

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: APRIL 5, 2007

1. Amend Section 260.230 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. 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 ~~may~~ 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.

2. Amend Section 260.231 to read:

260.231. Application for Investment Adviser Certificate ~~Filing Through the Investment Adviser Registration Depository.~~

~~For any investment adviser that participates in the Investment Adviser Registration Depository ("IARD"),~~ The application for a certificate as an investment adviser and all amendments thereto shall be filed as follows:

(a) Initial Application: The application for a certificate as an investment adviser pursuant to Section 25231 of the Code shall be made by completing Form ADV ~~(Uniform Application for Investment Adviser Registration, as amended by Securities and Exchange Commission Release No. IA-1916, 34-43758 (December 21, 2000), effective January 1, 2001, and hereby incorporated by reference) (17 CFR 279.1)~~ in accordance with the form instructions and by filing the form with IARD for transmission to the Commissioner. The Commissioner may require additional documentation as deemed appropriate as prescribed in subsection (a)(4) of this rule.

(1) Part 2 of Form ADV shall be filed directly with the Commissioner until the form can be filed with IARD.

(2) An applicant ~~that files an application through IARD~~ shall complete a Customer Authorization of Disclosure of Financial Records, as set forth in subsection (i), and

maintain the form in the applicant's books and records as provided in Section 25241 of the Code and Section 260.241.3 of these rules. The applicant shall provide the form to the Commissioner upon request.

(3) The applicant shall file directly with the Commissioner, a Statement of Financial Condition with worksheet that demonstrates compliance with the minimum financial requirements as prescribed in Section 260.237.2, investment advisory contract(s), and proof of compliance with the qualification requirements prescribed in Section 260.236.

(4) The Commissioner may request additional information, documentation or detail pertaining to Form ADV to be filed directly with the Commissioner.

(b) Filing fee: The fee for filing an initial application is \$125 as prescribed in Section 25608(q). The payment of this fee shall keep the certificate, if granted, in effect during the calendar year during which it is granted. The applicant shall remit the fee directly with IARD in accordance with its procedures for transmission to the Commissioner. Fees are not refundable except pursuant to Government Code Sections 13140-13144.

(c) Completion of Filing: For the purposes of Section 250.51, an application for a certificate as an investment adviser is not considered filed until the required fee and all required submissions are received by the Commissioner. The filing of Form ADV with IARD does not constitute automatic approval. The applicant shall not consider the application approved until approved by the Commissioner and the approval has been received through IARD.

(d) Amendments to Form ADV: Any amendment to Form ADV shall be filed with IARD in accordance with the requirements of Section 260.241.4.

(e) Annual Renewal: The annual renewal shall consist of the fee as prescribed in Section 25608(q). The renewal fee shall be filed through IARD in accordance with its procedures ~~by the 31st of December~~ for transmission to the Commissioner. This fee shall keep the certificate in effect for the next calendar year.

(f) Successions: An application for a certificate as an investment adviser pursuant to Section 25231 shall be filed in accordance with the instructions in this section if a person is succeeding to the business of an investment adviser licensed pursuant to Section 25230 ~~or if the investment adviser is changing its form of organization or legal status~~, and is not eligible for registration with the Securities and Exchange Commission. Notwithstanding the foregoing, if an investment adviser succeeds to and continues the business of a predecessor investment adviser, and the succession is based solely on a change in the predecessor's date or state of incorporation, form of organization, or composition of a partnership, and there has been no practical change in control or management, the successor may, within 30 days after the succession, amend the Form ADV of the predecessor investment adviser to reflect these changes.

(g) Switching to Securities and Exchange Commission registration: Upon registration with the Securities and Exchange Commission, the investment adviser shall file Form ADV-W ~~(Notice of Withdrawal from Registration as an Investment Adviser, as amended by Securities and Exchange Commission Release No. IA-1916, 34-43758 (December 21, 2000), effective January 1, 2001, and hereby incorporated by reference)~~ with IARD in accordance with instructions in Form ADV-W.

(h) Dually certificated broker-dealers: Subsections (b) and (e) of this rule shall not apply to a broker-dealer licensed under Section 25210 of the Code.

