

COMISIONADO DE INSTITUCIONES FINANCIERAS
GOBIERNO DE PUERTO RICO

MANUAL DE PROCEDIMIENTOS

Area de Valores



INTRODUCCIÓN

La Oficina del Comisionado de Instituciones Financieras es creada en virtud de la Ley Núm.. 4, de 11 de octubre de 1985, según enmendada, y conocida como Ley de La Oficina del Comisionado de Instituciones Financieras.

Funcionalmente, la Oficina se ha dividido en áreas operacionales: Valores, Bancos, y No Depositarias. El Área de Valores, a su vez, se ha dividido en diferentes núcleos de trabajos: Inscripción de corredores-trafficantes, agentes y asesores de inversión; Inscripción de Valores; Exámenes; y Análisis Financiero. Está dirigido por un Comisionado Auxiliar y dos asistentes. Tenemos un asistente que está a cargo de la reglamentación, exenciones e inscripciones. Otro asistente está a cargo del programa de exámenes, a casas de corretaje, asesores de inversiones, fondos de capital y compañías de inversión. En el diagrama 1 ilustramos el organigrama del área.

El Área de Valores tiene a su cargo administrar la Ley Uniforme de Valores; Ley de Fondos de Capital; Ley de Compañías de Inversión; y sus respectivos reglamentos. Además, todo el análisis de las estadísticas financieras del país, se procesan y analizan aquí. Cada una de estas leyes requiere implementación el establecimiento de una serie de procesos diferentes, entrelazados entre sí.

El presente manual recoge en un solo documento todos los procedimientos seguidos por el Área de Valores. Pretendemos compilar todos los procesos a fin de que existan normas escritas que sean conocidas por nuestro personal, impartiendo a nuestros procesos más equidad en su aplicación a los casos que se nos presenten el futuro. Igualmente, tal compilación facilita el adiestramiento de nuevos empleados y permite una medición de mayor rigurosidad científica de nuestra productividad como Área.

SECCION A

INTRODUCCION A LA DIVISION DE VALORES

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 - 1. Agentes de Corredores-Traficantes
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SECCION B

INSCRIPCION DE CORREDORES- TRAFICANTES, ASESORES DE INVERSION Y AGENTES

DIVISION DE INSCRIPCION DE CORREDORES-TRAFICANTES, ASESORES DE INVERSIONES Y AGENTES

A. Introducción

La División de Inscripción de Corredores, Asesores y Agentes es la encargada de trabajar las solicitudes que radica la industria de valores para la obtención de una licencia.

B. Normas en la tramitación y expedición de licencias: Corredores y Asesores

El Reglamento bajo la Ley Uniforme de Valores señala los requisitos necesarios para la expedición de licencias por la Oficina de Valores.

La Regla 2 del Reglamento establece que los formularios prescritos bajo la Ley de Valores y las instrucciones de los mismos tienen efectos de reglas.

La Regla 3 del Reglamento señala los documentos que deberán acompañar una solicitud de inscripción como corredor-trafficante, asesor de inversiones y agentes.

La Oficina preparó una hoja de cotejo donde enumera e identifica todos los documentos complementarios necesarios que el solicitante debe anexar a su solicitud.

El Artículo 202 de la Ley Uniforme de Valores amplía la descripción de los procedimientos de inscripción. Una vez recibida la solicitud, se revisa la misma y se llena la hoja de cotejo aplicable.

Si la solicitud está completada en todas sus partes y contiene los documentos complementarios requeridos se le expedirá la licencia correspondiente en un término de dos (2) semanas. Si la solicitud está incompleta se le escribe a los efectos de que complete los requisitos.

A todo solicitante se le otorgará un término de tres (3) meses para que complete su solicitud de inscripción; de otra forma se envía el expediente al archivo inactivo, luego de notificárselo por

escrito al solicitante.

C. Términos para la tramitación de licencias:

Una vez se certifique una solicitud de inscripción como que la misma está completa, la Oficina tramitará la licencia dentro de los siguientes términos:

<u>1. Solicitud de inscripción original</u>	<u>Término</u>
a) Corredores-trafficantes	2 semanas
b) Asesores de Inversiones	2 semanas
c) Agentes	2 semanas
<u>2. Solicitud de renovación de licencias</u>	
a) Corredores-trafficantes	2 semanas
b) Asesores de Inversiones	2 semanas
c) Agentes	2 semanas

Una compañía radica una solicitud de inscripción para registrarse como corredor-trafficante:

1. Se analiza la solicitud (el formulario) el cual deberá estar completo en todas las preguntas, firmado y notariado en original. (Información más importante: organización de la firma, los socios y su participación en la organización, preparación académica, experiencia en el negocio de valores y otras cualificaciones, (su inscripción con los demás estados, organizaciones autoreglamentarias y otras Bolsas, las violaciones a leyes estatales o locales de valores o violaciones civiles, método de hacer negocios, los tipos de valores a los cuales se dedicará el negocio).

Anejos- Consentimiento para ser emplazado, Autorización del Departamento de Estado para hacer negocios en Puerto Rico, Acuerdos con otros corredores para el "clearing" de sus ventas y compras, "Clearing Agreements" y Estados Financieros, Fianzas para el corredor si el capital

mínimo computado es menor de \$25,000 y de \$2,000 para cada agente a registrarse. Además los derechos de inscripción que aplican a los corredores y asesores, por \$500.00.

Durante el año de inscripción la compañía debe mantener al día su inscripción con las enmiendas que correspondan a cualquier cambio de nombre, dirección o de organización o acciones legales por parte de algunas agencias reglamentarias estatales/federales.

La renovación de la licencia de un corredor se efectuará radicando los siguientes documentos: Solicitud de Inscripción, Derechos de Inscripción e Informes Financieros. Además, la fianza deberá estar al día de acuerdo al número de agentes y el cumplimiento con la Sección 149 de la Ley de Contribución sobre Ingresos (pago de intereses, dividendos, créditos brutos) a residentes de Puerto Rico y análisis del capital de la compañía (estados auditados, hoja de balance a tres (3) meses de la fecha de radicación).

D. Anejos

Forma R-1	Solicitud de Inscripción Corredor-Traficante
Forma R-3	Solicitud Inscripción Asesor de Inversiones
Forma R-4	Información a ser suministrada por Promotores
Forma R-5	Resolución Corporativa
Forma R-6	Consentimiento para ser Emplazado
Forma R-7	Fianza para Corredores o Asesores
Forma 11	Autorización del Dept. de Estado para hacer negocios en Puerto Rico
Forma 480.5	Resumen de las Declaraciones Informativas
Forma 480.6	Declaración Informativa

E. Inscripción de agentes de corredores-trafficantes y emisores de valores

1. Agentes de corredores-trafficantes

Una vez la firma ha sido efectiva, se le emite la licencia correspondiente y se le da aprobación electrónica a través del Central Registration Depository (CRD). La firma somete la lista de agentes a registrarse a través del CRD. La inscripción de estos individuos es automática siempre y cuando no tengan récords disciplinarios en cuyo caso la Oficina de Valores aprueba o rechaza dichos agentes. Para el proceso de aprobación, se revisa el registro del solicitante el cual incluye historial disciplinario, historial de empleo, educación, experiencia en la industria de valores e inscripción con los otros Estados, agencias autoreglamentarias y Bolsas de Valores de Estados Unidos.

La Oficina de Valores recibe y controla diariamente correspondencia vía electrónica la cual incluye el informe de terminaciones de inscripciones de agentes. Recibe y controla, además, informes semanales de inscripciones de transferencias de agentes con sus respectivos derechos de inscripciones. Se mantienen al día, mediante listados trimestrales que somete el CRD, el número de agentes registrados en Puerto Rico. Al finalizar el año natural termina automáticamente el término de inscripción de todos los agentes y al comenzar el próximo año se recibe el listado de agentes que se registran por primera vez o renuevan sus inscripciones y los derechos de inscripción correspondiente.

2. Agentes de emisores

Los emisores de valores pueden optar por registrar un o unos individuos que ofrezcan y vendan sus valores en Puerto Rico. A esos efectos radican en la Oficina de Valores una solicitud de inscripción de agente. La misma se analiza conforme al Artículo 201 de la Ley Uniforme de Valores de Puerto Rico y deberá contener la siguiente información:

1) La forma en que el solicitante se propone hacer negocios, 2) qualificaciones y experiencias del solicitante, 3) cualquier "injunction" u orden administrativa o convicción por delito relacionado con valores, 4) condición e historial financiero del solicitante.

Además, la solicitud deberá acompañarse con los siguientes documentos: fianza, evidencia de aprobación de exámenes por el National Association of Securities Dealers o el New York Stock Exchange, Consentimiento para ser emplazado, Notificación del agente de contrato o Terminación de Servicios, Nombramiento de Inscripción con el Emisor.

Si la solicitud está completa en todas sus partes y contiene los documentos complementarios requeridos se le expedirá la licencia correspondiente en un término de dos (2) semanas. Si la solicitud está incompleta se les escribe a los efectos de que completen su solicitud. A todo olicitante se le otorgará un término de tres (3) meses para que complete su solicitud; de otra forma se envía el expediente al archivo inactivo luego de notificársele por escrito al solicitante.

a) Anejos

Forma R-2 Solicitud de Inscripción de Agentes

Forma R-6 Consentimiento para ser Emplazado

Forma R-7 Fianza

Forma R-8 Solicitud de Inscripción y nombramiento de Agente/ Emisor

Forma R-9 Notificación Terminación Agente

Forma R-10 Notificación de Compromiso o Terminación de un Agente/ Emisor

Una vez terminado el proceso de tramitación de licencias se prepara en computadora tarjetero y listado de compañías registradas las cuales se mantienen al día, a través de las enmiendas que reciben diariamente. Los listados se clasifican de la siguiente forma: Corredores-trafficantes/ Asesores de Inversión registrados, pendientes de inscripción, cancelados, compañías con oficinas

en Puerto Rico y un listado de agentes de emisores de valores.

El 99% del trabajo de la División se realiza en inglés (formularios, cartas y consultas telefónicas).



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
SECURITIES OFFICE

G.P.O. CALL BOX 70324
SAN JUAN, PUERTO RICO 00936

437 PONCE DE LEON AVENUE
14TH FLOOR
HATO REY, PUERTO RICO 00918

APPLICATION FOR REGISTRATION, RENEWAL OR AMENDMENT TO
AN APPLICATION OF BROKER-DEALER

Check the appropriate box:

Application for Registration ()

Application for renewal of registration ()

Amendment to an application ()

1. Full name of applicant _____

2. Address of Main Office _____

3. Name under which business will be conducted and address. _____

4. Address of each branch office in Puerto Rico giving the date each such branch office was established and the name of the person in charge of each branch office _____

5. Organization of Applicant:

(a) Form _____

(b) Date organized or incorporated _____

(c) Under laws of _____

6. If Applicant is a corporation, give the name and title of each officer and director and persons with similar status or functions. _____
- _____
7. If Applicant is a corporation given the name of each person owning directly or indirectly 10% or more of any class of any equity securities of Applicant. As to each person indicate class of security, the number of shares owned and the percentage ownership in relation to the number of shares of the class outstanding. _____
- _____
8. If Applicant is a partnership, give the name of each partner and state whether he is a general or limited partner. _____
- _____
9. If applicant is a sole proprietorship, give the name, date and place of birth of the proprietor. _____
- _____
10. If applicant is other than a sole proprietor, partnership or corporation, list the full name of each person, including a trustee, who directs, manages or participates in directing or managing its affairs. _____
- _____
11. Name any persons not named in items 6 to 10 who controls, directly or indirectly, the business of Applicant. If none such, so state. _____
- _____
12. State whether Applicant, any predecessor of applicant, or any person named in Items 6 to 11:
- (a) Has ever been convicted of any misdemeanor involving a security or any aspect of the securities business. _____
- _____
- (b) Has ever been convicted of any felony. _____
- _____

- (c) Has ever been permanently or temporarily enjoined from engaging in, or continuing any conduct or practice involving any aspect of, the securities business.
- _____
- _____
- (d) Has ever been the subject of an order of the Administrator denying, suspending or revoking registration as a broker-dealer agent or investment adviser.
- _____
- _____
- (e) Has ever been the subject of an order entered by the Securities Administrator of any other state or by the Securities and Exchange Commission denying or revoking registration as a broker-dealer, agent or investment adviser.
- _____
- _____
- (f) Has ever been the subject of any order of the Securities and Exchange Commission suspending or expelling him from a national securities exchange or national securities association registered under the Securities Exchange Act of 1934.
- _____
- (g) Has ever been adjudicated as bankrupt or insolvent. _____
- _____
- (h) Has ever been censured or fined, suspended or expelled by the National Association of Securities Dealers, Inc. or by any stock exchange.
- _____
- _____
- (i) Has ever been the subject of a United States Post Office fraud order.
- _____
- (j) Has ever been sued civilly for fraud, deceit or misrepresentation.
- _____
- _____

If the answer to any question is in the affirmative furnish complete details including dates and the current status of the case on a separate sheet.

13. Is applicant a successor to another organization? _____ If so, furnish the name of such firm, the date on which the applicant succeeded to the business of such firm, the reason for such succession and the method by which effected. _____
- _____

14. Is applicant registered as a broker-dealer with the Securities and Exchange Commission?
If so, when was such registration effective? _____

15. Is Applicant a member of the National Association of Securities Dealers, Inc.? _____ If
so, when was the application for such membership approved?

16. Is Applicant a member or a member organization of any stock exchange?
_____. If so, list each exchange and the date on which such membership was
approved. _____

17. Describe Applicant's proposed method of doing business including but not limited to
(1) whether Applicant will transact business as a broker-dealer, or both, (2) whether
Applicant will specialize in any type of business or securities, (3) whether Applicant
will extend credit on partial payment or installment accounts, (4) whether Applicant
will carry margin accounts for customers, (5) whether Applicant will carry discretion-
ary accounts for customers, (6) whether Applicant will be specially compensated for
performing the services of an investment adviser. _____

18. Has applicant done business under another name within the last 10 years? _____
If so, what name and when was name changed? _____

19. Section 202(d) of the Puerto Rico Uniform Securities Act provides:

"(d) The Administrator may by rule require a minimum capital for registered broker-
dealers and investment advisers or prescribe a ratio between net capital and aggregate
indebtedness".

The term "minimum capital" is defined by Rule 6.

(a) If a corporation: Does applicant have a minimum capital of not less than \$15,000
plus \$2,500 for each branch Office in Puerto
Rico? _____

(b) If a partnership, does applicant have a minimum capital of not less than \$10,000 plus \$2,500 for each branch Office in Puerto Rico? _____

(c) If a sole proprietor, does applicant have a minimum capital not less than \$5,000 plus \$2,500 for each branch Office in Puerto Rico? _____

20. The following exhibits are to be filed herewith:

I. Appointment and Consent to Service of Process, and if Applicant is a corporation, a certified copy of the resolution of the Board of Directors of Applicant authorizing the execution and filing thereof.

II. A Bond in the amount of \$10,000 as required by Rule 7 under the Uniform Securities Act.

III. A detailed Balance Sheet and a Profit and Loss Statement as required by Rule 8.

IV. (a) If Applicant is a corporation, a copy of the Articles of Incorporation and By-Laws and all amendments thereto.

(b) If Applicant is a partnership, a copy of the Articles of Partnership.

V. Applicant shall file as an exhibit a Form R-4 report completed and executed by each of its promoters and such of its directors, officers or partners whose services are rendered in Puerto Rico.

EXECUTION

THE APPLICANT OR REGISTRANT SUBMITTING THIS FORM AND THE PERSON BY WHOM IT IS EXECUTED HEREBY REPRESENTS THAT IT CONTAINS A TRUE, CORRECT, AND COMPLETE STATEMENT OF ALL INFORMATION REQUIRED TO BE FURNISHED.

Dated the _____ day of _____, 19____.

Sole proprietor.....	_____	(Proprietor)
Partnership or other unincorporated organization	: : : : By	: : : : _____ (General Partner (or Managing Agent))
Corporation	: : : : By	: : : : _____ (Name of Corporation)
	: : : : _____	: : : : _____ a principal officer (title)

Affidavit Number: _____

Subscribed and sworn to before me by _____ this
____ day of _____ of 19____ at _____.

Notary Public

A filing fee of \$500.00 as required by Section 202(b) of the Uniform Securities Act must accompany this application in the form of a check or money order drawn to the "Secretary of the Treasury".

GENERAL INSTRUCTIONS

1. This Form must be typewritten and filed in duplicate with the Securities Office, Office of the Commissioner of Financial Institutions, San Juan, Puerto Rico. An exact copy should be retained by Applicant.
2. A Form which is not prepared and executed in compliance with applicable requirements may be returned as not acceptable for filing. However, acceptance of this Form shall not constitute any finding that it has been filed as required or that the information submitted is true, correct, or complete.
3. If the space provided for any answer is insufficient, the complete answer shall be prepared on a separate sheet which shall be attached to the Form and identified as "Answer to Item _____" and reference thereto shall be made under the Item on the Form.
4. If this is an application for initial registration all items in the Form must be answered in full.
5. If this is an application for renewal or registration, applicant may incorporate by reference exhibits filed to previous applications if no change has occurred in the information contained in the exhibits.
6. If this is an amendment to an application, fill in items 1, 2, 3, and furnish the corrected information in the corresponding item.
7. If this is an application for registration on behalf of successor whether or not the successor is then in existence, the information furnished shall relate to said successor. The Form must be executed and filed by the predecessor and registration, when effective, will be for the balance of the year. There will be no filing fee.
8. If the information contained in the application is or becomes inaccurate for any reason, it is the responsibility of Applicant to file an amendment on Form R-1 immediately, correcting such information. (See Instruction Number 6).
9.
 - (a) If Applicant is a partnership, the application must be signed and sworn to by a General Partner.
 - (b) If Applicant is a partnership, the application must be signed and sworn to by a General Partner.
 - (c) If Applicant is a sole proprietorship, application must be signed and sworn to by the Proprietor.
 - (d) If Applicant is an unincorporated organization or association which is not a partnership, application must be signed and sworn to by a duly authorized person who directs or manages or who participates in the directing or managing of its affairs.



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437 PONCE DE LEON AVENUE
14TH FLOOR
HATO REY, PUERTO RICO 00918

2" x 2"
Photograph
(Taken within the
last six months)

APPLICATION FOR REGISTRATION, RENEWAL OR AMENDMENT TO
AN APPLICATION OF AN AGENT

Check the appropriate box:

- Application for Registration ()
Application for renewal of registration ()
Amendment to an application ()

1. Name of Applicant _____
Social Sec. No. _____
2. Home Address of Applicant _____

3. Name and Address of broker-dealer or issuer whom Applicant will represent

4. Address of Applicant's regular place of business in Puerto Rico _____

5. Date and place of birth _____
Citizenship _____
6. How long has Applicant lived in Puerto Rico _____
7. Summarize Applicant's educational background, including schools attended, dates of attendance and degrees received.

8. Summarize Applicant's experience in the securities business, including names and addresses of employers, dates of employment, and a general description of the duties of each employment. _____
9. Summarize Applicant's occupation for the last 10 years (to the extent not summarized in answer to Item 8), including names and addresses of employers, dates of employment and a general description of the duties of each employment _____
10. List the States in which Applicant has been licensed or registered to engage in the securities business, and give the dates of commencement and termination of such registration. _____
11. Is Applicant a registered representative with the National Association of Securities Dealers, Inc.? _____ If so, when was the application for such registration approved? _____
12. Is Applicant a registered representative with any securities exchange? _____. If so, list each such exchange and the dates on which the application for such registration was approved. _____

Indicate any limitations on any such registration. _____

13. Has Applicant taken the examination given by the National Association of Securities Dealers, Inc., the New York Stock Exchange, or the Securities and Exchange Commission? If so, which and when? _____

State whether Applicant passed the examination? _____

Submit corresponding evidence.

14. Has Applicant engaged in the securities business on a full time basis for the 5 years immediately preceding the date of filing of this application? _____

15. Describe Applicant's proposed method of doing business, including (1) whether Applicant will specialize in any type of business or securities, (2) whether Applicant will devote his full time to the securities business, and if not, the approximate percentage of Applicant's time which will be devoted to the securities business. (3) whether Applicant will solicit employment as an issuer's agent from issuers of securities.
-
-
-

16. State whether Applicant:

(a) Has ever been convicted of any misdemeanor involving a security or any aspect of the securities business? _____

(b) Has ever been convicted of any felony? _____

(c) Has ever been permanently or temporarily enjoined from engaging in, or continuing any conduct or practice involving any aspect of the securities business?

(d) Has ever been the subject of an order of the Administrator denying, suspending or revoking registration as a broker-dealer, agent or investment adviser?

(e) Has ever been the subject of an order entered by the Securities Administrator of any other state or by the Securities and Exchange Commission denying or revoking registration as a broker-dealer, agent or investment adviser?

(f) Has ever been the subject of an order of the Securities and Exchange Commission suspending or expelling him from a national securities exchange or national securities association registered under the Securities Exchange Act of 1934?

(g) Has ever been adjudicated as bankrupt or insolvent? _____

- (h) Has ever been censured or fined, suspended or expelled by the National Association of Securities Dealers, Inc. or by any stock exchange?

- (i) Has ever been the subject of a United States Post Office Fraud Order?

- (j) Has ever been sued civilly for fraud, deceit or misrepresentation?

If the answer to any of the foregoing questions is in the affirmative furnish the complete details including the date and a statement concerning the current status of the case.

If during the period of your registration an event occurs which would cause a current affirmative answer to any part of item 16, the Director of the Securities Office shall be notified in writing as to the facts relative to such event.

17. Has Applicant ever been known by another name?_____ If so, what name and when and by whom was name changed._____

18. The following exhibits are to be filed herewith.

I. Photo taken within six months

II. A bond in the amount of \$2,000.00 as required by Rule 7 under the Uniform Securities Act.

III. Appointment and Consent to Service of Process Form R-6.

19.

EXECUTION

I, the undersigned Applicant, being duly sworn on oath, state that I have read and knowingly made the foregoing statements and representations and that each and all such statements and representations are true, and ask that the license herein applied for be granted. If the foregoing is an amendment to a current registration the undersigned represents that the statements made in the amendment and in the current registration to the extent not corrected by the amendment, are true, correct, and complete.

