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FOUNDED 1866

October 4, 2010

By Federal Express

Mr. Fred J. Joseph
Securities Commissioner
Department of Regulatory Agencies, Division
of Securities
1560 Broadway, Suite 900
Denver, Colorado 80202

Re: Request for Exemption Pursuant to Section 11-51-402(1)(b) of the Colorado
Securities Act

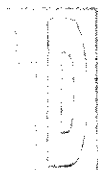
Dear Mr. Joseph:

BNP Paribas Securities Corp. ("BNPSC"), a broker-dealer registered pursuant to Section 15(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 11-51-401 of the Colorado Securities Act (the "Colorado Code"), among other States' securities laws, on behalf of certain foreign affiliates under common control of BNPSC's parent, BNP Paribas SA, ("Foreign Affiliates and, individually, a "Foreign Affiliate"), has asked us to apply for an exemption from registration as a broker-dealer under Section 11-51-402(1)(b) of the Colorado Code in connection with the proposal by the Foreign Affiliates to solicit and/or effect securities transactions with certain institutional investors in the State of Colorado, as more fully described herein.

The Foreign Affiliates propose to solicit and/or effect securities transactions under the chaperoning or supervision of BNPSC in accordance with the exemption from registration set forth in Rule 15a-6(a)(3) under the Exchange Act, as interpreted by the Securities and Exchange Commission (the "SEC"), such as through SEC interpretive releases and "no-action" letters.¹ None of the Foreign Affiliates operates from, or otherwise maintains any place of business in, the State of Colorado or any other State.

¹ See, for example, the SEC's no-action letter dated April 9, 1997 regarding interpretive relief relating to certain securities activities of U.S.-affiliated foreign dealers (SEC No-Act NAFTA WSB File No. 041497015).

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Pursuant to Section 11-51-401 of the Colorado Code, a person who is defined to be a "broker-dealer"² shall not "transact business in [the State of Colorado] as a broker-dealer", unless such person is licensed under the Colorado Code or is exempt from such licensing requirement under Section 11-51-402 of the Colorado Code. Section 11-51-402(1)(a) of the Colorado Code provides an exemption from broker-dealer registration for "[a] broker-dealer who is registered as a broker-dealer under the [Exchange Act] and has no place of business in [the State of Colorado] if the business transacted in [the State of Colorado] as a broker-dealer is exclusively with ... (II) Other broker-dealers licensed or exempt from licensing under this article, except when the broker-dealer is acting as a clearing broker-dealer for such other broker-dealers; [and] (III) Financial or institutional investors...."³

Rule 15a-6(a)(3)⁴ under the Exchange Act allows a foreign broker-dealer⁵ to "induce or attempt to induce the purchase or sale of any security by a "U.S. institutional

² Pursuant to Section 11-51-201(2) of the Colorado Code, the term "broker-dealer" is defined to mean "a person engaged in the business of effecting purchases or sales of securities for the account of others or in the business of purchasing or selling securities for the person's own account."

³ Section 11-51-201(6) of the Colorado Code defines the term "financial or institutional investor" to mean "any of the following, whether acting for itself or others in a fiduciary capacity: (a) A depository institution; (b) An insurance company; (c) A separate account of an insurance company; (d) An investment company registered under the federal "Investment Company Act of 1940"; (e) A business development company as defined in the federal "Investment Company Act of 1940"; (f) Any private business development company as defined in the federal "Investment Advisers Act of 1940"; (g) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the federal "Employee Retirement Income Security Act of 1974", that is a broker-dealer registered under the federal "Securities Exchange Act of 1934", an investment adviser registered or exempt from registration under the federal "Investment Advisers Act of 1940", a depository institution, or an insurance company; (h) An entity, but not an individual, a substantial part of whose business activities consist of investing, purchasing, selling, or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of five million dollars as of the end of its latest fiscal year; (i) A small business investment company licensed by the federal small business administration under the federal "Small Business Investment Act of 1958"; and (j) Any other institutional buyer."

⁴ A copy of the full text of Rule 15a-6 has been attached to this letter for your convenience of reference.

⁵ Pursuant to Rule 15a-6(b)(3) under the Exchange Act, the term "foreign broker or dealer" means "any non-U.S. resident person (including any U.S. person engaged in business as a broker or dealer entirely outside the United States, except as otherwise permitted by this rule) that is not an office or branch of, or a natural person associated with, a registered broker or dealer, whose securities activities, if conducted in the United States, would be described by the definition of "broker" or "dealer" in sections 3(a)(4) or 3(a)(5) of the [Exchange] Act." We have assumed for the purposes of this request that a Foreign Affiliate would qualify as a "foreign broker or dealer" for the purposes of Rule 15a-6.

