File No. 803-00241

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

In the matter of

PNC Capital Advisors, LLC
One East Pratt Street
Baltimore, MD 21202

AMENDMENT NO. 1 TO AND RESTATEMENT OF APPLICATION FOR AN ORDER PURSUANT TO SECTION 206A OF THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, AND RULE 206(4)-5(e), EXEMPTING PNC CAPITAL ADVISORS, LLC, FROM RULE 206(4)-5(a)(1) UNDER THE INVESTMENT ADVISERS ACT OF 1940

Please send all communications to:

Ki P. Hong
Skadden, Arps, Slate,
Meagher & Flom LLP
1440 New York Avenue, NW
Washington, DC 20005

Alicia G. Powell
Managing Chief Counsel
PNC Bank, N. A.
300 5th Ave., 19th Floor
Pittsburgh, PA 15222

Patricia M. Zweibel
Skadden, Arps, Slate,
Meagher & Flom LLP
1440 New York Avenue, NW
Washington, DC 20005

This Application, including Exhibits, consists of 34 pages
Exhibit Index appears on page 25

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

In the matter of PNC CAPITAL ADVISORS, LLC	AMENDMENT NO. 1 TO AND RESTATEMENT OF APPLICATION FOR AN ORDER PURSUANT TO SECTION 206A OF THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, AND RULE 206(4)-5(e), EXEMPTING PNC CAPITAL ADVISORS, LLC FROM RULE 206(4)-5(a)(1) UNDER THE INVESTMENT ADVISERS ACT OF 1940

I. PRELIMINARY STATEMENT AND INTRODUCTION

PNC Capital Advisors, LLC, (the "Applicant" or the "Adviser") hereby amends and restates its application to the Securities and Exchange Commission (the "Commission") for an order, pursuant to Section 206A of the Investment Advisers Act of 1940, as amended (the "Act"), and Rule 206(4)-5(e), exempting the Adviser from the two-year prohibition on compensation imposed by Rule 206(4)-5(a)(1) under the Act for investment advisory services provided to the government entities described below following a contribution to a candidate for President of the United States by a covered associate as described in this Application, subject to the representations set forth herein (the "Application").

Section 206A of the Act authorizes the Commission to "conditionally or unconditionally exempt any person or transaction . . . from any provision or provisions of [the Act] or of any rule or regulation thereunder, if and to the extent that such exemption

is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of [the Act]."

Section 206(4) of the Act prohibits investment advisers from engaging "in any act, practice, or course of business which is fraudulent, deceptive, or manipulative," and directs the Commission to adopt such rules and regulations, define, and prescribe means reasonably designed to prevent, such acts, practices, or courses of business. Under this authority, the Commission adopted Rule 206(4)-5 (the "Rule"), which prohibits a registered investment adviser from providing "investment advisory services for compensation to a government entity within two years after a contribution to an official of the government entity is made by the investment adviser or any covered associate of the investment adviser."

The term "government entity" is defined in Rule 206(4)-5(f)(5)(ii) as including a pool of assets sponsored or established by a State or political subdivision, or any agency, authority, or instrumentality thereof, including a defined benefit plan. The definition of an "official" of such government entity in Rule 206(4)-5(f)(6)(ii) includes the holder of or candidate for an elective office with authority to appoint a person directly or indirectly able to influence the outcome of the government entity's hiring of an investment adviser. The "covered associates" of an investment adviser are defined in Rule 206(4)-5(f)(2)(i) as including its managing member, executive officer or other individuals with similar status or function. Rule 206(4)-5(c) specifies that, when a government entity invests in a covered investment pool, the investment adviser to that covered investment pool will be treated as providing advisory services directly to the government entity. "Covered investment pool" is defined in Rule 206(4)-5(f)(3)(ii) as including any company that

would be an investment company under Section 3(a) of the Investment Company Act of 1940, as amended (the "1940 Act"), but for the exclusion provided from that definition by either Section 3(c)(1), Section 3(c) (7), or Section 3(c)(11) of the 1940 Act.

Rule 206(4)-5(b) provides exceptions from the two-year prohibition under Rule 206(4)-5(a)(1) with respect to contributions that do not exceed a *de minimis* threshold, were made by a person more than six months before becoming a covered associate, or were discovered by the adviser and returned by the official within a specified period and subject to certain other conditions. Should no exception be available, Rule 206(4)-5(e) permits an investment adviser to apply for, and the Commission to conditionally or unconditionally grant, an exemption from the Rule 206(4)-5(a)(1) prohibition on compensation.

In determining whether to grant an exemption, the Rule contemplates that the Commission will consider, among other things, (i) whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act; (ii) whether the investment adviser, (A) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the Rule; (B) prior to or at the time of the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (C) after learning of the contribution, (1) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution, and (2) has taken such other remedial or preventative measures as may be appropriate under the circumstances; (iii) whether, at the time of the contribution,

the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment; (iv) the timing and amount of the contribution which resulted in the prohibition; (v) the nature of the election (*e.g.*, Federal, State or local); and (vi) the contributor's apparent intent or motive in making the contribution that resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

Based on those considerations and the facts described in this Application, the Adviser respectfully submits that the relief requested herein is appropriate in the public interest and is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Accordingly, the Adviser requests an order exempting it to the extent described herein from the prohibition under Rule 206(4)-5(a)(1) to permit it to receive compensation for investment advisory services provided to the Clients (as defined below) within the two-year period following the contribution identified herein to an official of such government entities by a covered associate of the Adviser.

