

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2613 Session of
2002

INTRODUCED BY G. WRIGHT, THOMAS, BELFANTI, BEBKO-JONES,
COLAFELLA, CORRIGAN, COY, CREIGHTON, CURRY, DeLUCA, J. EVANS,
FAIRCHILD, FREEMAN, GEORGE, HARHAI, HENNESSEY, HORSEY, JAMES,
KELLER, McCALL, McGEEHAN, McILHATTAN, MELIO, MUNDY, PISTELLA,
READSHAW, RUBLEY, SANTONI, SEMMEL, SHANER, SOLOBAY, STABACK,
STEELMAN, TANGRETTI, TIGUE, WALKO, WANSACZ, WASHINGTON,
WATERS, WOJNAROSKI, YOUNGBLOOD, YUDICHAK AND J. TAYLOR,
MAY 1, 2002

REFERRED TO COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT,
MAY 1, 2002

AN ACT

1 Amending the act of December 5, 1972 (P.L.1280, No.284),
2 entitled "An act relating to securities; prohibiting
3 fraudulent practices in relation thereto; requiring the
4 registration of broker-dealers, agents, investment advisers,
5 and securities; and making uniform the law with reference
6 thereto," further providing for registration and notice
7 filing procedure, for denial, suspension, revocation and
8 conditioning of registration and for miscellaneous powers of
9 commission.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Section 303(a)(i) of the act of December 5, 1972
13 (P.L.1280, No.284), known as the Pennsylvania Securities Act of
14 1972, amended November 24, 1998 (P.L.829, No.109), is amended to
15 read:

16 Section 303. Registration and Notice Filing Procedure.--(a)
17 (i) Except as provided by clause (iii), any broker-dealer,
18 agent, investment adviser or investment adviser representative

1 may obtain an initial or renewal license by filing an
2 application with the commission. The application shall contain
3 such information, and in such detail, as the commission by rule
4 requires concerning the applicant's form and place of
5 organization, proposed method of doing business, and financial
6 condition, the qualifications and experience of the applicant,
7 including, in the case of a broker-dealer or investment adviser,
8 the qualifications and experience of any partner, officer,
9 director, or affiliate, or a person occupying a similar status
10 or performing similar functions any injunction or administrative
11 order or conviction referred to in section 305(a)(ii),
12 information about affiliates or predecessors of the applicant,
13 and any other matters which the commission determines are
14 relevant to the application. If a broker-dealer, agent,
15 investment adviser or investment adviser representative seeks to
16 obtain an initial or renewal license and, in connection
17 therewith, requests a waiver of any requirement imposed under
18 this section or section 304 or any regulation promulgated
19 thereunder, the commission in granting the waiver may impose
20 conditions on or limit the scope of the initial or renewal
21 license. The application shall also include an affidavit that
22 the broker-dealer or agent has complied with the provisions of
23 section 606(e).

24 * * *

25 Section 2. Section 305(a)(xiv) of the act, amended December
26 18, 1990 (P.L.755, No.190), is amended and the subsection is
27 amended by adding a clause to read:

28 Section 305. Denial, Suspension, Revocation and Conditioning
29 of Registration.--(a) The commission may, by order, deny,
30 suspend, revoke or condition any registration or may censure any

1 registrant if it finds that such order is in the public interest
2 and that such registrant or applicant, or in the case of any
3 broker-dealer or investment adviser, any affiliate thereof,
4 whether prior or subsequent to becoming associated with such
5 person:

6 * * *

7 (xiv) Is subject to any currently effective order or orders
8 entered within the past five years of any securities regulator
9 of another country denying registration to, or revoking or
10 suspending the registration of such person as a broker-dealer,
11 agent, investment adviser, associated person, futures commission
12 merchant, commodity pool operator, commodity trading adviser or
13 a person associated with a futures commission merchant,
14 commodity pool operator or commodity trading adviser; or is
15 subject to any currently effective order of any securities
16 exchange or self-regulatory organization operating under the
17 authority of the securities regulator of another country
18 suspending or expelling such person from membership in such
19 exchange or self-regulatory association[.]; or

20 (xv) Has failed to meet the requirements of section 606(e).

21 * * *

22 Section 3. Section 606 of the act is amended by adding
23 subsections to read:

24 Section 606. Miscellaneous Powers of Commission.--* * *

25 (e) The commission shall, as a condition of registration,
26 require broker-dealers and agents to submit evidence that they
27 have completed within the past five years a course in ethics,
28 approved by the department, covering those practices outlined in
29 64 Pa. Code § 305.019 (relating to dishonest and unethical
30 practices).

1 (f) The commission shall maintain a registry of all broker-
2 dealers and agents registered with the Commonwealth. This
3 registry shall at a minimum be available to the public online
4 and in a searchable format. The registry shall include the
5 following information:

6 (1) The name, address and business telephone of the
7 registered broker-dealer or agent.

8 (2) The name of the firm with which the individual is
9 affiliated.

10 (3) The entities with which the individual is registered or
11 licensed.

12 (4) The states in which the individual is registered or
13 licensed.

14 (5) Any other special credential or affiliation that the
15 commission deems appropriate.

16 (6) Any disciplinary action taken against the individual
17 including:

18 (i) any felony conviction or nolo contendere plea in a
19 domestic, foreign or military court;

20 (ii) any misdemeanor conviction or nolo contendere plea in a
21 domestic, foreign or military court involving an investment
22 related activity;

23 (iii) any finding by the United States Securities Exchange
24 Commission, the Commodity Futures Trading Commission or other
25 Federal, state or foreign regulatory commission that the
26 individual:

27 (A) made a false statement, omitted information or was
28 dishonest;

29 (B) violated investment related regulations or statutes;

30 (C) had his authorization to conduct investment-related

1 business denied, revoked, suspended or restricted; or

2 (D) had an order issued against him in connection with
3 investment-related business.

4 (iv) Any disciplinary action, expulsion or denial of
5 membership in any self-regulatory organization of commodities
6 exchange for investment-related activities.

7 (v) Any suspension or revocation of his authority to act as
8 an attorney, accountant or Federal contractor.

9 (vi) Any action by a court enjoining the individual from any
10 investment-related activity, finding that individual in
11 violation of an investment-related statute or regulation, or
12 involving the individual as a party to a settlement agreement
13 related to an investment-related civil action:

14 (A) identifying whether the individual has ever been the
15 subject of a bankruptcy petition; had a trustee appointed or
16 direct payment procedure initiated under the Securities Investor
17 Protection Act of 1970 (Public Law 91-598, 15 U.S.C. § 78aaa et
18 seq.); or has had a bond denied, revoked or paid out on behalf
19 of that individual;

20 (B) identification of the existence of unsatisfied judgments
21 or liens against the individual.

22 Section 4. This act shall take effect in 90 days.