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investor"⁶ or a "major U.S. institutional investor"⁷ without registering as a broker-dealer under the Exchange Act, provided that the foreign broker-dealer is appropriately "chaperoned" or supervised by an Exchange Act-registered broker-dealer (a "US BD"), such as BNPS.

Pursuant to Rule 15a-6(a)(3)(iii)(A), BNPS, as chaperone, will be responsible for each of the following activities in respect of any securities transaction involving a Foreign Affiliate with an appropriate institutional investor in the U.S.:

- (i) effecting each securities transaction, other than negotiating the terms thereof;
- (ii) issuing all required confirmations (in accordance with Rule 10b-10 under the Exchange Act) and customer statements;
- (iii) extending or arranging for the extension of any credit in accordance with applicable U.S. margin regulations;
- (iv) maintaining required books and records relating to the transactions, including those required by Rules 17a-3 and 17a-4 under the Exchange Act;
- (v) complying with Rule 15c3-1 under the Exchange Act (the SEC's net capital rule) with respect to the securities transactions; and

⁶ Pursuant to Rule 15a-6(b)(7) under the Exchange Act, the term "U.S. institutional investor" means "a person that is: (i) an investment company registered with the [SEC] under section 8 of the Investment Company Act of 1940; or (ii) a bank, savings and loan association, insurance company, business development company, small business investment company, or employee benefit plan defined in Rule 501(a)(1) of Regulation D under the Securities Act of 1933; a private business development company defined in Rule 501(a)(2); an organization described in section 501(c)(3) of the Internal Revenue Code, as defined in Rule 501(a)(3); or a trust defined in Rule 501(a)(7)."

⁷ Pursuant to Rule 15a-6(b)(4) under the Exchange Act, the term "major U.S. institutional investor" means "a person that is: (i) a U.S. institutional investor that has, or has under management, total assets in excess of \$100 million; provided, however, that for purposes of determining the total assets of an investment company under this rule, the investment company may include the assets of any family of investment companies of which it is a part; or (ii) an investment adviser registered with the [SEC] under section 203 of the Investment Advisers Act of 1940 that has total assets under management in excess of \$100 million." Pursuant to a "no-action" letter issued by the SEC in April 1997, the term "major U.S. institutional investor" was expanded to include "any entity, including any investment adviser (whether or not registered under the Investment Advisers Act of 1940), that owns or controls (or, in the case of an investment adviser, has under management) in excess of \$100 million in aggregate financial assets." (SEC No-Action Letter to Cleary, Gottlieb, Steen & Hamilton, publicly available April 25, 1997.)

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(vi) receiving, delivering, and safeguarding funds and securities in connection with such securities transactions in compliance with Rule 15c3-3 under the Exchange Act (the SEC's customer protection rule).

In addition, pursuant to Rule 15a-6(a)(3)(ii)(B), BNPSC is required to determine that none of the foreign associated persons⁸ of a Foreign Affiliate is subject to certain "bad boy" or disqualification events.⁹

Each Foreign Affiliate proposes to limit any communication in the State of Colorado to major U.S. institutional investors, as defined above (and as further construed by the SEC) which, as noted above, are sophisticated investors with substantial investment portfolios and investment experience, and who would qualify as "qualified institutional buyers", as defined in Rule 144A under the Securities Act of 1933.

Although a Foreign Affiliate (i) would not have a place of business in the State of Colorado and (ii) would conduct all securities transactions in the State of Colorado solely with the types of sophisticated, experienced, and substantial institutional investors contemplated by the exemption set forth in Section 11-51-402(1)(a) of the Colorado Code, a Foreign Affiliate who proposes to rely on Rule 15a-6(a)(3) under the Exchange Act would nonetheless be ineligible to rely on the exemption set forth in such Section 11-51-402(a) because the Foreign Affiliate would be exempt from having to register as a broker-dealer under the Exchange Act and, thus, would not be registered thereunder, as required under Section 11-51-402(1)(a).

