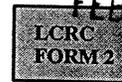


WISCONSIN LEGISLATIVE COUNCIL STAFF



FEB 21 2000

RULES CLEARINGHOUSE

Ronald Sklansky
Director
(608) 266-1946

Richard Sweet
Assistant Director
(608) 266-2982



Laura D. Rose, Interim Director
Legislative Council Staff
(608) 266-1304

One E. Main St., Ste. 401
P.O. Box 2536
Madison, WI 53701-2536
FAX: (608) 266-3830

CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 00-017

AN ORDER to amend DFI-Sec 5.01 (4) (b); and to create DFI-Sec 5.01 (4) (e), relating to investment adviser representative competency examination grandfather provisions.

Submitted by **DEPARTMENT OF FINANCIAL INSTITUTIONS**

01-20-00 RECEIVED BY LEGISLATIVE COUNCIL.
02-17-00 REPORT SENT TO AGENCY.

RS:DLS:rv



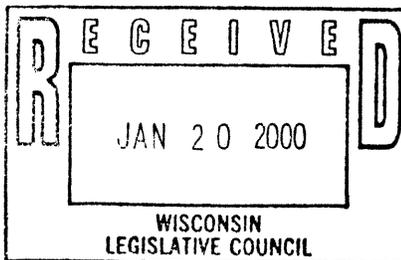
State of Wisconsin
Department of Financial Institutions

Tommy G. Thompson, Governor

Richard L. Dean, Secretary

January 20, 2000

Wisconsin Legislative Council
Rules Clearinghouse
1 E. Main St., Ste. 401
Madison, WI 53702



Re: Proposed Order Adopting DFI-Sec 5.01(4)(b) and (e), Rules of the Division of Securities, Department of Financial Institutions/ Fiscal Estimate Relating to Proposed Rules

Gentlemen and Mesdames:

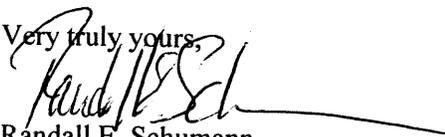
Pursuant to the requirements of sec. 227.15, Wis. Stats., the Division is filing for review by the Legislative Council/ Rules Clearinghouse staff, a copy of a Proposed Order Adopting Rules containing revisions to the Rules of the Division of Securities of the Department of Financial Institutions promulgated under Chapter 551, Wis. Stats., the Wisconsin Uniform Securities Law, relating to investment adviser representative competency examination grandfathering provisions.

The statutory rule-making procedures under Chapter 227 of the Wisconsin Statutes are being utilized for the purpose of adopting permanent administrative rules to be in place upon expiration of identical emergency rules regarding the above subject matter adopted on December 23, 1999 which became effective January 1, 2000. An explanatory Analysis following the proposed permanent rules discusses the nature of the proposed rules as well as the need for them.

In addition, enclosed pursuant to sec. 227.14(4), Wis. Stats., is a copy of a completed Fiscal Estimate and Fiscal Estimate Worksheet relating to the proposed permanent rules (as previously prepared for, and equally applicable to, the identical emergency rules). A copy of this package of materials is being filed with the Department of Administration.

If you have any questions during the review period with respect to the proposed rules or if you have comments or questions regarding the Fiscal Estimate, please call me at 266-3414 as the person responsible for this Division's internal processing of administrative rules.

Very truly yours,


Randall E. Schumann
Legal Counsel for the Division

Enclosures

cc: Patricia D. Struck, Administrator, Division of Securities, Department of Financial Institutions
David Anderson, Executive Assistant, Office of the Secretary, Department of Financial Institutions
Donna Sorenson, Department of Administration

**PROPOSED ORDER OF THE
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES
STATE OF WISCONSIN
ADOPTING RULES**

To amend DFI-Sec 5.01(4)(b) and to create DFI-Sec 5.01(4)(e) relating to investment adviser representative competency examination grandfathering provisions.

Pursuant to sections 551.32(4) and 551.63(2), Wis. Stats., the Division of Securities of the Department of Financial Institutions proposes to adopt rules interpreting sec. 551.32(4), Wis. Stats., as follows:

SECTION 1. DFI-Sec 5.01(4)(b) is amended to read:

DFI-Sec 5.01(4)(b) The applicant ~~was~~ has been licensed as an investment adviser or licensed as an investment adviser representative ~~under ch. 551, Stats.,~~ in any jurisdiction in the United States within 2 years prior to the date the application is filed.