II. STATEMENT OF FACTS

This Application stems from a $1,000 contribution to Ohio Governor John Kasich's Presidential campaign reported as received by the campaign on April 22, 2016.

A. The Adviser

The Adviser is a financial services firm registered with the Commission as an investment adviser pursuant to the Act. The Adviser provides discretionary investment advisory services to a wide variety of investors with aggregate assets under management of approximately $48.7 billion as of December 31, 2016. The Adviser is a wholly-owned

subsidiary of PNC Bank, National Association (the "Bank"), and the Bank is a wholly-owned subsidiary of PNC Financial Services Group, Inc. ("PNC").

B. The Government Entities

Certain Ohio government entities have established separately managed accounts to which the Adviser provides investment advisory services. For purposes of this Application, these Ohio government entities are referred to individually as a "Client" and collectively as the "Clients." Each Client is a "government entity" within the meaning of Rule 206(4)-5(f)(5).

C. The Contributor

The individual who made the campaign contribution that triggered the two-year compensation ban (the "Contribution") is Grant Duffield (the "Contributor"). The Contributor is a dual-hatted employee of the Bank and the Adviser. The Contributor has worked within PNC for 16 years. In his role as a business development officer of both the Adviser and the Bank, he solicited and continues to solicit business for the Adviser and the Bank from private corporations and non-profit entities in Pennsylvania, West Virginia, California and Texas. The Contributor has never solicited business in Ohio, whether for the Adviser or the Bank. Although the Contributor had not solicited government entities or served in any other covered associate position, the Adviser listed him as a covered associate in its records maintained under SEC Rule 204-2, and subjected him to its policies for a covered associate such as its political contribution pre-clearance procedures and political contribution quarterly certifications.

In June 2016 the Bank began to contemplate promoting the Contributor to Market Director. As Market Director he would have oversight over all sales operations in parts

of Pennsylvania, including oversight of personnel soliciting government entities in Pennsylvania for investment advisory services business. In anticipation of this promotion, in December 2016 the Contributor solicited a government entity for investment advisory services business for the first time (a local government entity in Pennsylvania). However, after the PNC Corporate Ethics Department's discovery of the Contribution (as described in greater detail below), a hold was placed on the Contributor's promotion. The hold remains in effect.

The Contributor first became a covered associate pursuant to Rule 206(4)-5(f)(2) when he solicited a governmental entity in December 2016, although he had been treated as a covered associate by the Adviser for some time. Thus, the Contributor was at the time of the Contribution a "covered associate" within the meaning of Rule 206(4)-5(f)(2), and the Contribution triggers the Rule's ban under the two-year lookback provision in Rule 206(4)-5(b)(2). Please note that at no time has the Contributor been involved in soliciting the Clients, and, in fact, he has never communicated with the Clients. Moreover, the Contributor has never solicited any other state or local Ohio government entity.

Other than the Contribution, the Contributor has made no contribution to an individual candidate since 2007, which was a contribution to a United States Congressman running for President. The Contributor's only other political contributions have been to PNC's federal political action committee that only makes contributions to federal incumbents running for re-election or private citizens running for federal office.

D. The Official

The recipient of the Contribution was John Kasich (the "Official"), the Governor of Ohio, in his campaign for President of the United States. The Clients are overseen by boards of trustees or directors (the "Boards"), to which the Governor appoints certain members and which have influence over selecting an investment adviser. The Governor is not authorized to serve directly on any Board, or to be involved in the Clients' investment decisions. However, due to the power of appointment, the Governor is, and at the time of the Contribution was, an "official" of each Client within the meaning of Rule 206(4)-5(f)(6).

E. The Contribution

The Contributor is a long-time Republican and had been concerned by the unusually acrimonious nature of the 2016 Republican presidential primary election. The Contributor's personal friend of many years and with whom he shares similar political beliefs invited the Contributor to a fundraiser for Governor Kasich's presidential campaign held in Pittsburgh in April 2016. The Contributor and his friend live in the same town and regularly play golf together but do not conduct any business together.

Governor Kasich spoke at the fundraiser, and his campaign staff passed out contribution cards. The Contributor noticed that the cards suggested a donation of $1,000 to attend the event. The policy positions expressed by Governor Kasich during his speech impressed the Contributor, and he made a spontaneous decision to make the Contribution of $1,000 to Governor Kasich's campaign at the event. The Contribution was reported by the campaign as received on April 22, 2016, according to a report filed with, and made available online by, the Federal Election Commission (the "FEC").

The Contributor has never met Governor Kasich, other than being an attendee at the event. He did not speak with Governor Kasich at the event. Moreover, the Contributor has had no interactions with the Governor, his staff, or any other Ohio official regarding the Contribution or any other matter.

