

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 6, 2008

1. Section 260.218.5 is repealed.

~~Section 260.218.5. Record Keeping.~~

~~(a) Every broker-dealer shall make and keep current a record for each person who becomes a customer after the effective date of this Section, which record shall state:~~

~~(1) The customer's name, date of birth, address, nationality or citizenship, tax identification or social security number, and the signatures of the customer, the agent regularly handling the account and a supervisor designated pursuant to subsection (b) of section 260.218.4 of these rules.~~

~~(2) If the broker-dealer, or any of its agents, has made any recommendation to the customer to purchase, sell or exchange any security, the record for such customer shall also state the customer's occupation, marital status, investment objectives, other information concerning the customer's financial situation and needs which the broker-dealer or the agent considered in making the recommendation, and the signature of the broker-dealer or agent who made the recommendation to the customer.~~

~~(b) If, after the effective date of this section, a broker-dealer, or any agent of such a broker-dealer, has made any recommendation to a person who became a customer prior to the effective date of this section, the broker-dealer shall make and keep current a record for such customer which shall state the information required by subsections (a)(1) and (a)(2) of this section.~~

~~(c) Any item of information required by subsection (a)(1) or (a)(2) of this section need not be contained in the customer's record if, after reasonable inquiry, the customer declines to furnish such item of information and a statement to that effect is placed in such record; provided, however, that the customer's record must state the customer's name, address and social security or tax identification number.~~

~~(d) Every broker-dealer shall make and keep current:~~

~~(1) A record or records with respect to each discretionary account which shall include:~~

~~(i) The customer's written authorization to exercise discretionary power or authority with respect to such account.~~

~~(ii) The reasons given by the customer for granting discretionary authority in its account.~~

~~(iii) The written approval of a supervisor designated pursuant to subsection (b) of Section 260.218.4 of these rules and, if appropriate, the written approval of the person or persons designated pursuant to subsection (d) of Section 260.218.4 of these rules of the delegation of discretionary authority.~~

~~(iv) The written approval of a supervisor designated pursuant to Subsection (b) of Section 260.218.4 of these rules of each transaction in such account indicating the exact time and date of such approval.~~

~~(2) A separate file for all complaints by customers and persons acting on behalf of customers. Such complaints shall be filed alphabetically by customer's name and shall include copies of all material relating to the complaint, and record of what action, if any, has been taken by the broker-dealer. Copies of such material and record of action taken shall be kept in the office through which the customer account is handled.~~

~~(e) Every broker-dealer shall preserve all records required by this Section for a~~

~~period of not less than six years, the first two years in an easily accessible place. After the first two years, a photograph on film may be substituted for the records for the balance of the required time.~~

~~Note: Authority cited: Sections 25218 and 25610, Corporations Code. Reference: Section 25218, Corporations Code.~~

2. Section 260.241 is amended to read:

Section 260.241. Books and Records of Broker-Dealers.

~~(a) Every licensed broker-dealer shall make and keep current and accurate the following books and records relating to its business, and provide the Commissioner or his or her designee, complete access and opportunity to make copies of:~~

~~(1) Blotters (or other records of original entry) containing an itemized daily record of all purchases and sales of securities, all receipts and deliveries of securities (including certificate numbers), all receipts and disbursements of cash and all other debits and credits. Such records shall show the account for which each such transaction was effected, the name and amount of securities, the unit and aggregate purchase or sale price (if any), the trade date, and the name or other designation of the person from whom purchased or received or to whom sold or delivered.~~

~~(2) Ledgers (or other records) reflecting all asset, liability, income, expense, and capital accounts.~~

~~(3) Ledger accounts (or other records) itemizing separately as to each cash and margin account of every customer, and of such broker-dealer and partners thereof, all purchases, sales, receipts and deliveries of securities for such account and all other debits and credits to such account.~~

~~(4) Ledgers (or other records) reflecting the following:~~

~~(A) Securities in transfer;~~
~~(B) Dividends and interest received;~~
~~(C) Securities borrowed and securities loaned;~~
~~(D) Monies borrowed and monies loaned (together with a record of the collateral therefor and any substitutions in such collateral);~~

~~(E) Securities failed to receive and failed to deliver; and~~

~~(vi) All long and all short stock record differences arising from the examination, count, verification and comparison, pursuant to Rule 260.241.2 and Rule 260.241.6 of these rules (by date of examination, count, verification and comparison showing for each security the number of shares long or short count difference).~~