Date of signing

Signature of Applicant

Affidavit Number: _____

Subscribed and sworn to before me by _____
of legal age, _____, and resident of _____ personally
known to me this ____ day of _____ of 19____, at _____.

Notary Public

A filing fee of \$150.00 as required by Section 202(b) of the Uniform Act of Puerto Rico must accompany this application in the form of a check or money order drawn to the "Secretary of the Treasury"

GENERAL INSTRUCTIONS

1. This Form must be typewritten and filed with the Securities Office, Office of the Commissioner of Financial Institutions, San Juan, Puerto Rico. An exact copy should be retained by Applicant.
2. A Form which is not prepared and executed in compliance with applicable requirements may be returned as not acceptable for filing. However, acceptance of this Form shall not constitute any finding that it has been filed as required or that the information submitted is true, correct, or complete.
3. If this is an application for initial registration all items in the Form must be answered in full.
4. If this is an application for renewal or registration, it should be filed not later than fifteen days prior to the expiration date of the previous registration.
5. If this is an application for renewal of registration, applicant need not file Form R-6 (Consent to Service of Process)
6. If this is an amendment or renewal to an application, fill in Items 1, 2, 3 and furnish the corrected information in the corresponding item.
7. If the information contained in the application is or becomes inaccurate for any reason, it is the responsibility of Applicant to file an amendment on Form R-2 immediately, correcting such information. (See Instruction Number 6).
8. If the space for any answer is insufficient, the complete answer shall be prepared on a separate sheet which shall be attached to the form and identified as "Answer to Item " and reference thereto shall be made under the item on the form.



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OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
SECURITIES OFFICE

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HATO REY, PUERTO RICO 00918

APPLICATION FOR REGISTRATION, RENEWAL
OR AMENDMENT TO
AN APPLICATION OF INVESTMENT ADVISER

Check the appropriate box:

Application for Registration	()
Application for renewal of registration	()
Amendment to an application	()

1. Full name of applicant

2. Social Security No.

3. Address and telephone number of principal place of business

4. Address of each branch office in Puerto Rico giving the date each such branch office was established and the name of the person in charge of each branch office _____

5. Organization of Applicant:

(a) Form _____

(b) Date organized or incorporated _____

(c) Under laws of _____

6. If Applicant is a corporation, give the name of each officer, director and persons with similar status or functions.

7. If Applicant is a corporation, give the name of each person owning directly or indirectly 10% or more of any class of any equity securities of Applicant. As to each person indicate class of security, the number of shares and the percentage ownership of such person in relation to the number of shares outstanding.

8. If Applicant is a partnership, give the name and title of each partner.

9. If applicant is a sole proprietorship, give the name, date and place of birth of the proprietor.

10. If applicant is other than a sole proprietor, partnership or corporation, give full name of each person or trustee who directs, manages or participates in directing or managing its affairs.

11. Name persons not included in items 6 to 10 who control, directly or indirectly, the business of applicant. If none, please indicate.

12. Name any employees of applicant who perform investment advisory work.

13. State whether applicant, any predecessor of applicant, any employees, or any person named in items 6 to 12:

- (a) Has ever been convicted of any misdemeanor involving a security or any aspect of the securities business.
- (b) Has ever been convicted of any felony.
- (c) Has ever been permanently or temporarily enjoined from engaging in, or continuing any conduct or practice involving any aspect of, the securities business.
- (d) Has ever been the subject of an order of the Administrator denying, suspending or revoking registration as a broker-dealer, agent or investment adviser.
- (e) Has ever been the subject of an order entered by the Securities Administrator of any other state or by the Securities and Exchange Commission denying or revoking registration as a broker-dealer, agent or investment adviser.
- (f) Has ever been adjudicated as bankrupt or insolvent.
- (g) Has ever been censured or fined, suspended or expelled by any association of investment advisers.
- (h) Has ever been the subject of a United States Post Office Fraud Order.
- (i) Has ever been sued civilly for fraud, deceit or misrepresentation.

If the answer to any question is affirmative, furnish complete details, including the dates and the current status of the case, on a separate attached sheet.

14. Is applicant a successor to another organization? _____

If so, furnish the name of such firm, the date in which the applicant succeeded to the business of such firm, the reason for such succession and the method by which effected. _____

15. Is applicant registered as a broker-dealer or investment adviser with the Securities and Exchange Commission? _____ If so, when did the application for such registration become effective? _____

16. (a) Does applicant give continuous advice to clients as to the investment of funds on the basis of the individual needs of each client? _____ If so, state in detail the basis of compensation, how fees will be computed, the period covered by each fee, and when fees are payable. _____

(b) Does applicant manage securities accounts for clients under circumstances not involving the giving of continuous advice to clients as to the investment of funds on the basis of the individual needs of each client? _____ If so, describe the nature of this activity and state in detail the basis of compensation, how fees will be computed, the period covered by each fee and when are fees payable. _____

(c) Does applicant furnish investment advice through consultations (Not as part of (a) or (b) above)? _____ If so, state basis of compensation. _____

(d) Does applicant issue periodic publications relating to securities on a subscription basis? _____ If so, furnish the name of the publication, subscription price, and period covered of the subscription. _____

(e) Does applicant prepare or issue special reports or analyses relating to securities not included in any service described above? _____ If so, state price, fee or basis of compensation. _____

- (f) Does applicant prepare or issue, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities?
If so, describe such services in detail and state price, fee, or basis of compensation.

- (g) Does applicant furnish investment advice in any manner not described above?
If so, describe such service in detail and state basis of compensation.

- 17 (a) Is applicant or registrant engaged in any business or profession other than acting as investment adviser with respect to securities?

If so, describe briefly each such other business or profession other than acting as investment adviser with respect to securities.

- (b) Is the principal business of applicant or registrant that of an investment adviser?

- (c) Does a substantial part of applicants or registrant's investment advisory business consist of giving continuous advice to clients as to the investment of funds on the basis of the individual needs of such clients?

18. Does applicant or registrant, or any person connected with applicant or registrant have discretionary authority to make any of the following determinations without the consent of the client before the transaction is effected?:

- (a) Whether securities are to be bought or sold _____?
- (b) Which security is to be bought or sold _____?
- (c) The total amount of the security to be bought or sold _____?

19. Does applicant or any person connected with applicant have custody, possession or authority to obtain custody or possession of:

(a) Securities of any investment advisory client? _____

(b) Funds of any investment advisory client? _____

20. Does applicant:

(a) As principal sell securities to or buy securities from any investment advisory client?

(b) Effect securities transactions as broker or agent for any investment advisory client?

(c) As broker or agent for any person other than investment advisory client, sell securities to or buy securities from such clients? _____

(d) Recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which the applicant or registrant, directly or indirectly has a position or interest? _____

21. Section 202(d) of the Puerto Rico Uniform Securities Act provides:

"(d) The Administrator may by rule or regulation require a minimum capital for registered broker-dealers and investment advisers or prescribe a ratio between net capital and aggregate indebtedness".

The term minimum capital is defined by Rule 6.

(a) If a corporation: Does applicant have a minimum capital of not less than \$8,000 plus \$2,500 for each branch Office in Puerto Rico?

(b) If a partnership, does applicant have a minimum capital of not less than \$5,000 plus \$2,500 for each branch Office in Puerto Rico?

- (c) If a sole proprietorship, does applicant have a minimum capital of not less than \$2,500 plus \$2,500 for each branch office in Puerto Rico?
-

22. The following exhibits are to be filed herewith:

- I. Appointment and Consent to Service of process, and if applicant is a corporation, a certified copy of the resolution of the Board of Directors of applicant authorizing the execution and filing thereof.
- II. A Bond in the amount of \$10,000 as required by Rule 7 under the Uniform Securities Act.
- III. A detailed Balance Sheet and a Profit and Loss Statement as required by Rule 8.
- IV. (a) If applicant is a corporation, a copy of the Articles of Incorporation and By-Laws and all amendments thereto.
(b) If applicant is a partnership, a copy of the Articles of Partnership.
- V. Applicant shall file as an exhibit a Form R-4 report completed and executed by each of its promoters and such of its directors, officers or partners whose services are performed in Puerto Rico.

EXECUTION

I, the undersigned being of lawful age and first duly sworn, depose and say that I have read the foregoing application and know the contents thereof, and that the statements and allegations and exhibits therein contained and attached are true, correct, and complete. If the foregoing is an amendment to a current registration the undersigned represents that the statements made in the amendment and in the current registration, to the extent not corrected by the amendment, are true, correct, and complete.

EXECUTION

THE APPLICANT OR REGISTRANT SUBMITTING THIS FORM AND THE PERSON BY WHOM IT IS EXECUTED HEREBY REPRESENT THAT IT CONTAINS A TRUE, CORRECT, AND COMPLETE STATEMENT OF ALL INFORMATION REQUIRED TO BE FURNISHED.

Dated the _____ day of _____, 19____.

Sole proprietor..... _____
(Proprietor)

Partnership or other : _____
unincorporated : (Name of Partnership
organization : (or Organization))
By _____
(General Partner (or Managing Agent)).

Corporation : _____
By _____
(Name of Corporation)
_____ a principal officer
(title)

Affidavit Number: _____

Subscribed and sworn to before me by _____
this _____ day of _____ of 19____ at _____

Notary Public

A filing fee of \$500.00 as required by Section 202(b) of the Uniform Securities Act must accompany this application in the form of a check or money order drawn to the "Secretary of the Treasury".



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF
FINANCIAL INSTITUTIONS
SECURITIES OFFICE

G.P.O. BOX 70324
San Juan, Puerto Rico 00936

437 PONCE DE LEON AVENUE
14TH FLOOR
HATO REY, PUERTO RICO 00918

INFORMATION TO BE FURNISHED BY PROMOTERS, DIRECTORS,
OFFICERS AND PARTNERS OF BROKER-DEALERS,
ISSUERS OR INVESTMENT ADVISERS

Instruction:

This form must be completed and signed by all promoters of a broker-dealer or investment adviser and by such of its directors, officers and/or partners whose services are to be performed in Puerto Rico; and by all promoters, directors, officers and/or partners of an issuer where such issuer is to offer its securities for sale in Puerto Rico and the issuer has not been organized and in operation for at least two years prior to the date of filing of the issuer's registration statement.

The executed forms are to be filed as exhibits to the registration statement of the broker-dealer, issuer or investment adviser.

1. _____
Dealer, Issuer or Investment Adviser with which principal is associated

2. _____
Full name of the principal executing this form Social Security No.

Place and Date of Birth Citizenship

Business address

Residence address

Present occupation or profession

3. State whether you are an officer, director, partner, promoter or employee of the abovenamed dealer, issuer or investment adviser

7. State in full your arrangements with this organization regarding compensation, salary, commission, profit-sharing, bonus, and any other payments made for any purpose within the last 3 years (whether directly to you or to any person in whom you have a financial interest). (Attach a separate sheet if necessary, marked Exhibit 2).
-
-

8. (a) What amount of your time do you devote to this organization's business or affairs?
-

- (b) Will you be engaged in such activities on a full-time or a part-time basis?
-

9. Have you ever:

- (a) Been an officer, director or promoter in a company which has become insolvent?
-

- (b) Been convicted of any fraudulent acts in any transaction of any kind or character?
-

- (c) Been convicted of any misdemeanor involving a security or any aspect of the securities business, or of any felony?_____
-

- (d) Been declared bankrupt, or made an assignment for the benefit of creditors?
-

- (e) Been permanently or temporarily enjoined from engaging in or continuing any conduct or practice involving any aspect of the securities business?
-

Instruction: If the answer to any part of question 9 is in the affirmative, attach a separate sheet providing full particulars. If during the period of your association with the broker-dealer, issuer or investment adviser an event occurs which would cause a current affirmative answer to any part of Item 9, notify the Director of the Securities Office in writing as to the facts relating to such event.

10. Have you or applicant company ever been the subject of any order entered by any state regulatory or administrative agency, department or office or the Securities & Exchange Commission, or any association of securities dealers, or securities exchange?

I, _____ do solemnly swear
that the foregoing answers and statements, together with those in all Exhibits attached
hereto, have been knowingly made by me and that the same are true and correct,
and that I have not omitted to state any material fact bearing upon such mat-
ters.

Given under my hand this _____ day of _____ 19__

Signature of Principal

Affidavit number _____

Subscribed and sworn to before me by _____

of legal age, _____, and resident of _____
(married or single)

personally known to me this _____ day of _____ of
19__

at _____

Notary Public

Instructions:

The principal executing this form undertakes to keep the information up to
date.



RESOLUTION

RESOLVED, that the President and the Secretary of this corporation _____ be and they are hereby authorized and directed in the name of and on behalf of this corporation to take any and all action which they may deem necessary or advisable in order to register this corporation as a broker-dealer or as an investment adviser, or to register its securities for sale, under the Uniform Securities Act of Puerto Rico, and in connection with such registration to execute, acknowledge, verify, deliver, file and publish all documents and exhibits which may be required under said Act, including but not limited to application, reports, irrevocable consents to service of process, powers of attorney, and surety bonds, in forms prescribed by the Administrator or such other forms as to them may seem proper, and to take any and all further actions which they may deem necessary or advisable in order to maintain such registration in effect for as long as they may deem to be in the best interest of this corporation.

CERTIFICATE

I, _____, Secretary of _____, do certify that the foregoing is a true and exact copy of a resolution of the board of directors of said corporation, which resolution was duly made, passed and adopted at a legal meeting of said board of directors, held at _____, on the _____ day of _____, 19____, and that the passage of said resolution was in all respects regular and in accordance with the by-laws of said corporation and remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal this _____ day of _____, 19____.

Secretary



CONSENT TO SERVICE OF PROCESS

KNOW ALL MEN BY THESE PRESENT:

That the undersigned _____
(a corporation organized under the laws of the State of _____)
(a partnership) (an individual) (other _____)
for the purpose of complying with the Uniform Securities Act of Puerto Rico hereby
irrevocably appoints the Administrator of said Act, and his successors in Office, its
attorney upon whom may be served any notice, process or pleading in any non-criminal
action or proceeding against it arising out of or in connection with the purchase or
sale of securities, the conduct of the securities business or the business of an investment
adviser, or violation of the Uniform Securities Act of Puerto Rico; and the under-
signed does hereby consent that any such action proceeding against it may be commenced
in any court of competent jurisdiction and proper venue by service of process upon
said officer with the same effect as if the undersigned has been personally served
with process in said jurisdiction.

It is requested that a copy of any notice, process or pleading served hereunder
be mailed to

Name

Address

Dated _____, 19__

By: _____

Title

By: _____

Title



OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
COMMONWEALTH OF PUERTO RICO
SAN JUAN, PUERTO RICO

BOND FOR BROKER-DEALER, INVESTMENT ADVISERS, AND AGENT
UNDER THE
UNIFORM SECURITIES ACT AND BLANKET BOND
FOR AGENTS OF A BROKER-DEALER

KNOW ALL MEN BY THESE PRESENT:

That _____, as Principal and _____,
as Surety are firmly bound unto the people of the Commonwealth of Puerto Rico
for the use and benefit of any person sustaining damages as a result of any breach
of the conditions hereinafter set forth in the penal sum of _____ thousand
dollars (\$_____) and in the case of a blanket bond \$2,000.00 per
agent without limitation of the number of agents, for the payment of which sum,
well and truly to be made, we bind ourselves, our heirs, executors, administrators,
successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THE ABOVE OBLIGATION ARE SUCH THAT:

WHEREAS, the principal has made or is about to make an application to the
Securities Office, Office of the Commissioner of Financial Institutions, for registration
as broker-dealer, investment adviser, or agent, pursuant to the Uniform Securities Act
of Puerto Rico; and

NOW THEREFORE the principal and Surety are each liable to the amount of
the bond, or if a blanket bond covering agent to the amount of \$2,000.00 for each
agent, for the payment of any judgment that may be obtained against the Principal
or Surety on any suit under the Uniform Securities Act of Puerto Rico arising out
of the conduct of the Principal or its agents in the securities business or the business
of investment adviser; and for the reimbursement to customers for conversion, misappropriation
or embezzlement by the Principal of its agents of funds or securities belonging to
such customers; and apart from these conditions this bond will be of no force and
effect.

THIS BOND IS CONTINUOS obligation until thirty (30) days after notice in writing of cancellation has been received by the administrator, but such cancellation shall not effect any liability for conduct occurring prior to the date cancellation becomes effective: PROVIDED that no suit may be maintained to enforce any liability hereon unless brought within two (2) years after the sale or other act of omission upon which such suit is based; and PROVIDED further that the liability of the Surety hereon to all persons aggrieved shall not exceed the total amounts set forth above.

IN WITNESS WHEREOF the Principal and Surety have caused these presents to be executed this _____ day of _____, 19____.

(SEAL)

Name of Principal

Attest: _____

By _____
Name and Title

Name of Surety

Attorney-in-Fact

Address of Attorney-in-Fact

APPOINTMENT AND APPLICATION FOR REGISTRATION AS AGENT

Director
Securities Office
Department of the Treasury
San Juan, Puerto Rico

The undersigned _____ hereby certifies that it
Issuer or Broker-Dealer
has employed _____
Name Street Address City State
as its agent under the provisions of the Uniform Securities Act.

Dated and signed this _____ day of _____, 19 _____.

Name of Issuer or Broker-Dealer

By _____
Name and Title

NOTICE BY ISSUER OR BROKER-DEALER OF TERMINATION OF SERVICES OF AN AGENT

Director
Securities Office
Department of the Treasury
San Juan, Puerto Rico

Notice is hereby given to the Administrator of the Uniform Securities Act, pursuant to
Section 201(b) of said Act, that the services of its agent:

Name of Agent

Street Address City State

have been terminated as of _____
month day year

Dated and signed this _____ day of _____, 19____

Name of Issuer or Broker-Dealer

By _____
Name and Title

INSTRUCTION: If the issuer or broker-dealer filing this notice of termination of services of its agent knows of any
reason why such agent should not be engaged by other issuers or broker-dealers, such issuer or broker-dealer shall
advise the Administrator in separate letter as to the relevant facts in the matter. Such letters will be kept con-
fidential by the Administrator.

NOTICE BY AN AGENT OF ENGAGEMENT OR TERMINATION
OF SERVICES

Director
Securities Office
Department of the Treasury
San Juan, Puerto Rico

Notice is hereby given to the Administrator of the Uniform Securities Act, pursuant to
Section 201(b) of said Act, that:

My services as an agent have been ~~engaged~~ ^{terminated} (strike inapplicable word) by _____

Name of broker-dealer or issuer

Signed this _____

day of _____, 19 _____

Signature of Agent

Name of Agent
(Type or Print)

Address of Agent

INSTRUCTION: In the event of a termination of services the agent may attach a separate letter to the Administrator explaining the reason for the termination of services, if he so desires. Such letters will be kept confidential by the Administrator.

AÑO CONTRIBUTIVO
TAXABLE YEAR

19

Estado Libre Asociado de Puerto Rico - Commonwealth of Puerto Rico
DEPARTAMENTO DE HACIENDA - DEPARTMENT OF THE TREASURY
Área de Rentas Internas y Recaudaciones - Internal Revenue and Collections Area
Negociado de Contribución Sobre Ingresos - Bureau of Income Tax
RESUMEN DE LAS DECLARACIONES INFORMATIVAS
SUMMARY OF THE INFORMATIVE RETURNS

Use Oficial - Official Use

Núm. Serie

Número de Cuenta

(Número Social)
Number
(Security or Employer's Id)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Clase de Contribuyente - Type of Taxpayer

☐ Individuo
Individual☐ Sociedad
Partnership☐ Corporación
Corporation☐ Sociedad
a Fideicomiso
Estate or Trust☐ Otros
Other

Nombre del Informante - Payor's Name

Dirección - Address

Municipio - City

Estado - State

Zip Code

Total Número de Documentos - Total Number of Documents

Contribución Retenida - Income Tax Withheld

Total Cantidad Informada con esta Forma - Total Amount Reported with this Form

 Marque sólo un encastillado - Check only one box
dique el tipo de formas enviadas
indicate the type of forms attached480.6 ☐480.6A ☐480.7 ☐

HACIENDA PARA SERVIRLE

JURAMENTO - OATH

Declaro bajo las penalidades de perjurio que esta declaración ha sido examinada por mí y que según mi mejor información y creencia es cierta, correcta y completa.
I declare under the penalties of perjury that this declaration has been examined by me and to the best of my knowledge and belief is true, correct and complete.

Fecha - Date

Firma - Signature

Título - Title

VEA INSTRUCCIONES AL DORSO - SEE INSTRUCTIONS ON BACK
ORIGINAL PARA EL NEGOCIADO DE CONTRIBUCION SOBRE INGRESO - ORIGINAL FOR BUREAU OF INCOME TAXEstado Libre Asociado de Puerto Rico - Commonwealth of Puerto Rico
DEPARTAMENTO DE HACIENDA - DEPARTMENT OF THE TREASURY
Área de Rentas Internas y Recaudaciones - Internal Revenue and Collections Area
Negociado de Contribución Sobre Ingresos - Bureau of Income Tax
DECLARACION INFORMATIVA - INFORMATIVE RETURN

Use Oficial - Official Use

AÑO CONTRIBUTIVO - TAXABLE YEAR 19

Núm. Serie

Información de quien recibe el pago - Payee's Information

Cantidades no sujetas a retención

Amounts not subject to withholding

Número de Cuenta (Seguro Social)-
Account Number (Social Security)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Apellido - Last Name Segundo Apellido - Second Surname Nombre - First Name

Salarios y jornales
Salaries and WagesComisiones
CommissionsRentas
RentsIntereses
InterestServicios Profesionales
Professional Services

Nombre y dirección del Agente Retenedor - Name and Address of Withholding Agent

Beneficios de Sociedades
Partnership ProfitsDividendos
DividendsOtros Pagos
Other PaymentsRédito Bruto
Gross ProceedsTotal Pagado
Total Paid

Dirección - Address

Municipio - City

Estado - State

Zip Code

Número de Cuenta Bancaria - Bank Account Number

Num. de Cuenta del
Agente Retenedor
Withholding Agent
Account Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

VEA INSTRUCCIONES AL DORSO - SEE INSTRUCTIONS ON BACK
ORIGINAL PARA EL NEGOCIADO DE CONTRIBUCION SOBRE INGRESO - ORIGINAL FOR BUREAU OF INCOME TAX

SECCION C

INSCRIPCION E INVESTIGACION DE VALORES

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1.13	Formulario de Cajas en Archivo
1.14	Guía General Para Analizar Fondos Mutuos de Cláusulas Abiertas

SECCION C

INSCRIPCION E INVESTIGACION DE VALORES

I. INTRODUCCION

El Artículo 301 de la Ley Uniforme de Valores (la "Ley") de Puerto Rico estipula: "Será ilegal que cualquier persona ofrezca o venda cualquier valor en Puerto Rico a menos que dicho (1) valor haya sido inscrito bajo las disposiciones de esta Ley o (2) el valor o transacción esté exenta bajo las disposiciones del Artículo 402". Al amparo de este Artículo es que se crea en el Area de Valores la División de Inscripción e Investigación de Valores, la cual tiene a su cargo la inscripción y evaluación de los valores que serán ofrecidos por los diferentes emisores a los inversionistas potenciales en el mercado financiero de Puerto Rico.