Despite the Adviser's and PNC's robust policies and procedures, as described in greater detail below, the Contributor made the Contribution without pre-clearance from PNC's Corporate Ethics Department, or disclosing the Contribution in his quarterly certification. Given that the Contributor so rarely makes political contributions, he did not think to pre-clear or disclose the Contribution as clearly required by PNC's policies, procedures and annual training. Moreover, the Contributor was focused on the Official in his capacity as a candidate for President of the United States, and did not appreciate that both the Rule and the Adviser's policy required him to pre-clear and disclose such contributions because the Official was a sitting governor. At no time did any employee of PNC or the Adviser or the Bank (other than the Contributor) have any knowledge that the Contribution had been made prior to its discovery on February 17, 2017, as described below. Moreover, the Contribution was not motivated by a desire to influence the award of investment advisory business.

F. The Adviser's Discovery of the Error and Response

The Contribution was discovered by PNC's Corporate Ethics Department on February 17, 2017, through the controls built into its compliance procedures. Specifically, as part of PNC's required background check for his promotion to Market Director, the Contributor disclosed the Contribution in the political contribution lookback form in which any individual who is about to take a covered associate position must

disclose any contribution he or she made during the prior two years. Indeed, besides being required of new employees, PNC, out of an abundance of caution, also requires the form to be submitted by current employees who are treated as covered associates and being transferred or promoted to a different covered associate position. The form expressly states that all "federal, state or local" contributions must be disclosed, which prompted the Contributor to disclose the Contribution. In contrast, the quarterly certifications simply require disclosure of "all political contributions" without listing the levels of government specifically, which may have been the reason he did not disclose the Contribution on those certifications, even though PNC policy required otherwise.

Upon discovery of the Contribution, PNC immediately notified the Contributor that the Contribution was against PNC policy and a violation of the Rule, and a refund was requested from the campaign on March 8, 2017. The Contributor received the refund on May 3, 2017. All compensation earned that is attributable to the Clients' investments since the Contribution Date has been placed in escrow, and all future compensation subject to the two-year ban under the Rule will continue to be placed in escrow as it accrues pending the outcome of this Application. Absent exemptive relief from the Commission, that compensation will be refunded consistent with applicable laws and the Rule.

G. The Clients' Investments with the Adviser

The initial selection process pursuant to which the various Clients decided to establish a separate account with the Adviser, or enter into a separate account that is sub-advised by the Adviser, was completed between 1996 and 2010. Only one Client opened new accounts with the Adviser after the date of the Contribution. In particular, the

Client opened two accounts pursuant to the Client's pre-existing relationship with the Adviser where the client would, as it has done in prior years, open an account when it issues debt in order to manage the proceeds of such issuance. As a result, the accounts were opened in the ordinary course of the client issuing debt and managing proceeds as opposed to a Contribution.

Also, while some Clients have added funds to their accounts post-Contribution, Clients on the whole have withdrawn more funds than they have added, resulting in a net decrease of assets under management across all of the Clients combined.

As discussed above, the Contributor has never solicited any business for the Adviser, or for the Bank, from Ohio government entities. Furthermore, he has never made presentations for, or even met with, any representatives of any Client or with any other Ohio government entities, or supervised any person who met with any Client or other Ohio government entity. Moreover, if promoted to Market Director he will neither meet with any Ohio government entities personally, nor supervise any person who solicits investment advisory services business from Ohio government entities.

H. The Adviser's Pay-to-Play Policies and Procedures

PNC's robust pay-to-play policies and procedures (the "Policy") apply to PNC's subsidiaries including the Adviser, and were adopted and implemented on March 14, 2011, well before the Contribution was made. The Policy requires that all contributions to any person (including any election committee for such person) who was, at the time of the contribution, an incumbent, candidate or successful candidate for elective office of a government entity, including a state or local official running for federal office, must be pre-cleared. There is no *de minimis* exemption from this pre-clearance requirement. The

Policy is not limited to the Adviser's managing members, executive officers and other "covered associates," but also includes those who could in the future become covered associates. Once a pre-clearance request is received, a member of PNC's Corporate Ethics Department reviews it to determine whether the requested contribution is permissible under federal, state, and local law. In addition, the Adviser's employees must complete PNC's annual ethics training, which includes a segment on ethics requirements for personal political contributions.

Employees who are subject to the Policy are sent multiple compliance alerts reminding them of the Policy and the need to pre-clear political contributions. Employees subject to the Policy must submit a quarterly certification confirming they have disclosed all political contributions made in the prior quarter. The Contributor submitted a certification for the quarter covering April 2016 confirming that he had done so, but in fact he had not pre-cleared or disclosed the Contribution. PNC has amended the quarterly certification for covered associates to specifically explain that the requirement to report "all" contributions includes contributions to federal candidates who are state or local officials at the time of the contribution. This amended quarterly certification has been rolled out to covered associates for the quarter ending September 30, 2017.

III. STANDARD FOR GRANTING AN EXEMPTION

In determining whether to grant an exemption, Rule 206(4)-5(e) provides that the Commission will consider, among other factors:

(1) Whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act;

(2) Whether the investment adviser:

(i) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the Rule;

(ii) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and

(iii) after learning of the contribution,

(a) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain return of the contribution; and

(b) has taken such other remedial or preventive measures as may be appropriate under the circumstances;

(3) Whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment;

(4) The timing and amount of the contribution which resulted in the prohibition;

(5) The nature of the election (*e.g.*, Federal, State or local); and

(6) The contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

As explained below, each of these factors weighs in favor of granting the relief requested in this Application.

