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POLICY STATEMENT REGARDING EXTENSION FOR FILING CHANGE IN LEGAL ENTITY FROM A LIMITED PARTNERSHIP OR CORPORATION TO A LIMITED LIABILITY COMPANY

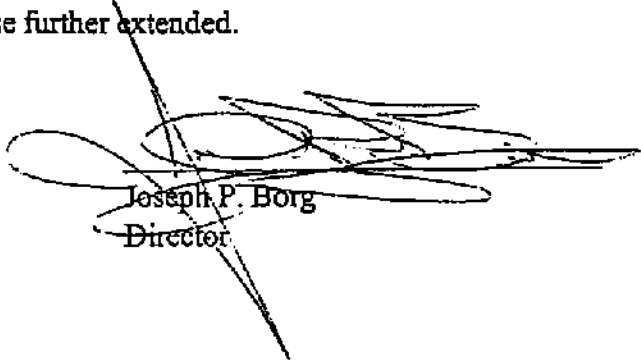
Commission Rule 830-X-3-.23 requires that a registered Broker-Dealer, Agent, Investment Advisor and Investment Advisor representative (hereinafter collectively referred to as "the Registrant") must file a new application for registration, all with exhibits, in the event there is a change in legal entity of the Registrant. It has come to the attention of the Commission that a number of Registrants are undergoing a change from limited partnerships and/or corporations to limited liability company. It is the Commission's position that a conversion from a limited partnership or corporation to a limited liability company is, in fact, a change in legal entity of the organization, and therefore, would normally require the filing of a new application for registration and the payment of the applicable filing fee.

The Commission recognizes that the availability of the formation of a limited liability company is a fairly recent occurrence. For example, the State of Alabama passed its Limited Liability Company Act in 1993. The Commission has also been advised by a number of registrants that it is time consuming and expensive for a Registrant to compile a new application for registration, with all exhibits attached, and further that the new application would be virtually identical to the application on file and approved by the Commission. After consideration of these factors, the Commission staff agrees that the requirement of the filing of an entirely new application, in this circumstance only, would be duplicative and unnecessary.

Therefore, in light of the foregoing, in the event a Registrant which is a limited partnership or corporation converts to a limited liability company, the Commission will modify the application requirements to the following filings:

- (1) The Registrant will be required to amend its current application by filing with the Commission a copy of all organizational documents of the limited liability company, including the Articles of Organization and Operating Agreement;
- (2) Copies of the company's most recent financial statements;
- (3) A satisfactory rider or endorsement to the Registrant's bond by surety agreeing to the change in name of the company, if a surety bond was required and currently is on file;
- (4) A newly executed consent to service of process form, as required by Section 8-6-12 (Code of Alabama 1975);
- (5) The applicable registration fee; and
- (6) Whatever other information the Commission may require.

One consideration for the Commission's position with regard to this matter is that the limited liability company form of organization is relatively new. Therefore, it is the Commission's position that the foregoing abbreviated application process will be available only to Registrants currently registered with the Commission and who choose to reorganize as a limited liability company prior to January 1, 1997. However, in light of the number of Registrants converting from limited partnerships or corporations to limited liability companies, it is the Commission's position to extend the abbreviated application process to Registrants currently registered with the Commission and who choose to reorganize as a limited liability company prior to January 1, 1998. After January 1, 1998, any conversion will be treated by the Commission as requiring the filing of an entirely new application, unless otherwise further extended.



Joseph P. Borg
Director