Section 11-51-402(1)(a) appears to not only date to the enactment of the Colorado Code in its current form in 1990, but also appears to have been retained from the prior Colorado securities statute. Thus, such section appears to have been adopted within a year or prior to

⁸ Pursuant to Rule 15a-6(b)(2) under the Exchange Act, the term "foreign associated person" means "any natural person domiciled outside the United States who is an associated person, as defined in section 3(a)(18) of the [Exchange] Act, of the foreign broker or dealer, and who participates in the solicitation of a U.S. institutional investor or a major U.S. institutional investor under paragraph (a)(3) of [Rule 15a-6]."

⁹ The foreign associated person must be determined to: "(1) not be subject to a statutory disqualification specified in section 3(a)(39) of the [Exchange] Act, or any substantially equivalent foreign (i) expulsion or suspension from membership, (ii) bar or suspension from association, (iii) denial of trading privileges, (iv) order denying, suspending, or revoking registration or barring or suspending association, or (v) finding with respect to causing any such effective foreign suspension, expulsion, or order; (2) not to have been convicted of any foreign offense, enjoined from any foreign act, conduct, or practice, or found to have committed any foreign act substantially equivalent to any of those listed in sections 15(b)(4)(B), (C), (D), or (E) of the [Exchange] Act; and (3) not to have been found to have made or caused to be made any false foreign statement or omission substantially equivalent to any of those listed in section 3(a)(39)(E) of the [Exchange] Act."

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the SEC's adoption of Rule 15a-6 - and at a time when cross-border securities transactions were uncommon (in contrast to the highly integrated international marketplace that characterizes today's securities markets - 20 years after the enactment of the Colorado Code). In July 2008, when the SEC proposed to modernize Rule 15a-6, it noted that:

"The pace of internalization in securities markets around the world has continued to accelerate since we adopted Rule 15a-6 in 1989. Advancements in technology and communication services have provided greater access to global securities markets for all types of investors. U.S. investors are seeking to take advantage of this increased access by seeking more direct contact with those expert in foreign markets and foreign securities."¹⁰

Clearly, the pace of internationalization in the securities markets has vastly accelerated since the enactment of the Colorado Code let alone the adoption of Rule 15a-6 in 1989. Moreover, many institutional investors in the U.S. want, or need, to seek out opportunities in foreign markets as a matter of financial diversification and opportunity cost.

We believe that the requirement in Section 11-51-402(1)(a) that a person claiming the exemption from broker-dealer registration thereunder must be registered as a broker-dealer under the Exchange Act (the "Exchange Act Requirement") is a historical anomaly from 1990 and that the Colorado legislature did not anticipate, and reasonably could not have anticipated, the development of a globalized market marketplace that characterizes today's international securities markets. In this regard, because a Foreign Affiliate would conduct all securities activities in the State of Colorado under the chaperone or supervision of BNPSC, an Exchange Act-registered broker-dealer who is also registered, or qualified, as a broker-dealer under the Colorado Code, and in accordance with the requirements of Rule 15a-6(a)(3), as described above, we believe that the chaperoning requirement of Rule 15a-6(a)(3) serves as an effective substitute or proxy for the Exchange Act Requirement that has worked well for over 20 years since the SEC adopted Rule 15a-6. Accordingly, we respectfully submit that the absence of the Exchange Act Requirement will not undermine or jeopardize the protection of investors (again, sophisticated and substantial investors) in the State of Colorado, but to the contrary, will benefit investors by allowing them access to foreign markets in order to allow them to achieve efficient financial diversification and their investment objectives.

Section 11-51-402(1)(b) of the Colorado Code exempts from broker-dealer registration "[o]ther broker-dealers the securities commissioner by rule or order exempts." For these reasons set forth above, we hereby request that an exemption from Section 11-51-401 be granted for the Foreign Affiliates in connection with their proposed securities activities in the

¹⁰ See SEC Release No. 34-58047 under "Part III - Proposed Amendments to Rule 15a-6."



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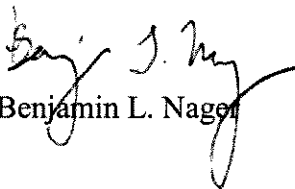
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State of Colorado with major U.S. institutional investors under the chaperone or supervision of BNPSC in accordance with Rule 15a-6(a)(3) under the Exchange Act.

Thank you for your consideration of this matter. If you have any questions regarding the foregoing, please feel free to contact either David M. Katz (e-mail: dkatz@sidley.com) at 212-839-7386 or Benjamin L. Nager (e-mail: bnager@sidley.com) at 212-839-8755.

Very truly yours,


Benjamin L. Nager

Attachment

cc: David M. Katz