IV. STATEMENT IN SUPPORT OF EXEMPTIVE RELIEF

The Adviser submits that an exemption from the two-year prohibition on compensation is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. The Clients determined to invest with the Adviser and established an advisory relationship on an arm's length basis free from any improper influence as a result of the Contribution. In support of that conclusion, the Adviser notes that all of the relationships with the Clients significantly predate the Contribution; one dates to 1996.

The Adviser notes that the Contribution was made because of the Contributor's personal political beliefs and his concerns over the rhetoric of the unusual 2016 Republican presidential primary, not because of any desire to influence the award of investment advisory business. This conclusion is supported by the Contributor's history as a long-time Republican. Moreover, the Contributor was not involved in any solicitation of investment advisory business covered under the Rule from any government entities until seven months after the Contribution, December 2016, when he solicited a *Pennsylvania* local government entity. He was never involved in soliciting the investments from the Clients. Furthermore, the Contribution was discovered due to the Policy, which requires current employees moving from one covered associate position to another to submit the political contribution lookback form required of new covered associates. After discovery of the Contribution, a refund was promptly sought and the campaign agreed to make the refund, which was finally received by the Contributor on May 3, 2017.

Given the nature of the Contribution and the lack of any evidence that the Adviser or the Contributor intended to, or actually did, interfere with the Clients' merit-based process for the selection or retention of advisory services, the Clients' interests are best served by allowing the Adviser and its Clients to continue their relationships uninterrupted. Causing the Adviser to serve without compensation for a two-year period would result in a financial loss of approximately $700,000, or 700 times the amount of the Contribution. The policy underlying the Rule is served by ensuring that no improper influence is exercised over investment decisions by governmental entities as a result of campaign contributions--*not* by withholding compensation as a result of unintentional violations.

The other factors suggested for the Commission's consideration in Rule 206(4)-5(e) similarly weigh in favor of granting an exemption to avoid consequences disproportionate to the violation, as follows:

A. Policies and Procedures before the Contribution

The Adviser adopted and implemented the Policy, which is fully compliant with, and more rigorous than the Rule's requirements, on March 14, 2011, well before the Contribution Date. At all times, the Policy has conformed to the requirements of the Rule and has been even broader than what was contemplated by the Rule.

B. Actual Knowledge of the Contribution

The Contributor acted as an individual when contributing to the Official's presidential campaign. Aside from the Contributor himself, no executives, employees or covered associates of the Adviser knew of the Contribution until it was self-reported by the Contributor on February 17, 2017, as a result of the multiple controls PNC uses in

connection with promotions and transfers. The Contributor did not discuss the Contribution with these parties prior to making it.

C. Adviser's Response After the Contribution

After learning of the Contribution and investigating it, the Adviser, through its outside counsel, immediately requested a full refund of the Contribution, which was subsequently received. The Adviser then established escrow accounts and moved all monies impacted by the two-year compensation ban into those escrow accounts. Fees impacted by the ban will be deposited into the accounts as they accrue.

In response to the Contribution, the Adviser has reviewed and assessed the continued effectiveness of its Policy. The Adviser determined that while the Policy was strong and robust, the employees' understanding of the Policy could be further enhanced through additional education, training, and clarification to the wording of the covered associates' quarterly certification form.

First, on May 11, 2017 the Adviser issued a "Compliance Flash" email reminding its covered associates of the Policy's restrictions on their political activities. This Compliance Flash expressly addressed the scenario of state and local officials running for federal office.

Next, the Adviser enhanced the political contributions / pay-to-play module within its annual training program. This module, which was rolled out on June 12, 2017, emphasizes that political contributions to a candidate for state or local office, or to a candidate for federal office who currently holds state or local office, are covered. The quiz at the end of the module was also enhanced to include a question specifically addressing the topic of state or local office holders running for federal office.

Finally, as described above, PNC has amended the covered associates' quarterly certification form to specifically explain that the requirement to report "all" contributions includes contributions to federal candidates who are state or local officials at the time of the contribution. This amended quarterly certification has been rolled out to covered associates for the quarter ending September 30, 2017.

D. Status of the Contributor

The Contributor is a covered associate of the Adviser. However, he did not solicit a government entity until December 2016 (in Pennsylvania, not Ohio). His geographic area for soliciting clients or supervising others does not include Ohio, and he has never solicited or otherwise communicated with the Clients.

E. Timing and Amount of the Contribution

As noted above, the Clients' initial investments with the Adviser substantially predate the Contribution, they were made on an arm's length basis, and neither the Contributor nor the Adviser took any action to have the Official influence those investments, directly or indirectly. The Contributor did not solicit or supervise anyone who solicited the Clients with respect to these investments. Furthermore, any new investments were made in the ordinary course of business and had nothing to do with the Contribution. In the context of a presidential campaign in which the Official raised well over $19 million, the amount of the Contribution was relatively insignificant.

F. Nature of the Election and Other Facts and Circumstances

The Contributor's intent in making the Contribution was not to influence the selection or retention of the Adviser. As noted above, the Contributor is a long-time Republican who was spontaneously motivated, in a federal election, to make the

Contribution solely because of his personal political beliefs and his concerns over the rhetoric of the 2016 Republican presidential primary.