SECTION 2. DFI-SEC 5.01(4)(e) is created to read:

DFI-Sec 5.01(4)(e) The applicant was licensed as an investment adviser or licensed as an investment adviser representative in any jurisdiction in the United States on January 1, 2000, except that the administrator may require additional examinations for any individual found to have violated any state or federal securities law.

Analysis Prepared by the Department of Financial Institutions, Division of Securities

Statutory Authority: Sections 551.32(4) and 551.63(2), Wis. Stats.

Statute Interpreted: Section 551.32(4), Wis. Stats.

These proposed permanent rules are being promulgated to be in place upon the expiration of identical emergency rules currently in effect that were issued by Order of the Administrator of the Division of Securities on December 23, 1999, and became effective on January 1, 2000 following publication in the official state newspaper and the required filings with the Secretary of State and the Revisor of Statutes Bureau. The proposed permanent rules, as do the current emergency rules, are necessary to establish certain "grandfathering"/examination-waiver provisions applicable to a newly-enacted investment adviser representative competency examination requirement, so as to be uniform with equivalent grandfathering provisions adopted in most states.

The Division recently adopted for January 1, 2000 effectiveness as part of its annual rule revision process for 1999, a new administrative rule in DFI-Sec 5.01(3) that prescribes a new examination requirement for investment advisers and investment adviser representatives seeking licensure in Wisconsin on or after January 1, 2000. That new examination requirement, which includes completely revised Series 65 and Series 66 examinations, was developed over a 3-year period by a Project Group of the North American Securities Administrators Association ("NASAA").

The new NASAA examination requirement (which also included certain "grandfathering"/examination-waiver provisions) was approved by vote of NASAA member states (including Wisconsin) at the NASAA 1999 Spring Conference to become effective on December 31, 1999. The NASAA membership vote was accompanied by a recommendation that for uniformity purposes, each NASAA member state complete the necessary steps to adopt and have effective by January 1, 2000, the new examination requirement conforming to the NASAA format in all respects.

Following the adoption on November 18, 1999 by the Division of the new investment adviser examination requirement in DFI-Sec 5.01(3) as part of the Division's annual rule revision process, it was noted that the "grandfathering"/examination waiver provisions that had been included in DFI-Sec 5.01(4) did not track the NASAA model language in two respects.

Because it is critical that the grandfathering provisions for the new Wisconsin investment adviser examination requirement be uniform with those of other NASAA member states so that applicants for licensing in Wisconsin receive equivalent treatment to that accorded them by other states in which they may be seeking licensure, both the emergency rulemaking and the permanent rulemaking are necessary.

The rulemaking action is comprised of two provisions which do the following: (1) provide an examination waiver in new section DFI-Sec 5.01(4)(e) for any applicant licensed as an investment adviser or investment adviser representative in any jurisdiction in the U.S. on January 1, 2000; and (2) provide an examination waiver in amended section DFI-Sec 5.01(4)(b) for any applicant that has been licensed as an investment adviser or investment adviser representative in any jurisdiction in the U.S. within two years prior to the date the application is filed.

The rules contained in this Order shall take effect as provided in sec. 227.22(2), Wis. Stats., on the first day of the month commencing after publication of the rules in the Wisconsin Administrative Register.

Dated at Madison, Wisconsin, this _____ day of _____, 2000.

[SEAL]

Patricia D. Struck
Administrator



State of Wisconsin
Department of Financial Institutions

Tommy G. Thompson, Governor

Richard L. Dean, Secretary

MEMORANDUM

To: All Members of the Wisconsin Senate and Assembly

From: Patricia D. Struck ^{pn8}
Securities Division Administrator

Date: December 28, 1999

Subject: Notification of Emergency Rule Promulgation and
Fiscal Estimate Relating to Emergency Rules

Pursuant to sec. 227.24(3), Wis. Stats., enclosed is a copy of an Order Adopting Emergency Rules issued December 23, 1999, by the Department of Financial Institutions, Division of Securities, that was published today, December 28, 1999 in the official state newspaper, *The Wisconsin State Journal*, for subsequent effectiveness on January 1, 2000.