Los valores elegibles para inscripción son aquellos que están definidos en el Artículo 401 (k)(1) de la Ley, y citamos: "Valor" significará cualquier pagaré, acción, acciones en cartera, bono, vale, comprobante de deuda, certificado de interés o participación en algún convenio de distribución de beneficios o sociedad, certificado de preoriginación o subscripción, acción transferible, contrato de inversión, certificado de fideicomiso con derecho al voto, certificado de depósitos en garantía, cuota de interés indiviso en petróleo, gas u otros derechos sobre minerales, o , en general, cualquier interés o instrumento conocido comúnmente como "valor", o cualquier certificado de interés o participación en cualquiera de los precedentes valores, certificado temporero o provisional o recibo por los mismos, garantía de dichos valores o instrumentos de autorización u opción o derecho para suscribirlos".

Una declaración o solicitud de inscripción podrá radicarse por el emisor¹, por cualquier otra persona a cuyo favor la oferta ha de hacerse, o por un corredor traficante inscrito.

II. **FUNCIONES PRINCIPALES Y RESPONSABILIDADES DEL AREA**

1. Analizar y evaluar la información contenida en las solicitudes de inscripción, renovación, prospectos y enmiendas de valores radicadas en la Oficina bajo la Ley Uniforme de Valores de Puerto Rico, Ley Federal de Valores de 1933, Ley de Compañías de Inversión de Puerto Rico y Ordenes Administrativas vigentes.
2. Orientar, bien sea por escrito, teléfono o personalmente a representantes de bufetes de abogados de Estados Unidos y/o Puerto Rico, firmas de Contadores Públicos Autorizados, Corredores-Traficantes, Asesores de Inversión, Agentes y Emisores sobre los requisitos de inscripción y renovación de valores.
3. El Area es responsable de preparar periódicamente y cuando así sea requerido, los siguientes informes:
 - A. Reportes sobre el estado de efectividad de las inscripciones.
 - B. Reportes sobre el total de Ordenes por Concepto de Renovación e Inscripción Inicial Emitidas
 - C. Reporte sobre la Cantidad y el Tipo de Valor Inscrito.

¹Artículo 401(g) - Definición de "Emisor".

IV. NUESTROS CLIENTES

A. Internos

1. Comisionado, Comisionados Auxiliares y Supervisores.
2. División Legal
3. Examinadores
4. Análisis Financiero y "FRED"

B. Externos

1. Emisores de Valores - Cualquier empresa o individuo que desee levantar capital en el mercado local.
2. Casas de corretajes
3. Bufetes de abogados
4. Asesores de inversión
5. Corredores y Representantes individuales
6. Cualquier individuo con interés de invertir que desee información sobre si el valor se encuentra debidamente inscrito en nuestra Oficina.

V. PROCESO PARA LA RADICACION Y CONTROL DE DOCUMENTOS

A. Correspondencia

1. La correspondencia que se recibe en el Area de Valores proviene del correo externo o interno, ya sea vía Cartero, Compañía de Servicio Expreso, Mensajeros, etc.
2. El Area de Admimistración División de Servicios Generales prepara un

4. Examinar y revisar periódicamente las declaraciones representadas en anuncios, panfletos y cualquier literatura de ventas o material de anuncio que sea distribuido como propaganda a los inversionistas potenciales con el objetivo de detectar si la información es falsa o engañosa en cualquier aspecto material.
5. Analizar los informes financieros trimestrales y anuales para medir la condición económica y el resultado de las operaciones del emisor.
6. El personal del área participará en auditorías e investigaciones especiales de campo relacionadas con los emisores de valores y sus ofertas para determinar el uso del producto y detectar si se cumplió con la Ley, Ordenes y Determinaciones Administrativas.

III. TIPOS DE ORDENES:

1. Orden de Inscripción Inicial por cantidad definida o indefinida.
2. Orden de Renovaciones por cantidad definida o indefinida.
3. Orden de Enmienda a la cantidad de valores originalmente inscrita.

Estas ordenes son:

Orden #2 - Inscripción de Cantidad Definida

Orden #5 - Inscripción de Cantidad Indefinida

Orden #3 - Enmienda para añadir cantidad Definida de valores

Orden #7 - Enmienda Para cambiar de cantidad Definida a Indefinida

(Veáse Anejos 1.1, 1.2, 1.3 y 1.4)

listado llamado Control de Correspondencia Recibida, en donde se detalla la siguiente información:

- a. quién la envió,
 - b. persona a quién viene dirigida, y
 - c. contenido del documento (Veáse al Anejo 1.5 Hoja de Control de Documentos)
3. En el Area de Valores recibimos la correspondencia junto con la Hoja descrita en el párrafo anterior.
 4. Se verifica que la correspondencia recibida sea la que se encuentra desglosada en la Hoja de Control.
 5. Abrimos sobres y cajas, leemos el contenido de la correspondencia y luego la sellamos con el "ponchador".
 6. Se clasifica la correspondencia, y rápidamente distribuimos la que requiere atención inmediata.
 7. Se procede a trabajar con la correspondencia que viene acompañada por cheques.
 8. Anotamos la siguiente información del cheque en el documento correspondiente:
 - a. Persona que paga.
 - b. Fecha.
 - c. Cantidad.
 - d. Nombre del Banco.
 - e. Número del cheque.

- f. Anotamos el número del expediente al dorso del cheque, y en los casos de exenciones anotamos el nombre de la exención.
9. Luego distribuimos estos documentos a la persona indicada.
 10. Los documentos finales que se reciben y tienen número de expediente se clasifican en orden numérico y luego se colocan en una mesa para ser archivados en sus respectivos expedientes. Los que no tienen número de expediente se les busca el número en la computadora donde se mantiene un listado electrónico ya preparado.
 11. Las inscripciones iniciales se anotan en un listado y se les asigna un número de expediente. Para cada una se abre una carpeta, y luego se les refiere los Casos a los Investigadores para que efectúen el análisis correspondiente.
 12. Enviamos un comprobante a las compañías, en donde se les notifica el número de expediente asignado y la fecha de recibo de los documentos enviados.
 13. Se distribuye el resto de la correspondencia y se envían los acuses de recibos.
 14. Luego se procede a preparar una lista con todos los cheques recibidos donde se incluye: número de expediente, concepto por el (Véase Anejo 1.6- Relación de Valores Recibidos):
 15. Se lleva la lista en original y copia a la División de Finanzas donde se entrega junto con los cheques para proceder con el depósito en

el Banco.

16. Luego procedemos a preparar una Tabla donde se desglosan los cheques que serán incluidos en el Informe Mensual de la Oficina.
17. Se envía a los solicitantes el recibo Oficial de Pago.

B. Radicación de Notificaciones de Efectividad y Enmiendas Sobre Precio -

Para las inscripciones por coordinación el Técnico es responsable de llevar un control de los Telegramas de Efectividad. - (Veáse Anejo 1.7- Telegrama)

Procedimiento:

1. Se recibe el telegrama "vía fax " o la enmienda sobre precio efectiva con la siguiente información:
 - a. Fecha y hora en que la declaración de inscripción federal ha tenido efecto,
 - b. Precio de oferta,
 - c. Comisiones por Concepto de Suscripción,
 - d. Tarifas de conversión,
 - e. Precio de Redención,
 - f. y otras materias que dependen del precio de oferta,
2. Una vez el telegrama es recibido, el Técnico procede a asignarle el número de expediente que le corresponde.
3. Busca el expediente en los anaqueles y le refiere el caso al investigador a cargo de la evaluación de dicha inscripción.

C. Disposición de Documentos

Para los fines de esta sección "cancelación" significa "enviar para archivo inactivo".

Todo documento que sea recomendado para cancelación será enviado al "archivo inactivo" del Comisionado. ("Almacén La Corona")

1. El Técnico recibe la recomendación por escrito del Investigador para cancelar el documento.
2. Se le envía Notificación a los solicitantes de inscripción "Vía Fax" o "Correo".
3. Preparamos una Lista con el número de disposición, número de expediente y descripción de cada documento. (Véase Anejo 1.13- Formulario de Cajas en Archivo Inactivo)
4. Se envía la Caja al "Archivo Inactivo".

VI. PROCESO PARA LA OTORGACION DE ORDENES A INSCRIPCIONES

NUEVAS

1. Inscripción por Coordinación

El Artículo 303, de la Ley dispone que : "Cualquier valor para el cual se hubiere radicado una declaración de inscripción bajo la Ley de Valores de 1933 en relación a la misma oferta podrá ser inscrita mediante coordinación." Este tipo de inscripción deberá contener

la información requerida por el Artículo 303(b) y venir acompañada por los documentos especificados en los Artículos 305(c) y el consentimiento a ser emplazado que requiere del Artículo 414 (g).

a. Descripción del Proceso

1. El Investigador recibe la inscripción inicial con el formulario de Solicitud de Inscripción correspondiente y sus documentos preliminares. (Véase Anejo 1.8- Solicitud de Inscripción Mediante Coordinación).
2. Se verifica que todos los documentos requeridos al amparo del Artículo 303 (b) hayan sido debidamente radicados. (Véase Anejo 1.9- Hoja de Cotejo).
3. Si la inscripción se encuentra incompleta le enviamos por "fax" o "vía correo" una Carta de Solicitud de Documento. (Véase Anejo 1.10- Carta de Solicitud de Documentos).
4. Se analiza el prospecto y de ser necesario se recomiendan cambios al mismo. (Refiérase a la Parte XI - Guías Para El Análisis de Inscripción de Valores)
5. Se recibe el telegrama de efectividad o la Enmienda Sobre Precio "vía fax" o "correo".
6. Si todas las condiciones han sido cumplidas bajo el Artículo 303(b) y si la institución no contempla un

procedimiento bajo el Artículo 306 de la Ley , y se examinan todos los documentos. Por último, se prepara la Orden Correspondiente.

7. El Técnico envía la Orden.

2. Inscripción por Cualificación

Cualquier valor puede inscribirse mediante cualificación. Este tipo de inscripción deberá contener la información requerida por el Artículo 304(b) y venir acompañada por los documentos especificados en los Artículos 305(c) y 414(g). Este tipo de declaración de inscripción tendrá efecto cuando el Administrador así lo ordene.

a. Descripción del Proceso

1. El Investigador recibe la inscripción inicial con el Formulario de Solicitud de Inscripción correspondiente y sus documentos preliminares. (Véase Anejo 1.11- Solicitud de Inscripción Por Cualificación)
2. Se verifica que todos los documentos requeridos al amparo del Artículo 304(b) hayan sido debidamente radicados.
3. Se recomiendan cambios al contenido del prospecto preliminar, así como a los panfletos, circulares, cartas modelos, anuncios, u otro material de propaganda de ventas, confeccionado para surtir efecto a la fecha de

efectividad, y que a de ser usado en conexión con la oferta. (Refiérase a la Parte XI- Guías para el Análisis de Inscripciones)

4. Una vez el solicitante de inscripción haya efectuado los cambios solicitados por la Oficina a los documentos enumerados en el párrafo anterior, se da seguimiento a la inscripción para los documentos finales sean Radicados con los cambios aprobados.
5. Al Completarse el examen de todos los documentos, la Orden es emitida.

VII. PROCEDIMIENTO GENERAL DE RENOVACION DE INSCRIPCION

1. El Investigador o Técnico recibe la solicitud de inscripción con la carta explicativa.
2. De no estar disponible el número de expediente en la carta o declaración de inscripción se busca y anota en dichos documentos.
3. Se clasifican las solicitudes por familia de fondos.
4. Antes de renovar cualquier valor, el Técnico o Investigador busca el expediente y revisa que los siguientes documentos se encuentren al día:
 - a. U(2) o R(6) - Consentimiento a ser emplazado a nombre del emisor.
 - b. Informes trimestrales de ventas que muestran el progreso de la oferta y contenga la información requerida por el Formulario S-4.

(Véase Anejo 1.12- Form,ulario S-4)

5. Se verificará que el derecho de renovación haya sido pagado y enviado con la cantidad correcta.
6. Se prepara la Orden correspondiente.
7. Se envía la Orden por correo.

VIII. PROCESO DE ENMIENDAS A LA DECLARACION DE INSCRIPCION

A. Enmiendas a la Cantidad de Valores

Las enmiendas son efectuadas según dispone en el Artículo 305(k) y citamos:

“Una declaración de inscripción, podrá ser enmendada luego de su fecha de efectividad de manera que se aumenten los valores especificados. Una enmienda de tal naturaleza tendrá efecto cuando el Administrador así lo ordene.

Toda persona que radique una enmienda de referencia pagará un derecho de radicación determinado en la forma que se especifica en el inciso (b), según enmendado , con relación a los valores adicionales que se propone ofrecer”.

1. Descripción de Proceso:

- a. Recibimos la solicitud de inscripción junto con la carta explicativa solicitando enmendar la cantidad de valores.
- b. Se verifica que el expediente se encuentre al día.
- c. Se emite la Orden correspondiente, dependiendo del tipo de

enmienda a la cantidad solicitada. Estas son:

1. Orden 3- Enmienda agregando cantidad definida adicional.
2. Orden 7- Enmienda para cambiar la cantidad de Definida a Indefinida.

(Véase Anejos 1.3 y 1.4- Ordenes de Enmiendas)

Estas enmiendas son solicitadas por el emisor cuando la demanda esperada por el valor en el mercado local sobrepasará las expectativas originales.

B. Cambios de Nombres a las Inscripciones por Coordinación

Los cambios de nombres son comúnmente solicitados por compañías de inversiones y fideicomisos. Este tipo de enmiendas son el resultado de fusiones, adquisiciones o cambios propuestos por los propios accionistas del fondo.

1. Descripción del Proceso

- (a) recibimos la carta explicativa del cambio junto con la declaración o solicitud de inscripción enmendada.
- (b) se les requiere por teléfono o correo un consentimiento a ser emplazado actualizado, el nuevo prospecto, material de anuncios o publicitario y un Informe de Ventas para el último trimestre.
- (c) Se realiza una anotación en el expediente y mantenemos un

registro individual de los cambios trabajados.

- (d) Verificamos que los nuevos documentos hayan sido radicados.
- (e) Se actualiza el Listado de Inscripciones.

IX. PROCEDIMIENTO DE DENEGACION, SUSPENSION Y REVOCACION

DE LA INSCRIPCION

Según la Ley, una Orden de suspensión, denegación o revocación de efectividad de cualquier declaración de inscripción puede ser emitida si se concluye que la Orden protege el interés público y que: (resumimos a continuación):

- (a) la declaración de inscripción o enmienda o cualquier informe trimestral, está incompleto en cualquier manifestación que, a la ley de las circunstancias bajo las cuales fue hecha, era falsa o engañosa con respecto a cualquier hecho material;
- (b) cualquier disposición de la Ley, o Regla, Orden o condición legalmente impuesta ha sido voluntariamente violada, en conexión con la oferta, por la persona que radicó la declaración de inscripción, o el emisor, entre otros;
- (c) si el valor inscrito o que se procura inscribir ha sido objeto de

- la declaración de inscripción, o el emisor, entre otros;
- (c) si el valor inscrito o que se procura inscribir ha sido objeto de una orden administrativa de suspensión u orden administrativa similar o de una orden de "injunction" permanente o provisional dictada por cualquier tribunal de jurisdicción competente;
 - (d) si la empresa o método de conducir el negocio del emisor incluye o habría de incluir actividades que son ilegales en el sitio en que se llevan a efecto;
 - (e) la oferta ha defraudado o ha tendido a defraudar a los compradores, o habría de defraudarlos;
 - (f) la oferta ha sido hecha o habría de hacerse mediando cantidades irrazonables de descuentos, comisiones, u otra compensación a favor de subscriptores asegurados o de vendedores, ganancias o participaciones de promotores, o cantidades o clases irrazonables de opciones;
 - (g) si una inscripción por coordinación, ha omitido cumplir con el compromiso de remitir toda futura enmienda al prospecto.
 - (h) si el solicitante o persona que inscribe ha dejado de pagar el derecho de inscripción correspondiente.

Procedimiento:

1. Este procedimiento de orden de suspensión, denegación o

revocación contra una declaración de inscripción debe realizarse junto con el Supervisor del Area de Inscripción, y debe aprobarse y firmarse por el Comisionado Auxiliar de Valores.

2. Luego de llevar a cabo la debida investigación, el Investigador de Valores expondrá por escrito sus razones y fundamentos por las cuales debe emitirse dicha Orden. Este someterá su informe con las disposiciones de Ley que considere aplicables.

2. El Supervisor aprueba la emisión de la Orden, y junto con el Investigador trabajan la redacción del borrador final de Orden. Al concluirse la redacción de la orden final, la misma es aprobada y firmada por el Comisionado Auxiliar de Valores.

Es muy importante que este tipo de Orden cumpla con los Artículos 306(b) y (c) de la Ley, en cuanto al procedimiento a seguirse para la notificación apropiada a cada persona.

X. GUIAS PARA EL ANALISIS DE INSCRIPCION DE VALORES

A. Reglas Aplicables al amparo de la Ley Uniforme de Valores

- (1) Regla (21).- Comisión Máxima que puede ser cobrada por Compañías de Inversiones
- (2) Regla S-1- Prescribe la forma y contenido del prospecto así como

la información que no debe incluirse. El Anexo A de esta regla describe la Información Requerida en el Prospecto.

El Prospecto debe contener las siguientes partidas:

<u>Partida</u>	<u>Descripción</u>
1	<u>Información de la Portada.</u>
2	<u>Uso del Producto.</u>
3	<u>Costo de Valores Consistentes en</u> <u>Acciones poseídas por los</u> <u>organizadores.</u>
4	<u>Plan de Distribución.</u>
5	<u>Capitalización y Deuda a Largo</u> <u>Plazo.</u>
6	<u>Ventas que no sean por Efectivo.</u>
7	<u>Estados Financieros del Emisor</u>
8	<u>Organización del Emisor</u>
9	<u>Tenedores Vendedores de Valores</u>
10	<u>Descripción del Negocio</u>
11	<u>Descripción de la Propiedad</u>
12	<u>Organización Dentro de Tres</u> <u>Años</u>
13	<u>Procedimientos Legales</u>

	<u>Pendientes</u>
14	<u>Descripción de los Valores siendo</u> <u>Inscritos</u>
15	<u>Obligación de Informar</u> <u>Anualmente a Los Accionistas.</u>
16	<u>Directores y Oficiales</u>
17	<u>Remuneración de Directores y</u> <u>Oficiales</u>
18	<u>Tenedores Principales de Valores</u> <u>Consistentyes en Acciones</u>
19	<u>Interés de la Administración y</u> <u>Otros en Ciertas Transacciones</u>
20	<u>Opciones Para la Compra de</u> <u>Valores</u>
21	<u>Material Legales y Declaraciones</u> <u>de Expertos</u>

El prospecto No deberá incluir:

1. Referencias a otras compañías que no sean afiliadas del emisor.
2. Ponderación desmesurada ("Puffing") de la historia del emisor o Del historial de los Oficiales.

3. Cualquier materia que vaya más allá de una presentación clara y precisa necesaria para exponer los hechos materiales.

- (3) Regla S-2 Aceptabilidad de Formas Uniformes en la Inscripción Mediante Coordinación
- (4) Regla S-4 Informes Trimestrales de Valores Inscritos
- (5) Regla S-5 Certificación de Estados Financieros Para Inscribir Valores (Estado de Situación y de Ganacias y pérdida, y análisis del sobrante del emisor).
- (6) Regla S-6 Depósito en Plica De Ciertos Valores
- (7) Regla S-7 Contenido de Anuncios de Valores
- (8) Regla S-8 Entrega del Prospecto
- (9) Regla S-9 Radicación de Literatura

B. Guías Complementarias

1. NASAA

Con el objetivo de complementar y ampliar el alcance del análisis que efectúa el Investigador de Valores, este puede a su discreción referirse a las siguientes políticas emitidas por NASAA, según éstas son publicadas por el "Commerce Clering House, Inc.":

Párrafos

Descripción

(501-509)

"Registration of Asset Backed

	Securities"
(1221-1227)	"Registration of Debt Securities"
(1351-1352)	"Uniform Disclosure Guidelines"
(2211-2214)	"Investment Companies Investing on Debt Securities Rated Below Investment Grade"
(2221-2232)	"Model Investment Company Registration and Reporting Procedures"
(3401-3408)	"Statements of Policy Regarding Real Estate Investment Trust"
(3676)	"A Consumer's Guide to Small Business Investment"
(3801-3802)	"Variable Annuities Companies and Trust"

2. Guía General Para Analizar Fondos Mutuos de Cláusulas Abiertas

Refiérase al Apéndice, Anejo 1.14.

IN THE MATTER OF

██████1

██████2

FILE NO. ██████3

ORDER AMENDING THE TOTAL AMOUNT OF SECURITIES OFFERED IN PUERTO
RICO

Pursuant to section 305 (k) of the Uniform Securities Act of Puerto Rico, the above named issuer filed with the Securities Office an amended application statement for the securities identified above so as to change the registration from a DEFINITE to an INDEFINITE amount of securities offered in Puerto Rico.

The said registration statement was filed on ██████4.

It is ORDERED, that the effective date of such registration statement shall be ██████5.

Attention is directed to the filing of an Annual Sales Report. The SEC 24f-2 annual notice is accepted for the compliance with this requirement.

This amendment will expire concurrently with the order that is currently in force.

Given at San Juan, Puerto Rico this ██████6.

