

**DEPARTMENT OF BUSINESS OVERSIGHT***Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

Jan Lynn Owen  
 Commissioner of Business Oversight



IN REPLY REFER TO:  
 FILE NO: QP 2431

August 18, 2016

Mr. Ronald C. Johnson  
 California Association of Business Brokers  
 4747 N. First, Suite 140  
 Fresno, CA 93726

Re: North American Securities Administrators Association (NASAA) Model Rule  
 Exempting Certain Merger and Acquisition Brokers from State Registration

Dear Mr. Johnson:

Thank you for your letter to the Commissioner of Business Oversight, Jan Lynn Owen, dated March 31, 2016. As Senior Counsel for the Legal Division, the Commissioner requested that I respond to this matter. I apologize for my delay in responding to your letter. In your letter, you request the Department of Business Oversight's status regarding NASAA's uniform state model rule that would exempt certain merger and acquisition brokers from state securities registration. NASAA adopted the model rule on September 29, 2015.

The Department of Business Oversight is not at this time considering adopting the NASAA model rule in California. **Persons that facilitate merger and acquisition transactions in California are exempt from the broker-dealer registration requirements of the Corporate Securities Law of 1968.** Specifically, Section 260.204.5 of title 10 of the California Code of Regulations exempts any person who effects transactions in securities in this state in connection with mergers, consolidations or purchases of corporate assets, provided that the person does not receive, transmit or hold for customers any funds or securities in connection with the transactions.

If you have any further questions, please do not hesitate to contact me at telephone number (916) 324-5217 or by email at [Peggy.Fairman@dbo.ca.gov](mailto:Peggy.Fairman@dbo.ca.gov).

Sincerely,

Jan Lynn Owen  
 Commissioner of Business Oversight

By

  
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