

STATE OF CALIFORNIA
DEPARTMENT OF BUSINESS OVERSIGHT

REVISED TEXT OF PROPOSED CHANGES
UNDER THE CORPORATE SECURITIES LAW OF 1968
PURSUANT TO THE NOTICE OF MODIFICATIONS
TO THE TEXT OF THE PROPOSED REGULATION
DATED: MARCH 28, 2017

1. Section 260.211.4 is adopted to read:

§260.211.4. Exemption for Finders: Form.

(a) An exemption from the provisions of Section 25210 may be obtained from the Commissioner of Business Oversight by a natural person, e.g., individual, who meets the definition of a finder in subdivision (a) of Section 25206.1 of the Code.

(b) Initial Filing: An individual seeking exemption as a finder pursuant to Section 25206.1 of the Code shall file with the Commissioner the Statement of Information form set forth in subsection (g) of this section. The Commissioner may request additional information, documentation or detail pertaining to the form to be filed with the Department.

(c) Filing Fee: The fee for filing an initial Statement of Information is \$300.00 as prescribed in Section 25206.1, subdivision (c)(2), of the Code. The individual shall remit the fee payable to the Department of Business Oversight with the Statement of Information. The fee is not refundable.

(d) Completion of Filing: A Statement of Information is not considered filed until the required fee and a completed form are received by the Commissioner.

(e) Amendment to the Statement of Information: A finder shall notify the Commissioner of any change to the information in the initial Statement of Information

filed with the Commissioner by filing an amended Statement of Information in accordance with the form instructions within 10 business days of the change.

(f) Exemption Ineligibility: The following individuals are ineligible for the exemption as a finder under Section 25206.1 of the Code and if acting as a broker-dealer as defined in Section 25004 or an agent as defined in Section 25003 of the Code, ~~shall~~ must register with the Commissioner as a broker-dealer pursuant to Section 260.211 or an agent pursuant to Section 260.210 of these rules, unless the individual is otherwise exempt from Section 25210 of the Code:

(1) An individual who fails to meets the definition requirements of a finder in Section 25206.1, subdivision (a), of the Code, ~~or~~

(2) An individual who has committed any of the acts or satisfied any of the circumstances described in Section 25212 of the Code or Rule 506(d) of Regulation D under the Securities Act of 1933 (17 C.F.R. 230.506(d)), or

(3) An individual who is registered as a broker-dealer pursuant to Section 260.211 or an agent pursuant to Section 260.210 of these rules.

(g) The Statement of Information shall be filed on the following form:

STATE OF CALIFORNIA –DEPARTMENT OF BUSINESS OVERSIGHT
STATEMENT OF INFORMATION FOR FINDER
PURSUANT TO SECTION 25206.1 of the California Corporations Code



Instructions: This form is required to: 1) file the initial Statement of Information for exemption as a finder from the broker-dealer requirements of the Corporate Securities Law of 1968, 2) annually file the renewal Statement of Information, 3) notify the Commissioner of Business Oversight of any amendment to the Statement of Information, or 4) withdraw the exemption as a finder. Submit the completed form and filing fee to the Department of Business Oversight, 1515 K Street, Suite 200, Sacramento, California, 95814.

A natural person, e.g., individual, who is engaged in the business of effecting transactions in securities and is not otherwise exempt from Section 25210 of the Corporations Code shall be subject to the broker-dealer requirements of Section 25210, if the individual fails to meet the definition of a finder and comply with the exemption requirements in Corporations Code section 25206.1.

An individual who meets the exemption requirements as a finder is subject to the prohibition against fraudulent or misleading acts in Corporations Code section 25401.

State the purpose for filing the form by marking the appropriate box below:

- Initial Statement of Information pursuant to Corporations Code Section 25206.1, subdivision (c), to file for exemption as a finder from the broker-dealer requirements. Complete Sections I and IV, and attach: 1) a check payable to the Department of Business Oversight for the filing fee of \$300.00, and 2) a completed Consent to Service of Process (Form 260.165).
 - Renewal Statement of Information pursuant to Corporations Code Section 25206.1, subdivision (d), to renew the exemption as a finder. Complete Sections I, II and IV, and attach a check payable to the Department of Business Oversight for the renewal filing fee of \$275.00.
 - Amendment to the initial Statement of Information or renewal Statement of Information pursuant to Sections 260.211.4 and 260.211.5, Title 10, California Code of Regulations. Complete Sections I and IV, and include the changed information in the relevant section. No fee is required.
 - Withdrawal of the exemption pursuant to Section 260.211.6, Title 10, California Code of Regulations. Complete Sections I and III. No fee is required.
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I. All filers must complete the following information:

1. Identification Information:

A. Full Legal Name:

(Last Name) (First Name) (Middle Name) (Suffix)

B. Social Security Number: _____ **DBO File Number: (DBO use only)** _____
(Disclosure of the social security number is voluntary).