~~(5) A securities record or ledger reflecting separately for each security as of the clearance dates all "long" or "short" positions (including securities in safekeeping) carried by such broker-dealer for its account or for the account of its customers or partners and showing the location of all securities long and the offsetting positions to all securities short, including long security count differences classified by the date of the physical count and verification in which they were discovered, and in all cases the name or designation of the account in which each position is carried.~~

~~(6) A memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted. Such memorandum shall show the terms and conditions of the order or instructions and of any modification or cancellation thereof, the account for which entered, the time of entry, the price at which executed and, to the extent feasible, the time of execution or cancellation. Orders entered pursuant to the exercise of a discretionary power by such broker-dealer, or any agent or employee thereof, shall be so designated.~~

For the purposes of this Clause (6), the following definitions apply:

(i) "Instruction" includes instructions between partners, agents, and employees of a broker-dealer.

(ii) "Time of entry" means the time when such broker-dealer transmits the order or instruction for execution or, if it is not so transmitted, the time when it is received.

(7) A memorandum of each purchase and sale of securities for the account of such broker-dealer showing the price and, to the extent feasible, the time of execution; and, in addition, where such purchase or sale is with a customer other than a broker-dealer, a memorandum of each order received showing the time of receipt, the terms and conditions of the order, and the account in which it was entered.

(8) Copies of confirmations of all purchases and sales of securities and copies of notices of all other debits and credits for securities, cash and other items for the account of customers and partners of such broker-dealer.

(9) A record in respect of each cash and margin account with such broker-dealer containing the name and address of the beneficial owner of such account and, in the case of a margin account, the signature of such owner; provided, however, that in the case of a joint account or an account of a corporation, such records are required only in respect of the person or persons authorized to transact business for such account.

(10) A record of all puts, calls, spreads, straddles and other options in which such broker-dealer has any direct or indirect interest or which such broker-dealer has granted or guaranteed, containing, at least, an identification of the security and the number of units involved.

(11) A record of the proof of money balances of all ledger accounts in the form of trial balances and a record of the computation of aggregate indebtedness and net capital as of the trial balance date pursuant to Rule 15c3-1 under the Securities

~~Exchange Act of 1934 (17 CFR 240.15c3-1); provided, however, that such computation need not be made by~~

~~(A) any broker-dealer unconditionally exempt from Rule 15c3-1 by subparagraph (b)(1) or (b)(3) thereof; and~~

~~(B) any member in good standing of a national securities exchange who acts as a floor broker (and whose activities do not require compliance with other provisions of Rule 15c3-1) and who elects to comply with the financial responsibility standards of subparagraph (b)(2) of Rule 15c3-1; and~~

~~(C) any broker-dealer electing to operate pursuant to subsection (f) of Rule 15c3-1, who shall make a record of the computations as set forth in said subsection (f). Such trial balances and computations shall be prepared currently at least once a month.~~

~~(12) A properly executed Uniform Application for Securities Industry Registration or Transfer Form ("Form U-4") for each agent employed.~~

~~If such agent has been registered as a representative of such broker-dealer or such person's employment has been approved by the National Association of Securities Dealers Regulation, Inc., or the New York Stock Exchange, the American Stock Exchange, or the Pacific Exchange, Inc., the retention of a full, correct and complete copy of any and all applications for such registration or approval shall satisfy the requirements of this Clause (12).~~

~~(13) A properly executed Uniform Termination Notice for Securities Industry Registration ("Form U-5") for each agent terminated.~~

~~(14) A current copy of Form U-4 and (when applicable) Form U-5 shall be maintained in this state at the location listed on Form U-4 as the Office of Employment.~~

~~(b)(1) This section does not require a member of the New York Stock Exchange, the American Stock Exchange, or the Pacific Exchange, Inc. or a licensed broker-dealer~~

~~who transacts a business in securities through the medium of any such member to make or keep such records of transactions cleared for such member or broker-dealer as are customarily made and kept by a clearing broker-dealer pursuant to the requirements of paragraph (a) of this section and of Section 260.241.1 of these rules; provided that the clearing broker-dealer has and maintains net capital of not less than \$ 25,000 and is otherwise in compliance with Rule 15c3-1 (17 CFR 240.15c3-1).~~

