



# California Corporate & Securities Law

## California Broker-Dealer Safe Harbor Rule Approved

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In *People v. Cole*, 156 Cal. App. 4th 452 (2007), a California Court of Appeal appeared to reach the surprising conclusion that corporate officers and directors of issuers are required to be licensed as broker-dealers *unless they receive a commission for the sale of securities!*

As discussed in this [post](#), Commissioner Preston DuFauchard responded to the *Cole* decision by proposing the adoption of a safe harbor rule that largely mirrors the SEC's safe harbor rule (Rule 3a4-1). Yesterday, the California [Office of Administrative Law](#) approved the Commissioner's proposed rule (10 CCR 260.004.1). The rule will officially take effect on June 3, 2011.

Please contact [Keith Paul Bishop](#) at Allen Matkins for more information [kbishop@allenmatkins.com](mailto:kbishop@allenmatkins.com)

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