

Response to Comments Regarding Proposed Changes to Rule 69W-600.0132(2)(i)2., Florida Administrative Code – Concurrent Invoicing

The concurrent invoicing requirement is a consumer protection. While the client does receive an account statement, at least quarterly, from the custodian identifying all transactions in the client's account(s), the concurrent invoice requires the adviser provide the client with the fee calculation. This ensures that the client receives notice of the amount deducted from the client's account and that the fee is calculated correctly. The invoice may be sent via e-mail; therefore, the requirement is not considered to be a burden to nor place state-registered investment advisers at a competitive disadvantage to federal covered advisers.

Response to Comments Regarding Proposed Rule 69W-600.0161, Florida Administrative Code – Minimum Net Capital Requirements

The Office of Financial Regulation has determined that it is a consumer protection to require a minimum net capital for investment advisers that do not have custody of clients' funds or securities. Investment advisers are fiduciaries and they have a duty to properly advise and manage their clients' assets. As such, the \$2500 minimum net capital (calculated as assets minus liabilities) required of investment advisers is not a barrier to those attempting to gain entry or maintaining their advisory business. Clients should have confidence that their investment adviser has the financial capacity to maintain the requisite minimum net capital.

The commenter does not address the amount of the surety bond to purchase. Assuming the surety bond is for \$2500, the amount of the net capital requirement for investment advisers without custody, the annual premium rates range from 1% to 15% of the bond amount, or \$25 to \$375. Premium rates are based on credit risk factors and business experience, among other factors. A minimum net capital requirement establishes the same standard for all investment advisers.

Response to Comments Regarding Proposed Changes to Rule 69W-1000.001, Florida Administrative Code – Disciplinary Guidelines

The Office of Financial Regulation ("OFR") is authorized to impose the proposed disciplinary guidelines under 517.1611, Florida Statutes. The disciplinary guidelines specify a range of penalties based upon the severity and repetition of specific offenses. Also, the guidelines distinguish minor violations from violations that endanger the public health, safety, or welfare; provide reasonable notice to the public of the penalties that may be imposed for proscribed conduct; and ensure that penalties are imposed in a consistent manner by the OFR.