~~(2) This section shall not be deemed to require a member of the New York Stock Exchange, the American Stock Exchange, or the Pacific Exchange, Inc., or a licensed broker-dealer who transacts a business in securities through the medium of any such member, to make or keep such records of transactions cleared for such member or broker-dealer by a bank as are customarily made and kept by a clearing broker-dealer pursuant to the requirements of Sections 260.241 and 260.241.1 of these rules; provided that such member or broker-dealer obtains from such bank an agreement, in writing, to the effect that the records made and kept by such bank are the property of the member or broker-dealer, and that such books and records are available for examination by representatives of the Commissioner as specified in Section 25241 of the Code, and that it will furnish to the Commissioner, upon demand, at such place designated in such demand, true, correct, complete and current copies of any or all of such records.~~

~~Nothing herein contained shall be deemed to relieve such member or broker-dealer from the responsibility that such books and records be accurate and maintained and preserved as specified in Sections 260.241 and 260.241.1 of these rules.~~

~~(c) This section does not require a broker-dealer to make or keep such records as are required by subsection (a) of this section reflecting the sale of United States Tax~~

~~Savings Notes, United States Defense Savings Stamps, or United States Defense Savings Bonds, Series E, F and G.~~

~~(d) The records specified in subsection (a) of this section shall not be required with respect to any cash transaction of \$ 100.00 or less involving only subscription rights or warrants which by their terms expire within 90 days after the issuance thereof.~~

~~(a) Unless otherwise provided by order of the Commissioner, every broker-dealer shall make, maintain, and preserve books and records in compliance with U.S. Securities and Exchange Commission rules 15c2-11 (17 CFR 240.15c2-11), 15g-2(c) (17 CFR 240.15g-2(c)), 15g-4(b)(2) (17 CFR 240.15g-4(b)(2)), 15g-5(b)(2) (17 CFR 240.15g-5(b)(2)), 15g-6(f) (17 CFR 240.15g-6(f)), 17a-3 (17 CFR 240.17a-3), and 17a-4 (17 CFR 240.17a-4), all of which are incorporated by reference.~~

~~(b) For purposes of the application of the above-referenced U.S. Securities and Exchange Commission rules, “member” shall also mean “broker-dealer” as defined in Corporations Code Section 25004, “associated person” shall also mean “agent” as defined in Corporations Code Section 25003, and “securities regulatory authority” shall also mean the Department of Corporations.~~

NOTE: Authority cited: Sections 25241 and 25610, Corporations Code.

Reference: Section 25241, Corporations Code.

3. Section 260.241.1 is repealed.

~~Section 260.241.1. Preservation of Records~~

~~The records required in Section 260.241 of these rules shall be preserved according to the following requirements:~~

~~(a) Every broker-dealer shall preserve for a period of not less than six years, the first two years of which shall be in an easily accessible place, all records required to be made pursuant to subsections (a)(1), (2), (3) and (5) of Section 260.241 of these rules.~~

~~(b) Every broker-dealer shall preserve for a period of not less than three years, the first two years of which shall be in an easily accessible place:~~

~~(1) All records required to be made pursuant to subsections (a)(4), (6), (7), (8), (9) and (10) of Section 260.241 of these rules.~~

~~(2) All check books, bank statements, cancelled checks and cash reconciliations.~~

~~(3) All bills receivable or payable (or copies thereof), paid or unpaid, relating to the business of the broker-dealer, as such.~~

~~(4) Originals of all communications received and copies of all communications sent by the broker-dealer (including inter-office memoranda and communications) relating to its business, as such.~~

~~(5) All trial balances, computations of aggregate indebtedness and net capital (and working papers in connection therewith), financial statements, branch office reconciliations and internal audit working papers, relating to the business of the broker-dealer, as such.~~

~~(6) All guarantees of accounts and all powers of attorney and other evidence of the granting of any discretionary authority given in respect of any account, and copies of resolutions empowering an agent to act on behalf of a corporation.~~

~~(7) All written agreements (or copies thereof) entered into by the broker-dealer relating to its business as such, including agreements with respect to any account.~~

~~(8) Records which contain the following information in support of amounts included in the Annual Report required by Section 260.241.2(a) of these rules, or Rule 17a-5(d) under the Securities Exchange Act of 1934 (17 CFR 240.17a-5(d)), if the~~

broker-dealer is exempt from the requirements of subsection (a) of Section 260.241.2 by virtue of subsection (c) of that section:

