



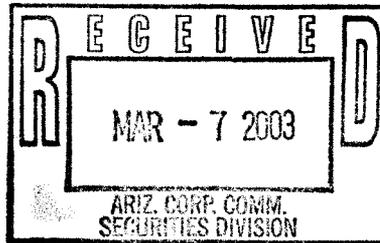
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OFFICE OF THE ATTORNEY GENERAL
STATE OF ARIZONA

TERRY GODDARD
ATTORNEY GENERAL



Mark Sendrow
Director of Securities
Arizona Corporation Commission
1300 West Washington, Third Floor
Phoenix, Arizona 85007-2996

Arizona Corporation Commission
DOCKETED

MAR 10 2003

RE: A.G. Rule No. R02-020; A.A.C. R14-4-132

DOCKETED BY *nae*

Dear Mr. Sendrow:

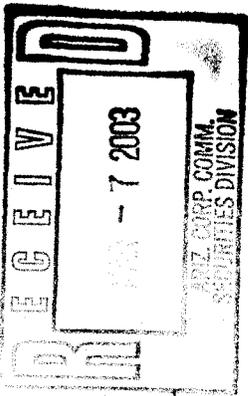
We have reviewed the above-referenced rule adopted by the Arizona Corporation Commission on September 26, 2002. We have determined that the rule is in proper form, is clear, concise and understandable, within the power of the agency to adopt and within legislative standards, and was adopted in compliance with appropriate procedures.

Accordingly, pursuant to A.R.S. § 41-1044, I have affixed my signature to the original Approval of Final Rules and have forwarded it together with the original rule, notice of final rulemaking, and economic, small business, and consumer impact statement and four copies of each to the Secretary of State.

We have enclosed a copy for your reference.

Sincerely,

Terry Goddard
Attorney General



ATTORNEY GENERAL APPROVAL OF FINAL RULES

- 1. Agency Name: Arizona Corporation Commission, Securities Division
- 2. Chapter Heading: Arizona Corporation Commission, Securities Division
- 3. Code Citation for the Chapter: 14 A.A.C. 4
- 4. The Articles and the Sections involved in the rulemaking, listed in alphabetical and numerical order:

<u>Sections</u>	<u>Action</u>
R14-4-132	Amend

- 5. The rules contained in this package are approved as final rules pursuant to A.R.S. § 41-1044.

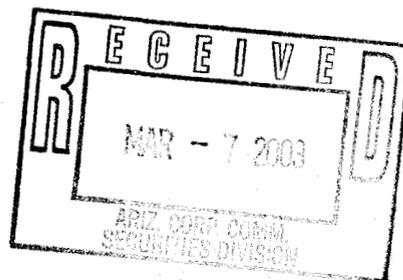
6. Terry Goddard
 TERRY GODDARD,
 Attorney General

March 4 2003
 Date

AGENCY RECEIPT

for

NOTICE OF FINAL RULEMAKING



1. Agency name: Arizona Corporation Commission, Securities Division
2. The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, listed in alphabetical and numerical order:

Subchapters, Articles, Parts, and Sections

Action

Article 1, Section R14-4-132

Amendment

NOTICE OF FINAL RULEMAKING

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;

SECURITIES REGULATION

CHAPTER 4. CORPORATION COMMISSION--SECURITIES

PREAMBLE

1. Sections Affected Rulemaking Action

R14-4-132 Amendment

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rule is implementing (specific):

Authorizing statute: A.R.S. § 44-1821

Implementing statute: A.R.S. §§ 44-1822, 44-1824, 44-1961

Constitutional authority: Arizona Constitution, Article XI, § 4

3. The effective date of the rule:

The rule is effective the later of the effective date of the amendments reflected in SEC Release No. 34-44992 or the date pursuant to A.R.S. § 41-1032.

4. A list of all previous notices appearing in the Register addressing the final rule:

8 A.A.R. 494, February 1, 2002, Notice of Rulemaking Docket Opening

8 A.A.R. 2221, May 24, 2002, Notice of Proposed Rulemaking

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Cheryl T. Farson

Address: Arizona Corporation Commission, Securities Division
1300 W. Washington, Third Floor
Phoenix, AZ 85007-2996

Telephone: (602) 542-4242

Fax Number: (602) 594-7470

E-mail: cf@ccsd.cc.state.az.us

6. An explanation of the rule, including the agency's reasons for initiating the rule making:

A.A.C. R14-4-132 ("rule 132") requires that registered dealers make, maintain, and preserve books and records in compliance with certain specified U.S. Securities and Exchange Commission ("SEC") rules, including 17 CFR 240.17a-3 and 17 CFR 240.17a-4.

