

CALIFORNIA DEPARTMENT OF CORPORATIONS  
SUPPLEMENT TO THE FINAL STATEMENT OF REASONS  
FOR THE ADOPTION OF RULES UNDER THE  
CORPORATE SECURITIES LAW OF 1968

The following statements supplement the Final Statement of Reasons:

The paragraph in the Final Statement of Reasons explaining the reasons for the changes to Section 260.236 of Title 10 of the California Code of Regulations is supplemented by replacing the paragraph on Section 260.236 with the following:

Section 260.236

Section 260.236(c)(3)(A) relating to qualifications of investment advisers and investment adviser representatives refers to the “Association for Investment Management and Research” and Section 260.236(c)(3)(D) refers to the “Investment Counsel Association of America”. On May 10, 2004, the Association for Investment Management and Research changed its name to the “CFA Institute”. On April 19, 2005, the Investment Counsel Association of America changed its name to the “Investment Adviser Association”. Accordingly, the reference to “Association for Investment Management and Research” in Section 260.236(c)(3)(A) is proposed to be restated as “CFA Institute”. In addition, the reference to “Investment Counsel Association of America” in Section 260.236(c)(3)(D) is restated as “Investment Adviser Association”.

The paragraph in the Final Statement of Reasons explaining the reasons for the changes to Section 260.241.3 of Title 10 of the California Code of Regulations is supplemented by replacing the paragraph on Section 260.237.1 with the following:

Section 260.237.1

Pursuant to its terms, Section 260.237.1 became inoperative effective January 1, 2005. Therefore, Section 260.237.1 is deleted in its entirety. In addition, the introductory sentence of Section 260.237.2 is eliminated and the reference to Section 260.237.1 in Sections 260.241.3(a)(6) and 260.241.3(j) are deleted, as well as accompanying inoperative language.