~~(A) Money balance position, long or short including description, quantity, price and valuation of each security including contractual commitments in customers' accounts, in cash and fully secured accounts, partly secured accounts, unsecured accounts and in securities accounts payable to customers;~~

~~(B) Money balance and position, long or short, including description, quantity, price and valuation of each security including contractual commitments in noncustomers' accounts, in cash and fully secured accounts, partly secured and unsecured accounts and in securities accounts payable to noncustomers;~~

~~(C) Position, long or short, including description, quantity, price and valuation of each security including contractual commitments included in the Computation of Net Capital as commitments, securities owned, securities owned not readily marketable, and other investments owned not readily marketable;~~

~~(D) Amount of secured demand note, description of collateral securing such secured demand note including quantity, price and valuation of each security and cash balance securing such secured demand note;~~

~~(E) Description of futures commodity contracts, contract value on trade date, market value, gain or loss, and liquidating equity or deficit in customers' and noncustomers' accounts;~~

~~(F) Description of futures commodity contracts, contract value on trade date, market value, gain or loss and liquidating equity or deficit in trading and investment accounts;~~

~~(G) Description, money balance, quantity, price and valuation of each spot commodity position or commitments in customers' and noncustomers' accounts;~~

~~(H) Description, money balance, quantity, price and valuation of each spot commodity position or commitments in trading and investment accounts;~~

~~(I) Number of shares, description of security, exercise price, cost and market value of put and call options including short out of the money options having no market or exercise value, showing listed and unlisted put and call options separately;~~

~~(J) Quantity, price, and valuation of each security underlying the haircut for undue concentration made in the Computation for Net Capital;~~

~~(K) Description, quantity, price and valuation of each security and commodity position or contractual commitment, long or short, in each joint account in which the broker-dealer has an interest, including each participant's interest and margin deposit;~~

~~(L) Description, settlement date, contract amount, quantity, market price, and valuation for each aged failed to deliver requiring a charge in the Computation of Net Capital pursuant to Rule 15c3-1 (17 CFR 240.15c3-1);~~

~~(M) Detail relating to information for possession or control requirements under Rule 15c3-3 (17 CFR 240.15c3-3) and reported on the schedule required by Section 260.241.2(a)(1) of these rules;~~

~~(N) Detail of all items, not otherwise substantiated which are charged or credited in the Computation of Net Capital pursuant to Rule 15c3-1, such as cash margin deficiencies, deductions related to securities values and undue concentration, aged securities differences and insurance claims receivable; and;~~

~~(O) Other schedules which are specifically prescribed by the Commissioner as necessary to support information reported as required by Section 260.241.2(a) of these rules.~~

~~(9) The records required to be made pursuant to Rule 15c3-3(d)(4) under the Securities Exchange Act of 1934 (17 CFR 240.15c3-3(d)(4)).~~

~~(c) Every broker-dealer shall preserve for a period of not less than six years after the closing of any customer's account, any account cards or records which relate to the terms and conditions with respect to the opening and maintenance of such account.~~

~~(d) Every broker-dealer shall preserve during the life of the enterprise and of any successor enterprise all partnership articles or, in the case of a corporation, all charter documents, minute books and stock certificate books.~~

~~(e) Every broker-dealer shall maintain and preserve in an easily accessible place all records required under subsection (a)(12) of section 260.241 of these rules until at least three years after the agent has terminated such person's employment and any other connection with the broker-dealer.~~

~~(f) The records required to be maintained and preserved pursuant to Sections 260.241 and 260.241.1 of these rules may be produced or reproduced on microfilm and be maintained and preserved for the required time in that form. If such microfilm substitution for hard copy is made by a broker-dealer, such person shall~~

~~(1) at all times have available for examination by the Commissioner, the Commissioner's examiners or other representatives of the Commissioner its examination of such person's records, pursuant to Section 25241 of the Code facilities for immediate, easily readable projection of the microfilm and for producing easily readable facsimile enlargements;~~

~~(2) arrange the records and index and file the films in such a manner as to permit the immediate location of any particular record;~~

~~(3) be ready at all times to provide, and immediately provide, any facsimile enlargement which the Commissioner, the Commissioner's examiner's or other representatives of the Commissioner may request, and~~

