

**DEPARTMENT OF CORPORATIONS***Business Services and Consumer and Investor Protection*

**Jan Lynn Owen**  
**California Corporations Commissioner**  
**Sacramento, California**

IN REPLY REFER TO:  
FILE NO: PRO 02/11

**NOTICE OF CHANGES TO PROPOSED RULEMAKING ACTION OF  
THE CALIFORNIA CORPORATIONS COMMISSIONER UNDER THE  
CORPORATE SECURITIES LAW OF 1968  
(45-DAY COMMENT PERIOD EXTENSION)**

To Interested Persons:

On December 28, 2011, the California Corporations Commissioner mailed the proposed rulemaking to amend Rule 260.204.9 (title 10, California Code of Regulations) to provide an exemption from registration for investment advisers to certain private funds. The rule as currently in effect was adopted as an emergency regulation on July 21, 2011. The rule currently exempts persons deemed to be "private advisers."

In this rulemaking action the Commissioner proposes to adopt a permanent exemption for certain advisers to "private funds." The proposed exemption would be consistent with the regulation of private funds under Dodd-Frank, and with the NASAA *Registration Exemption for Investment Advisers to Private Funds Model Rule* (Adopted December 16, 2011).

### **REASONS FOR EXTENSION**

The Notice of Rulemaking Action and the Initial Statement of Reasons were amended on January 3, 2012, to comply with the requirements of Senate Bill 617 (Chapter 496, Statutes of 2011) which amended the Administrative Procedure Act.

The Department of Corporations published a Notice of Proposed Action in the January 6, 2012 edition of the California Regulatory Notice Register (Register 2012, No. 1-Z, page 3) concerning a Private Fund Adviser Exemption. The original comment period deadline was February 20, 2012.

The Department is extending the written comment deadline to March 25, 2012.

The following amendments were made to the Notice of Rulemaking Action:

- An evaluation of whether the proposed regulation is inconsistent or incompatible with existing state regulations was included.
- An economic impact analysis statement requirement pursuant to Government Code section 11346.3(b) was included.

The following amendments were made to the Initial Statement of Reasons:

- An economic impact analysis statement was added, pursuant to Government Code section 11346.3(b).
- Information regarding the studies, reports, and documents relied upon was clarified, pursuant to Government Code sections 11346.2(b)(3) and 11347.3(b)(7).

The revised Notice of Rulemaking Action and the revised Initial Statement of Reasons for the proposed action containing all the information upon which the proposal is based is available from the Office of Legislation and Policy, Sacramento Office of the Department of Corporations. Request document PRO 02/11 – A (Revised) and document PRO 02/11 – C (Revised). These documents are also available at the Department's website at [www.corp.ca.gov](http://www.corp.ca.gov). As required by the Administrative Procedure Act, the Office of Legislation and Policy maintains a hearing file containing all the information upon which the proposal is based. The rulemaking file is available for public inspection during regular business hours. Comments or inquiries concerning these proposed regulation changes may be directed to Karen Fong or Tanya Bosch at (916) 322-3553.

#### **45-DAY COMMENT PERIOD EXTENSION**

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Department, addressed as follows:

Regular Mail  
Department of Corporations  
Attn: Karen Fong, Office of Legislation and Policy  
1515 K Street, Suite 200  
Sacramento, CA 95814

Electronic Mail  
[regulations@corp.ca.gov](mailto:regulations@corp.ca.gov)

Facsimile  
(916) 322-5875

Notice of Changes to Proposed Amendments of Rules  
(45-Day Comment Period Extension)  
PRO 02/11  
Page 3

Comments may be submitted until 5:00 p.m., March 25, 2012. If the final day for the acceptance of comments is a Saturday, Sunday or state holiday, the comment period will close at 5 p.m. on the next business day.

Dated: February 6, 2012  
Sacramento, California