By the Commissioner, pursuant to
delegated authority,

Juan Rivera-Reyes
Assistant Securities Commissioner

**COMISIONADO DE INSTITUCIONES FINANCIERAS
DIVISION DE SERVICIOS GENERALES**

CONTROL DE CORRESPONDENCIA RECIBIDA

AREA: VALORES

RECIBIDO POR: _____

Fecha: 05/22/96

Recibido de:	Dirigido a:	Comentarios
STRAFFORD PUBLIC.		
T. ROWE PRICE		
CARTA DEVUELTA	MS. AMY OWENS	
NASAA	JUAN RIVERA	VIDEO CASSETTE
PRACTISING LAW	FELIPE CRUZ	DOC. INFORMATIVO
ORRICK, HERRINGTON	JUAN RIVERA	
KIRKPATRICK		
VANGUARD GROUP	JUAN RIVERA	
AMWAY CORP.	ZAMIA BAERGA	
STEPHENS	LAURA GONZALEZ	
KELLY MCCONVERY		
PAINE WEBBER	MIRTA VELEZ	
OPPENHEIMER CAPITAL	JUAN RIVERA	
OPPENHEIMER FUNDS		
TEMPLETON		
PHOENIX EQUITY		
ETNA		
3PS INC.		
A I M	JUAN RIVERA	
IFPC	ASDRUBAL APONTE	
M F S		
ERNSTEIN		
ERNSTEIN		
T ROWE PRICE		

IN THE MATTER OF: (RENEWAL)

FIELD(1)

FIELD(2)

FILE NO. FIELD(3)

ORDER FIXING THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT

The above named issuer filed with the Securities Office pursuant to Section 303 of the Uniform Securities Act of Puerto Rico a registration statement for the securities identified above so as to register \$FIELD(4) as the aggregate amount of securities to be offered in Puerto Rico.

The said registration statement was filed on FIELD(5).

It is ORDERED, that the effective date of such registration statement shall be FIELD(6).

Quarterly Investment Companies Sales Report must be filed with the Securities Office of Puerto Rico.

The issuer should pay special attention to the provisions of Section 405 of the Uniform Securities Act of Puerto Rico which makes unlawful certain representations with respect of the effect of registration under the Act.

Given at San Juan, Puerto Rico this FIELD(7).

By the Commissioner, pursuant to
delegated authority,

Juan Rivera-Reyes
Assistant Securities Commissioner

O-2

NOTE: IN ORDER TO PROCESS ALL RENEWALS, IT IS REQUIRED TO INCLUDE THE ASSIGNED
FILE NUMBER ON ALL YOUR DOCUMENTS.

mc

IN THE MATTER OF

FIELD(1)

FIELD(2)

FILE NO. FIELD(3)

ORDER AMENDING THE TOTAL AMOUNT OF SECURITIES OFFERED IN PUERTO
RICO

Pursuant to section 305 (k) of the Uniform Securities Act of Puerto Rico, the above named issuer filed with the Securities Office an amended application statement for the securities identified above so as to increase to FIELD(4) the aggregate amount of securities offered in Puerto Rico.

The said registration statement was filed on FIELD(5);

It is ORDERED, that the effective date of such registration statement shall be FIELD(6).

Attention is directed to the filing of the Quarterly Investment Company Sales Report as cited on Rule S-4 of the Regulation 1007 of the Act.

This amendment will expire concurrently with the order that is currently in force.

Given at San Juan, Puerto Rico this FIELD(7).

By the Commissioner, pursuant to
delegated authority,

Juan Rivera-Reyes
Assistant Securities Commissioner

COMISIONADO DE INSTITUCIONES FINANCIERAS
DIVISION DE SERVICIOS GENERALES

Anejo 1.5

CONTROL DE CORRESPONDENCIA RECIBIDA

Total de correspondencia recibida: 24

COMISIONADO DE INSTITUCIONES FINANCIERAS

AGENCIA

DIRECCION

RELACION DE VALORES RECIBIDOS

A:

RECAUDADOR

OFFICIAL

PAGADOR

AUXILIAR

RECIBI LOS VALORES QUE SE DESCRIBEN A CONTINUACION:

FECHA

FIRMA DEL ENCARGADO DE RECIBIR
LA CORRESPONDENCIA

ENVIADO POR:	NUMERO	CLASE DE VALOR	FECHA	IMPORTE		OBSERVACIONES
		TOTAL				

SYND 1306983A010.001 (/1411) LIPUERTO 20DEC95 12:32
TO: DIVISION OF SECURITIES
1492 PONCE DE LEON AVE
SUITE 600
SANTURCE, PR 00909-1492
FROM: L1DPW000
FILE # N/A

DECEMBER 20, 1995
BK:DPW-352

PRICING AND EFFECTIVENESS TELEGRAM
=====

MUNICIPAL INVESTMENT TRUST FUND
INTERMEDIATE TERM SERIES - 262
DEFINED ASSET FUND

ORDERED EFFECTIVE BY THE SEC: DECEMBER 20, 1995 @ 9:30 A.M.
NUMBER OF UNITS REGISTERED WITH SEC 11,181
FACE AMOUNT OF SECURITIES: \$ 5,040,000.00
AGGREGATE OFFER SIDE EVALUATION OF SECURITIES \$1,025,372.85
INITIAL PUBLIC OFFERING PRICE: \$ 1.00
ESTIMATED CURRENT RETURN: 5.00%
ESTIMATED LONG TERM RETURN: 4.77%
UNDERWRITING COMMISSION: 4.00%

AUDREY M. HERZ
DAVIS POLK & WARDWELL

Via CommScan Inc.

NN-NN



**COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
SECURITIES OFFICE**

**G.P.O. CALL BOX 70324
San Juan, Puerto Rico 00936**

**437 PONCE DE LEON AVENUE
14TH FLOOR
HATO REY, PUERTO RICO 00918**

**REGISTRATION STATEMENT
FOR REGISTRATION OF SECURITIES BY COORDINATION**

INSTRUCTIONS

This form is to be used when permitted by Section 303 of the Uniform Securities Act i.e., where a registration statement covering the securities and offering described herein has been filed with the Securities & Exchange Commission. As used herein the term "registration statement" includes an amendment filed under Section 24(e) of the Investment Company Act of 1940.

This form may be filed by the issuer, any other person on whose behalf the offering is to be made, or a registered broker-dealer.

Application to the Administrator of the Uniform Securities Act of Puerto Rico pursuant to Section 303 of the Uniform Securities Act of Puerto Rico.

1. Name and address of Issuer and principal Office in Puerto Rico:

 2. Name, address and telephone number of correspondent to whom notices and communications regarding this application may be sent:

 3. Name and address of applicant:
-

4. Registration is sought for the following described securities in the amounts indicated:

DESCRIPTION OF SECURITIES

Offering Price or proposed Offering Price	<u>Total Offering</u>		<u>Offering in Puerto Rico</u>	
	No of Shares or Units	Amount \$	No. of Shares or Units	Amount \$

TOTALS

Indicate the maximum commission to be charged: _____

5. Amount of filing fee which is enclosed \$_____ (1/5 of 1% of maximum aggregate offering price but in no case less than \$350.00 or more than \$1,500.00) Check must be issued to the order of the Secretary of the Treasury of Puerto Rico.
6. A Registration Statement was filed with the Securities and Exchange Commission on _____ and (became) (will become) effective on _____
7. (a) List the states in which it is proposed to offer the securities for sale to the public:
- (b) List the states, if any, in which securities are eligible for sale to the public:
- (c) List the states, if any, which have refused, by order or otherwise, to authorize the sale of the securities to the public, or have revoked or suspended the right to sell the securities, or in which an application has been withdrawn:
8. Submitted herewith as a part of this application are the following documents: (documents on file may be incorporated by reference)
- (a) One Copy of the Registration Statement and three copies of Prospectus in the latest form on file under the Securities Act of 1933.

DOCUMENTS CHECKLIST

Name: _____

File No. _____

	Date _____ Initial _____	Date _____ Initial _____
Registration Statement	_____	_____
Final Prospectus	_____	_____
Underwriting Agreement	_____	_____
Indenture	_____	_____
Charter or article of incorporation	_____	_____
By Laws	_____	_____
Opinion of Counsel	_____	_____
Specimen	_____	_____
Consent to Service of Process (U2)	_____	_____
Corporate Resolution (U2-A)	_____	_____
Sales Report	_____	_____
Advertising Material	_____	_____
Registration fee	\$ _____	\$ _____

States in Which the offering was revoked, suspended or
 withddrawn: _____

Lead Underwritter:	_____	Register: Yes/No
Selling Group Members	_____	Register: Yes/No
Investment Advisors:	_____	Register: Yes/No

PAGE 2

Documents Checklist

SUBSEQUENT FILING REVIEW

	DATE	DATE	DATE	DATE	REMARKS
1. Quarterly Sales Review					
2. Advertising Material					
3. Pre-Effective Amendments					
4. Post-Effective Amendments -Name Changes (NC) -Merger & Adq. (M&A)					



COMMISSIONER OF FINANCIAL INSTITUTIONS
GOVERNMENT OF PUERTO RICO

Attention to: _____

Ref. File No.: _____

Dear Sir/Madam:

We have assigned the number in reference to the application for Registration of the

Please use this number whenever you contact us regarding your securities.

The Registration Statement will be declared effective in our state on the SEC effective date.
However, the final order is subject to the submittal of the following documents:

____ Final Prospectus
____ Agreement among Underwriters
____ Issuers Charter of or Article of Incorporation
____ Issuers By-Laws
____ Effectiveness telegram
____ Fee: \$ _____
____ Opinion of Counsel
____ Specimen
____ U2 (consent to services)
____ U2 (A) Resolutions
____ Brokers, dealers or agents are not duly registered in Puerto Rico

Should you have any question regarding this do not hesitate to contact us at (809) 723-3131 ext. 2359.

Very Truly Yours,

Securities Investigator

Form S-3
1/93



COMMONWEALTH OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
SECURITIES OFFICE
G.P.O. CALL BOX 70324
San Juan, Puerto Rico 00936

437 PONCE DE LEON AVENUE
14TH FLOOR
HATO REY, PUERTO RICO 00918

REGISTRATION STATEMENT FOR REGISTRATION OF
SECURITY BY QUALIFICATION

INSTRUCTIONS

This form may be filed by the issuer, any other person on whose behalf the offering is to be made, or a registered broker-dealer.

1. (a) Name and address of applicant _____

(b) Name, address and telephone number of person with whom the Securities Office is requested to communicate regarding the filing _____

2. State whether applicant is the issuer, or a broker-dealer registered in Puerto Rico or other person on whose behalf the securities will be offered:

- 3 (a) Name and address of issuer: _____

(b) Name and address of any significant subsidiary: _____

- 4 Name and address of any person on whose behalf any part of the offering is to be made in a non-issuer distribution: _____

5. Description of the securities being registered: _____

6. Total amount of securities to be offered: _____

7. Maximum offering price per security: _____

8. Number of securities to be offered in Puerto Rico: _____

9. Maximum aggregate offering price of securities to be offered in Puerto Rico: _____

10. Filing fee (1/5 of 1% of maximum aggregate offering price of securities to be offered in Puerto Rico but in any case not less than \$1,000.00 or more than \$2,500.00: _____

11. Other states in which a registration statement or similar document in connection with this offering has been or is to be filed: _____

12. Has any adverse order, judgement, or decree been entered in connection with this offering by the regulatory authorities in any state, or by any court, or the Securities and Exchange Commission? _____. If so, give complete details. _____

13. If this offering is made by or on behalf of an issuer, state whether the issuer contemplates offering any additional equity securities within the period of this offering or within 13 months from the effective date of the registration statement. _____
If so, give complete details concerning the proposed offering. _____

The registrant is to file herewith as a part hereof the following exhibits:

- (1) Three (3) copies of a prospectus containing the information required by Rule S-1, accompanied by a separate cross-reference sheet setting forth the pages of such prospectus upon which the information required by each item of said Rules is supplied.

(2) A copy of any underwriting or selling group agreement pursuant to which the distribution is to be made, or the proposed form of any such agreement, the term of which have not yet been determined.

(3) Copy of every management or other material contact made or to be made otherwise than in the ordinary course of business if it is to be performed in whole or in part at or after the filing of the registration statement, or was made within the past two years.

(4) A copy of any prospectus (other than the prospectus furnished pursuant to paragraph (1)), pamphlet, circular, form letter, advertisement or other sales literature intended as of the effective date to be used in connection with the offering.

(5) A specimen or copy of the security being registered.

(6) A copy of the issuer's articles of incorporation and by-laws, or their substantial equivalents, as currently in effect.

(7) A copy of any indenture or other instrument covering the security to be registered.

(8) A signed or conformed copy of an opinion of counsel as to the legality of the security being registered, which shall state whether the security when sold will be legally issued, fully paid, and non-assessable, and if a debt security, a binding obligation of the issuer.

(9) The written consent of any accountant, engineer, appraiser, or other person whose profession gives authority to a statement made by him, if any such person is named as having prepared or certified a report or valuation (other than a public or official document or statement) which is used in connection with the registration statement.

(10) Appointment and Consent to Service of Process as required by Section 414(g) of the Uniform Securities Act, on Form R-6.

(11) Resolution of issuer's Board of Directors, if required by Section 414(g) of the Uniform Securities Act, on Form R-5.

(12) If the offering is to be made on behalf of the issuer of the securities being registered and the issuer has not been organized and in operation for at least two years prior to the date of filing, the issuer shall file a Form R-4 report completed and signed by each of its promoters, director officers and/or partners.

Registrant

Attest:

(Name and Title)

(Name and Title)

EXECUTION

If registrant is a corporation, registration statement must be signed by the President or a Vice-President and the corporate seal affixed and attested to by the Secretary or an Assistant Secretary. If registrant is a partnership, registration statement must be signed by a general partner. If registrant is a sole proprietorship, registration statement must be signed by the proprietor.

EFFECTIVENESS

This registration statement will become effective when the Administrator so orders.

FILING FEE

This registration statement must be accompanied by the filing fee.

**FORM FOR USE IN FILLING QUARTERLY REPORTS REQUIRED BY
RULE S-4 FOR SECURITIES REGISTERED BY
NOTIFICATION OR QUALIFICATION**

1. Name of Applicant and file number of the registration statement _____

2. Name of Issuer _____

3. Name of underwriter, if any _____

4. Date of this report _____

5. (a) Date offering commenced _____
(b) Date offering completed, if completed _____
(c) If offering has not commenced, state reasons briefly _____

6. (a) Total number of shares or other units offered _____
(b) Number of such shares or other units sold from commencement of offering
to date _____
(c) Number of shares or other units still being offered _____
7. (a) Total number of shares or other units offered in Puerto Rico _____
(b) Number of such shares or other units sold in Puerto Rico _____
(c) Number of shares or other units still being offered in Puerto
Rico _____
8. (a) Total amount received from public since commencement of offering to date
\$ _____

(d) Other expenses paid to date by or for the account of the issuer:

(1) Legal (including organization).....\$_____

(2) Accounting.....\$_____

(3) Engineer's fees incurred
prior to offering.....\$_____

(4) Printing and advertising.....\$_____

(5) Other.....\$_____

(e) Total costs and expenses (b), (c) and (d).....\$_____

(f) Proceeds to issuer after such deductions (a) minimum (3):.....
.....\$_____

9. Use of net proceeds from commencement of offering to date:

	Payment to Directors and affiliates	Payment to others
(a) Salaries and fees.....	\$	\$_____
(b) Purchase of real estate.....	\$	\$_____
(c) Purchase and installation of machinery and equipment.....	\$	\$_____
(d) Construction of plant building and facilities.....	\$	\$_____
(e) Development expense (product develop- ment, research, patent costs, etc.)....	\$	\$_____
(f) Purchase of raw materials, inventories, supplies, etc.....	\$	\$_____
(g) Selling, advertising, and other sales promotion.....	\$	\$_____

Instruction: Item 9 of this form need not be completed unless the securities registered are being offered on behalf of the issuer.

10 State briefly the nature and extent of each type of the issuer's principal activities to date



COMISIONADO DE INSTITUCIONES FINANCIERAS
GOBIERNO DE PUERTO RICO

ADMINISTRACION DE DOCUMENTOS

FORMULARIO DE CAJAS EN EL ARCHIVO

DISPOSICION : _____

CAJA # _____

[illegible]

**OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

**GUIDELINES FOR REVIEW OF OPEN-END MUTUAL FUND
REGISTRATIONS**

1. Name of the Fund

- A. Review the name of the fund to be sure it is appropriate for the types of investments which the fund makes and is not otherwise misleading or potentially misleading.
- B. At least 65% of net asset value must, under normal circumstances, be invested in the types of securities implied by the fund name.
- C. More than one federal regulatory agency has begun to focus on the issue of the use of names of national banks in the names of mutual funds. The concern is that some investors may believe that such funds are obligations of the bank and/or insured by the FDIC. Some agencies are concerned with sales practices; for the purposes of these reviews we are only concerned with proper disclosure. The SEC has taken the position that such use of a bank name is presumptively misleading. The presumption can be overcome by a statement on the cover of the prospectus that the fund is not an obligation of the bank and is not insured by the FDIC or anyone else. This statement should be printed in a typographically distinct manner (bold, red, etc.).
- D. Rules for use of the words "insured" or "guaranteed". (Example: U. S. Treasury Bills and Notes)
 - i. If all of the securities in the portfolio are insured, the use of these words is permitted in the prospectus, but should state that the insurance relates only to the securities in the portfolio and not to the fund shares offered by the prospectus.
 - ii. If all of the securities in the portfolio are not insured, the cover of the prospectus must state that fact.

2. Investment Adviser

- A. If the investment adviser is inexperienced (has managed funds for less than three

years) and the individuals managing the adviser are not substantially experienced, the adviser's inexperience must be disclosed on the prospectus cover.

- B. If the investment adviser is inexperienced and the individuals managing the adviser are substantially experienced, the inexperience of the adviser should be disclosed fairly and clearly in the discussion of management and/or a prospectus summary near the front of the document.
- C. The SEC has adopted a rule which requires the prospectus to disclose the names of the individuals who will be managing the fund as well as their business experience for the last five years. (Please refer to the text of the rule.)

3. Junk Bonds

- A. Junk bonds are bonds rated below investment grade and unrated bonds not deemed by the fund's investment adviser to be of value equivalent to that of investment grade bonds. Investment grade bonds are those rated in one of the four highest categories by a nationally recognized statistical rating organization.
- B. The Division may require compliance with the NASAA guidelines as well as an undertaking that the fund will not invest more than 35% of net asset value in junk bonds.

<u>LEADING BOND RATING SERVICES</u>	<u>Fitch</u>	<u>Moody's</u>	<u>S&P</u>
Highest quality	AAA	Aaa	AAA
High quality	AA	Aa	AA
<u>Upper medium grade</u>	<u>A</u>	<u>A</u>	<u>A</u>
Medium Grade	BBB	Baa	BBB
Predominantly Speculative	BB	Ba	BBB
<u>Speculative, low grade</u>	<u>B</u>	<u>B</u>	<u>B</u>
Poor to default	CCC	Caa	CCC
Highest Speculation	CC	Ca	CC
<u>Lowest quality, no interest</u>	<u>C</u>	<u>C</u>	<u>C</u>
In default, in arrears,	DDD		DDD
Questionable value	DD		DD
	D		D

- B. If a fund has the right to invest more than 35% of its net asset value in junk bonds, the cover of the prospectus must bear a statement that the fund invests substantially in junk bonds and a description of the risks involved. The statement must be printed in a typographically distinct manner.

- C. Funds which may invest an amount of net asset value less than 35% but more than 5% in junk bonds must include in the prospectus a description of this risks involves. This disclosure should be made under an appropriately titled subheading.
- D. The proposed NASAA Guidelines on junk bond disclosure are helpful, but we do not follow them by the letter.

4. **Master/Feeder**

- A. A feeder fund is a mutual fund which invests all of its assets in another mutual fund, called the master fund.
- B. A fund which uses the master/feeder structure must comply with the disclosure requirements promulgated by NAASA.
- C. The Division, as well as several other state agencies which actively review mutual fund registrations, requires prominent cover page disclosures in bold print.

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SECCION D

INSCRIPCION DE FONDOS DE CAPITAL

SECCION E

INSCRIPCION DE COMPAÑIAS DE INVERSION

INSCRIPCION DE COMPAÑIAS DE INVERSION

TABLA DE CONTENIDO

- A. Introducción
- B. Normas en la Tramitación y expedición de licencias
- C. Anejos

INSCRIPCION DE FONDOS DE CAPITAL DE INVERSION

A. Introducción

La División de Inscripción de Fondos de Capital de Inversión es la encargada de trabajar las solicitudes que radican los administradores o promotores de fondos de capital para la obtención de una licencia.

B. Normas de tramitación y expedición de licencias

El Reglamento 3624 establece los procedimientos para la expedición de licencias para operar fondos de capital, por la Oficina de Valores.

El Artículo 4 del Reglamento señala la información que deberá contener la Solicitud de Inscripción para Operar como Fondo de Capital de Inversión. (Nombre, dirección, forma de organización y fecha, descripción del tipo de negocio tal como la naturaleza del solicitante, política de inversión, experiencia comercial de los promotores, porcentaje de participación del que controle al solicitante y capitalización del fondo. Anejos: Artículos de Incorporación, Contrato de Sociedad, Reglamento, Otros acuerdos, Resolución Corporativa, Estados Financieros, Derechos por \$2,000).

El Artículo 5 del Reglamento señala toda la información que deberá ser suministrada por los promotores de los fondos: Información a ser suministrada por Promotores, Directores, Oficiales y Socios de un Fondo de Capital de Inversión tal como nombre, dirección, educación, experiencia en valores, condición económica, porcentaje de participación en el fondo, remuneración y acuerdos para la compensación, historial disciplinario. Además establece dicho Artículo los términos de la capitalización y la fianza que se mantendrá conforme a los activos del fondo.

El Artículo 6 del Reglamento establece los términos para la renovación de una licencia. El término de tiempo para la vigencia de las licencias de los fondos está ya fijado, por lo cual se enmienda la Ley a fin de extender el tiempo de vigencia que ya se ha establecido. Una vez revisada

la solicitud de inscripción inicial o de renovación y que esté acompañada de todos los documentos complementarios necesarios, se le expedirá la licencia correspondiente en los siguientes términos.