~~(4) store separately from the original one other copy of the microfilm for the time required:~~

~~(g) If a person who has been subject to the requirements of Section 260.241 of these rules ceases to hold a certificate as a broker-dealer, such person shall, for the remainder of the periods of time specified in this Section, continue to preserve the records which he theretofore preserved pursuant to this section:~~

~~(h) If the records required to be maintained and preserved pursuant to the provisions of Sections 260.241 and 260.241.1 of these rules are prepared or maintained by an outside service bureau, depository or bank which does not operate pursuant to Section 260.241(b)(2) of these rules, or other record-keeping service on behalf of the broker-dealer required to maintain and preserve such records, such broker-dealer shall obtain from such outside entity an agreement, in writing, to the effect that such records are the property of the broker-dealer required to maintain and preserve such records and that such books and records are available for examination by representatives of the Commissioner as specified in Section 25241 of the Code and will be surrendered promptly on request by the broker-dealer or the Commissioner.~~

~~Agreement with an outside entity shall not relieve such broker-dealer from the responsibility to prepare and maintain records as specified in this section or in Section 260.241 of these rules:~~

~~NOTE: Authority cited: Sections 25241 and 25610, Corporations Code.~~

~~Reference: Section 25241, Corporations Code.~~

4. Section 260.241.2 is amended to read:

Section 260.241.2. Reports by Broker-Dealers and Investment Advisers.

(a) General Rule. Subject to the provisions of subsection (c) of this section, every licensed broker-dealer, and every licensed investment adviser subject to the provisions of ~~Section 260.237.1 or Section 260.237.2, as applicable,~~ of these rules, shall file an annual financial report ~~containing the information required by a form or forms to be supplied or approved by the Commissioner,~~ as follows:

(1) The annual report for a broker-dealers shall contain a Statement of Financial Condition, a Statement of Income, a Statement of Changes in Stockholders' or Partners' or Sole Proprietor's Equity and a Statement of Changes in Liabilities Subordinated to Claims of General Creditors. Supporting schedules shall include a Schedule of Securities, a Computation of Net Capital under Rule 15c3-1 under the Securities Exchange Act of 1934 (17 CFR 240.15c3-1), a Computation for Determination of the Reserve Requirement under Rule 15c3-3(a) (17 CFR 240.15c3-3(a)), Information Relating to the Possession or Control Requirements under Rule 15c3-3 (17 CFR 240.15c3-3), and shall be filed with the annual report. ~~The statements and schedules required in the annual report shall be in a format which is consistent with the statements and schedules specified by Section 260.241.2.~~

(2) The annual report for an investment advisers shall contain a balance sheet, income statement, and Statement of Financial Condition. ~~Supporting schedules shall contain computations of net capitals, aggregate indebtedness and ratios required under Section 260.237.1 or the minimum financial requirements required under Section 260.237.2, as applicable, and the certificate of the accountant required under subsection (e) of Section 260.237 of these rules.~~

(3) The financial statements included in the annual report shall be prepared in accordance with generally accepted accounting principles and shall be audited by either

an independent certified public accountant or independent public accountant; provided, however, the financial statements need not be audited if:

The broker-dealer or investment adviser has not held or accepted custody of funds and securities for or owed money or securities to customers or clients during the period covered by the report; and

(A) if the licensee is a broker-dealer, the securities business has been limited to soliciting subscriptions for securities of an issuer and the broker-dealer promptly forwarded the subscriptions to the issuer, underwriter, sponsor or other distributor of the securities and received checks, drafts, notes or other evidence of indebtedness payable solely to the issuer, underwriter, sponsor or distributor who delivered the securities purchased directly to the subscriber; and

(B) if the licensee is an investment adviser, the investment adviser only has discretionary authority over client funds or securities, or the investment adviser has taken only limited powers of attorney to execute transactions on behalf of its clients, or the investment adviser does not accept prepayment of more than \$500 per client for more than six months in advance; or

(C) as otherwise permitted by the Commissioner.

~~(4) The reports shall be filed as of a date within each calendar year, but as of the same date in each year except that the first report shall be as of a date not more than 12 months after the date the licensee's certificate first becomes effective and except that the date may be changed with the approval of the Commissioner upon any change in the fiscal year of the licensee.~~

~~(5) The reports shall be filed not more than 90 days after the investment adviser or broker-dealer's fiscal year end, the date as of which the reports purport to reflect the financial condition and results of operations of the broker-dealer or investment adviser.~~

(65) Whenever the Commissioner so requires, a financial report shall be filed as of the date, and within the period, and in the form specified in the Commissioner's request. The Commissioner may require the financial report to be audited.

