INDIANA SECRETARY OF STATE
SECURITIES DIVISION

EMERGENCY STATEMENT OF POLICY AFFECTING DISPLACED PERSONS DUE TO HURRICANE KATRINA

The Indiana Secretary of State and the Securities Commissioner have determined that it is appropriate and in the public interest to issue an Emergency Statement of Policy concerning certain securities activities involving investors and/or financial professionals displaced as a result of Hurricane Katrina.

Section 23-2-1-8 of the Indiana Securities Act ("Act") prohibits broker-dealers, agents, investment advisers and investment adviser representatives from conducting business in Indiana without being registered or exempt from registration. This provision also prohibits federal covered advisers from conducting business in Indiana without providing a notice filing to the Securities Division.

The Securities Division will not pursue enforcement action against a broker-dealer, agent, investment adviser, federal covered investment adviser, or investment adviser representative (each of which will be referred to hereinafter as "financial professional") for violations of Section 23-2-1-8 of the Act so long as the financial professional otherwise complies with Indiana law and the conditions set forth in this Statement of Policy.

1. If these violations are conducted due to the temporary displacement of the customers of a financial professional to Indiana as a result of Hurricane Katrina, the following conditions must be met:

    a. The financial professional shall effect securities transactions only with persons who were customers of the financial professional on or prior to August 29, 2005;

    b. The financial professional must be registered or exempt from registration in the home state of the customer;

    c. The financial professional must be registered or exempt from registration with the SEC, any applicable self-regulatory organization, and its home state, to the extent required by law. If the financial professional is temporarily displaced as a result of Hurricane Katrina, this Statement of Policy does not require the financial professional to be registered in the state of its temporary

domicile, so long as it is registered or exempt from registration in its home state and otherwise, as required by this paragraph. The financial professional's state of temporary domicile may require registration notwithstanding this provision; and,

d. The financial professional must disclose to its customers in this state that it is not registered in Indiana.

2. If the violations take place as a result of the temporary displacement of the financial professional, the following conditions must be met:

a. If the financial professional is a broker-dealer, the firm is a member of an appropriate self-regulatory organization, and is registered with the SEC, and with the home state from which it is displaced; or,

b. If the financial professional is an investment adviser, the firm is registered with the home state from which it is displaced; or,

c. If the financial professional is a federal covered adviser, it is registered with the SEC and is notice-filed with the home state from which it is displaced; or,

d. If the financial professional is an agent or investment adviser representative, he/she is registered in his/her home state.

e. The financial professional must provide notice to the Securities Division that it has relocated to Indiana and plans to conduct business in reliance on this Statement of Policy; and,

f. The financial professional must disclose to its clients that it is temporarily domiciled in Indiana and that it is not registered in Indiana.

This Statement of Policy does not permit any financial professional that is not registered in Indiana to solicit any new clients in this state.

This Statement of Policy does not prohibit the Securities Division from taking enforcement action based on any other violation of the Act, including the securities registration provisions and antifraud provisions.

The financial professional effecting securities transactions or business on behalf of displaced investors can act only within the scope of this Statement of Policy. Any activity beyond the scope of this Statement of Policy could constitute unregistered activity and be subject to enforcement action.

This Statement of Policy describes the enforcement position of the Securities Division, and does not create an exemption from the registration requirements of the Act. Section 23-2-1-17.1 of the Act provides certain remedies to investors when the Act has been violated. These investor remedies are applicable notwithstanding this Statement of Policy.

THIS STATEMENT OF POLICY SHALL BE LIMITED TO ACTIVITY TAKING PLACE ON OR PRIOR TO DECEMBER 31, 2005, UNLESS EXTENDED BY A SUBSEQUENT STATEMENT OF POLICY.

DATED, this 22nd day of September, 2005, at Indianapolis, Indiana.

INDIANA SECRETARY OF STATE
TODD ROKITA

O. WAYNE DAVIS
SECURITIES COMMISSIONER