<u>1. Solicitud de inscripción original o de renovación de licencia</u>	<u>Término</u>
a) Fondo de Capital de Inversión	1 semana

Durante el término en que la licencia de un fondo permanece vigente y el mismo esté operando se le dará seguimiento al cumplimiento del requisito de radicación de los siguientes informes:

1. Informe mensual - ventas, comisiones/ ventas, derechos al comisionado, cantidades invertidas en proyectos de riesgo y actividades no riesgosas.
2. Informes trimestrales- de operaciones (estado de situación, informe de ingresos y gastos) que cubra el total de sus activos, pasivos, capital, inversiones en proyectos de riesgo y actividades que no incluya riesgo, dividendos o ingresos recibidos y gastos de administración.
3. Informe Anual Auditado - detalle de sus activos, pasivos, capital autorizado y en circulación y todas las operaciones realizadas con el dinero recibido a través de las ventas de acciones.

El Artículo 8 de la Ley de Fondos de Capital establece que de los informes antes mencionados el Comisionado remitirá copia al Secretario de Hacienda y al Banco de Desarrollo. Además, al terminar cada año fiscal, la Oficina de Valores prepara un informe sobre comisiones recibidas, transfiriendo el 5% de las mismas al Banco de Desarrollo.

C. Anejos

1. Solicitud de Inscripción Fondo de Capital de Inversión
2. Información de ser suministrada por Oficiales o Directores del Fondo

INSCRIPCION DE COMPAÑIAS DE INVERSIONES

A. Introducción

La División de Inscripción de Compañías de Inversiones es la encargada de trabajar las solicitudes que radican los administradores y promotores de compañías de inversiones para la obtención de una licencia.

B. Normas de tramitación y expedición de licencias

El Reglamento para cumplimentar las disposiciones de la Ley de Compañías de Inversiones de Puerto Rico establece los procedimientos para la expedición de licencias para operar compañías de inversiones, por la Oficina de Valores.

No obstante, mediante Determinaciones del Comisionado de Instituciones Financieras ("Rulings") fechadas 15 de noviembre de 1994 (PRITFF), 12 de abril de 1995 (PRITFF, II), 5 de julio de 1995 (MLPRTEF, 8 de septiembre de 1995 (PRITFF, III), 9 de febrero de 1996 (PRITFF, IV, V, VI y VII) se han obviado ciertos requisitos de Ley para la inscripción de compañías de inversiones, con el fin de facilitar la creación de los Fondos los cuales son compatibles con la protección del público inversionista y el propósito para el cual se hizo dicha ley.

La solicitud de inscripción de compañías de inversión se radica en la Forma 1, la cual debe contener la siguiente información: lista de directores con sus direcciones y experiencias en el negocio por los últimos 5 años, detalles sobre el negocio de inversiones a establecerse, tipos de valores a comprar, métodos para seleccionar los mismos, la medida en que se invertirá en valores del gobierno y otras clases de ofertas privadas, capitalización, número de accionistas que haya al presente, términos para la emisión de valores y planes para la suscripción de los mismos, servicio de asesorías de inversiones, remuneración a los oficiales y directores, custodia de los valores a ser adquiridos, el porcentaje de activos que se invertirá en valores de determinado emisor, acciones

legales pendientes en relación con el solicitante o subsidiaria.

Los siguientes documentos deben acompañar la solicitud: copia de artículos de incorporación y Reglamentos, acuerdos sobre votación, en caso de más de un 10% de cualquier valor que posea el solicitante, specimen o muestra de cada valor a ser emitido, copias de contratos sobre asesorías de inversiones del cual el solicitante sea parte, copias de contratos u arreglos en relación a participación en ganancias, bonos, pensiones para el beneficio de directores u oficiales.

Una vez se determina que la solicitud está completa en todas sus partes y con los documentos complementarios necesarios se emite la correspondiente licencia.

La Oficina de Valores dará seguimiento al cumplimiento con las Determinaciones hechas ("Rulings") en relación a la radicación de informes, lo que se hará de la siguiente forma:

1. Informes trimestrales - Estado de Situación, Estado de Ingresos y Gastos y Listado de Inversiones. Además la certificación de cumplimiento con el 67% de Requisito de Inversión local (en o antes del primer año de la fecha de cierre de su oferta pública inicial). Además, Certificaciones del Administrador del Fondo de la cantidad y por ciento de inversiones en cuentas IRA e Informe y Certificación de cumplimiento con el requisito de inversión de Fondos 936. Se someterán dentro de 30 días a partir del cierre de cada trimestre del año contable.
2. Informes Anuales Auditados- Estado de Situación, Estado de Ingresos y Gastos y Listado de Inversiones. Se someterán dentro de 90 días a partir del cierre del año contable de la compañía.

C. Anejo

Forma 1 Declaración de Inscripción - Compañía de Inversiones

FORM 1

COMMONWEALTH OF PUERTO RICO
Before the Secretary of the Treasury

APPLICATION FOR REGISTRATION UNDER THE INVESTMENT COMPANIES

ACT

Name of Company

Address of Principal Executive

Part 1

1. State the address of principal office of registrant.
2. List all directors, officers and affiliated persons of the registrant with their residence addresses.

Indicate specifically which directors and officers are residents of Puerto Rico.

3. Specify the name and principal address of every company other than the registrant of which each person listed in Item 2 is an officer, director or partner.
4. State briefly the business experience during the past 5 years of each member of the board of directors, and of each officer of the registrant.
- 4-a. State to the fullest extent possible such details concerning proposed business of the registrant and the character of its management as will establish that registrant's business will be conducted in accordance with the purpose of the Act and that granting of a certificate of registration is in the public interest. In particular, describe in detail the nature and extent of proposed investment in Puerto Rican governmental and private securities, setting forth the names of the securities to be purchased if determined and if not yet determined, the types of securities and the method by which they will be selected.
- 4-b. State the proposed program of the registrant with respect to:
 - (a) Capitalization - i.e., common stock, preferred stock, funded debt, loans, etc.
 - (b) Number of shareholders presently holding shares and proposed further issuance or further offering of shares.

4-c. State whether the registrant intends to raise additional funds either.

(a) Within the Commonwealth, or

(b) From outside sources.

If so, give detailed description of the extent of funds proposed to be raised, the sources and the nature of the securities or other consideration to be issued therefor.

4.d. Concerning the issuance of securities mentioned above, state the terms of the securities to be issued, the amount to be issued and any provisions or plans for the underwriting of such securities.

5. Describe the proposed provision for investment advisory services, if any.

6. Describe the number and nature of personnel either as employees or on a retainer basis. State which of the personnel in each category is or will be resident in Puerto Rico.

7. Describe the remuneration paid or proposed to be paid to the officers, directors and other personnel mentioned in Item 6. State separately the remuneration paid or proposed to be paid to residents of Puerto Rico and to non-residents.

8. Describe the provisions for safekeeping and custody of the securities to be acquired by the registrant.

9. Fundamental policies. Describe the policies of the registrant with respect to the following matters and the extent to which it intends to engage in the activities described.

- (a) State whether the registrant intends to operate as a diversified or non-diversified company.
- (b) State its policy with respect to borrowing money
- (c) State its policy with respect to the issuance of senior securities.
- (d) State its policy with respect to engaging in business of underwriting securities issued by other persons.
- (e) State its policy with respect to concentrating its investment in a particular industry or group of industries.
- (f) State its policy with respect to the purchase and sale of real estate and commodities, or either of them.
- (g) State its policy with respect to making loans to other persons.
- (h) State its policy with respect to proposed portfolio turnover.
- (i) Concerning the nature of investment proposed to be made, state the following:
 - (1). The type of Puerto Rican securities, governmental and private, in which it proposes to invest and the amount of funds proposed to be invested in each type of such security with as much detail as possible.

- (2) The type of securities (for example, bonds, preferred stocks, common stocks) in which it may invest indicating the proportion of the assets which may be invested in each such type of security.
- (3) The percentage of assets which it may invest in the securities of any one issuer.
- (4) The percentage of voting securities of any one issuer which it may acquire.
- (5) Investment in companies for the purpose of exercising control or management.
- (6) Investment in securities of other investment companies.
- (7) The policy with respect to portfolio turnover.
- (8) Any other investment policy not specified above which is set forth in the registrant's charter, by-laws or prospectus.

Part 2

If the registrant is registered with the United States Securities and Exchange Commission under Section 8 of the Investment Company Act of 1940, it shall be sufficient compliance with Part 2 of this form if registrant files a copy of the registration statement filed with that Commission of Form N-GB-1 including any documents or other statements incorporated therein, such as a registration statement under the Securities Act of 1933.

In cases where the company is not registered with said Securities and Exchange Commission, the following items shall be set forth:

Preparation of Registration Statement

(a) This form is not to be used as a blank form to be filled in, but only as a guide in the preparation of the registration statement on paper meeting the requirements of the Rules. The registration statement shall contain the item numbers and captions, but the text of the items may be omitted provided the answers thereto are prepared in the manner specified.

(b) Unless otherwise stated, the information required shall be given as of the date of filing the registration application.

Item 1. General Information

Give the date and form of organization of the registrant and the name of the state or other sovereign power under the laws of which it was organized.

Instruction. As to the form of organization, only a statement such as the following is required: "a corporation," "and unincorporated association", "a common law trust", or other appropriate statement.

Item 2 Development of Business

(a) If during the past three years any affiliated person of the registrant had any material interest, direct or indirect, in any transaction involving the purchase of any substantial amount of assets presently held by the registrant or any of its subsidiaries, otherwise than in the ordinary course of business, describe the interest of the affiliated person in such transaction and state the cost of such assets to the purchaser and to the seller.

(b) If the registrant has engaged in any business other than of an investment company during the past five years, state the nature of such other business and give the approximate date on which the registrant originally commenced business as an investment company. If the registrant's name was changed during the period, state its former name and the approximate date on which it was changed. Indicate briefly the nature and results of any materially important reorganization, readjustment or succession during the period.

Instruction. No information need be given under paragraph (a) as to the interest of any affiliated person in any transaction exempted from section 17 of the Act.

Item 3 Subclassification of Registrant

(a) State whether registrant proposes to operate as a diversified or non-diversified investment company.

CORPORATE ACKNOWLEDGEMENT

On this _____ day of _____, 19____ at _____
personally appeared before me, a notary public, the above named _____
_____ and _____ know to me
to be the persons whose signatures are attached to the foregoing consent to service,
each of whom being duly sworn do depose and say they have authority to execute
the foregoing consent, and each acknowledged the same to be his free act and deed
of the corporation for which each person purports to act.

Notary Public

INDIVIDUAL OR PARTNERSHIP ACKNOWLEDGEMENT

On this _____ day of _____, 19____ at _____
personally appeared before me, a notary public, _____
known to me to be the persons whose signatures is attached to the foregoing consent
to service, who being duly sworn to depose and say he has executed the foregoing
instrument and acknowledged the same as his free act and deed.

Notary Public

INTRODUCTION

Underwriting is a primary part of many Puerto Rican firm's business activities, and can contribute significant revenue to the firm's overall financial statement. Although most underwritings in Puerto Rico are in the fixed income category, the examiner can't ignore the potential for problems in general securities underwritings as well.

INSTRUCTIONS

I.&II. Fixed Income/General Securities

The following definitions and instructions apply to both fixed income and general securities underwritings

Syndicate Manager - The syndicate manager, or lead underwriter, generally handles negotiations in a negotiated underwriting of a new issue. The syndicate manager may also direct the process by which a bid is determined for a competitive underwriting. This manager is responsible for allocating securities among the members of the syndicate according to the terms of the syndicate agreement. The examiner should request a list of all underwritings in which the firm acted as the syndicate manager since the last examination by CFI, or the last 2 years (whichever is shorter). Out of the list, the examiner will select a reasonable sample of underwritings (but no less than 3 each of fixed income and general securities) and will then request the individual files for those underwritings. The syndicate manager is responsible for compliance with the registration provisions of Part III of the Puerto Rico Uniform Securities Act). Exhibit E should be completed for the selected files reviewed. In the case of municipal underwritings, the syndicate manager is responsible for maintaining syndicate records in accordance with MSRB Rule G-8(viii). In this situation, the manager must keep, at a minimum:

1. Description and aggregate par value of the issue,
2. Name and percentage (%) of participation by each member of the syndicate,
3. The terms and conditions regarding the formation and operation of the syndicate,
4. All orders received,
5. All allotments of securities to the members and the price at which sold,
6. The date and amount of any good faith deposits made to

- the issuer,
7. The date of settlement,
 8. The closing date of the offering, and a
 9. Reconciliation of profits and expenses of the syndicate account.

Order tickets and dealer confirmations should be compared with the order and allotment information recorded to check the accuracy of that information. Also, the examiners should make sure all proper record-keeping is in accordance with Rule 9.

The examiner should complete Exhibit E, the Syndicate Worksheet, in cases where the firm participates in an underwriting. Record the firm's capacity (manager, syndicate member, selling group participant), the total amount of the firm's participation, the dollar amount of the underwriting assessment to be received from the firm, and other available information.

The syndicate manager is required to prepare an itemized statement of expenses for the other syndicate members at or before the final settlement of the syndicate. The syndicate manager is also required to send a final statement of the syndicate account to all members of the syndicate. The statement must list the expenses of the syndicate.

If the firm being examined acts as the lead underwriter in local issues, the examiner should select the three (3) most recent issues and verify that they were properly registered with the Commissioner of Financial Institutions.

Syndicate Member - The examiner should request a list of all underwritings in which the firm participated as a syndicate member since the last CFI examination or within the last 2 years, whichever is shorter. From the list, select a reasonable sample size, but no less than 3 each of fixed income and general securities deals, for review. The same records are to be examined as for syndicate managers, but it is not necessary to record the information on Exhibit E unless problems are noted. As always, any deficiencies should be noted in the examination report.

Selling Group Member - A selling group member is able to acquire new issue securities from the underwriting syndicate at syndicate terms but does not participate in residual syndicate profits nor share any liability for any unsold balance. However, selling

group members in firm commitment underwritings are required to take a "haircut" on their open contractual commitments in accordance with SEC Rule 15c3-1. The haircut may not be required if the firm can show:

- 1) They have an unconditional right to return unsold securities to the underwriter or participant in the underwriting, and
- 2) The unconditional right is evidenced by a written agreement with the underwriter or participant.

Again, the examiners should select a reasonable sample from the list of underwritings provided by the firm to review the records of at least 3 new issues in both the fixed income and general securities categories in which the firm participated. Specifically, review the firm's trading/syndicate account statements and securities receipt and delivery blotter to determine if any unsold portion of the underwriting was retained by the selling group member. If so, a haircut is required in the firm's net capital computation. The examiner should briefly review the net capital computation for the relevant time period to ensure the firm made the appropriate adjustments to net capital.

Examiners should be aware that written agreements between selling group members and syndicate members are rare. Usually agreements are made on a "handshake". However, if the firm claims to be exempt from the open contractual commitment haircut, a written agreement must be established to show the selling group firm's "unconditional rights" clause.

III. Financial Advisory Services

Firms that provide financial advisory services to issuers, and also act as underwriters on the issuer's securities, should make that disclosure in writing to any customers purchasing a new issue (Rule 16). A review of the customer confirmations, the firm's files on its financial advisory services, and customer order tickets should indicate whether proper written disclosures were made.

If the examiner's review indicates that full disclosure was not made, it will be necessary to copy the confirmations, order tickets, and the firm's financial advisory files as documentation of the deficiency.

IV. SEC Rule 15c2-4

SEC Rule 15c2-4 states, in part,

"It shall constitute a fraudulent, deceptive, or manipulative act or practice for any broker, dealer, or municipal securities dealer participating in any distribution of securities, other than a firm-commitment underwriting, to accept any part of the sale price of any securities being distributed unless:

- a: The money or other consideration received is promptly transmitted to the persons entitled thereto; or
- b: If the distribution is being made on an "all or none" basis, or on any other basis which contemplates that payment is not to be made to the person on whose behalf the distribution is being made until some further event or contingency occurs, (1) the money or other consideration received is promptly deposited in a separate bank account, as agent or trustee for the persons who have the beneficial interests therein, until the appropriate event or contingency has

occurred....."

The rule goes on to say that there also must be a written agreement between the issuer and the bank where the bank agrees to hold the funds in escrow. The examiner should note that the term "promptly" means by no later than noon (12:00) of the next business day.

Examples:

1. Customer delivers a check to the firm at 1:00pm on Friday. The firm has until 12:00 on Monday to forward the funds.
2. Customer delivers funds at 10:00am on a Tuesday. Funds must be forwarded by 12:00 on Wednesday.
3. Customer delivers funds at 10:am on Tuesday. Wednesday is a holiday. Firm must forward funds by 12:00 on Thursday.

In contingent offerings, the responsibility to show prompt forwarding of customer funds is with the firm. The principal in charge should be able to clearly show the date of receipt and the date of forwarding on all customer funds. If the firm does not show the actual time of forwarding, the examiner should assume it was before 12:00 (noon).

A related rule is SEC Rule 10b-9. This rule states that all

funds must be promptly refunded to all customers in the event a minimum contingency was not met and the deal did not close. In this case, the firm should have fairly detailed records to show that all funds were promptly refunded. It would also be a violation of 10b-9 to "force" closing by selling securities to non-bona fide investors solely for the purpose of meeting a minimum contingency.

Example:

1. The examiner notices that the firm's proprietary account has purchased 5% of the contingent issue just prior to the closing, and sold the securities shortly after the closing. This would not be considered a "bona fide" investment due to the firm's failure to hold the securities for any significant period of time. Generally, holding periods of less than 6 months are not considered "for investment purposes". The examiner should also be aware that some firms may use nominee accounts to affect the sale of the needed amount of securities for escrow closing.
2. The same situation as #1, above, only the firm still owns the securities after 6 months. This may be considered a bona fide investment, and is okay as long as the offering memorandum states that the brokerage firm may purchase some of the securities.

V. Regulation D Offerings

Regulation D has gone through considerable amendments in recent years, and is still in the process of being updated. If the examiner incurs any Regulation D offerings, they should review an updated copy of the regulation for guidance.

The "integration doctrine" states that where an issuer makes 2 or more related offerings to raise funds for the same or very similar purposes, the dollar amount of the offerings and the number of investors must be lumped together to determine if the requirements of Rules 504-506 have been met.

Example:

An issuer, ABC Oil Company, owns a piece of land in Texas. To drill oil, they will make a Regulation D Rule 504 offering for \$400,000 to raise money for a well. 10 Investors purchase securities. They find no oil. Another offering is made to put a 2nd well on the same property. \$500,000 is raised and sold to 15 investors. For the integration doctrine, combine the 2 offerings for a total of \$900,000 and 25 investors to make sure the limits on the offering were not exceeded.

VI. Private Placements (Rule Part IV, Section 402)

In reviewing private placements, the examiner should review the firm's advertising and correspondence files to make sure no general solicitations were made, which would violate the concept of "private". Also, the examiner should review the new account records or other customer records to see if all investors were either sophisticated or were insiders of the issuer. For purposes of this part of the examination, an investor may be considered sophisticated if they are "accredited" by SEC definition.

Any violations should be carefully documented. Some of the evidence to be gathered may include; copies of correspondence/advertising, customer new account records, P&S Blotters, order tickets/confirmations, and copies of the offering memorandum.

INTRODUCTION

Unit #5 is used to examine a firm's investment company securities and variable contract business. The main areas of concern are related to sales practices; and include issues such as switching, sales just below the breakpoint, letters of intent, rights of accumulation, unauthorized redemptions, and payment for variable contracts.

INSTRUCTIONS

Types of Investment Company Shares

Most investment companies are "open-ended", meaning the company is required by law to redeem its shares on demand at a price equal to the customer's proportionate share of the fund's net assets at the time of redemption. Mutual funds issue and sell new shares on an ongoing basis.

Closed-end investment company shares are issued in a fixed number of shares in an initial offering. The shares are issued at a premium to the true value of each share, in order to cover the underwriting costs of bringing the shares to market. After the IPO closes, the shares are traded in the secondary market on a listed basis, such as NYSE or NASDAQ. Because of the nature of the secondary trading, firms selling closed-end funds must be registered to conduct a general securities business, and the agents must have at least a Series 7 license with the NASD.

Another type of investment company is a unit investment trust (UIT). The trust allows investors to buy units that are a fractional interest in a portfolio of securities. The trust owns the portfolio. The portfolio is fixed for the life of the trust. The most common type of UIT is a municipal bond trust. UIT's must redeem units at the net asset value if an investor wishes to terminate their investment. Some UIT's also maintain a secondary market for their units, such as by listing the units on NASDAQ.

Types of Variable Contracts

Variable products are issued by insurance companies and are based on an underlying securities portfolio owned by the insurance company. A variable annuity means that the minimum rate of return and the annuity payments are not guaranteed as to the amount. Although these products are based on insurance, they are

considered to be securities, and must be registered with the Commissioner of Financial Institutions. If the firm is selling variable annuities, the examiner should select a sample of at least 3 such products, and verify with the Registration area of the CFI that the proper registration statements have been filed.

A variable life insurance contract is a life insurance policy where the amount of the death benefit can fluctuate, but not below a certain guaranteed minimum amount. The actual amount paid will depend on the performance of the underlying securities portfolio. The portfolio usually consists of several different mutual funds, and the policyholder can place all or part of their investment in one or more of these funds.

Operational Procedures

The examiner should describe the method chosen by the firm for execution of its investment company business. Wire orders occur when purchases or sales of investment company shares are done over the telephone, or other electronic means, directly with the fund. The firm must complete a full order ticket (unless the trade will be executed by the firm's clearing firm). The firm also must transmit all funds received to the fund (or to the customer in the case of redemptions). Either the firm or the clearing firm must prepare and submit confirmations to the customer and post the transaction to the customer's account record.

Application-way trades means the firm has the customer complete the application contained in the fund prospectus, attach a check payable to the fund, and the agent then forward the application and check to the fund. The firm must keep a record of all such transactions that includes a copy of the application, a copy or other record of the check, and the dates of forwarding.

During the examination, the examiner should review the firm's written supervisory procedures and interview the principals in charge of investment company products to determine the exact procedures employed to prevent and detect sales practice abuses. The examiner should then select a reasonable sample size based on the volume of investment company activity. If the firm executes less than 100 trades per month, a minimum sample size would be 25 trades. If the firm executes more than 100 trades, the examiner should review at least 50 trades.