(b) Verification of Reports. Attached to each financial report filed pursuant to ~~subsection (a) of this section~~ with the Commissioner shall be a verification that, to the best knowledge and belief of the person making the verification,

(1) the financial statements and supporting schedules are true and correct, and

(2) neither the broker-dealer nor any partner, officer, or director thereof has any proprietary interest in any account classified solely as that of a customer. If the broker-dealer or investment adviser is a sole proprietorship, the verification shall be made by the proprietor; if a partnership, by a general partner; or if a corporation, by a duly authorized officer.

(c) Exemption. The provisions of subsection (a) of this section shall not apply to any broker-dealer registered under the Securities Exchange Act of 1934 (15 USC 78a et seq.), provided that, ~~upon request of the Commissioner~~, the broker-dealer files with, or transmits for filing to, the Commissioner a copy of ~~the annual reports required~~ any report under Rule 17a-5(d) (17 CFR 240.17a-5(d)) ~~(or any form in substitution therefor)~~ filed with and accepted by the Securities and Exchange Commission, verified as provided in ~~subsection (b) of this section, not later than the date on which the reports are required to be filed with the Securities and Exchange Commission.~~

(d) Interim Reports.

(1) Every broker-dealer subject to the provisions of Section 260.216.12 of these rules shall file a report furnished or approved by the Commissioner within 15 days after

(A) its net capital is reduced to 120% of its required minimum net capital or

(B) if the broker-dealer computes its net capital pursuant to 17 CFR 240.15c3-1(c), its aggregate indebtedness is in excess of 1200% of its net capital or

(C) if the broker-dealer computes its net capital pursuant to 17 CFR 240.15c3-1(f), its net capital is reduced to less than 5% of the aggregate debit items computed in accordance with 17 CFR 240.15c3-3, Exhibit A.

~~(2)(A) Every investment adviser subject to the provisions of Section 260.237.1 of these rules shall file a report furnished or approved by the Commissioner within 15 days after:~~

~~1. its tangible net capital is reduced to less than 120% of its required minimum tangible net capital or~~

~~2. its total aggregate indebtedness is in excess of 400% of its tangible net capital.~~

~~(B) Every investment adviser subject to the provisions of Section 260.237.2 of these rules shall file a report furnished or approved by the Commissioner within 15 days after its net worth is reduced to less than 120% of its required minimum net worth.~~

(3) The report required by subsections (d)(1) and (d)(2) of this section shall be as of a date within the 15 day period. Additional reports shall be filed on the same form within ~~40~~ 15 days after each subsequent monthly accounting period until three successive months have elapsed during which none of the conditions specified in subsection (d)(1) or (d)(2) of this section have occurred.

(4) For an investment adviser, the interim report shall consist of a balance sheet, income statement, and computation of the minimum financial requirement under Section 260.237.2 of these rules, including the verification in subdivision (b) of this section.

(5) For a broker-dealer not registered under the Securities Exchange Act of 1934 (15 USC 78a et seq.), the interim report shall consist of a balance sheet, income statement, and a computation of the minimum financial requirement under Section 260.216.12 of these rules.

(6) For a broker-dealer registered under the Securities Exchange Act of 1934 (15 USC 78a et seq.), the interim report shall consist of a copy of the notice required pursuant to Rule 17a-11(c) (17 CFR 240.17a-11(c)).

(e) Confidential Treatment.

All of the statements filed pursuant to subsections (a), ~~and (c), and (d)~~ shall be public, except that ~~upon request an income statement that~~ if the Statement of Financial Condition is bound separately from the balance of the annual financial statements, ~~the balance of the financial statements and the individual reports meeting the requirements of subsection (a) or Rule 17a-5(d) (17 CFR 240.17a-5(d)) filed pursuant to subsection (e)~~ shall be confidential, except in cases where the Commissioner determines that it is in the public interest to direct otherwise.

Note: Authority cited: Sections 25241 and 25610, Corporations Code. Reference: Sections ~~25237,~~ 25241 and 25613, Corporations Code.