(i) An authorization for the disclosure of financial records shall be made on the following form:

STATE OF CALIFORNIA
DEPARTMENT OF CORPORATIONS
CUSTOMER AUTHORIZATION OF DISCLOSURE
OF FINANCIAL RECORDS

Pursuant to Corporations Code Section 25241 and Government Code Sections 7470 and 7473, any financial institution, wherever situated, possessing financial records of:

Name of (check appropriate designation(s) below)

_____ Broker-Dealer

_____ Investment Adviser

is hereby authorized to disclose to the California Department of Corporations records of the above named broker-dealer or investment adviser business whether such records relate to accounts which have been closed, accounts which are currently maintained, or accounts which are hereafter established.

This authorization is effective as of the date of execution and shall remain effective until five years after the expiration or revocation of the above-named broker-dealer or investment adviser license, including renewals of such license.

This authorization may not be revoked.

The terms used in this authorization shall have the definitions contained in the California Right to Financial Privacy Act (Government Code Section 7460 et seq.) and the Corporate Securities Law (Corporations Code Section 25000 et seq.).

The above-named licensee has duly caused this authorization to be signed on its behalf by the undersigned, thereunto duly authorized. Executed on _____, 20____ at _____

Name of Licensee

Licensee's Department of
Corporations File Number

By _____

(Title)

STATE OF CALIFORNIA

DEPARTMENT OF CORPORATIONS

INSTRUCTIONS FOR CUSTOMER AUTHORIZATION
OF DISCLOSURE OF FINANCIAL RECORDS

On the reverse is a Customer Authorization of Disclosure of Financial Records form. The Commissioner of Corporations is authorized to require such authorization from

certain licensees and other persons pursuant to the authority cited in the first paragraph of the form.

The form must be properly executed and submitted with the attached application for license, qualification, registration or other authority.

All information required on the form, except the signature of the person executing the form, is to be typewritten.

If the form requests a Department of Corporations file number, the applicant need only provide such number if it is known to the applicant and is the type of file number appropriate for the license, qualification, registration or other authority applied for in the attached application.

If additional authorization forms are needed, they may be obtained from any office of the Department of Corporations, or accurate copies of the form may be utilized by applicants.

(j) The following notices required by state and federal law are hereby incorporated as part of any uniform form:

NOTICES REQUIRED UNDER STATE AND FEDERAL LAW
INFORMATION PRACTICES ACT OF 1977
(California Civil Code Section 1798.17)

(a) The Department of Corporations of the State of California, Securities Regulation Division, is requesting the information specified in the application for registration, qualification, a certificate or a license.

(b) The Chief Administrative Officer, 1515 K Street, Suite 200 Sacramento, CA 95814, telephone (916) 445-5541, is responsible for the system of records and shall, upon request, inform individuals regarding the location of the Department of Corporations' records and the categories of persons who use the information in the records.

(c) The records are maintained pursuant to the Corporate Securities Law of 1968 (Corporations Code Section 25000, et seq.).

(d) The submission of all items of information is mandatory unless otherwise noted. Section 17520 of the Family Code requires the Department of Corporations to collect social security numbers from all applicants. The Privacy Act of 1974 prohibits a state agency from denying an individual any right, benefit or privilege provided by law because of the individual's refusal to disclose the individual's social security account number.

(e) Failure to provide all or any part of the information requested may preclude the Department of Corporations from approving the application.

(f) The principal purposes within the Department of Corporations for which the information is to be used are to determine whether (1) a license, qualification, registration, certificate or other authority should be accepted, granted, approved, denied, revoked or limited in any way; (2) business entities or individuals licensed or otherwise regulated by the Department of Corporations are conducting themselves in accordance with applicable laws; and/or (3) laws administered by the Department of Corporations are being or have been violated and whether administrative action, civil

action, or referral to appropriate federal, state or local law enforcement or regulatory agencies, or to a self-regulatory organization, as authorized by law, is appropriate.

(g) Any known or foreseeable disclosures of the information pursuant to subdivision (e) or (f) of Civil Code Section 1798.24 may include transfers to other federal, state, or local law enforcement or regulatory agencies, or to a self-regulatory organization, as authorized by law.

(h) Subject to certain exceptions or exemptions, the Information Practices Act grants an individual a right of access to personal information concerning the requesting individual that is maintained by the Department of Corporations.

FEDERAL PRIVACY ACT OF 1974 (Public Law 93-579)

In accordance with Section 7 of the Privacy Act of 1974 (found at 5 U.S.C. § 552a note (Disclosure of Social Security Number)), the following is information on whether the disclosure of a social security account number is voluntary or mandatory, by what statutory or other authority such number is solicited, and what uses will be made of it.