Many investment companies will reduce sales charges on a "volume discount" basis. (Reference Rule 21.) The level of investment where the discount becomes effective is called a "breakpoint". Investors are permitted to reach a breakpoint in 3 different ways:

1. A single purchase
2. Several purchases over a 13 month period or less (letter of intent, or LOI)
3. Accumulate trades from the initial purchase date under a "rights of accumulation" agreement (ROA)

Firms may induce customers to make purchases just below the breakpoint in order to increase the commission to the agent and/or the firm. Some of the documents the examiner should review include customer account statements (either from the clearing firm or directly from the investment companies), the P&S Blotter, and individual agent's commission reports.

To review for breakpoint violations, the examiner must look for customer transactions that are split among different funds with similar investment objectives (such as GNMA income funds or several different high growth funds). If so, the underlying reason should be reviewed to see if the split was for the purpose of spreading the risk among several different funds or for the sole reason of generating additional commissions for the agent and/or firm. If the agent says the reason for splitting trades was for "diversification", the examiner should be suspicious since investment companies are diversified in nature. If given this answer by anyone at the firm, double the initial sample size to see if a pattern can be detected.

If the examiner is unsure as to the investment objectives of a particular investment company, they should review the prospectus.

Switching (Rule 17) occurs when a customer is persuaded by an agent to sell the shares of an investment company already owned and to use the proceeds to purchase the shares of another fund with similar investment objectives. This generates commissions for the agent, but does not benefit the customer in any way. To review for switching, the examiner should review the P&S Blotter and agent commission runs to look for a pattern of purchases by the same customer that redeemed shares just prior to the purchase. If any patterns are noted, the examiner should interview the agent, and in some cases contact the customer. Note that the switch must have been recommended by the agent in order for there to be a rule violation.

Unauthorized redemptions, or conversion of customer funds, may occur when an agent instructs the investment company to redeem a customer's shares and to remit the balance (Part II, Section 402, paragraph G). The agent may then be able to get the proceeds and convert them to his/her own use and benefit. To review for unauthorized redemptions, review the supervisory procedures to see if there is any system to review the reason for redemptions by customers. Carefully review the firm's cancelled checks for double endorsements (a check made payable to the customer, and endorsed by the customer over to the agent). Also be alert to customer complaints alleging unauthorized redemptions. The sample is gathered from customer activity statements. In the firm, the examiner should select 10-20 customer accounts that had redemptions in the previous 12 month period and then review the customer file to determine what records the firm kept of the transaction. Interview agents and principals as necessary.

Rights of Accumulation and Letters of Intent should be used by agents if they have customers that invest a significant amount of money in investment companies. Many investment companies even allow reduced sales charges with as little as a \$25,000 investment, and some investment companies may even offer discounts after \$10,000. Because of these low thresholds, there may be cases where an agent has innocently forgotten to advise the client on using a letter of intent or a right of accumulation. Although it is the agent's responsibility to know the discounts available on all of the investment companies he/she recommends, there may not be a sales practice violation unless the agent INTENDED to keep the customer from receiving the reduced sales charge or if the agent has a pattern of several customers that were not informed of reduced sales charges. Again, the review of customer statements, commission runs, and the P&S Blotter should alert the examiner to any suspicious patterns or activity.

To review for suitability, the examiner should review the investment objectives contained in the prospectus' of several investment companies offered by the firm. Then select a sample of customers that purchased those products off of the P&S Blotter. Next review the investment objectives of the individual customers in the new account files. Interview agents and/or principals if any discrepancies are apparent. Again, if any violations are suspected, full documentation must be obtained. Some of the documents to be gathered may include customer statements, order tickets, confirmations, new account records,

Unit #5 General Instructions
1/96

P&S Blotter, fund prospectus, and written explanations from the parties involved.

If time permits, the examiner should review a random sample of prospectus' for investment company shares offered by the firm (at least 5 different issues). The review should include the statement of fees and charges, which may not exceed 8 1/2%. Once back in the CFI office, the examiner should review the sample against registration records to ensure that all securities are properly registered in Puerto Rico. The review should include a determination of compliance with the sales volume limitation that may be included as part of the Puerto Rico registration statement (verify against the Purchase & Sales Blotter).

INTRODUCTION

Unit #6 is to be used to conduct the options examination in firms that participate in such activity. If the firm conducts an options business, it will necessary to request additional documentation other than what was requested at the beginning of the on-site examination. Specifically, the examiner should ask for a copy of the firm's options exercise allocation procedures, a list of the top 20 options accounts in terms of activity, and a least of the top 5 agents in terms of options commissions. From those documents, the examiner may determine that additional relevant documents should also be requested.

INSTRUCTIONS

I. Management

The examiner should record the name(s) of the individuals responsible for overall supervision of the firm's options business. All firms must have a Compliance Registered Options Principal (CROP) and a Senior Registered Options Principal (SROP). In most cases, it will be one person that fulfills both of these roles.

II. Business Activity

Check the types of activity conducted by the firm since the last examination. Ask the CROP or SROP to approximate the percentage of revenue that is derived from each type of business in relation to its total options business. Also ask the CROP/SROP to approximate how many options trades occur in retail customer accounts each month, and how many total retail customers trade options on an "active" (trades in the last 12 month period) basis.

III. Customer Accounts

The examiner should review the firm's customer accounts and activity in 3 areas:

1. Discretionary accounts
2. Customer complaints
3. Customer account information

The CROP should have specific supervisory procedures for

reviewing all options accounts and activity, and especially strict procedures for discretionary options accounts. If the CROP/SROP can't evidence this review by showing the examiner written records, initials on blotters or trade tickets, or evidence of review in the customer account folder, the examiner should explain in the examination report exactly what the principal claims to do to supervise such activity.

The examiner should sample at least 20 options accounts to review the new account information for completeness and appropriateness of options trading. Each firm is required to have a minimum amount of information regarding each customer on file:

1. Investment objectives
2. Employment
3. Financial condition (net worth, income, etc.)
4. Marriage status and number of dependents
5. Age (or indication that customer is over 21)
6. Investment experience and knowledge

If the customer files appear incomplete, the examiner should make a copy of the new account form and any other records in the customer's file as necessary.

IV. Suitability

A minimum of 20 customer accounts should be selected for review. If the firm has over 100 active options accounts, then the minimum sample should be increased to 50. Any customer complaints relating to options that were detected in Unit #3 should be included in the sample. The new account form should be reviewed for each customer to determine the approved strategy (such as covered only, uncovered options writing, etc.) and whether the strategy appears suitable compared to the customer's personal profile. From there, the examiner reviews the customer's account statements to make sure all options trading was within the approved strategy. If there appears to be trading outside of the approved strategy, it will be necessary to obtain copies of all documents, such as the new account form, order tickets and confirmations, customer account statements, etc. Use the P&S Blotter and commission runs, in addition to the other documents listed above, to determine if there appears to be excessive trading or inappropriate recommendations by the agent.

INTRODUCTION

Many of the brokerage firms operating within the Commonwealth of Puerto Rico are affiliated with banks or savings & loans. As such, often times the customer of the brokerage firm is also an established customer of the bank. The 2 different entities (the bank and the B/D) must obey different, yet similar, fiduciary standards. The OCC published the Interagency Statement on February 15, 1994 which establishes the minimum standards to be followed by banks in offering retail nondeposit investments to its customers. This Unit is derived from the Interagency Statement, but focuses on the minimum standards to be following by the broker/dealer when affiliated with a bank or other financial institution.

Antifraud provisions of the federal securities laws prohibit materially misleading or inaccurate representation in connection with offers and sales of securities (Reference SEC Act of 1935 and Rule 10b-5 thereunder). Sound banking practice also requires that bank-related retail sales activities in nondeposit investment vehicles be operated so as to avoid confusing the customers about either the products being offered or specific investment characteristics.

The various rules pertaining to broker-dealers (SEC, NASD, Uniform Securities Act of Puerto Rico, and other regulatory agencies) apply to bank-related securities sales by any entity registered as a broker/dealers with the SEC; whether affiliated or unaffiliated with a bank (if operating under a written agreement with the bank). The rules are the same whether nondeposit sales are made on or off of bank premises.

INSTRUCTIONS

The focus of the examination is on supervision, agent registration, and supervision. Because the Bank Examiners of the Commissioner of Financial Institutions will fully audit the nondeposit sales activities from the bank's perspective, the Securities Examiner should ensure that the same level of communication is occurring at the broker/dealer level.

I. Supervision

Review the firm's written supervisory procedures to determine if there are specific measures to be taken in soliciting sales from

a customer of an "affiliated" bank. If so, the examiner should obtain a copy of the applicable sections, and follow the procedures through the actual books and records of the firm for a minimum of 25 customers to determine if the procedures are adequate and whether they are implemented. Additionally, the examiner should look for appearances that any advertisement, correspondence, sales literature, or sales presentation may have misled the customer into believing the nondeposit investment was "insured" or guaranteed" in any way. Be sure to copy any suspicious material for exhibits. Examples would include such things as correspondence on bank letterhead describing investment products or services that must be offered through a registered broker-dealer, or bank services discussed in correspondence issued on broker-dealer letterhead.

If the B/D has no specific written procedures for dealing with bank customers, the examiner should interview the Compliance Officer or President of the broker/dealer (as appropriate) as to the procedures that are followed. A memorandum of the conversation should be made for an examination exhibit. The same review of 25 customers should be taken to determine if the procedures are followed and if they appear adequate. ***Note*** The same 25 customer accounts selected in Unit #2, Part IV may be utilized for this review.

II. REGISTRATION

A common problem at bank-affiliated broker/dealers is the failure of bank personnel soliciting bank customers for nondeposit investment products to register as brokers.

At the beginning of the examination process, the examiners should request a list of all dual employees of the bank and the broker/dealer. The list should include name, registrations held, date of hire, and title, and percentage (%) of time spent on each institution's duties (bank versus the B/D).

The examiners should also be able to determine from the general examination process those bank employees most likely to be making nondeposit investment solicitations to customers. (i.e., tellers that make numerous referrals to the broker/dealer, senior bank management involved in the daily operation of the broker/dealer, bank employee names gathered from broker/dealer correspondence.) From the list gathered, inquire from broker/dealer management which employees are registered as brokers, and why or why not.

In the event the CFI examiners believe a bank employee should be registered, but is not, ask the principal of the firm to make a written statement as to the presumed reasons for registration exemption. The statement should be presented to the Director of Examinations for further instruction and analysis.

III. SALES ACTIVITIES

The focus of the sales practice review for this Unit is on sales resulting from referrals by bank personnel. The examiner should inquire from the senior management of the B/D what referral programs exist, and what the specific procedures are for referrals (referral forms, compensation to bank personnel, information provided to the B/D by bank personnel regarding the customer's financial profile, etc.) Sample the lesser of the most recent 3 months referral activity that resulted in securities sales or 25 referrals.

From the referrals selected, review the new account documentation and the transactions placed to determine overall suitability and the amount of disclosure provided to the customer regarding the relationship of the bank to the broker-dealer. Of course, any documentation to the effect that the securities sold are "insured" or "guaranteed" should be documented and fully described in the examination report.

Summary

In most bank-affiliated firms, there is some "gray area" between the fiduciary responsibilities of the bank compared to those of the broker-dealer. In egregious situations, the examiner should immediately notify the Director of Examinations, who may at his/her discretion enlist the assistance of the Depository Institutions examiners in conducting a joint examination.

**OFFICE OF THE
COMMISSIONER OF FINANCIAL INSTITUTIONS
BROKER-DEALER
EXAMINATION UNITS & EXHIBITS**

COMMISSIONER OF FINANCIAL INSTITUTIONS
GOVERNMENT OF PUERTO RICO

SECURITIES DIVISION
BROKER-DEALER EXAMINATION PROGRAM

UNIT #1

BACKGROUND & PLANNING

BROKER-DEALER _____ CONTROL NUMBER _____

DATES AT FIRM _____ PERIOD COVERED _____

TOTAL COSTS: _____ (See Exhibit H)

DAYS AT FIRM: _____

Address: _____

Telephone: _____ Fax: _____

CRD Number: _____

Contact: _____

Title: _____

Dates of Registration: Puerto Rico _____ NASD _____
SEC _____

Examiner(s): _____

Comments: _____

BROKER-DEALER _____ CONTROL NUMBER _____

Units Completed

1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____

Schedules Completed

A _____ B _____ C _____ D _____ E _____ F _____
G _____ H _____

Final Disposition

	<u>Supervisor's</u> <u>Initials</u>	<u>Date</u>
_____ No exceptions noted	_____	_____
_____ Exceptions Noted	_____	_____
_____ Notification of exceptions	_____	_____
_____ Received Reply to Exceptions	_____	_____
_____ Final Report	_____	_____
_____ Reconsideration	_____	_____
_____ Review	_____	_____
_____ Court Decision	_____	_____

BROKER-DEALER _____ CONTROL NUMBER _____

PLANNING

I. Background Information

EXHIBIT #

In order to obtain the basic information of the Broker-Dealer, examine the FORM BD and the CRD Files.

A. Type of Organization:

____ Corporation _____ Private
____ Partnership _____ Public
____ Sole Proprietorship-
Owner: _____

B. The office is a:

____ Main Office
____ Branch Office
____ Other

Supervised by: _____

C. Clearing Arrangements

<u>Method</u>	<u>Types of Business</u>
Self-Clearing	Equities _____ Fixed Income _____ Options _____ Other _____ Specify _____
Fully-Disclosed	Equities _____ Fixed Income _____ Options _____ Other _____ Specify _____

Name of Clearing Firm: _____

Comments: _____

D. Types of Business in which Broker-Dealer is engaged: _____

Exhibit #

 Fixed Income
 GNMA's
 Principal
 Agency

 Municipal Bonds
 Principal
 Agency
 Corporate Obligations
 Principal
 Agency
 U.S. Governments
 Principal
 Agency
 Other
 Specify _____
 Equities
 OTC
 Principal
 Agency
 Listed
 Principal
 Agency
 Market-Making
 Types of securities

 Number of markets

 Options
 Listed
 OTC
 Underwritings
 Lead Underwriter
 Selling Group Member
 Mutual Funds
 Variable Annuities
 Commodities
 Investment Advisory
 Other
 Specify _____

I. Broker-Dealer recent disciplinary history
Explain: _____

BROKER-DEALER _____

CONTROL NUMBER _____

II. Previous Examinations

- A. Check prior exams conducted by CFI, NASD, SEC, and the Exchanges for information regarding prior exams conducted by these agencies. _____

1) Name of Agency: _____
Date of Last Exam: _____
Findings: _____

Disposition/Action: _____

2) Name of Agency: _____
Date of Last Exam: _____
Findings: _____

Disposition/Action: _____

3) Name of Agency: _____
Date of Last Exam: _____
Findings: _____

Disposition/Action: _____

III. Financial Review

A. Date of Last Annual Audit: _____

B. Name of Accounting Firm: _____

C. Was the Auditor's Report Qualified?:
_____ Yes _____ No

Explain: _____

BROKER-DEALER _____ CONTROL NUMBER _____

D. Was the Report Filed Timely?

____ Yes ____ No

IV. Initial Interview

Person(s) Interviewed/Title _____ Date _____

A. Associated Entities (obtain diagram if possible)

B. Memberships

____ ASE	____ BSE	____ CBOE	____ CSE	____ MSE
____ NASD	____ NFA	____ NYSE	____ PHLX	____ PSE
____ AMEX	____ SIPC	____ MSRB	____ OTHER	_____

C. Is the firm registered in all jurisdictions in which it conducts a securities business? ____ Yes ____ No

D. Personnel

a. Obtain a list of all employees of this office including name, title, CRD #, productions or commission number. This document should be signed and dated by a principal of the firm. _____

b. List all employees who have left the firm during the past 12 months. Identify any employee discharged for cause of "allowed to resign". _____

Explain: _____

c. Office Manager: _____

BROKER-DEALER _____ CONTROL NUMBER _____

Asst. Manager: _____
Sales Manager: _____
Financial & Ops: _____
Other Manager: _____

d. Supervisory Principals

Type	Name	Series
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

e. Number of other employees

Registered Agents: Full-time: _____ Part-time: _____
Investment Advisors: _____ Traders: _____
Others: _____

f. Is any employee the subject of
special review of supervision by the
firm? _____ Yes _____ No

Explain: _____

g. Is the broker-dealer or any employee
currently involved in any regulatory
investigation or action, litigation or the
subject of any civil complaint or criminal
proceeding? _____ Yes _____ No

Explain: _____

E. Business Mix

a. List the three main sources of income for
the past 12 months. (Example, equities,
municipals, options, etc.)

Type	Amount	Percentage
_____	\$ _____	% _____
_____	\$ _____	% _____
_____	\$ _____	% _____

BROKER-DEALER _____ CONTROL NUMBER _____

b. Approximate Number of Accounts

	<u>Active</u>	<u>Inactive</u>	<u>Total</u>
Cash	_____	_____	_____
Margin	_____	_____	_____
Discret.	_____	_____	_____
Investment Advisory	_____	_____	_____

c. Clientele

_____ % Retail _____ % Institutional

d. Approximate number of tickets written:

_____ Daily _____ Weekly _____ Monthly

e. What additional services are provided by the firm?

_____ Safekeeping _____ Research _____ Other

Explain: _____

F. Business Profile

Does the FORM BD accurately reflect all types of business in which the firm engages?

_____ Yes _____ No

SUPERVISION

I. Written Supervisory Procedures

Each broker-dealer should establish, maintain, and enforce written supervisory procedures which will enable it to properly supervise the activities of each agent and associated person to assure compliance with applicable securities laws, rules, regulations, and statements of policy.

A. Are written supervisory procedures on file at the location being examined?

_____ Yes _____ No

B. Do the procedures cover the following

CONTROL NUMBER

Yes **No**

C. Date of Last Update: _____

D. Are the procedures distributed on a timely basis to agents and operations personnel?
_____ Yes _____ No

E. Final responsibility for proper supervision rests with the firm, which should designate a partner, officer, or manager in each office to carry out the written supervisory procedures.

Title

II. Agent Supervision

9

BROKER-DEALER _____ CONTROL NUMBER _____

Bonus _____
Combination _____

Explain: _____

B. Are agents required a minimum monthly or annual production? _____ Yes _____ No

Explain: _____

C. Are there any agents currently failing to meet minimum productions goals? _____

_____ Yes _____ No

Explain: _____

D. Do agents receive commissions only on certain types of transactions, e.g. buy orders only? _____ Yes _____ No

E. Does the broker-dealer pay bonuses for certain securities? _____ Yes _____ No

Explain: _____

F. Does the broker-dealer have sales contests? _____ Yes _____ No

Explain: _____

G. Do agents have any quotation discretion including local products? _____ Yes _____ No

Explain: _____

H. Does the B/D have a system to "lock out" solicitations of sales in states where the B/D or agents aren't registered? _____ Yes _____ No

BROKER-DEALER _____ CONTROL NUMBER _____

I. Do managers monitor telephone calls of agents? _____ Yes _____ No
Explain: _____

J. Grounds for dismissal of an agent:
Examine the institution's procedures manual.

	Interview Manual
a. In house procedures violation	_____
b. Customer Complaint	_____
c. Rule or law violations	_____
d. Lack of production	_____
e. Other	_____

Explain differences: _____

K. Does the B/D have an in-house disciplinary system? (fines, suspensions, other) _____ Yes _____ No
Describe: _____

L. Obtain a list of all types of exception reports prepared. (Monthly activity reports, commission exception reports, excessive trading reports, etc.) The list should include the frequency with which these reports are prepared and the parameters established to generate each such report.

III. General Supervision

A. Indicate the manner in which the sales or branch manager is compensated.

Salary _____	Bonus _____
Commission _____	Override _____
Other: _____	

B. If the manager is also engaged in selling

BROKER-DEALER _____ CONTROL NUMBER _____

efforts, indicate what percentage of
his/her time is given to each function. _____

Supervision _____ Production _____

- C. Is the physical layout of the firm
conducive to informal supervision?

_____ Yes _____ No

Explain:

- D. Describe the procedures for the manager's
review and approval of:

- a) New account applications
- b) Securities transactions
- c) Correspondence

State how often and under what circumstances
does the manager refuse to approve the opening
of an account, the execution of a transaction
or the authorization of outgoing
correspondence. Prepare a memorandum on these
matters and include as an examination exhibit.

- E. Explain how the information provided in
the New Account Form is updated.

- F. Has the B/D generated any correspondence
relating to the amount of activity in any
customer account? Compare any comfort
letters to activity reports and note any
patterns in a separate memorandum. Review
and attach copies of any such comfort
letters.

- G. Are there regular meetings between
registered agents and supervisors?

_____ Yes _____ No

How often:

BROKER-DEALER _____

CONTROL NUMBER _____

IV. Special Supervision

A. Employee and related accounts:

a. Are these accounts coded in a different way? _____

____ Yes ____ No

Explain: _____

b. How frequently are these accounts reviewed? _____

c. What does the review consist of? _____

d. Does the firm impose any special restrictions or prohibitions? _____

____ Yes ____ No

Explain: _____

B. Are there any review procedures for securities transactions by employees of other broker-dealers or banks? (i.e. are duplicate confirmations or customer statements sent to employer broker-dealer or banks?) _____

____ Yes ____ No

Explain: _____

V. Internal Audit

A. Who performs the internal audit over the operations of this office?

Name: _____

Title: _____

Telephone Number: _____

B. How frequently? _____

BROKER-DEALER _____ CONTROL NUMBER _____

C. Date of last exam? _____

D. What issues were raised during the exam?
Obtain a copy of the report if possible.

E. Were the problems found during the last
internal exam corrected? ____ Yes ____ No

Explain:

COMMENTS: _____

EXAMINER: _____

DATE COMPLETED: _____

REVIEWER: _____

DATE COMPLETED: _____

COMMISSIONER OF FINANCIAL INSTITUTIONS
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SECURITIES DIVISION
BROKER-DEALER EXAMINATION PROGRAM
UNIT #2

BOOKS AND RECORDS EXAMINATION

I. Receipt and Disbursement of Funds

EXHIBIT #

- A. Describe the firm's back office operations in handling customer funds and/or securities: i.e., local bank account of clearing firm utilized-all funds/securities go to main office, etc.)
-
-
-

- B. How does the broker-dealer secure checks or otherwise control access to blank checks and/or checkbook?
-
-
-

- C. Does the broker-dealer use pre-numbered checks? Yes No

- D. How does the broker-dealer handle cash?
-
-
-

- E. Does the broker-dealer prepare bank reconciliations? Yes No

- a. Are they prepared by someone other than the person handling cash receipts and/or disbursements? Yes No

- b. Provide the name and title of person preparing the reconciliation.
-

- F. Does the broker-dealer mail checks to a
-

BROKER-DEALER _____ CONTROL NUMBER _____

customer at an address other than the
address of record? _____ Yes _____ No

a. Is customer written authorization
required? _____ Yes _____ No

b. Is a separate confirmation mailed to
the address of record? _____ Yes _____ No

G. Compare daily receipt records to bank
deposit tickets. Explain any differences. _____

H. When checks or securities are
hand-delivered by an agent, is a record
kept and a "log" maintained? _____ Yes _____ No

Explain: _____

II. Securities Control

A. Are the certificate numbers for all
securities received and delivered
recorded? _____ Yes _____ No

Explain: _____

B. How do they handle securities that are
received from customers and registered in
the name of a third party? Do they require
proof of ownership? _____ Yes _____ No

Explain: _____

C. What physical controls are maintained over
securities on hand?

BROKER-DEALER _____ CONTROL NUMBER _____

- D. Is access to areas containing securities restricted to authorized employees?

