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KRISTIN K. MAYES



1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Jeff Hatch-Miller, Chairman
William A. Mundell, Commissioner
Marc Spitzer, Commissioner
Mike Gleason, Commissioner
Kristin K. Mayes, Commissioner

FROM: Matthew Neubert 
Director of Securities

DATE: November 9, 2005

RE: Notice of Docket Opening; RS-00000A-05-0809

cc: Brian C. McNeil, Executive Director

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The Securities Division is opening a new docket for consideration of amendments to A.A.C. R14-6-101 ("rule 101") and R14-6-206 ("rule 206").

Rule 206 regulates the custody practices of investment advisers. Rule 101 sets forth the definitions of terms used in the rules promulgated under A.R.S. Title 44, Chapter 13. The Securities and Exchange Commission ("SEC) has amended its rule governing custody of funds or securities by investment advisers, 17 CFR 275.206(4)-2, under the Investment Advisers Act of 1940, effective April 1, 2004. The Division proposes amending rule 206 to reflect the amendment to federal law.

Attached is a copy of the notice that the Securities Division will be filing with the office of the secretary of state for publication in the Arizona Administrative Register.

NOTICE OF RULEMAKING DOCKET OPENING

ARIZONA CORPORATION COMMISSION—SECURITIES DIVISION

1. Title and its heading: Title 14; Public Service Corporations; Corporations and Associations; Securities Regulation
Chapter and its heading: Chapter 6; Investment Management
Subchapter and its heading (if applicable): Not applicable
Article and its heading: Article 1. General Provisions Relating to the Arizona Investment Management Act; Article 2. Duties of Investment Advisers and Investment Adviser Representatives
Part and its heading (if applicable): Not applicable
Section number: R14-6-101; R14-6-206 (*Other Sections may be added, deleted or modified as necessary*)
2. The subject matter of the proposed rule: Section R14-6-206 provides regulation over custody of client funds or securities by investment advisers; Section R14-6-101 provides definitions of terms used in the rules.
The agency docket number, if applicable: Docket Number RS-00000A-05-0809.
3. A citation to all published notices relating to the proceeding: None
4. The name and address of agency personnel with whom persons may communicate regarding the proposed rule:

Name: Abby Henig

Address: Arizona Corporation Commission, Securities Division
1300 W. Washington, Third Floor
Phoenix, AZ 85007

Phone: (602) 542-0187

Fax: (602) 594-7402

E-mail: ahenig@azcc.gov

5. The time during which agency will accept written comments and the time and place where oral comments may be made: Monday - Friday, 8:00 a.m. - 5:00 p.m. at the Securities Division as noted in question 4. No hearing date has been set.
6. A timetable for agency decisions or other action on the proceeding, if known: Not known.