(1) Section 17520 of the Family Code requires the Department of Corporations to collect social security numbers from all applicants. The Privacy Act of 1974 prohibits a state agency from denying an individual any right, benefit or privilege provided by law because of the individual's refusal to disclose the individual's social security account number.

(2) A social security account number is solicited pursuant to one or more of the following authorities: Sections 25210, 25211, 25230, 25230.1, 25231, and 25241 of the Corporations Code; Sections 260.210, 260.211, 260.211.1, 260.231, 260.231.2,

260.236.1, 260.236.2 of Title 10, California Code of Regulations; and Section 17520 of the Family Code.

(3) For all persons disclosing a social security account number, 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, or a self-regulatory organization, as authorized by law. The social security number may also be used to respond to requests for this number made by child support agencies.

~~THE PERMIT REFORM ACT OF 1981~~

~~(Government Code Section 15378(b))~~

~~The California Corporations Commissioner has established time periods for processing an application from the receipt of the initial application to the final application decision. An applicant can appeal directly to the Business, Transportation & Housing Agency for a timely resolution of any dispute arising from a violation of the time periods. Information regarding the appeal process can be found in Title 21, Chapter 6 of the California Code of Regulations, entitled Regulations Relating to Appeals Under the Permit Reform Act of 1981.~~

Note: Authority cited Sections 25231, 25610, 25612.3, and 25612.5, Corporations Code. Reference: Section 1798.17, Civil Code; Sections 25230, 25231, 25234, 25236, 25237, 25241, 25242, 25608, 25612.3, 25612.5 and 25613, Corporations Code; Section 17520, Family Code; Sections 7470, 7473, 7490, 13140-13144 and ~~15378(b)~~, Government Code; and Section 7 of Public Law 93-579 (5 U.S.C. Section 552a note).

3. Repeal Section 260.231.2 to read:

~~260.231.2. Application for Investment Adviser Certificate Not Filing Through the Investment Adviser Registration Depository.~~

~~For any investment adviser that does not participate in the Investment Adviser Registration Depository ("IARD"), the application for a certificate as an investment adviser and all amendments thereto shall be filed as follows:~~

~~(a) Initial application: The application for a certificate as an investment adviser pursuant to Section 25231 of the Code shall be made by completing Form ADV (Uniform Application for Investment Adviser Registration, as amended by Securities and Exchange Commission Release No. IA-1916, 34-43758 (December 21, 2000), effective January 1, 2001, and hereby incorporated by reference) (17 CFR 279.1) in accordance with the form instructions and by filing the form directly with the Commissioner at the Department of Corporations, 1515 K Street, Suite 200, Sacramento, CA 95814-4052. The notices in subsection (j) of Section 260.231 are hereby made a part of Form ADV.~~

~~(1) The applicant shall include with Form ADV a Customer Authorization of Disclosure of Financial Records Section 260.231(i)), Statement of Financial Condition with worksheet that demonstrates compliance with the minimum financial requirements as prescribed in Section 260.237.2, investment advisory contract(s), and proof of compliance with the qualification requirements prescribed in Section 260.236.~~

~~(2) The Commissioner may request additional information, documentation or detail pertaining to Form ADV to be filed with the Commissioner.~~

~~(b) Filing Fee: The fee for filing an initial application is \$125 as prescribed in Section 25608(q). Checks shall be made payable to the DEPARTMENT OF CORPORATIONS. The payment of this fee shall keep the certificate, if granted, in effect~~

~~during the calendar year during which it is granted. Fees are not refundable except pursuant to Government Code Sections 13140-13144.~~

~~(c) Completion of Filing: For the purposes of Section 250.51, an application for a certificate as an investment adviser is not considered filed until the required fee and all required submissions are received by the Commissioner. The filing of Form ADV does not constitute automatic approval. The applicant shall not consider the application approved until approved by the Commissioner.~~

~~(d) Amendments To Form ADV: Any amendment to Form ADV shall be filed pursuant to Section 260.241.4.~~

~~(e) Annual Renewal: The annual renewal shall consist of the fee prescribed in Section 25608(q). The renewal fee shall be paid directly to the Commissioner by the 31st of December. This fee shall keep the certificate in effect for the next calendar year.~~