_____ Yes _____ No

Explain:

- E. Does the broker-dealer reconcile securities held in safekeeping with customer ledger positions? How often?

_____ Yes _____ No

- F. Are all securities reconciled periodically (at least quarterly) with the stock record which shows the ownership and location of each security?

_____ Yes _____ No

BOOKS AND RECORDS RULE (Puerto Rico Rule 9)

- A. Are the following books and records prepared and maintained?

Y N N/A

1. Purchases and sales blotter _____
2. Receipts and deliveries of securities including certificates numbers _____
3. Receipts and disbursements of cash _____
4. General ledger and trial balance _____
5. Customer ledger account _____
6. Subsidiary ledgers reflecting the following:

BROKER-DEALER _____ CONTROL NUMBER _____

- (a) Securities in transfer _____
 - (b) Dividends and interest received _____
 - (c) Securities borrowed and securities
loaned _____
 - (d) Monies borrowed and monies loaned _____
 - (e) Securities failed to receive and
failed to deliver _____
 - (f) Long and short stock record
differences _____
 - (g) Repurchase and reverse repurchase
agreements _____
7. Position Record _____
8. Order Tickets _____
9. Confirmations _____
10. Customer Statements _____
11. Option Agreements _____
- B. Are entries to all books and records
posted on a current basis? _____
- _____ Yes _____ No

Name and position of person(s) providing the
information:

Name

Position

III. Customer Complaints

- A. Is a separate file maintained for customer's
complaints? _____ Yes _____ No
- B. Are the dispositions of all complaints
included in the file? _____ Yes _____ No

BROKER-DEALER _____ CONTROL NUMBER _____

C. Is there a file for verbal complaints?

____ Yes ____ No

D. Is there any frequency of a certain type of complaint? _____

____ Yes ____ No

Explain: _____

E. Has any agent been the subject of more than one complaint during the last 12 months? _____

____ Yes ____ No

Explain: _____

F. Describe the disposition or status of the complaints in steps D. and E. (above) in the examination report.

G. Examine the complaint and correspondence files and select for examination a sample of accounts with allegations of unauthorized trading or mishandling of accounts. _____

IV & V. Customer New Account Records

For all accounts reviewed determine whether the new account form was: _____

A. Properly completed/maintained? ____ Yes ____ No

B. Approved by manager? ____ Yes ____ No

C. Is the information contained in the new account form adequate? ____ Yes ____ No

Explain: _____

D. If the broker-dealer transacts options business for customers, are the appropriate contracts, forms and disclosures made to them and evidence of such _____

BROKER-DEALER _____ CONTROL NUMBER _____

maintained? _____ Yes _____ No

E. Are these accounts authorized by a Registered Options Principal? _____ Yes _____ No

F. Does the broker-dealer permit the writing of uncovered options? _____ Yes _____ No

If so, what additional documents are required to be obtained from the customer?

Explain: _____

VI. Order Tickets

A. Are order tickets properly approved? _____
_____ Yes _____ No

B. Are an excessive number of tickets marked "unsolicited"? _____
_____ Yes _____ No

C. Are tickets time-stamped? _____ Yes _____ No _____

D. Of the sample, what percentage of order tickets were marked unsolicited? _____

Include information regarding the sample sizes chosen on Exhibit A.

VII. Trade Confirmations

A. Are confirmations properly prepared? _____
_____ Yes _____ No

B. Are an excessive number marked unsolicited? _____
_____ Yes _____ No

VIII. Customer Statements

A. Are account statements sent to customers? _____
_____ Yes _____ No

B. Do the statements accurately reflect all activity and positions in the customer's

BROKER-DEALER _____ CONTROL NUMBER _____

account? _____ Yes _____ No

IX. Discretionary Accounts

A. Does the broker-dealer maintain
discretionary accounts? _____ Yes _____ No

B. Are these accounts specially coded by
account number? _____ Yes _____ No

Explain:

C. How often does the broker-dealer review
discretionary accounts?

D. Name the person responsible for reviewing
discretionary accounts:

E. Is current authorization on file for each
discretionary account? _____ Yes _____ No
Explain discrepancies:

F. Are discretionary orders approved in writing
by the manager or designated person?

_____ Yes _____ No

When?

G. Are order tickets marked "discretionary" or
discretion not exercised? _____ Yes _____ No

Explain.

H. Have securities from any underwritings been
placed in discretionary accounts?

_____ Yes _____ No

BROKER-DEALER _____ CONTROL NUMBER _____

I. Is there any indication of excessive or unsuitable trading in any discretionary account? _____ Yes _____ No

X. Correspondence/Mail

A. Are separate files maintained for both incoming and outgoing correspondence? _____ Yes _____ No

Explain. _____

B. Does the manager review the out-going correspondence and facsimiles of the agents? _____ Yes _____ No

Explain. _____

C. What procedures are followed for safeguarding out-going mail? _____

D. Describe the procedures for opening and directing of all incoming mail and facsimiles. _____

E. Is the "personal" mail reviewed, and by whom? _____ Yes _____ No

Explain. _____

BROKER-DEALER _____ CONTROL NUMBER _____

EXAMINER _____ DATE _____

REVIEWED BY _____ DATE _____

COMMISSIONER OF FINANCIAL INSTITUTIONS
GOVERNMENT OF PUERTO RICO

SECURITIES DIVISION
BROKER-DEALER EXAMINATION PROGRAM

UNIT #3

GENERAL SALES PRACTICES

I. Market Making

EXHIBIT #

A. Obtain a list of all securities in which the firm has made a market during the time period covered by the examination.

B. Describe the method of obtaining the best price for the firm's customers on the securities in which the firm makes a market:

C. Review the firm's due diligence files to see if securities in which the firm makes a market are registered in the state. Record the securities which are not registered.

D. Review a sampling of confirmations and determine whether the firm disclosed that it is a market maker, when applicable. Record below apparent deviations from this requirement.

II. Mark-ups/Mark-Downs

A. Does the firm deal with customers on a principal basis? _____ Yes _____ No

B. Record the firm's estimate of the percentage of retail transactions which are effected on a principal basis.

BROKER-DEALER _____ CONTROL NUMBER _____

_____ %

C. Prepare the mark-up schedules of consecutive principal transactions with customers. _____

D. Record the range of the markups charged by the firm. From _____ % to _____ %, based on _____ trades within a period of _____ calendar days.

E. Identify specific securities involved in transactions with questionable markups. _____

If securities appear above, double the sample size to the lesser of 200 retail trades or 6 months activity, whichever comes first.

III. Unsuitable Recommendations

A. Were there any complaints / lawsuits / arbitrations alleging unsuitability? _____
_____ Yes _____ No

B. If yes, did the new account form or any other record for each of the complaining customers support the customer's allegations? _____ Yes _____ No

C. Did the firm make any internal findings of unsuitable recommendations? _____
_____ Yes _____ No

D. Based on the above, was there any reason to suspect unsuitable recommendations? _____ Yes _____ No

Comments: _____

BROKER-DEALER _____ CONTROL NUMBER _____

IV. Churning

- A. Were there any allegations of churning in any CFI or firm records (customer complaints, terminations, disciplinary actions, etc.)? _____ Yes _____ No
- B. Were there any indications of churning in the review of the firm's compliance reports, commission runs, comfort letters, P&S Blotter, etc.? _____ Yes _____ No
- C. If yes, were any of the accounts discretionary or controlled by the agent? _____ Yes _____ No
- D. If yes, does the new account record indicate a financial profile and investment objectives consistent with a high level of activity? _____ Yes _____ No

V. Parking

- A. Is there any indication that the firm parked securities with another participant to conceal the firm's ownership for a temporary period? _____ Yes _____ No
- B. If yes, does the firm appear to have been concealing SEC Rule 13D Filing requirements, net capital requirements, or margin requirements?

Explain: _____

- C. Is there any indication from A. and B., above, that the firm may have acted as nominee for another participant? _____ Yes _____ No

Explain: _____

BROKER-DEALER _____ CONTROL NUMBER _____

VI. Fraud/Misrepresentation

- A. From the review of the firm's records and CFI's records were there any allegations of fraud or misrepresentations? _____
_____ Yes _____ No

Explain: _____

- B. Do any documents support the customer's allegations as to what was said or not said? _____
_____ Yes _____ No

- C. Have other customers made similar complaints regarding the same agent or security? _____
_____ Yes _____ No

- D. Do any issuer documents (10K's, due diligence files, etc.) support the allegations that what was said was false or misleading? _____
_____ Yes _____ No

- E. Did the review of the firm's files, correspondence files, sales scripts, or any other literature indicate material misrepresentations or omissions of material facts? _____
_____ Yes _____ No

Explain: _____

- F. Do any issuer documents indicate that what the firm has said was false or misleading? _____
_____ Yes _____ No

- G. If the answers to any questions regarding fraud and/or material misrepresentations were "yes", the examiner should immediately contact the supervisor to determine:
a. If further investigation is necessary
b. Whether there is sufficient evidence
c. If customers should be contacted
d. If additional personnel should be interviewed

BROKER-DEALER _____ CONTROL NUMBER _____

EXAMINER _____ DATE _____

REVIEWED BY _____ DATE _____

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BROKER-DEALER EXAMINATION PROGRAM

UNIT #4

UNDERWRITING EXAMINATION

I. Fixed Income Securities

EXHIBIT #

Syndicate Manager

- A. Does the firm act as managing underwriter
on any fixed income securities? _____

_____ Yes _____ No

If so, what types of products are offered?

_____ Puerto Rico GNMA's
_____ U.S. Government Securities
_____ Municipal Securities
_____ Corporate Debt

- B. How many offerings has the firm managed in
the past 24 months? _____

- C. Were all syndicate books and records
properly prepared and maintained? _____

_____ Yes _____ No

(Complete Exhibit A)

Comments:

- D. Was an itemized statement of expenses and
other information furnished to all
syndicate members prior to final
settlement? _____

_____ Yes _____ No

Comments:

- E. Were all entries to the books and records
posted on a current basis? _____

_____ Yes _____ No

BROKER-DEALER _____ CONTROL NUMBER _____

Comments:

Syndicate Member

- A. Did the firm act as a syndicate member on _____
any fixed income underwritings?
_____ Yes _____ No
- B. If so, what types of products are offered?
_____ Puerto Rico GNMA's
_____ U.S. Government Securities
_____ Municipal Securities
_____ Corporate Debt
- C. How many offerings has the firm
participated in within the past 24
months? _____
- D. Did the firm properly record the activity _____
on the books and records? _____ Yes _____ No

Comments:

Selling Group Member

- A. Does the firm participate in fixed income _____
underwritings as a selling group member?
_____ Yes _____ No
- B. If so, what types of products are offered?
_____ Puerto Rico GNMA's
_____ U.S. Government Securities
_____ Municipal Securities
_____ Corporate Debt
- C. Are copies of written selling group _____
agreements maintained? _____ Yes _____ No
(If yes, obtain copies)
- D. How many offerings has the firm

BROKER-DEALER _____ CONTROL NUMBER _____

participated in within the past 24 months?

E. Did the firm properly record the activity on the books and records? ____ Yes ____ No

Comments:

II. General Securities

Syndicate Manager

A. Does the firm act as managing underwriter on any general securities? ____ Yes ____ No

If so, what types of products are offered?

____ Common Stock Offerings
____ Public (Registered)
____ Private Placements
____ Blank Check/Blind Pool Offerings
____ Regulation D Offerings
____ Regulation A Offerings
____ Broker/Dealer as Issuer

B. How many offerings has the firm managed in the past 24 months? _____

C. Were all syndicate books and records properly prepared and maintained? _____

____ Yes ____ No

(Complete Exhibit A)

Comments:

D. Was an itemized statement of expenses and other information furnished to all syndicate members prior to final settlement? ____ Yes ____ No

Comments:

BROKER-DEALER _____ CONTROL NUMBER _____

E. Were all entries to the books and records
posted on a current basis? ____ Yes ____ No

Comments:

Syndicate Member

A. Did the firm act as a syndicate member on
any general securities underwritings? _____

____ Yes ____ No

B. If so, what types of products are offered?

____ Common Stock Offerings
____ Public (Registered)
____ Private Placements
____ Blank Check/Blind Pool Offerings
____ Regulation D Offerings
____ Regulation A Offerings
____ Broker/Dealer as Issuer

C. How many offerings has the firm
participated in within the past 24
months? _____

D. Did the firm properly record the activity
on the books and records? ____ Yes ____ No

Comments:

Selling Group Member

A. Does the firm participate in general
securities underwritings as a selling
group member? _____

____ Yes ____ No

B. If so, what types of products are offered?

____ Common Stock Offerings

BROKER-DEALER _____ CONTROL NUMBER _____

- _____ Public (Registered)
_____ Private Placements
_____ Blank Check/Blind Pool Offerings
_____ Regulation D Offerings
_____ Regulation A Offerings
_____ Broker/Dealer as Issuer
- C. Are copies of written selling group agreements maintained? _____ Yes _____ No
(If yes, obtain copies)
- D. How many offerings has the firm participated in within the past 24 months?

- E. Did the firm properly record the activity on the books and records? _____ Yes _____ No
- Comments:

III. Financial Advisory Services

- A. Does the firm offer financial advisory services to issuers? _____ Yes _____ No
- B. On which types of securities does the firm render advice?
_____ Puerto Rico GNMA's
_____ U.S. Government Securities
_____ Municipal Securities
_____ Corporate Debt
_____ Common Stock Offerings
_____ Public (Registered)
_____ Private Placements
_____ Blank Check/Blind Pool Offerings
_____ Regulation D Offerings
_____ Regulation A Offerings
_____ Broker/Dealer as Issuer
- C. Are financial advisory relationships documented in writing? _____ Yes _____ No
If yes, obtain copies.
- D. Has the firm participated in the underwriting and distribution of a new

BROKER-DEALER _____ CONTROL NUMBER _____

issue for which it has also performed
financial advisory services?

_____ Yes _____ No

E. If yes, were proper disclosures made to
customers and proper consents obtained?

_____ Yes _____ No

Comments: _____

IV. SEC Rule 15c2-4

A. Does the firm receive funds such as
checks, notes, etc. from customers as
payment for contingent offerings?

_____ Yes _____ No

B. If yes, does the firm deposit the funds
into a separate bank account or transmit
the funds to a bank escrow agent within
the time limits?

_____ Yes _____ No

C. Did any offerings in which the firm
participated fail to meet the minimum
contingency?

_____ Yes _____ No

D. If yes, were funds promptly refunded to
all customers in accordance with SEC Rule
10b-9?

_____ Yes _____ No

E. Were there any indications that sales were
made to other than "bona fide" investors?

_____ Yes _____ No

Comments: _____

V. Regulation D Offerings

A. Did the firm participate in any Regulation
D offerings?

_____ Yes _____ No

Types: _____

BROKER-DEALER _____

CONTROL NUMBER _____

____ Rule 504
____ Rule 505
____ Rule 506

If no, then no further review is necessary.

- B. Were all Regulation D Offerings conducted so as not to be subject to the integration doctrine? _____
_____ Yes _____ No
- C. Were copies of FORM D filed with the SEC? _____
_____ Yes _____ No
- D. Were the securities properly restricted from resale? _____
_____ Yes _____ No
- E. Did the firm comply with the specific rules, based on the type of offering, regarding issue size and allowed investors? _____
_____ Yes _____ No

Comments: _____

VI. Private Placements

- A. Did the firm participate in any private placements? _____
_____ Yes _____ No

If no, then no further review is necessary.

- B. Were all customers either "sophisticated" or and insider of the issuer? _____
_____ Yes _____ No
- C. Were there fewer than 35 investors? _____
_____ Yes _____ No
- D. Was the offering made without the use of general solicitations or advertising? _____
_____ Yes _____ No
- E. Were the securities restricted from resale? _____
_____ Yes _____ No

BROKER-DEALER _____ CONTROL NUMBER _____

person sponsor investment seminars or lectures?
 Yes No

Explain. _____

E. Are seminars or lectures approved prior to presentation and by whom? Yes No
Explain. _____

F. Does the office maintain files or logs for advertisements, sales literature, market letters or seminars? Yes No

G. Is the broker-dealer a market maker in a security which is being advertised?

Yes No

H. Is the advertising or sales literature of the broker-dealer free from statements that are either misleading, unreasonable and/or exaggerated? . Yes No

NET CAPITAL (Puerto Rico Rule 6)

Capital (Net Worth) \$ _____
 Minus: Non-allowable assets _____

Asset

Amount

_____ \$

Adjusted net worth \$=====

Is the firm in net capital compliance? Yes No

COMMISSIONER OF FINANCIAL INSTITUTIONS
GOVERNMENT OF PUERTO RICO

SECURITIES DIVISION
BROKER-DEALER EXAMINATION PROGRAM

UNIT #5

INVESTMENT COMPANY EXAMINATION

I. Management

EXHIBIT #

	<u>Name</u>	<u>Title</u>
Department Manager	_____	_____
Person(s) Interviewed	_____	_____
	_____	_____

II. Business Activity

Investment Company Securities

- A. What type of investment company securities has the firm offered since the last examination?

	<u>% of business</u>
_____ Open-End Funds	_____
_____ Closed-End Funds	_____
_____ Unit Investment Trusts	_____

- B. How does the firm execute transactions in investment company securities?

_____ Fully-disclosed
_____ Application-Way
_____ Wire Order
_____ Combination
Specify _____

- C. Do the firm's books and records appear sufficient for the firm's method of execution? _____ Yes _____ No

- D. How does the firm assist customers in the redemption of investment company shares?

Explain: _____

BROKER-DEALER _____ CONTROL NUMBER _____

- E. Have the firm's agents participated in any sales contests sponsored by the investment company? _____ Yes _____ No

Explain: _____

- F. Who is responsible for the review of customer account activity?

	Name	Title
Manager	_____	_____

- G. How frequently are accounts reviewed? _____

- H. How is the review evidenced? _____

- I. Has the firm taken any disciplinary actions against any agents in the past year as a result of the review? _____
_____ Yes _____ No

- J. Does the firm have written procedures to monitor investment company activity, such as redemptions, switches, breakpoints, etc.? _____
_____ Yes _____ No

Comments: _____

Variable Contracts

- A. Indicate the types of variable contract business conducted by the firm in since the last examination.

Type	% of business
_____ Variable Annuity	_____
_____ Variable Life	_____

- B. How does the firm ensure the delivery of the contract and the receipt of customer funds as well as the procedures for sending proceeds to customer's upon _____

BROKER-DEALER _____ CONTROL NUMBER _____

surrender of the contract?

Explain: _____

- C. Who is responsible for the review of customer account activity?

	<u>Name</u>	<u>Title</u>
Manager	_____	_____

- D. How frequently are accounts reviewed? _____

- E. How is the review evidenced? _____

- F. Has the firm taken any disciplinary actions against any agents in the past year as a result of the review? _____
_____ Yes _____ No

- G. Does the firm have written procedures to monitor variable contract activity, such as redemptions, switches, breakpoints, etc.? _____
_____ Yes _____ No

Comments: _____

III. Books and Records

- A. Does the firm hold customer securities in street name? _____
_____ Yes _____ No

- B. If yes, does the firm properly reflect the positions on its books and records? _____
_____ Yes _____ No

- C. Does the firm have written selling agreements on file for each investment company sold? _____
_____ Yes _____ No

IV. Sales Practices

- A. After reviewing the firm's records, such _____

BROKER-DEALER _____ CONTROL NUMBER _____

as P&S Blotters, customer statements,
commission runs, etc., does it appear that
there were any problems in the following
areas?

- _____ Suitability
- _____ Breakpoints
- _____ Letters of Intent
- _____ Rights of Accumulation
- _____ Switching
- _____ Unauthorized Redemptions
(Conversion)

Explain: _____

EXAMINER(S) : _____ DATE: _____

SUPERVISOR: _____ DATE _____

COMMISSIONER OF FINANCIAL INSTITUTIONS
GOVERNMENT OF PUERTO RICO

SECURITIES DIVISION
BROKER-DEALER EXAMINATION PROGRAM

UNIT #6

OPTIONS EXAMINATION

I. Management

EXHIBIT #

	<u>Name</u>	<u>Title</u>
Options Compliance	_____	_____
Options Principal	_____	_____
Person(s) Interviewed	_____	_____
	_____	_____

II. Business Activity

- A. What type of options has the firm offered since the last examination?

	<u>% of business</u>
____ Listed Equity	_____
____ Listed Index	_____
____ Foreign Currency	_____
____ Debt Options	_____
____ Conventional	_____
____ Other	_____
____ Specify	_____

- B. Approximately how many options trades does the firm execute on a monthly basis? _____

- C. What strategies does the firm use for customers?

____ Covered Only
____ Covered and Uncovered
____ Purchases and Sales
____ Spreads and Combinations

- D. Approximately how many customers trade options?

