25612.5, Corporations Code.

~~41-12.~~ Section 260.241.4 of the Corporations Code is amended to read:

§ 260.241.4. Notice of Changes by Broker-Dealer and Investment Adviser.

(a) Each licensed broker-dealer and each licensed investment adviser shall, upon any change in the information contained in its application for a certificate (other than financial information contained therein) promptly file an amendment to such application setting forth the changed information.

(b) A licensed broker-dealer that is a member of the ~~National Association of Securities Dealers Regulation, Inc.~~ Financial Industry Regulatory Authority, shall file changed information contained in its Form BD and any schedule thereto, through the Central Registration Depository ("CRD") in accordance with its procedures for transmission to the Commissioner. If the broker-dealer does not participate in CRD, the broker-dealer shall file changed information directly with the Commissioner.

(c) A licensed broker-dealer shall notify the Commissioner of the employment of any new agent in California and of the termination of employment of any agent in California in accordance with Section 260.210.

(d) A licensed investment adviser shall file changed information contained in its Form ADV with the Investment Adviser Registration Depository ("IARD") in accordance with its procedures for transmission to the Commissioner.

(e) A licensed investment adviser shall file an annual updating amendment, in accordance with the instruction in Form ADV, with IARD in accordance with its procedures for transmission to the Commissioner within ninety (90) days of the end of the investment adviser's fiscal year.

(f) A licensed investment adviser shall notify the Commissioner of the employment or engagement of any new investment adviser representative, as defined in Section 25009.5(a) of the Code and the termination thereof in accordance with Section 260.236.1.

Note: Authority cited: Sections 25231, 25241 and 25610, Corporations Code.

Reference: Section 1798.18, Civil Code; and Sections 25210, 25230, 25231, 25241, 25612.3 and 25612.5, Corporations Code.

~~42-13.~~ Section 260.242 of the Corporations Code is amended to read:

§ 260.242. Surrender of Certificate as a Broker-Dealer or Investment Adviser.

(a) An application to surrender a certificate as a broker-dealer shall be filed on Form BDW. Each licensed broker-dealer that is a member of the ~~National Association of Securities Dealers Regulation, Inc.~~ Financial Industry Regulatory Authority shall file Form BDW through the Central Registration Depository in accordance with its procedures for transmission to the Commissioner. All other broker-dealers shall file Form BDW directly with the Commissioner.

(b) An application to surrender a certificate as an investment adviser shall be filed on Form ADV-W in accordance with the instructions in Form ADV-W. Form ADV-W shall be filed with the Investment Adviser Registration Depository (IARD) in accordance with its procedures for transmission to the Commissioner.

Note: Authority cited: Section 25610, Corporations Code. Reference: Sections 25231, 25242, 25612.3 and 25612.5, Corporations Code.