The SEC's books and records rules, promulgated under the Securities Exchange Act of 1934, specify minimum requirements with respect to the records that dealers must make, and how long those records and other documents relating to a dealer's business must be kept. The SEC has required that dealers create and maintain certain records so that, among other things, the SEC, self-regulatory organizations, and state securities regulators may conduct effective examinations of dealers. The SEC has amended 17 CFR 240.17a-3 and 17 CFR 240.17a-4. The amendments will be effective May 2, 2003.

The National Securities Market Improvement Act of 1996 prohibits states from establishing books and records rules that differ from, or are in addition to, the SEC's books and records rules.

The Division proposes amending rule 132 to reflect the federal law mandate that state books and records requirements do not differ from the SEC books and records rules and to reflect the SEC's amendments effective May 2, 2003.

7. A reference to any study relevant to the rule that the agency reviewed and either relied on in its evaluation of or justification for the rule or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, any analysis of each study, and other supporting material:

None.

8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

An amendment to rule 132 will not diminish a previous grant of authority.

9. The summary of the economic, small business, and consumer impact:

The economic, small business, and consumer impact statement for rule 132 incorporates by reference SEC Release No. 34-44992; File No. S7-26-98, which analyzes the costs, savings, and benefits of amendments to the federal books and records requirements. This analysis is relevant to the Commission's amendment of rule 132 because, by federal mandate, rule 132 is uniform with federal law.

Section 15(h)(1) of the federal Securities Exchange Act of 1934 (15 U.S.C. § 78o(h)(1)), adopted in 1996, provides that

No law, rule, regulation, or order, or other administrative action of any State or political subdivision thereof shall establish . . . making and keeping records . . . requirements for . . . dealers . . . that differ from, or are in addition to, the requirements in those areas established under this title.

The SEC has amended two of the rules incorporated in rule 132; the amendments will be effective May 2, 2003. The Commission amends rule 132 to reflect the federal law mandate that state books and records requirements do not differ from the SEC books and records rules and to reflect the SEC's amendments.

10. A description of the changes between the proposed rule, including supplemental notices, and the final rule (if applicable):

Typographical error corrected in paragraph A of the rule.

11. A summary of the comments made regarding the rule and the agency response to them:

The Commission did not receive written comments to the rule.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

13. Incorporations by reference and their location in the rule:

The following materials are incorporated by reference in rule 132(A):

17 CFR 240.17a-3 (2002) as amended by 66 Fed. Reg. 55817 (2001)

17 CFR 240.17a-4 (2002) as amended by 66 Fed. Reg. 55817 (2001)

17 CFR 240.15g (2002)

17 CFR 240.15c2-11(2002)

14. Was this rule previously made as an emergency rule? If so, please indicate the Register citation:

Not applicable.

15. The full text of the rule follows:

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND

ASSOCIATIONS; SECURITIES REGULATION

CHAPTER 4. CORPORATION COMMISSION

SECURITIES

ARTICLE 1. IN GENERAL RELATING TO THE ARIZONA SECURITIES ACT

Section 14-4-132.

R14-4-132. Books and Records of Dealers

R14-4-132. Books and Records of Dealers

- A. Unless otherwise provided by order of the Commission, each registered dealer shall make, maintain, and preserve books and records in compliance with U.S. Securities and Exchange Commission rules 17a-3 (17 CFR 240.17a-3 (19912002)); ~~and 17-a4~~17a-4 (17 CFR 240.17a-4 (19912002)) as amended in Release No. 34-4992, 66 Fed. Reg. 55817 (2001); ~~15c2-6~~ 15g (17 CFR ~~240.15c2-6 (1991240.15g (2002));~~ and 15c2-11 (17 CFR 240.15c2-11 (19912002)), as amended in Release No. 34-29094, 56 Fed. Reg. 19148 (1991) all of which are incorporated herein by reference. Copies of the materials are available from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402, from the Commission, and are on file with the office of the secretary of state.
- B. To the extent that the U.S. Securities and Exchange Commission promulgates changes to the above-referenced rules, dealers in compliance with such rules as amended shall not be subject to enforcement action by the Commission for violation of this rule to the extent that the violation results solely from the dealer's compliance with the amended rule.

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND

ASSOCIATIONS; SECURITIES REGULATION

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- B. To the extent that the U.S. Securities and Exchange Commission promulgates changes to the above-referenced rules, dealers in compliance with such rules as amended shall not be subject to enforcement action by the Commission for violation of this rule to the extent that the violation results solely from the dealer's compliance with the amended rule.