The emergency rules revise a newly-adopted investment adviser representative examination rule requirement so as to have its "grandfathering"/examination-waiver provisions be uniform with those being adopted in other states for January 1, 2000 effectiveness.

Certified copies of the Order are being filed on this date with the Secretary of State and the Revisor of Statutes, and copies are being provided to the Chief Clerk of each house of the legislature. A copy of a Fiscal Estimate for the emergency rules required under sec. 227.24(1)(e)2, Wis. Stats., is also enclosed.

Attachments (2)

**ORDER OF THE
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES
STATE OF WISCONSIN
ADOPTING EMERGENCY RULES**

To amend DFI-Sec 5.01(4)(b), and to create DFI-Sec 5.01(4)(e) of the Rules of the Division of Securities relating to investment adviser representative competency examination grandfathering provisions.

Statutory Authority: Sections 551.32(4) and 551.63(2), Wis. Stats.

Statute Interpreted: Section 551.32(4), Wis. Stats.

FINDING OF EMERGENCY AND ANALYSIS

The Division of Securities of the Department of Financial Institutions for the State of Wisconsin finds that an emergency exists and that the attached rules are necessary for the immediate preservation of the public peace, health, safety or welfare. A statement of the facts constituting the emergency follows:

The Division recently adopted for January 1, 2000 effectiveness as part of its annual rule revision process for 1999, a new administrative rule in DFI-Sec 5.01(3) that prescribes a new examination requirement for investment advisers and investment adviser representatives seeking licensure in Wisconsin on or after January 1, 2000. That new examination requirement, which includes completely revised Series 65 and Series 66 examinations, was developed over a 3-year period by a Project Group of the North American Securities Administrators Association ("NASAA").

The new NASAA examination requirement (which also included certain "grandfathering"/examination-waiver provisions) was approved by vote of NASAA member states (including Wisconsin) at the NASAA 1999 Spring Conference to become effective on December 31, 1999. The NASAA membership vote was accompanied by a recommendation that for uniformity purposes, each NASAA member state complete the necessary steps to adopt and have effective by January 1, 2000, the new examination requirement conforming to the NASAA format in all respects.

Following the adoption on November 18, 1999 by the Division of the new investment adviser examination requirement in DFI-Sec 5.01(3) as part of the Division's annual rule revision process, it was noted that the "grandfathering"/examination waiver provisions that had been included in DFI-Sec 5.01(4) did not track the NASAA Model language in two respects.

Because it is critical that the grandfathering provisions for the new Wisconsin investment adviser examination requirement be uniform with those of the other NASAA member states as of the coordinated January 1, 2000 date so that applicants for licensing in Wisconsin receive equivalent

treatment to that accorded them by other states in which they may be seeking licensure, this emergency rulemaking for January 1, 2000 effectiveness is necessary.

The emergency rulemaking action is comprised of two provisions which do the following: (1) provide an examination waiver in new section DFI-Sec 5.01(4)(e) for any applicant licensed as an investment adviser or investment adviser representative in any jurisdiction in the U.S. on January 1, 2000; and (2) provide an examination waiver in amended section DFI-Sec 5.01(4)(b) for any applicant that has been licensed as an investment adviser or investment adviser representative in any jurisdiction in the U.S. within two years prior to the date the application is filed.

Pursuant to secs. 551.32(4) and 551.63(2), Wis. Stats., the Division of Securities of the Department of Financial Institutions adopts emergency rules interpreting sec. 551.32(4) of the Wisconsin Uniform Securities Law as follows:

SECTION 1. DFI-Sec 5.01(4)(b) is amended to read:

DFI-Sec 5.01(4)(b) The applicant was has been licensed as an investment adviser or licensed as an investment adviser representative under ch. 551, Stats., in any jurisdiction in the United States within 2 years prior to the date the application is filed.

SECTION 2. DFI-SEC 5.01(4)(e) is created to read:

DFI-Sec 5.01(4)(e) The applicant was licensed as an investment adviser or licensed as an investment adviser representative in any jurisdiction in the United States on January 1, 2000, except that the administrator may require additional examinations for any individual found to have violated any state or federal securities law.

