

COMMISSIONER OF FINANCIAL INSTITUTIONS  
COMMONWEALTH OF PUERTO RICO

ANTONIO FARÍA  
COMMISSIONER

*March 9, 2001*

*Karen M. O'Brien, Esq.  
General Counsel  
North American Securities  
Administrators Association, Inc.  
10 G Street, NE, Suite 710  
Washington D. C. 20002*

*Dear Ms. O'Brien:*

*As requested by Nancy L. Hansbrough, Esq., Assistant Chief Counsel of the  
U. S. Securities and Exchange Commission, please find enclosed a copy of the  
Confidentiality Agreement fully executed between the SEC and the Commonwealth  
of Puerto Rico today.*

*Yours truly,*

*Enclosure*

**CONFIDENTIALITY AGREEMENT BETWEEN**  
**THE COMMISSIONER OF FINANCIAL INSTITUTIONS**  
**OF THE COMMONWEALTH OF PUERTO RICO**  
**AND THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**WITH RESPECT TO NON-PUBLIC EXAMINATION INFORMATION**

The Commissioner of Financial Institutions of the Commonwealth of Puerto Rico ("Commonwealth") and the Office of Compliance Inspections and Examinations of the U.S. Securities and Exchange Commission ("SEC") (referred to individually as a "Party" or together as the "Parties") hereby enter into this Confidentiality Agreement ("Agreement"). This Agreement applies to the sharing of: (1) broker-dealer examination deficiency letters; (2) investment adviser examination deficiency letters issued in the most recent past examinations of investment advisers that are within the jurisdiction of the Commonwealth and are no longer eligible for registration with the SEC after (a) July 8, 1997 or (b) upon effectiveness of investment adviser legislation in the state of Wyoming (collectively, (1) and (2) shall be called "Deficiency Letters"); (3) referrals for further investigation or possible enforcement action ("Enforcement Referrals"); and (4) other non-public documents shared in connection with the coordination of broker-dealer examination programs ("Coordination Documents").

For purposes of this Agreement, the term "Deficiency Letters" as used in (1) and (2) above shall mean letters issued to broker-dealers or investment advisers setting forth deficiencies and/or violations of law found during an examination. For purposes of this Agreement, the term "Enforcement Referrals" as used in (3) above, and "Coordination Documents," as used in (4) above, may include examination reports, workpapers, and drafts; inter-agency and intra-agency communications related to examinations; correspondence related to examinations (including deficiency letters); examination schedules; and any other non-public records, materials, or information related to examinations of broker-dealers or investment advisers subject to the regulatory authority of either or both Parties. Collectively, Deficiency Letters, Enforcement Referrals, and Coordination Documents subject to this Agreement shall be called "Documents."

Each Party shall have sole discretion to determine whether to provide the other Party with access to Deficiency Letters, Enforcement Referrals, or Coordination Documents, in light of, among other things, any ongoing examinations, enforcement investigations, or civil or criminal investigations or proceedings. This Agreement does not create any rights of access to non-public Documents.

Each Party agrees that except as set forth in the next paragraph, it will preserve the confidentiality of all such Documents provided by the other Party. The Parties also agree that all such Documents prepared jointly by the two Parties are confidential, and that each will maintain the confidentiality of such Documents, except as set forth in the next paragraph.

As mutual and material terms of this Agreement, the Parties exchange the following representations and agree to the following terms:

The Commonwealth represents that it has legal authority to preserve the confidentiality of the Documents that the SEC provides to it pursuant to this Agreement. The Commonwealth shall promptly notify the SEC of any requests by third parties for access to such Documents. The Commonwealth agrees that it will furnish such Documents to third parties, make public such Documents, or otherwise make public information contained solely in such Documents, only with the prior authorization of the SEC or as required by court order. The Commonwealth shall assert on its own behalf all legal exemptions or privileges

applicable to the Documents. The SEC may also assert on its own behalf all applicable legal exemptions or privileges.

The SEC represents that it has legal authority to preserve the confidentiality of the Documents that the Commonwealth provides to it pursuant to this Agreement. To the extent permitted by federal law, the SEC shall promptly notify the Commonwealth of any requests by third parties for access to such Documents. The SEC agrees that it will furnish such Documents to third parties, make public such Documents, or otherwise make public information contained solely in such Documents only with the prior authorization of the Commonwealth or as required by court order or federal law. The SEC shall assert on its own behalf all legal exemptions or privileges applicable to the Documents. The Commonwealth may also assert on its own behalf all applicable legal exemptions or privileges.

The Parties, upon mutual agreement and consent, may revise or modify this Agreement in writing. The Party recommending the revision or modification shall provide the other Party with 30 days written notice of the proposed change.

Either Party may terminate this Agreement upon 30 days written notice to the other Party. Following termination, all Documents that were provided subject to this Agreement shall remain confidential pursuant to its terms.

This Agreement supersedes any prior applicable agreement between the SEC and the Commonwealth (except for any previously executed confidentiality agreement concerning documents prepared in connection with joint examinations of investment advisers, where applicable).



Lori A. Richards  
Director  
Office of Compliance Inspections and Examinations  
U.S. Securities and Exchange Commission

227 01  
Date

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Date

Title:

The Commissioner of Financial Institutions of the Commonwealth of Puerto Rico

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Lori A. Richards  
Director  
Office of Compliance Inspections and Examinations  
U.S. Securities and Exchange Commission

2 27 01  
Date



Name: Antonio Faria  
Title: Commissioner  
The Commissioner of Financial Institutions of the Commonwealth of Puerto Rico

3/21/2001  
Date



COMISIONADO DE INSTITUCIONES FINANCIERAS

ESTADO LIBRE ASOCIADO DE PUERTO RICO

March 23, 2001

VIA UPS

Nancy L. Hansbrough, Esq.  
Assistant Chief Counsel  
U. S. Securities and Exchange Commission  
450 Fifth Street, NW  
Washington D.C. 20549-0906

Dear Ms. Hansbrough:

Enclosed is your copy of the Confidentiality Agreement duly executed. As requested, a copy has been forwarded to NASAA's General Counsel Office.

Please be advised that we would like to receive a copy of all deficiency letters issued after October 1, 1995 to investment advisers currently under our sole jurisdiction. Please send them to the attention of Mr. Francisco Collazo, Assistant Commissioner.

We highly appreciate your prompt response to our inquiries expediting the execution of the agreement and apologize for the mix up. We look forward to a long lasting, mutually beneficial relationship between the SEC and the Commonwealth.

Very truly yours,

José A. Saadé  
Assistant Commissioner

Enclosure



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
450 FIFTH STREET, N.W.  
WASHINGTON, D.C. 20549

OFFICE OF COMPLIANCE  
INSPECTIONS AND  
EXAMINATIONS

March 16, 2001

VIA FEDERAL EXPRESS

Jose Saade  
Assistant Commissioner  
The Commissioner of Financial Institutions  
Centro Europa Building  
1492 Ponce de Leon Avenue, Suite 600  
San Juan, Puerto Rico 00907-4127

Dear Mr. Saade:

Enclosed is the copy of the Confidentiality Agreement that your agency returned to me. Unfortunately, it has not been signed. Please obtain the appropriate signature on it and return the manually signed copy to me at the following address:

Office of Compliance Inspections and Examinations  
U.S. Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0906

If you have any questions, please call me at (202) 942-7477.

Sincerely,

A handwritten signature in cursive script that reads "Nancy L. Hansbrough".

Nancy L. Hansbrough  
Assistant Chief Counsel

Enclosure