~~(f) Successions: An application for a certificate as an investment adviser pursuant to Section 25231 shall be filed in accordance with the instructions in this section if a person is succeeding to the business of an investment adviser licensed pursuant to Section 25230 or if the investment adviser is changing its form of organization or legal status, and is not eligible for registration with the Securities and Exchange Commission.~~

~~(g) Switching to Securities and Exchange Commission registration: Upon registration with the Securities and Exchange Commission, the investment adviser shall file Form ADV-W (Notice of Withdrawal from Registration as an Investment Adviser, as amended by Securities and Exchange Commission Release No. IA-1916, 34-43758 (December 21, 2000), effective January 1, 2001, and hereby incorporated by reference) with IARD in accordance with the instructions in Form ADV-W.~~

~~(h) Dually certificated broker-dealers: Subsections (b) and (e) of this rule shall not apply to a broker-dealer licensed under Section 25210 of the Code.~~

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

~~Reference: 25230, 25231, 25234, 25236, 25237, 25241, 25608 and 25613, Corporations Code; and Sections 7470, 7473, 7490 and 13140-13144, Government Code.~~

4. Amend Section 260.236.1 to read:

260.236.1. Reporting Requirements for Investment Adviser Representatives of Investment Advisers Filing Through the Investment Adviser Registration Depository.

(a) The procedures set forth in this subsection are applicable to investment advisers licensed pursuant to Section 25230 of the Code, filing through the Investment Adviser Registration Depository ("IARD"). References to an investment adviser representative shall mean both an investment adviser representative and an associated person of an investment adviser, as those terms are defined in Section 25009.5(a) of the Code.

(1) Upon employment of an individual as an investment adviser representative, the investment adviser shall:

(A) Obtain a properly executed application for registration, Form U-4 (Uniform Application for Securities Industry Registration or Transfer, Rev. Form U-4 (03/2002), by the National Association of Securities Dealers, Inc. through its wholly owned subsidiary, NASD Regulation, Inc., approved by the Securities and Exchange Commission in Release No. 34-45531 (March 11, 2002), and hereby incorporated by reference),

(B) Obtain for its records evidence that such investment adviser representative meets the qualification requirements of Section 260.236 of these rules, and

(C) Have the responsibility and duty to ascertain by reasonable investigation the good character, business reputation, qualifications, and experience of an individual upon employment or engagement as an investment adviser representative. Where an individual has previously been reported to the Central Registration Depository ("CRD"), the investment adviser shall ~~also~~ obtain and review a copy of Form U-5 (~~Uniform Termination Notice for Securities Industry Registration, Rev. Form U-5 (03/2002), by the National Association of Securities Dealers, Inc. through its wholly owned subsidiary, NASD Regulation, Inc., approved by the Securities and Exchange Commission in Release No. 34-45531 (March 11, 2002), and hereby incorporated by reference~~) filed with CRD by such individual's most recent previous employer, together with any amendments thereto.

The investment adviser shall conduct the investigation required by this section no later than thirty (30) days following the filing of Form U-4 with CRD, or demonstrate that it has made a reasonable effort to comply with this section. Upon completion of the investigation, the investment adviser shall take whatever action is deemed appropriate in accordance with sound business practice and the protection of investors.

Evidence of compliance with Section 260.236 and investigation of the investment adviser representative shall be maintained as a part of the records of the investment adviser as required by Section 260.241.3 of these rules.

(2) Upon employment or engagement of an individual as an investment adviser representative, the investment adviser shall file Form U-4 with CRD in accordance with its procedures, and pay the fee prescribed by Section 25608(p) for transmission to the Commissioner. Form U-4, including any Disclosure Reporting Page(s), shall be completed in accordance with the form instructions.

The filing of Form U-4 with CRD does not constitute an automatic “approval” of the filing by the Commissioner. Investment advisers shall not consider an investment adviser representative “registration” with CRD approved until approved by the Commissioner and the approval has been received by CRD. If requested by the Commissioner, additional information, documentation or detail pertaining to Form U-4 or the investment adviser representative's compliance with the qualification requirements shall be filed directly with the Commissioner within 15 days from the date of the request. In accordance with Section 250.16, Form U-4 may be abandoned if the Commissioner does not receive the requested information within the time prescribed. The Commissioner shall “reject” with CRD an abandoned Form U-4.

(3) Within thirty (30) days of any changes to the information contained in Form U-4, an amendment to Form U-4 shall be filed with CRD. If Form U-4 is being amended due to a disciplinary occurrence, a copy of the amendment shall be filed with the Commissioner upon request.