EFFECTIVE DATE

The emergency rules adopted by this Order shall take effect at 12:01 a.m. on January 1, 2000, which is subsequent to publication of the rules in the official state newspaper pursuant to the provisions of sec. 227.24, Wis. Stats.

Dated at Madison, Wisconsin, this 23rd day of December, 1999.

[SEAL]



Patricia D. Struck
Administrator

FISCAL ESTIMATE
DOA-2048 N(R10/98)

- ORIGINAL
- CORRECTED
- UPDATED
- SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
DFI-Sec 5.01(4)(b) and (e)
Amendment No. If Applicable

Subject Investment adviser representative competency examination grandfathering provisions

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No local government costs

- 1. Increase Costs
 - Permissive
 - Mandatory
- 2. Decrease Costs
 - Permissive
 - Mandatory

- 3. Increase Revenues
 - Permissive
 - Mandatory
- 4. Decrease Revenues
 - Permissive
 - Mandatory

5. Types of Local Governmental Units Affected:
- Towns
 - Villages
 - Cities
 - Counties
 - Others _____
 - School Districts
 - WTCS Districts

Fund Sources Affected

- GPR
- FED
- PRO
- PRS
- SEG
- SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

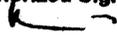
The emergency rules revise a newly-adopted investment adviser representative examination rule requirement so as to have its "grandfathering"/examination-waiver provisions be uniform with those being adopted in other states for January 1, 2000 effectiveness. [The Division has recently adopted for January 1, 2000 effectiveness as part of its annual rule revision process for 1999, a new administrative rule in DFI-Sec 5.01(3) that prescribes a new examination requirement for investment advisers and investment adviser representatives seeking licensure in Wisconsin on or after January 1, 2000. That new examination requirement, which includes completely revised Series 65 and Series 66 examinations, was developed over a 3-year period by a Project Group of the North American Securities Administrators Association ("NASAA").]

The rule adoptions will not have any state fiscal effect because they do not impact any revenue-generating activities of the Division.

The rules do not involve any local government costs.

Long-Range Fiscal Implications None

Agency/Prepared by: (Name & Phone No.)
Dept. of Financial Institutions/Div of Securities
Randall Schumann, Legal Counsel 266-3414

Authorized Signature/Telephone No.

Patricia D. Struck, Administrator 266-3432

Date
12-28-99

FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R10/98)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
DFI-Sec 5.01(4)(b) and (e)

Amendment No.

Subject
Investment adviser representative competency examination grandfathering provisions

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
None

II. Annualized Costs:	Annualized Fiscal Impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$ 0	\$ - 0
(FTE Position Changes)	(0 FTE)	(- 0 FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 0	\$ - 0
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS	0	- 0
SEG/SEG-S		-
State Revenues Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS	0	- 0
SEG/SEG-S		-
TOTAL State Revenues	\$ 0	\$ - 0

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 0	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0

Agency/Prepared by: (Name & Phone No.) Dept. of Financial Institutions/Div of Securities Randall Schumann, Legal Counsel 266-3414	Authorized Signature/Telephone No. Patricia D. Struck, Administrator 266-3432	Date 12-28-99
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DEC 29 1999

State of Wisconsin
Department of Financial Institutions

Tommy G. Thompson, **Governor**

Richard L. Dean, **Secretary**

December 28, 1999

Joint Committee for Review
of Administrative Rules

✓ c/o Senate Co-Chair Judy Robson
15 South Capitol
Madison WI 53702
c/o Assembly Co-Chair Glenn Grothman
15 North Capitol
Madison WI 53702

Re: Filing of Copy of Order Adopting Emergency Rules/
DFI-Sec 5.01(4)(b) and 5.01(4)(e) Rules of the Division of Securities

Dear JCRAR Co-Chairs:

Pursuant to the statutory requirements in Chapter 227, Wis. Stats., for adopting emergency rules, a copy is herewith filed with the Co-Chairs of the JCRAR of an Order Adopting Emergency Rules issued by this Division as published in the official state newspaper on this date, December 28, 1999, for subsequent effectiveness on January 1, 2000.

The emergency rules revise a newly-adopted investment adviser representative examination rule requirement so as to have its "grandfathering"/examination-waiver provisions be uniform with those being adopted in other states for January 1, 2000 effectiveness.