Given the difficulty of proving a *quid pro quo* arrangement, the Adviser understands the Commission's adoption of a rule with a default of strict liability. However, the Adviser appreciates the availability of exemptive relief at the Commission's discretion where imposition of the two-year prohibition on compensation does not achieve the Rule's purposes or would result in consequences disproportionate to the mistake that was made. The Adviser respectfully submits that such is the case with the Contribution. Neither the Adviser nor the Contributor sought to interfere with the Clients' merit-based selection process for advisory services, nor did they seek to negotiate higher fees or greater ancillary benefits than would be achieved in arm's length transactions. There was no violation of the Adviser's fiduciary duty to deal fairly or disclose material conflicts given the absence of any intent or action by the Adviser or Contributor to influence the selection process. The Adviser has no reason to believe the Contribution undermined the integrity of the market for advisory services or resulted in a violation of the public trust in the process for awarding contracts.

G. Precedent

The Adviser notes that the Commission has granted exemptions similar to that requested herein with respect to relief from Section 206A of the Act and Rule 206(4)-5(e) in: Davidson Kempner Capital Management LLC, Investment Advisers Act Release Nos. IA-3693 (October 17, 2013) (notice) and IA-3715 (November 13, 2013) (order) (the "Davidson Kempner Application"); Ares Real Estate Management Holdings, LLC, Investment Advisers Act Release Nos. IA-3957 (October 22, 2014) (notice) and IA-3969

(November 18, 2014) (order); Crestview Advisors, LLC, Investment Advisers Act Release Nos. IA-3987 (December 19, 2014) (notice) and IA-3997 (January 14, 2015) (order);T. Rowe Price Associates, Inc., and T. Rowe Price International Ltd., Investment Advisers Release Nos. IA-4046 (March 12, 2015) (notice) and IA-4508 (April 8, 2015) (order); Crescent Capital Group, LP, Investment Advisers Release Nos. IA-4140 (July 14, 2015) (notice) and IA-4172 (August 14, 2015) (order); Starwood Capital Group Management, LLC, Investment Advisers Act Release Nos. IA-4182 (August 26, 2015) (notice) and IA-4203 (September 22, 2015) (order); Fidelity Management & Research Company and FMR Co., Inc., Investment Advisers Release Nos. IA-4220 (October 8, 2015) (notice) and IA-4254 (November 3, 2015) (order); Brookfield Asset Management Private Institutional Capital Adviser US, LLC et. al., Investment Advisers Act Release Nos. IA-4337 (February 22, 2016) (notice) and IA-4355 (March 21, 2016) (order); Angelo, Gordon & Co., LP, Investment Advisers Release Nos. IA-4418 (June 10, 2016) (notice) and IA-4444 (July 6, 2016) (order); and Brown Advisory LLC, Investment Advisers Act Release Nos. IA-4605 (January 10, 2017) (notice) and IA-4642 (February 7, 2017) (order) (collectively the "Granted Applications"). The facts and representations made in this Application and the Granted Applications are substantially similar. Moreover, there are some key differences between this Application and some of the Granted Applications that further weigh in favor of granting the exemption requested herein. Specifically:

Nature of the Official. In the Crestview Advisors Application, the recipient of the contribution was, at the time of the contribution, the Texas Governor. The members of the board of the Crestview Advisors client were appointed by the Texas Governor.

Similarly, on the Contribution Date, the Official was the Governor of Ohio, and was responsible for appointing at least one member to the Board of each Client. Moreover, as in the Crestview Advisors Application, the Official was running for federal office at the time of the Contribution.

Interactions with the Official. The contributors in the Angelo, Gordon and Brown Advisory Applications had brief contacts with the recipients of the contributions at fundraising events where the contributors made the contributions. In the Crestview Advisors Application, the contributor was a longstanding donor to the official, and had a brief discussion with him at a fundraiser. The Contributor in this Application has never met or spoken or otherwise communicated with the Official. Indeed, the only time the Contributor recalls even seeing the Official in person was at the fundraiser where the Contributor made the Contribution.

Interactions with the Clients. The contributor in the Crestview Advisors Application made substantive presentations to the clients' representatives both before and after the contribution. In contrast, and similar to the contributors in the Angelo, Gordon and Brown Advisory Applications, the Contributor has never had any contact with any representative of the Clients or a member of a Client's Board regarding any business matters.

Knowledge of the Contribution. In the Davidson Kempner Application, the contributor informed the applicant's executive managing member of his interest in and intention to meet with the Ohio State Treasurer. In contrast, and similar to the contributors in the Crestview Advisors, Angelo, Gordon, Brookfield and Brown Advisory Applications, aside from the Contributor himself, no executives, employees or covered

associates of the Adviser knew of the Contribution until it was self-reported by the Contributor on February 17, 2017, as a result of the redundant controls PNC used in connection with his proposed promotion.

Client Investments after the Contribution. In the Crestview Advisors and Brookfield Applications, covered government entities invested in the applicants' funds subsequent to the contributions that triggered the two-year compensation bans. In contrast, all of the Clients have long-standing advisory relationships with the Adviser that greatly predate the Contribution. The only new accounts opened by a Client after the Contribution were opened in the ordinary course of the Adviser's relationship with that Client, which dates to 2006. Furthermore, the Contributor did not solicit the Clients for those investments and will have no contact with the Clients for two years following the Contribution Date. The Contributor also did not supervise anyone who solicited the Clients for the investments.