(4) Within thirty (30) days after the termination of an individual as an investment adviser representative, Form U-5 shall be filed with CRD in accordance with the form instructions. Form U-5 shall clearly state the reason(s) for termination. If an investment adviser representative has been terminated for cause, Form U-5 shall, upon request, be filed directly with the Commissioner.

An investment adviser shall be responsible for the acts, practices, and conduct of an investment adviser representative in connection with acting as an investment adviser representative on its behalf until such time as the investment adviser representative has been terminated and Form U-5 has been filed with CRD. No civil liability in favor of any private party shall arise against any person as a result of this provision, except as expressly provided in the Code.

(b) The procedures set forth in this subsection are applicable to investment adviser representatives subject to the provisions of Section 25230.1(c) of the Code.

(1) The reporting of an investment adviser representative shall be made by completing Form U-4 in accordance with the form instructions and by filing Form U-4 with CRD in accordance with its procedures, and by paying the fee prescribed by Section 25608.1(d) for transmission to the Commissioner.

The filing of Form U-4 with CRD does not constitute an automatic “approval” of the filing by the Commissioner. An investment adviser representative “registration” with CRD shall not be considered approved until approved by the Commissioner and the approval has been received by CRD. If requested by the Commissioner, additional information, documentation or detail pertaining to Form U-4 or the investment adviser representative's compliance with the qualification requirements shall be filed directly with the Commissioner within 15 days from the date of the request. In accordance with Section 250.16, Form U-4 may be abandoned if the Commissioner does not receive the requested information within the time prescribed. The Commissioner shall “reject” with CRD an abandoned Form U-4.

(2) Within thirty (30) days of any changes to the information contained in Form U-4, an amendment to Form U-4 shall be filed with CRD. If Form U-4 is amended due to a disciplinary occurrence, a copy of the amendment shall be filed directly with the Commissioner upon request.

(3) Within thirty (30) days after the termination of an individual as an investment adviser representative, Form U-5 shall be filed with IARD in accordance with the form instructions. Form U-5 shall clearly state the reason(s) for termination. If an investment adviser representative is terminated for cause, Form U-5 shall, upon request, be filed directly with the Commissioner.

(c) The notices in subsection (j) of Section 260.231 are hereby made part of Form U-4 and Form U-5.

Note: Authority cited: Sections 25230, 25230.1, 25231 and 25610, Corporations Code. Reference: Sections 25230, 25230.1, 25231, 25236, 25241, 25510, 25608(p), 25612.3, and 25612.5, Corporations Code.

5. Repeal Section 260.236.2 to read:

~~260.236.2. Reporting Requirements for Investment Adviser Representatives of Investment Advisers Not Filing Through the Investment Adviser Registration Depository.~~

~~References to an investment adviser representative shall mean both an investment adviser representative and an associated person of an investment adviser, as those terms are defined in Section 25009.5(a) of the Code. The procedures set forth in this section are applicable to investment advisers licensed pursuant to Section 25230 of the Code that do not participate in the Investment Adviser Registration Depository (“IARD”).~~

~~(a) Upon employment of an individual as an investment adviser representative, the investment adviser shall:~~

~~(1) Obtain a properly executed application for registration, Form U-4 (Uniform Application for Securities Industry Registration or Transfer, Rev. Form U-4 (03/2002), by the National Association of Securities Dealers, Inc. through its wholly owned subsidiary, NASD Regulation, Inc., approved by the Securities and Exchange Commission in Release No. 34-45531 (March 11, 2002), and hereby incorporated by reference).~~

~~(2) Obtain for its records evidence that such investment adviser representative meets the qualification requirements of Section 260.236 of these rules, and~~

~~(3) Have the responsibility and duty to ascertain by reasonable investigation the good character, business reputation, qualifications, and experience of an individual upon employment or engagement as an investment adviser representative. Where an individual has previously been reported to the Central Registration Depository ("CRD"), the investment adviser shall also obtain and review a copy of Form U-5 (Uniform Termination Notice for Securities Industry Registration, Rev. Form U-5 (03/2002), by the National Association of Securities Dealers, Inc. through its wholly owned subsidiary, NASD Regulation, Inc., approved by the Securities and Exchange Commission in Release No.34-45531 (March 11, 2002), and hereby incorporated by reference), filed with CRD by such individual's most recent previous employer, together with any amendments thereto.~~

