



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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**Notice of Preproposal Statement of Inquiry Concerning the Limited Offering Exemption
and Crowdfunding**

December 10, 2015

To Interested Persons:

We are writing to inform you that the Securities Division is considering amending the limited offering exemption in WAC 460-44A-504, as well as the crowdfunding rules contained in chapter 460-99C WAC, in the event the federal Securities and Exchange Commission (“SEC”) adopts amendments that have been proposed to related federal rules.

On October 30, 2015, the SEC proposed amendments to Rule 504 of federal Regulation D and Rule 147 of the Securities Act of 1933. In particular, the SEC proposed to increase the aggregate amount of securities that may be offered and sold in reliance on Rule 504 of Regulation D from \$1,000,000 to \$5,000,000 and to disqualify certain bad actors from participating in Rule 504 offerings. Additionally, the SEC proposed to modernize Rule 147, including removing Rule 147 from the statutory parameters of Section 3(a)(11) of the Securities Act of 1933 and establishing it as a new exemption under Section 28 to facilitate offerings relying upon recently adopted intrastate crowdfunding exemptions under state securities laws.

Certain Washington exemptions from registration correspond to or require compliance with Rule 504 of Regulation D or Section 3(a)(11) and Rule 147 adopted thereunder. Should the SEC adopt any of its proposed amendments to Rule 147 or Rule 504, the Division plans to amend its own rules to ensure coordination of our rules and to promote capital formation.

If you have any questions, please contact the undersigned by telephone at (360) 902-8736 or by e-mail at michelle.webster@dfi.wa.gov.

Sincerely,

Michelle Webster, Esq.