The Adviser believes that the same policies and considerations that led the Commission to grant relief in the other Granted Applications are present here. In all instances, the imposition of the Rule would result in consequences vastly disproportionate to the mistake that was made. Moreover, the differences between this Application and the Crestview Advisors, Brookfield and Davidson Kempner Applications weigh even further in favor of granting the relief requested herein.

V. REQUEST FOR ORDER

The Adviser seeks an order pursuant to Section 206A of the Act and Rule 206(4)-5(e) thereunder, exempting it, to the extent described herein, from the two-year prohibition on compensation required by Rule 206(4)-5(a)(1) under the Act, to permit the

Adviser to receive compensation for investment advisory services provided to the Clients within the two-year period following the Contribution identified herein to an official of such government entities by a covered associate of the Adviser.

Conditions. The Adviser agrees that any order of the Commission granting the requested relief will be subject to the following conditions:

(1) The Contributor will be prohibited from soliciting investments from any "government entity" client or prospective client for which the Official is an "official" as defined in Rule 206(4)-5(f) until April 22, 2018.

(2) The Contributor will receive written notification of this condition and will provide a quarterly certification of compliance until April 22, 2018. Copies of the certifications will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Adviser, and be available for inspection by the staff of the Commission.

(3) The Adviser will conduct testing reasonably designed to prevent violations of the conditions of this Order and maintain records regarding such testing, which will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Adviser, and be available for inspection by the staff of the Commission.

VI. CONCLUSION

For the foregoing reasons, the Adviser submits that the proposed exemptive relief, conducted subject to the representations set forth above, would be fair and reasonable, would not involve overreaching, and would be consistent with the general purposes of the Act.

VII. PROCEDURAL MATTERS

Pursuant to Rule 0-4 of the rules and regulations under the Act, a form of proposed notice for the order of exemption requested by this Application is set forth as Exhibit C to this Application. In addition, a form of proposed order of exemption requested by this application is set forth as Exhibit D to this Application.

On the basis of the foregoing, the Adviser submits that all the requirements contained in Rule 0-4 under the Act relating to the signing and filing of this Application have been complied with and that the Adviser, who has signed and filed this Application, is fully authorized to do so.

The Adviser requests that the Commission issue an order without a hearing pursuant to Rule 0-5 under the Act.

Dated: October 6, 2017

Respectfully submitted,

PNC Capital Advisors, LLC

By: 

Mark McGlone
President

Exhibit Index

Exhibit A

Authorization

All requirements of the Operating Agreement of PNC Capital Advisors, LLC, have been complied with in connection with the execution and filing of this Application. PNC Capital Advisors, LLC, represents that the undersigned individual is authorized to file this Application pursuant to PNC Capital Advisors, LLC's Operating Agreement.

PNC Capital Advisors, LLC

BY: _____

By: Mark McGlone
President
Dated: October 6, 2017

Exhibit B

Verification:

State of Maryland County of Baltimore City, SS:

The undersigned being duly sworn deposes and says that he has duly executed the attached Application dated October 6, 2017, for and on behalf of PNC Capital Advisors, LLC; that he is the President of such company; and that all action by members, directors, and other bodies necessary to authorize deponent to execute and file such Application has been taken. Deponent further says that he is familiar with such instrument, and the contents thereof, and that the facts set forth therein are true to the best of his knowledge, information and belief.

Mark McGlone
President, PNC Capital Advisors, LLC

Subscribed and sworn to before me, a Notary Public, this 6 day of October 2017.

[OFFICIAL SEAL]

My commission expires_____

THEODORA L. WASHINGTON
Notary Public
Baltimore City
Maryland
My Commission Expires Mar. 17, 2021

Exhibit C

Proposed Notice for the Order of Exemption

Agency: Securities and Exchange Commission (the "**SEC**" or "**Commission**").

Action: Notice of Application for Exemption under the Investment Advisers Act of 1940 (the "**Advisers Act**").

Applicant: PNC Capital Advisors, LLC (the "**Adviser**" or "**Applicant**").

Relevant Act Sections: Exemption requested under Section 206A of the Act, and Rule 206(4)-5(e) thereunder, from the provisions of Section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder.

Summary of Application: Applicant requests that the Commission issue an order under Section 206A of the Advisers Act and Rule 206(4)-5(e) exempting it from Rule 206(4)-5(a)(1) under the Advisers Act to permit Applicant to receive compensation for investment advisory services provided to government entities within the two-year period following a contribution by a covered associate of Applicant to an official of such government entities.

Filing Dates: The application was filed on April 28, 2017, and amended and restated on October 10, 2017.

Hearing or Notification of Hearing: An Order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving Applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on [ ], and should be accompanied by proof of service on Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to Rule 0-5 under the Advisers Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Commission's Secretary.

Addresses: Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549-1090. Applicant, PNC Capital Advisors, LLC, Alicia G. Powell, Managing Chief Counsel, PNC Bank, N.A., 300 5th Ave., 19th Floor, Pittsburgh, PA 15222.