~~The investment adviser shall conduct the investigation required by this section no later than thirty (30) days following the filing of Form U-4 with the Commissioner, or demonstrate that it has made a reasonable effort to comply with this section. Upon completion of the investigation, the investment adviser shall take whatever action is deemed appropriate in accordance with sound business practice and the protection of investors.~~

~~Evidence of compliance with Section 260.236 and investigation of the investment adviser representative shall be maintained as a part of the records of the investment adviser as required by Section 260.241.3 of these rules.~~

~~(b) Upon employment or engagement of an individual as an investment adviser representative, the investment adviser shall file:~~

~~(1) Form U-4 and pay the fee prescribed by Section 25608(p). Form U-4, including any Disclosure Reporting Page(s), shall be completed in accordance with the form instructions.~~

~~(2) Proof of compliance with the qualification requirements as prescribed in California Code of Regulations, 10 CCR Section 260.236, unless proof may be obtained from CRD.~~

~~The filing of Form U-4 with the Commissioner does not constitute an automatic "approval" of the filing by the Commissioner. Investment advisers shall not consider an investment adviser representative "registration" approved until approved by the Commissioner and the investment adviser has been notified of the approval.~~

~~If requested by the Commissioner, additional information, documentation or detail pertaining to Form U-4 or the investment adviser representative's compliance with the qualification requirements shall be filed with the Commissioner within 15 days from the date of the request. In accordance with Section 250.16, Form U-4 may be abandoned if the Commissioner does not receive the requested information within the time prescribed. The Commissioner shall "reject" an abandoned Form U-4.~~

~~(c) Within thirty (30) days of any change to the information contained in Form U-4, an amendment to Form U-4 shall be filed with the Commissioner.~~

~~(d) Within thirty (30) days after the termination of an individual as an investment adviser representative, Form U-5 shall be filed with the Commissioner. Form U-5 shall clearly state the reason(s) for termination.~~

~~An investment adviser shall be responsible for the acts, practices, and conduct of an investment adviser representative in connection with acting as an investment adviser representative on its behalf until such time as the investment adviser representative has been terminated and Form U-5 has been filed with the Commissioner. No civil liability in favor of any private party shall arise against any person as a result of this provision, except as expressly provided in the Code.~~

~~(e) The notices in subsection (j) of Section 260.231 are hereby made a part of Form U-4 and Form U-5.~~

~~Note: Authority Cited: Sections 25230, 25230.1 and 25610, Corporations Code.
Reference: Sections 25230, 25230.1, 25236, 25241, 25510 and 25608(p), Corporations Code.~~

6. Amend Section 260.241.4 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. ~~(and in any event within 30 days after the change occurs).~~

(b) A licensed broker-dealer that is a member of the National Association of Securities Dealers Regulation, Inc., shall file changed information contained in its Form BD and any schedule thereto ~~(Uniform Application for Broker-Dealer Registration, as amended by Securities and Exchange Commission Release No. 41594 (July 2, 1999), effective July 30, 1999, and hereby incorporated by reference) (17 CFR 249.501),~~ 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 (~~Uniform Application for Investment Adviser Registration, as amended by Securities and Exchange Commission Release No. IA-1916, 34-43758 (December 21, 2000), effective January 1, 2001, and hereby incorporated by reference~~) (17 CFR 279.1) with the Investment Adviser Registration Depository ("IARD") in accordance with its procedures for transmission to the Commissioner. ~~If the investment adviser does not participate in IARD, the investment adviser shall file changed information directly with 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. ~~If the investment adviser does not participate in IARD, the investment adviser shall file a complete Form ADV that includes changed information directly with the Commissioner.~~

(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, ~~or Section 260.236.2.~~

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.

7. Amend Section 260.242 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 (~~Uniform Request for Broker-Dealer Withdrawal, as amended by Securities and Exchange Commission Release No. 34-41356 (May 10, 1999), effective June 9, 1999, and hereby incorporated by reference~~) (17 CFR 249.501a). Each licensed broker-dealer that is a member of the National Association of Securities Dealers Regulation, Inc. 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 (~~Notice of Withdrawal from Registration as an Investment Adviser, as amended by Securities and Exchange Commission Release No. IA-1916, 34-43758 (December 21, 2000), effective January 1, 2001, and hereby incorporated by reference~~) (17 CFR 279.2) 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. ~~Investment adviser that do not participate in IARD shall file Form ADV-W directly with the Commissioner.~~

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

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