_____ Cash _____ Margin

- E. Are all options accounts for retail customers? _____ Yes _____ No

Explain: _____

BROKER-DEALER _____ CONTROL NUMBER _____

III. Customer Accounts

- A. Does the firm have any discretionary option accounts? _____ Yes _____ No
- B. If yes, how many? _____ Cash _____ Margin
- C. Does the firm have procedures for the review of all options account activity, and are those procedures enforced? _____ Yes _____ No

Explain: _____

- D. Has the member obtained adequate documentation on each customer account to determine suitability for options trading? _____ Yes _____ No
- E. Have there been any options-related complaints since the last examination? _____ Yes _____ No

IV. Suitability

- A. Based on a review of _____ accounts, indicate below if there appears to be any problems in: _____
- _____ Excessive Trading
 - _____ Inappropriate recommendations by the agent
 - _____ Trading away from the approved strategy
 - _____ Incomplete customer information of file
 - _____ Other
- Specify _____
- B. Does the responsible principal routinely _____

BROKER-DEALER _____ CONTROL NUMBER _____

review options trades and account
activity? _____ Yes _____ No

Explain: _____

EXAMINER: _____ DATE: _____

SUPERVISOR: _____ DATE: _____

COMMISSIONER OF FINANCIAL INSTITUTIONS
GOVERNMENT OF PUERTO RICO

SECURITIES DIVISION
BROKER-DEALER EXAMINATION PROGRAM
UNIT #7

BANK-AFFILIATED BROKER-DEALERS

I. Supervision

EXHIBIT #

A. Describe the firm's supervisory system to ensure retail customers are adequately informed of the distinctions between the bank and the B/D:

B. Are there written procedures that specifically address retail bank customers?
_____ Yes _____ No

C. Does a review of customer activity indicate that the procedures are implemented?
_____ Yes _____ No

D. Does customer correspondence, advertising, and sales literature appear free from misleading and/or confusing statements?
_____ Yes _____ No

Explain:

E. If RR's are physically located on bank premises, are signs or other means used to distinguish between investment sales and the deposit-taking areas of the bank?

_____ Yes _____ No

Explain:

II. Registration

A. Does the B/D maintain records of bank personnel that solicit nondeposit investment sales? ☐ Yes ☐ No

B. Are all such bank personnel properly registered with the B/D? ☐ Yes ☐ No

Explain:

C. If the B/D claims exemptions from the registration requirements for bank personnel, obtain a written statement as to the basis for the exemption, and briefly describe here:

III. Sales Activities

A. Based on the review of 25 retail customer accounts obtained through bank referrals, do all customers appear suitable for the recommended investments? ☐ Yes ☐ No

B. Was the customer given disclosures at the time of sale that describe the affiliation between the bank and the broker-dealer? ☐ Yes ☐ No

EXAMINER _____

DATE _____

SUPERVISOR _____

DATE _____

[illegible]

Exhibit #

Description

Firm: _____
Dates: _____
Auditor(s): _____

[illegible]

COMMISSIONER OF FINANCIAL INSTITUTIONS
EXHIBIT B

WRITTEN SUPERVISORY PROCEDURES CHECKLIST

FIRM: _____
CONTROL NUMBER: _____
EXAMINER: _____

ITEM	WHO	PROCEDURES	HOW EVIDENCED?
Principals designated:			
Fixed Income			
General Securities			
CMO's			
Underwritings			
Trading			
Options			
DPP's			
Annual Compliance Meeting			
Annual Review of Firm's Supervisory Policies & Procedures			
Branch Office Audits			
Principal Review Of: New Accounts			
Transactions			
Complaints			
Correspondence			
Advertising			
Account Activity			
Hiring/Firing of Registered Reps			
Supervision of Outside Employment Activities			
Supervision of Outside Brokerage Accounts			

BROKER-DEALER _____ CONTROL NUMBER _____

COMMISSIONER OF FINANCIAL INSTITUTIONS
EXHIBIT C
EXAMINATION CHECKLIST

<u>Check if Required</u>	<u>Item for Review</u>	<u>Date Recv/ From Whom</u>
_____	Customer Statements for 3 months ended:	_____
_____	Order Tickets for the 3 months ended:	_____
_____	Confirmations for the 3 months ended: _____ (inc. customer & firm trades)	_____
_____	P&S Blotters for the 3 months ended:	_____
_____	Cash Receipts & Disbursements Blotter for the 3 months ended:	_____
_____	Securities Received & Delivered Blotter for the 3 months ended:	_____
_____	Bank Statements, Reconciliations, and Cancelled Checks for the 3 months ended:	_____
_____	Copies of all Clearing Agreements	_____
_____	Trial Balance, Net Capital Computation with supporting schedules as of:	_____
_____	Evidence of Fidelity Bonding	_____
_____	List of all Firm Commitment Underwritings in which the firm participated, with capacity noted, since _____	_____

BROKER-DEALER _____ CONTROL NUMBER _____

_____ List of all Best Efforts
Underwritings in which the firm
participated, with capacity
noted, since _____

_____ Copies of all Selling Group Agreements _____

_____ List of Issuer/Client Accounts _____

_____ List of Employee/Related Accounts _____

_____ Due Diligence Files for all
Underwritings since _____

_____ List of all Securities in which the
firm makes a market. Identify market
where traded and most recent bid price

_____ Due Diligence Files for all
Markets made since _____

_____ List of all Compliance Reports or
Production Reports (inc. explanation
of report frequency and parameters)

_____ Written Supervisory Procedures _____

_____ Correspondence Files since:

_____ Advertising Files _____

_____ List of all Personnel indicating
Name, Title, Date of Hire, RR # and
Registration status (if any)

_____ List of all Terminated Personnel
within the last 12 months and an
explanation as to why terminated

_____ Copy of Member's Commission Schedule
& Written Mark-Up Policy _____

_____ List of all Officers/Directors _____

BROKER-DEALER _____

CONTROL NUMBER _____

_____ List of Accounts for Associated
Persons of Other Firms _____

_____ List of Affiliated Companies
with a description of the business _____

_____ List of Individuals with Outside
Business Activities _____

_____ Customer Complaint Files _____

_____ List of Financial Advisory Clients _____

SINDICATE WORKSHEET

Period: _____
From: _____ To: _____

[illegible]

TIME SUMMARY

Completed:

Days at Institution	Budgeted Hours	Worked Hours
1		
2		
3		
4		
5		
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Date: _____

EXHIBIT H
 Commissioner of Financial Institutions
 Government of Puerto Rico
 San Juan, Puerto Rico

SUMMARY OF COSTS INCURRED

Institution: _____
 Period Examined: _____
 Examination Started: _____ Completed: _____

Examination Fees and Charges

Examiner's Name	Days at the Institution	Fee per Examiner (\$100 daily)	Mileage	Per Diem	Hotel	Other	Total Fees and Charges
Total Charges							

Mileage Breakdown

Examiner's Name	Days to charge to Mileage	From	To	Total Miles	Total Charges (\$0.30 per mile)
Total Charges					

Per Diem and Hotel Charges

Examiner's Name	Per Diem Charges			Hotel Charges		
	Breakfast (\$2.95) Daily	Lunch (\$7.30) Daily	Dinner (\$8.45) Daily	Total Charged	Days Charged	Total Charged
Total Charges						

Other Charges

Examiner's Name	Description	Days Charged	Total Charged
Total Charges			

Reviewed by: _____
 Approved by: _____
 Examiner in charge
 Supervisor

Date: _____
 Date: _____

Net Capital Computation

As of _____

Item:	Exhibit #	Date:
Total Assets		
-Total Liabilities		
Net Worth		
Adjustments to NW:		
+Subordinated Loans		
+/-Other Adjustments (1)		
Capital Before Deductions		
Deductions from NW:		
-Non Allowable Assets		
-Customer Unsecured Debits		
+/- Other Adjustments (2)		
Net Capital before Haircuts		
-Haircuts		
Net Capital		
-Minimum Net Capital Required		
Excess Net Capital		

Haircut Schedule

	\$ AMOUNT	%	Total
CD's, Banker's Acceptances..			
& Commercial Paper			
U.S. Govt.			
Puerto Rico Govt.			
Corporate Obligations			
Equities			
Options			
Undue Concentrations			
Other			

Total Haircuts

Notes:

1) Other Adjustment might include deferred tax addbacks, adjustments for proprietary positions in listed options, or any other extraordinary items (REFERENCE SEC RULE 15C3-1)

May include charges for cash and margin accounts liquidating to a deficit, customer unsecured short positions, charges for customers' commodity accounts in deficit, aged margin calls (customer), aged stock dividends receivable, etc.

Firm Name:
Examiner:
Date:

Exhibit #

[illegible]

Firm Name: _____

Examiner: _____

Date: _____

Exhibit #

[illegible]

Item 4 Diversification of Assets

Furnish the following information as of the date of application for registration (and also as of the end of the latest fiscal year of the registrant covered by the financial statements filed herewith):

(a) With respect to the following classes of assets of the registrant:

<u>Class of Assets</u>	<u>Date of Registration</u> <u>Value of : Percent</u> <u>Class : of Total</u>	<u>End of Fiscal Year</u> <u>Value of : Percent</u> <u>Class : of Total</u>
Puerto Rican securities of the type mentioned in 6(e) of the Act		
Cash and cash items, including receivables		
Government securities (other than mentioned above)		
Securities of other investment companies		
Other Securities		
Other Assets		
Total Assets		

(b) With respect to each company in which the registrant has invested in all classes of such company's securities more than 5 percent of the value of the registrant's total assets:

Name and
address of
Company

Nature of its
Principal business

Percentage of value of
registrant's assets
invested therein

At date of : At end of
registration:fiscal year

(c) With respect to each company, 5 percent or more of whose voting securities are directly or indirectly owned, controlled, or held with power to vote, by the registrant.

Name and
address of
Company

Nature of its
principal business

Percentage of its
voting securities
owned by registrant
At date of : At end of
registration!fiscal year

Item 5 Pending Legal Proceedings

Briefly describe any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the registrant or any of its subsidiaries is a party. Include the name of the court in which the proceedings are pending, the date instituted, and the principal parties thereto. Include similar information as to any such proceedings known to be completed by governmental authorities.

Item 6 Capitalization

Furnish the following information, in substantially the tabular form indicated as to each class of authorized securities of the registrant. The information is to be furnished as of the end of the registrant's latest fiscal year.

(1)	(2)	(3)	(4)
Title of class	Amount <u>authorized</u>	Amount held by registrant or <u>for its account</u>	Amount outstanding exclusive of amount <u>shown under (3)</u>

Item 7 Condensed Financial Information

(a) Furnish the following information for the last fiscal year covered by the financial statements filed herewith with respect to the registrant or, if consolidated statements are filed, for the registrant and the subsidiaries consolidated:

- (1) Ratio of total operating and management expenses to average value of total net assets. _____ %
- (2) Ratio of total operating and management expenses of total investment income. _____ %

Instruction. 1. The average value of total net assets shall be computed upon the basis of the value of total net assets as of the end of each month.

Item 8 Persons in Control Relationship with Registrant

Furnish a list or diagram of all persons directly or indirectly controlling, controlled by or under common control with the registrant and as to each such person indicate (1) if a company, the State or other sovereign power under the laws of which it was organized, and (2) the percentage of voting securities owned or other basis of control by the person, if any, immediately controlling it.

Item 9 Persons Owning Equity Securities of Registrant

Furnish the following information as to all equity securities of the registrant owned by the following persons as of a specified date within 90 days prior to the date of filing:

(a) Each person who directly or indirectly owns, controls or holds with power to vote, 5 percent or more of the outstanding voting securities of the registrant.

(b) Each person who owns of record or is known by the registrant to own beneficially more than 10 percent of any other class of equity securities of the registrant.

(c) All officers and directors of the registrant as a group, without naming them.

(1) <u>Name and address</u>	(2) <u>Title of class</u>	(3) <u>Type of ownership</u>	(4) <u>Amount owned</u>	(5) <u>Percent of class</u>
------------------------------------	----------------------------------	-------------------------------------	--------------------------------	------------------------------------

Instruction: Indicate in the third column whether the securities are owned both of record and beneficially, of record only, or beneficially only, and show separately in the fourth and fifth columns the respective amounts and percentages owned in each such manner.

Item 10 Number of Holders of Equity Securities

State, in substantially the tabular form indicated as of a specified date within 90 days prior to the date of filing, the approximate number of holders of record of each class of equity securities of the registrant.

(1) <u>Title of class</u>	(2) <u>Number of holders</u>
----------------------------------	-------------------------------------

Item 11 Directors and Executive Officers

Furnish the information required by the following table as to all directors and executive officers of the registrant.

<u>Name and address</u>	<u>Positions and offices with registrant</u>	<u>Principal occupations during past five years</u>
-------------------------	--	---

Instruction: For the purposes of this item, the term "executive officer" means the president, vicepresident, secretary and treasurer, and any other officer who performs policy-making functions for the registrant.

Item 12 Remuneration of Directors and Officers

(a) Furnish the information required by the following table as to all remuneration paid by the registrant and its subsidiaries during the registrant's last fiscal year to the following persons for services in all capacities:

(1) Each director and each of the three highest-paid officers of the registrant whose aggregate remuneration exceeded \$ _____, naming each such person.

(2) All directors, officers and members of the advisory board of the registrant as a group, _____ without naming them.

(A) <u>Name of individual or identity of group</u>	<u>Capacities in which remuneration was received</u>	<u>Aggregate remuneration</u>
---	--	-------------------------------

Instructions 1. The information is to be given on an accrual basis if practicable. The tables required by this paragraph and paragraph (b) may be combined if the registrant so desires.

2. Do not include remuneration paid to a partnership in which any director, officer or member of the advisory board was a partner, but see item _____.

3. If the registrant has not completed a full fiscal year since its organization, the information shall be given for the current fiscal year, estimating future payments if necessary.

Item 13 Indemnification of Directors and Officers

State the general effect of any contract, arrangement or statute under which any director or officer of the registrant is insured or indemnified in any manner against any liability which he may incur in his capacity as such.

Instruction No information need be given as to insurance provided by any director or officer for his own protection.

Item 14 Investment Advisers

Furnish the following information as to each investment adviser of the registrant.

- (a) Name and principal business address.
- (b) Name and address of any affiliated person of the registrant who is also an affiliated person of the investment adviser and the nature of the affiliation.

(c) A brief description of the investment advisory contract with the registrant, including the basis for determining the remuneration of the investment adviser.

Item 15 Business and Other Connections of Investment Advisers and Their Managements

Describe briefly any other business, profession vocation or employment of a substantial nature in which each investment adviser of the registrant and each director, officer or partner of such investment adviser is engaged for his own account or in the capacity of director, officer, employee, partner or trustee.

Instructions 1. State the name and principal business of any company with which any person specified is connected in the capacity of director, officer, employee, partner or trustee, and the nature of such connection.

2. The names of investment advisory clients need not be given in answering this item.

Item 16 Personnel of Investment Advisers

Furnish the information required by the following table, in substantially the tabular form indicated, as of a specified date within 90 days prior to the date of filing and with respect to all personnel (other than directors, officers, partners or proprietors) of each investment adviser of the registrant:

<u>Class of personnel</u>	<u>Number of full-time employees</u>	<u>Number of part-time employees</u>
Account supervisors, counsellors and executives		
Economists, statisticians and research personnel		
All other personnel		

Item 17 Remuneration of Certain Affiliated Persons

Furnish the information required by the following table as to each of the persons specified below who received from the registrant and its subsidiaries during the last fiscal year of the registrant aggregate remuneration in excess of \$_____ for services in all capacities. Indicate the nature of the relationship by reason of which the remuneration of each such person named is required to be given.

(a) Each affiliated person of the registrant other than its directors, officers and employees.

(b) Each affiliated person of any of the following: Its directors or officers, any company named in answer to item 4(c), any security holder named in answer to item 9 (a) or (b), or any investment adviser.

<u>Name of Person</u>	<u>Capacities in which services were rendered</u>	<u>Aggregate remuneration</u>
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Item 18 Capital Stock

State the title of each class of capital stock of the registrant and furnish the following information:

(a) Outline briefly (1) dividend rights; (2) voting rights; (3) liquidation rights; (4) pre-emptive rights; (5) conversion rights; (6) redemption provisions; (7) sinking fund provisions; and (C) liability to further calls or to assessment by the registrant.

(b) If the rights of holders of such stock may be modified otherwise than by a vote of a majority or more of the shares outstanding, voting as a class, so state and explain briefly.

(c) Outline briefly any restriction on the repurchase or redemption of shares by the registrant while there is an arrearage in the payment of dividends or sinking fund installments. If there is no such restriction, so state.

Instructions 1. Only a brief summary of the pertinent provisions from an investment standpoint is required. A complete legal description of the provisions referred to is not required and should not be given. Do not set forth the provisions of the governing instruments verbatim; only a succinct resume is required.

2. If the rights evidenced by any class of securities being described are materially limited or qualified by the rights of any other class of securities, include such information regarding such other securities as will enable investors to understand the rights evidenced by the securities being described.

Item 19 Long-Term Debt

State the title of each class of long term debt of the registrant and outline such of the following provisions as are relevant.

(a) Provisions with respect to interest, maturity, conversion, redemption, amortization, sinking fund or retirement;

(b) Provisions with respect to the kind and priority of any lien, restricting the declaration of dividends, or requiring the maintenance of any ratio of assets, the creation or maintenance of reserves or the maintenance of properties;

(c) Provisions permitting or restricting the issuance of additional securities, the incurring of additional debt, the

release or substitution of assets securing the issue, the modification of the terms of the security, and similar provisions.

(d) The name of the trustee and the nature of any material relationship with the registrant or any of its affiliates, the percentage of securities of the class necessary to require the trustee to take action, and what indemnification the trustee may require before proceeding to enforce the lien.

Instruction The instructions to Item 18 shall also apply to this item.

Item 20 Other Securities

If the registrant has any authorized securities other than capital stock or long-term debt, outline briefly the rights evidenced thereby. If the securities are subscription warrants or rights, state the title and amount of securities called for, the period during which and the prices at which the warrants or rights are exercisable.

Instruction The instructions to Item 18 shall also apply to this.

Item 21 Financial Statements and Exhibits

List all financial statements and exhibits filed as a part of the registration statement.

(a) Financial statements.

(b) Exhibits



COMISIONADO DE INSTITUCIONES FINANCIERAS
ESTADO LIBRE ASOCIADO DE PUERTO RICO

Este Formulario puede utilizarse en relación con solicitudes para aumentar el número de ofertas a personas bajo el Artículo 402 (b) (9) de la Ley Uniforme de Valores de Puerto Rico y como la solicitud por escrito que se requiere por la Oficina de Valores.

El peticionario, (un individuo), (una sociedad), (una asociación), (una corporación), por la presente solicita se le conceda una exención para ofrecer y vender sus valores en Puerto Rico a más de diez (10) personas, de acuerdo con el artículo 402 (b) (9) de la Ley Uniforme de Valores de Puerto Rico, y de conformidad expone:

1. El nombre del solicitante y cuándo y dónde fue creada la organización. _____

2. Descripción breve de la naturaleza del negocio del solicitante.

3. Indique las razones por las cuales radica esta solicitud.

4. Si esta petición se hace en favor de uno o más individuos, indique sus nombres y direcciones:

5. Los nombres y direcciones de todos los organizadores, promotores, oficiales y directores, y la clase y cantidad de valores del emisor poseídos por o a beneficio de cada uno a la fecha de esta petición son:

6. La cantidad de valores de la misma clase emitida y en circulación a esta fecha es: _____.
7. El número de personas (individuos u organizaciones) a quienes se les hará oferta de los valores concernidos es de: _____.
8. (a) La cantidad a levantarse mediante la oferta a _____ personas es de \$ _____ a razón de \$ _____ por acción.
- (b) El precio al cual dichos valores fueron o serán ofrecidos y/o emitidos, o han sido suscritos por los organizadores, promotores, oficiales y directores es de \$ _____ por acción.
- (c) Si el precio ha sido o será uniforme para todos, indique tal precio \$ _____ por acción.
9. Indique específicamente los propósitos para los cuales el producto de la venta de los valores será utilizado.
- _____
- _____
- _____
- _____
- _____
- _____
10. Acompañe una copia certificada de los Artículos de Incorporación y del Reglamento en vigor.
11. Acompañe una copia de una Hoja de Balance reciente y un Estado de Operaciones preparado de los libros y récords del emisor y certificado como cierto, correcto y completo.
- (Esta hoja de balance y estado de operación no tiene que estar auditado, ni tiene que someterse si el solicitante se organizó dentro de los quince meses anteriores a la radicación de esta petición).
12. Ofrezca cualquier otra información que el solicitante estime material:
- _____
- _____

13. El solicitante AFIRMA que:

- a) La oferta se hará a residentes bonafide de Puerto Rico;
- b) ninguna comisión o remuneración de clase alguna ha sido, está siendo o será pagada en relación con la oferta o venta de los valores exentos;
- c) el vendedor razonablemente cree que todas las personas quienes se les ofrezcan valores estarán, si compran los mismos, comprando con el sólo propósito de inversión;
- d) ninguna oferta o venta se hará al público en general, ni se utilizarán anuncios u otros medios de solícitación general al público.
- e) todos los certificados evidenciando la posesión de valores contendrán en su faz la siguiente inscripción:

" LOS VALORES REPRESENTADOS POR ESTE CERTIFICADO NO HAN SIDO INSCRITOS BAJO LA LEY UNIFORME DE VALORES DE PUERTO RICO. LOS VALORES HAN SIDO ADQUIRIDOS PARA INVERSION Y NO PUEDEN SER VENDIDOS O TRANSFERIDOS POR PRECIO EN AUSENCIA DE UNA INSCRIPCION EFECTIVA DE LOS MISMOS BAJO LA LEY UNIFORME DE VALORES DE PUERTO RICO, O EN OPINION DEL ABOGADO DE LA COMPAÑIA TAL INSCRIPCION NO SE REQUIERE BAJO DICHA LEY", o una inscripción similar a juicio del Administrador;

- f) los valores que serán ofrecidos o vendidos bajo la exención no fueron ofrecidos o vendidos al público durante el año anterior precedente a la fecha de esta petición de exención; y
- g) anticipa que no se radicará una solicitud de inscripción pública de valores de la misma clase y serie a un precio más alto hasta transcurrido un (1) año desde la última oferta o venta hecha bajo la exención que se solicita.

El peticionario suscribiente por la presente CERTIFICA, que las anteriores declaraciones y representaciones son ciertas y correctas; que se mantendrán récords completos y verdaderos de todos los valores emitidos, y que una lista completa de los nombres y direcciones de todas las personas que suscriban o a quienes se les emitan valores exentos, así como el número de acciones comprado por cada uno, será sometida a la Oficina de Valores no más tarde de quince (15) días después que la oferta exenta haya concluido.

Fecha

Nombre del Peticionario

Por:

Memorandos Internos

Parte 6