For Further Information Contact: [CONTACT], or Holly Hunter-Ceci, Branch Chief, at (202) 551-6825 (Division of Investment Management, Chief Counsel's Office).

Supplementary Information: The following is a summary of the application. The complete application may be obtained via the Commission's website either at http://www.sec.gov/rules/iareleases.shtml or by searching for the file number, or for an applicant using the Company name box, at http://www.sec.gov/search/search.htm, or by calling (202) 551-8090.

The Applicant's Representations

1. PNC Capital Advisors, LLC, is registered with the Commission as an investment adviser under the Act. It provides discretionary investment advisory services to a wide variety of investors.

2. Several of the Adviser's clients are Ohio government entities (the "Clients"). The Governor of Ohio has statutory authority to appoint to the boards of the Clients. Due to this appointment authority, the Governor of Ohio is an "official" of the Clients as defined in Rule 206(4)-5 under the Advisers Act (the "**Rule**").

3. On April 19, 2016, Grant Duffield, a business development officer and dual-hatted employee of PNC Bank, National Association (the "**Bank**") and the Applicant (the "**Contributor**"), contributed $1,000 to the federal campaign of Governor John Kasich (the "**Official**"), who was a candidate in the Republican presidential primary (the "**Contribution**"). The Applicant represents that the Contributor did not solicit any persons to make contributions to the Official's campaign or coordinate any such contributions, and made no other contributions to the Official. PNC Financial Services Group, Inc. ("**PNC**") is the parent of both the Bank and the Applicant.

4. The Applicant represents that the Contributor is a long-time Republican, and had been concerned by the unusually acrimonious nature of the 2016 Republican presidential primary. The Contributor's personal friend of many years, and with whom he shares similar political beliefs, invited the Contributor to a fundraiser held in Pittsburgh on April 19, 2016 for the Official's presidential campaign committee. The Official spoke at the fundraiser, and due to his favorable impression of the speech, the Contributor made a spontaneous decision to contribute $1,000 (the "**Contribution**") to the Official's presidential campaign at the event. The Applicant represents that other than at the event, the Contributor has not met the Official, and in fact, has never spoken with the Official.

5. The Clients' investment advisory business with the Adviser significantly predates the Contribution. The Applicant represents that it has been doing business with Ohio government entities since 1996. The Applicant represents that the Contributor has never been involved with the Applicant's investment advisory business in Ohio, and that until December 2016 he had not solicited or otherwise communicated with any government entity on behalf of the Adviser, nor did anyone whom he supervises. Furthermore, the Contributor neither solicits investment advisory services business in Ohio, nor supervises any person who solicits investment advisory services business in Ohio.

6. The geographic locations where the Contributor solicits business are Pennsylvania, West Virginia, California and Texas. The Contributor has never solicited business in Ohio, whether for the Applicant or the Bank. Although in this role the Contributor had not solicited government entities or served in any other covered associate position, the Adviser listed him as a covered associate in its records maintained under SEC Rule 204-2, and subjected him to its policies for a covered associate such as its political contribution pre-clearance procedures and political contribution quarterly certifications. The Applicant represents that although the

Contributor was treated as a covered associate for all practical purposes, he did not become a covered associate until he first solicited a governmental entity in December 2016.

7. In February 2017, the Bank was in the process of promoting the Contributor to Market Director. Pursuant to policy, as part of the promotion process, the Contributor was asked to provide a list of all federal, state and local political contributions made in the two-year lookback review period. The Contributor listed the contribution to Governor Kasich's presidential committee. The Applicant represents that a refund was requested from the campaign on March 8, 2017 and that the refund was received by the Contributor on May 3, 2017. The Applicant represents that at no time did any employees of the Applicant other than the Contributor have any knowledge of the Contribution prior to the Contributor's disclosing the Contribution on the two-year lookback report in February 2017.

8. The Applicant represents that upon discovery of the Contribution, it established escrow accounts into which it has been depositing an amount equal to the compensation received with respect to the Clients' investments since the day of the Contribution. The Applicant further represents that all fees earned with respect of the Clients' investments since the day of the Contribution have been placed in escrow and will continue to be placed in escrow pending the outcome of this Application.

9. The Applicant represents that the Adviser's Policy was initially adopted and implemented on March 14, 2011. The Applicant represents that the Policy is more restrictive than what was contemplated by the Rule. The Applicant represents that the Contributor simply failed to appreciate that federal contributions were covered by the Rule and by the Adviser's Policy, and thus failed to seek pre-clearance for the Contribution. It was only on February 17, 2017, when he filled out the two-year lookback form which asked for disclosure of all federal, state or local contributions, that the Contributor disclosed the Contribution.

The Applicant's Legal Analysis

1. Rule 206(4)-5(a)(1) under the Act prohibits a registered investment adviser from providing investment advisory services for compensation to a government entity within two years after a contribution to an official of the government entity is made by the investment adviser or any covered associate of the investment adviser. The "[R]ule's intended purpose" is to combat *quid pro quo* arrangements involving investment advisers making contributions in order to influence a government official's decision regarding advisory business with the advisor.