Certified copies are being concurrently filed with the Secretary of State and the Revisor of Statutes, and copies are also being filed with the Chief Clerk of each house of the legislature. Additionally, the Senate Sergeant-at-Arms and the Assembly Sergeant-at-Arms have been provided with sufficient copies of the Order Adopting Emergency Rules, together with a cover memo and fiscal estimate, to make the required distribution under sec. 227.24(3), Wis. Stats., of the materials to all members of the legislature.

If you have any comments or questions, please call me at 266-3414.

Very truly yours,


Randall E. Schumann
Legal Counsel for the Division

enclosure

cc: Patricia D. Struck, Division Administrator
David Anderson, DFI Executive Assistant

MAR 15 2000 JCRRR/Sant
copy



State of Wisconsin
Department of Financial Institutions

Tommy G. Thompson, Governor

Richard L. Dean, Secretary

March 15, 2000

The Honorable Fred Risser, President
Wisconsin State Senate
Attn: Donna Doyle
c/o Office of Senate Journal and Records
119 Martin Luther King Blvd, Ste. 500
Madison, WI 53702

The Honorable Scott Jensen
Speaker of the Assembly
Attn: Ken Stigler
c/o Office of Assembly Records
1 E. Main St., Ste. 402
Madison, WI 53702

Re: Clearinghouse Rule 00-017/Administrative Rule-Making Notice and Report to
Legislative Standing Committees Under secs. 227.19(2) and (3), Wis. Stats.

Gentlemen:

The Division of Securities of the Department of Financial Institutions hereby submits for filing with the Wisconsin Legislature pursuant to the administrative rule-making requirements of secs. 227.19(2) and (3), Wis. Stats., copies in triplicate of the Notice and Report required thereunder consisting of:

- (1) Proposed administrative rules in proposed final draft form as specified in sec. 227.14(1), Wis. Stats.
- (2) A Report as prescribed in sec. 227.19(3), Wis. Stats.
- (3) A fiscal estimate for the proposed rules.
- (4) A copy of the Clearinghouse Report of the Wisconsin Legislative Council relating to the published, public comment draft form of the proposed rules.

If you have any comments or questions regarding the above, please telephone me at 266-3414.

Very truly yours,

Randall E. Schumann
Legal Counsel for the Division

Attachments

- cc: Revisor of Statutes
- Joint Committee for Review of Administrative Rules
- Patricia D. Struck, Administrator, Division of Securities
- David Anderson, Executive Assistant, DFI



**PROPOSED FINAL ORDER OF THE
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES
STATE OF WISCONSIN
ADOPTING RULES**

To amend DFI-Sec 5.01(4)(b) and to create DFI-Sec 5.01(4)(e) relating to investment adviser representative competency examination grandfathering provisions.

Analysis Prepared by the Department of Financial Institutions, Division of Securities

Statutory Authority: Sections 551.32(4) and 551.63(2), Wis. Stats.

Statute Interpreted: Section 551.32(4), Wis. Stats.

These proposed permanent rules are being promulgated to be in place upon the expiration of identical emergency rules currently in effect that were issued by Order of the Administrator of the Division of Securities on December 23, 1999, and became effective on January 1, 2000 following publication in the official state newspaper and the required filings with the Secretary of State and the Revisor of Statutes Bureau. The proposed permanent rules, as do the current emergency rules, are necessary to establish certain "grandfathering"/examination-waiver provisions applicable to a newly-enacted investment adviser representative competency examination requirement, so as to be uniform with equivalent grandfathering provisions adopted in most states.

See the Statement Explaining Need for Proposed Rules in Section (a) of the attached Report for a more comprehensive discussion.

The rulemaking action is comprised of two provisions which do the following: (1) provide an examination waiver in new section DFI-Sec 5.01(4)(e) for any applicant licensed as an investment adviser or investment adviser representative in any jurisdiction in the U.S. on January 1, 2000; and (2) provide an examination waiver in amended section DFI-Sec 5.01(4)(b) for any applicant that has been licensed as an investment adviser or investment adviser representative in any jurisdiction in the U.S. within two years prior to the date the application is filed.