C. Business and Residential Address (Do not provide a P.O. Box):

Business Address:

(Number and Street) (City) (State) (Zip)

Residential Address:

(Number and Street) (City) (State) (Zip)

D. Mailing Address, if different from the business or residential address:

(Number and Street)

(City)

(State)

(Zip)

E. Telephone Number: _____

F. Email Address: _____

G. Location of Books and Records Required to be Maintained under Section 25206.1, subdivision (f):

(Number and Street)

(City)

(State)

(Zip)

H. ~~Are you a registered representative~~ Are you registered as an agent as defined in Section 25003 of the Corporations Code of any broker or dealer firm? Yes No

I. Have you committed any of the acts or satisfied any of the circumstances described in, or are subject to any order pursuant to Section 25212 of the Corporations Code?

Yes

No

J. Have you committed any of the acts or satisfied any of the circumstances described in, or are subject to any order pursuant to Rule 506(d) of Regulation D under the Securities Act of 1933 [(17 C.F.R. 230.506(d))]?

Yes

No

If you answered "yes" in items H, I, or J, you do not qualify under Section 25206.1 of the Corporations Code for the exemption as a finder from the broker-dealer requirements. You are required to register with the Commissioner of Business Oversight as a broker-dealer or agent pursuant to Section 25210 of the Corporations Code if you are engaged in the business of effecting transactions in securities and are not otherwise exempt from the broker-dealer requirements.

II. Complete the following section if you are filing a renewal Statement of Information:

By filing this notice with the Commissioner of Business Oversight, Finder hereby represents that (check the appropriate box):

1. I have in the prior 12 months complied with and will continue to comply with the conditions in Section 25206.1, subdivision (a), of the Corporations Code. Yes No

2. I have not in the prior 12 months committed any of the acts or satisfied any of the circumstances described in Section 25212 of the Corporations Code or Rule 506(d) of Regulation D under the Securities Act of 1933 [17 C.F.R. 230.506(d)]. I have not I have committed one or more of the described acts or circumstances

3. I have obtained the written agreement specified in Section 25206.1, subdivision (e), of the Corporations Code with respect to each transaction in which I participated in the prior 12 months. Yes No
4. I have received transaction-based compensation that is subject to the actual sale of securities by the issuer in a transaction in which I participated in the prior 12 months. Yes No (Corporations Code section 25206.1 permits finders to receive transaction-based compensation.)

~~A finder who did not comply with any one of the requirements in item numbers 1 through 3, or fails to provide a response in item number 4, is prohibited from renewing the exemption and and must register with the Commissioner of Business Oversight as a broker-dealer or agent.~~

A finder is not eligible to renew the exemption if the finder answered “no” to item numbers 1 or 3, answered item number 2 as having committed one or more of the described acts, or failed to answer item number 4. You are required to register with the Commissioner of Business Oversight as a broker-dealer or agent pursuant to Section 25210 of the Corporations Code if you are engaged in the business of effecting transactions in securities and are not otherwise exempt from the broker-dealer requirements.

III. Complete the following section if you are withdrawing the exemption:

Check the box if you are withdrawing the exemption as a finder from the broker-dealer requirements. If you are engaged in the business of effecting transactions in securities, you are subject to the broker-dealer requirements of Section 25210 of the Corporations Code unless you are otherwise exempt.

Effective Date of Withdrawal: _____
Date

Signature of Finder

IV. Execution Section

I, the undersigned, sign this form and certify that the information and statements made in this filing are true and correct. I certify that the books and records will be maintained and preserved, and available for inspection by the Commissioner of Business Oversight as required by Section 25206.1, subdivision (f) of the Corporations Code.

Date

Filer or Finder Name (Printed)

The following notices required by state and federal law are provided for those filing for the exemption as a finder from the broker-dealer provisions of the Corporate Securities Law of 1968:

NOTICES REQUIRED UNDER STATE AND FEDERAL LAW

INFORMATION PRACTICES ACT OF 1977

(California Civil Code Section 1798.17)

(a)The Department of Business Oversight of the State of California, Securities Regulation Division, is requesting the information specified in the Statement of Information.

(b)The Chief Administrative Officer, the Department of Business Oversight, 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 Business Oversight's 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 25206.1).

(d)The submission of all items of information is mandatory, except for the social security number.

(e)Failure to provide all or any part of the mandated information may result in the Department of Business Oversight rejecting the exemption filing.

(f)The purposes within the Department of Business Oversight for which the information is to be used are to 1) verify the individual's identity and eligibility for exemption from the broker-dealer requirements, 2) determine whether the individuals are acting in accordance with the applicable laws, and 3) determine whether the laws administered by the Department of Oversight 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, 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 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 Business Oversight.

FEDERAL PRIVACY ACT OF 1974

Pursuant to Section 7(b) of the Privacy Act of 1974 [5 U.S.C. § 552a note (Disclosure of Social Security Number)], disclosure of a social security number is voluntary. The social security number is solicited pursuant to Section 25206.1 of the California Corporations Code. The social security number is used to 1) verify the individual's identity and eligibility for exemption from the broker-dealer requirements, 2) determine whether the individuals are acting in accordance with the applicable laws, and 3) determine whether the laws administered by the Department of Oversight 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, as authorized by law, is appropriate.