2. Rule 206(4)-5(b) provides exceptions from the two-year prohibition under Rule 206(4)-5(a)(1) with respect to contributions that do not exceed a *de minimis* threshold, were made by a person more than six months before becoming a covered associate, or were discovered by the adviser and returned by the official within a specified period and subject to certain other conditions.

3. Section 206A and Rule 206(4)-5(e) permit the Commission to exempt an investment adviser from the prohibition under Rule 206(4)-5(a)(1) upon consideration of, among other factors:

(i) Whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act;

(ii) Whether the investment adviser: (A) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the rule; and (B) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (C) after learning of the contribution: (1) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and (2) has taken such other remedial or preventive measures as may be appropriate under the circumstances;

(iii) Whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment;

(iv) The timing and amount of the contribution which resulted in the prohibition;

(v) The nature of the election (*e.g.*, federal, state or local); and

(vi) The contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

4. The Applicant requests an order pursuant to Section 206A and Rule 206(4)-5(e), exempting it from the two-year prohibition on compensation imposed by Rule 206(4)-5(a)(1) with respect to investment advisory services provided to the Clients following the Contribution. The Applicant asserts that the exemption sought is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act.

5. The Applicant maintains that the investment decisions of each Client are overseen by a board of trustees or directors (the "**Board**" or the "**Boards**"), to which the Governor appoints certain members. The Governor is not authorized to serve directly on any Board, or to be involved in the Clients' investment decisions, and thus did not have authority with respect to the Clients' decisions to invest with the Adviser. Furthermore, the Contributor's lack of experience in making political contributions and his failure to appreciate that contributions to federal candidates who are state or local officials at the time are covered under the Rule and the Policy indicate that the Contribution was not part of any *quid pro quo* arrangement, but rather an inadvertent failure on the Contributor's part to follow the Adviser's Policy.

6. The Applicant states that the Clients determined to invest with Applicant and established an advisory relationship on an arm's length basis, free from any improper influence as a result of the Contribution. In support of this argument, Applicant notes that majority of the Clients' relationships with the Applicant pre-date the Contribution. Similarly, the Contributor

did not solicit the Clients with respect to investments, nor did anyone whom he supervises. The Applicant respectfully submits that the interests of the Clients are best served by allowing the Applicant and the Clients to continue their relationships uninterrupted.

7. The Applicant submits that the Contributor's decision to make the Contribution to the Official was based on the personal political beliefs of the Contributor, and not any desire to influence the Clients' merit-based selection process for advisory services.

8. Although the Applicant's Policy required the Contributor to obtain prior approval for the Contribution, which he failed to do, redundancies in the Adviser's policies and procedures triggered his disclosure of the Contribution on his lookback form submitted as part of the background check for his promotion. Once discovered in February 2017, the refund was promptly requested from the campaign, and the campaign assured the Applicant it would make the refund.

9. Applicant further submits that the other factors set forth in Rule 206(4)-5(e) similarly weigh in favor of granting an exemption to the Applicant to avoid consequences disproportionate to the violation. The Applicant proposes the evidence is clear that the Contributor inadvertently failed to seek prior approval of the Contribution, as required by the Policy, and there was no attempt to influence the investment adviser selection process.

10. Accordingly, the Applicant respectfully submits that the interests of investors and the purposes of the Act are best served in this instance by allowing the Adviser and its Clients to continue their relationships uninterrupted in the absence of any intent or action by the Contributor to interfere with the Clients' merit-based process for the selection and retention of advisory services. The Applicant submits that an exemption from the two-year prohibition on compensation is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

The Applicant's Conditions:

The Applicant agrees that any order of the Commission granting the requested relief will be subject to the following conditions:

1. The Contributor will be prohibited from soliciting investments from any "government entity" client prospective client for which the Recipient is an "official" as defined in Rule 206(4)-5(f), until October 18, 2018.

2. The Contributor will receive written notification of these conditions and will provide a quarterly certification of compliance until April 22, 2018. Copies of the certifications will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

3. The Applicant will conduct testing reasonably designed to prevent violations of the conditions of the Order and maintain records regarding such testing, which will be maintained and preserved in an easily accessible place for a period of not less than five years, the

first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

For the Commission, by the Division of Investment Management, under delegated authority.

Secretary [or other signatory]

Exhibit D

Proposed Order of Exemption

PNC Capital Advisors, LLC (the "Adviser" or the "Applicant") filed an application on April 28, 2017, and an amended and restated application on October 10, 2017, pursuant to section 206A of the Investment Advisers Act of 1940 (the "Act") and Rule 206(4)-5(e) thereunder. The application requested an order granting an exemption from the provisions of section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder, to permit the Applicant to provide investment advisory services for compensation to government entities within the two-year period following a specified contribution to an official of such government entities by a covered associate of the Applicant. The order applies only to the Applicant's provision of investment advisory services for compensation which would otherwise be prohibited with respect to these government entities as a result of the contribution identified in the application.

A notice of filing of the application was issued on [Date] (Investment Advisers Act Release No. [insert number]). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued unless a hearing should be ordered. No request for a hearing has been filed and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, that granting the requested exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Accordingly, IT IS ORDERED, pursuant to section 206A of the Act and Rule 206(4)-5(e) thereunder, that the application for exemption from section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder, is hereby granted, effective forthwith.

For the Commission, by the Division of Investment Management, under delegated authority
By:_____