Text of Rules

SECTION 1. DFI-Sec 5.01(4)(b) is amended to read:

DFI-Sec 5.01(4)(b) The applicant was has been licensed as an investment adviser or licensed as an investment adviser representative under ch. 551, Stats., in any jurisdiction in the United States within 2 years prior to the date the application is filed.

SECTION 2. DFI-SEC 5.01(4)(e) is created to read:

DFI-Sec 5.01(4)(e) The applicant was licensed as an investment adviser or licensed as an investment adviser representative in any jurisdiction in the United States on January 1, 2000, except that the administrator may require additional examinations for any individual found to have violated any state or federal securities law.

The rules contained in this Order shall take effect as provided in sec. 227.22(2), Wis. Stats., on the first day of the month commencing after publication of the rules in the Wisconsin Administrative Register.

Dated at Madison, Wisconsin, this _____ day of _____, 2000.

[SEAL]

Patricia D. Struck
Administrator

**REPORT PREPARED BY THE
DEPARTMENT OF FINANCIAL INSTITUTIONS DIVISION OF SECURITIES
RELATING TO PROPOSED FINAL FORM OF REVISIONS TO
THE RULES OF THE DIVISION OF SECURITIES**

(a) Statement Explaining Need for Proposed Rules

These proposed permanent rules are being promulgated to be in place upon the expiration of identical emergency rules currently in effect that were issued by Order of the Administrator of the Division of Securities on December 23, 1999, and became effective on January 1, 2000 following publication in the official state newspaper and the required filings with the Secretary of State and the Revisor of Statutes Bureau. The proposed permanent rules, as do the current emergency rules, are necessary to establish certain "grandfathering"/examination-waiver provisions applicable to a newly-enacted investment adviser representative competency examination requirement, so as to be uniform with equivalent grandfathering provisions adopted in most states.

The Division recently adopted for January 1, 2000 effectiveness as part of its annual rule revision process for 1999, a new administrative rule in DFI-Sec 5.01(3) that prescribes a new examination requirement for investment advisers and investment adviser representatives seeking licensure in Wisconsin on or after January 1, 2000. That new examination requirement, which includes completely revised Series 65 and Series 66 examinations, was developed over a 3-year period by a Project Group of the North American Securities Administrators Association ("NASAA").

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Following the adoption on November 18, 1999 by the Division of the new investment adviser examination requirement in DFI-Sec 5.01(3) as part of the Division's annual rule revision process, it was noted that the "grandfathering"/examination waiver provisions that had been included in DFI-Sec 5.01(4) did not track the NASAA model language in two respects.

Because it is critical that the grandfathering provisions for the new Wisconsin investment adviser examination requirement be uniform with those of other NASAA member states so that applicants for licensing in Wisconsin receive equivalent treatment to that accorded them by other states in which they may be seeking licensure, both the emergency rulemaking and the permanent rulemaking are necessary.

The rulemaking action is comprised of two provisions which do the following: (1) provide an examination waiver in new section DFI-Sec 5.01(4)(e) for any applicant licensed as an investment adviser or investment adviser representative in any jurisdiction in the U.S. on January 1, 2000; and (2) provide an examination waiver in amended section DFI-Sec 5.01(4)(b) for any applicant that has been licensed as an investment adviser or investment adviser representative in any jurisdiction in the U.S.

within two years prior to the date the application is filed.

(b) Explanation of Modifications Made as a Result of the Public Hearing and Comment Process

No modifications were made as a result of the public hearing and comment process. No persons, other than staff, appeared at the public rule-making hearing, and no comment letters were received.

(c) List of Persons Appearing or Registering at the Public Hearing and Comment Letters Received

-- Randall E. Schumann, Legal Counsel for the Division of Securities, made an appearance on behalf of the Division staff to submit documents and information for the record and to be available to respond to any questions should the need arise.

--No comment letters were received.

(d) Response to Legislative Rules Clearinghouse Report Recommendations

The Rules Clearinghouse Report did not contain any recommendations, thus no responses are warranted.

(e) No final regulatory flexibility analysis is included on the basis that the Division of Securities has determined, after complying with s. 227.016(1) to (5), Wis. Stats., that the proposed rules will not have a significant impact on a substantial number of small businesses.