~~(h) The notices required by state and federal law in Section 260.211, subsection~~

~~(f), of these rules are incorporated as part of the Statement of Information form.~~

~~(1) A social security number is solicited pursuant to Section 25206.1 of the Code.~~

~~(2) The principal purposes within the Department for which the social security number is to be used are to determine whether 1) individuals are eligible for the exemption from the broker-dealer requirements, 2) individuals regulated by the Department are conducting themselves in accordance with the applicable laws; and/or 3) laws administered by the Department 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, as authorized by law, is appropriate.~~

NOTE: Authority cited: Section 25206.1, Corporations Code. Reference: Section 1798.17, Civil Code; Section 25206.1 and 25212, Corporations Code; Sections 13140-13144, Government Code; 17 C.F.R. 230.506(d); and 5 U.S.C. Section 552a note.

2. Section 260.211.5 is adopted to read:

§ 260.211.5. Annual Renewal of Exemption for Finders: Form.

(a) Filing: A finder shall annually renew the exemption by filing the Statement of Information form in subsection (g) of Section 260.211.4 of these rules with the Commissioner of Business Oversight in accordance with the form instructions on or before the filing date specified in Section 25206.1, subdivision (d)(1), of the Code. The Commissioner may request additional information, documentation or detail pertaining to the form to be filed with the Department.

(b) Filing Fee: The fee for filing the renewal Statement of Information is \$275.00 as prescribed in Section 25206.1, subdivision (d)(2), of the Code. The finder shall remit

the fee payable to the Department of Business Oversight with the Statement of Information. The fee is not refundable.

(c) Completion of Filing: A Statement of Information is not ~~considered filed~~ effective until the required fee and a completed form are received by the Commissioner.

(d) Amendment to the Statement of Information: A finder shall notify the Commissioner of any change to the information in the renewal Statement of Information filed with the Commissioner by filing an amended Statement of Information in accordance with the form instructions within 10 business days of the change.

(e) Registration as a Broker-Dealer or Agent Required: A finder who commits any of the following acts does not meet the requirements for the exemption as a finder and, if acting as a broker-dealer as defined in Section 25004 or an agent as defined in Section 25003 of the Code, must ~~shall~~ register with the Commissioner as a broker-dealer pursuant to Section 260.211 or an agent pursuant to Section 260.210 of these rules, unless the individual is otherwise exempt from Section 25210 of the Code:

(1) Failure to renew the exemption or pay the renewal filing fee to the Commissioner before the filing due date specified in Section 25206.1, subdivision (d), of the Code,

(2) Failure to comply with the conditions for a finder in Section 25206.1, subdivision (a), of the Code,

(3) Performance of any of the acts or ~~satisfying~~ satisfaction of any of the circumstances in Section 25212 of the Code or Rule 506(d) of Regulation D under the Securities Act of 1933 (17 C.F.R. 230.506(d)) pursuant to Section 25206.1, subdivision (d)(1)(A)(ii), of the Code,

(4) Failure to obtain a signed written agreement or the written consent of each person introduced or referred by the finder, or to provide the disclosures and information in accordance with Section 25206.1, subdivision (e), of the Code,

(5) Failure to disclose whether transaction-based compensation was received as specified in Section 25206.1, subdivision (d)(1)(B), of the Code, and

(6) Failure to maintain the records required under Section 25206.1, subdivision (f).

NOTE: Authority cited: Section 25206.1, Corporations Code. Reference: Section 25206.1 and 25212, Corporations Code; and 17 C.F.R. 230.506(d).

3. Section 260.211.6 is adopted to read:

§260.211.6. Notification of Withdrawal: Finder.

A finder shall notify the Commissioner of Business Oversight within 15 calendar days of the finder withdrawing from engaging in business under the exemption by filing the Statement of Information form in subsection (g) of Section 260.211.4 of these rules with the Commissioner in accordance with the form instructions.

NOTE: Authority cited: Section 25206.1, Corporations Code. Reference: Section 25206.1, Corporations Code.

4. Section 260.211.7 is adopted to read:

§260.211.7. Maintenance of Records.

(a) A finder shall make and keep the written agreement and any other records for the time period specified in Section 25206.1, subdivision (f), of the Code.

(b) The records shall be maintained at the location designated by the finder in the Statement of Information.

(c) The records shall be subject at any time to examination by the Commissioner of Business Oversight as the Commissioner deems necessary or appropriate in the public interest or for the protection of investors.

(d) The prohibition against fraudulent and misleading acts in Section 25401 of the Code shall apply to a finder.

NOTE: Authority cited: Section 25206.1, Corporations Code. Reference: Sections 25206.1 and 25401, Corporations Code.