



# PREPROPOSAL STATEMENT OF INQUIRY

**CR-101 (June 2004)**  
(Implements RCW 34.05.310)  
Do **NOT** use for expedited rule making

**Agency:** Department of Financial Institutions, Securities Division

**Subject of possible rule making:**

The 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. The public is welcome to submit comments to be considered by the Division in the drafting of rules to be proposed at a later date.

**Statutes authorizing the agency to adopt rules on this subject:** RCW 21.20.450; RCW 21.20.886; RCW 21.20.320(17); RCW 21.20.320(9).

**Reasons why rules on this subject may be needed and what they might accomplish:** 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 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.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:**

The SEC regulates the offer and sale of securities under the Securities Act of 1933. The Division is considering amending its rules to ensure their coordination with related SEC Rules.

**Process for developing new rule (check all that apply):**

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

The Securities Division is soliciting comments from interested persons and will adopt rules only after the consideration of public comments, as well as the final adoption of rules by the SEC.

**How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:**

(List names, addresses, telephone, fax numbers, and e-mail of persons to contact; describe meetings, other exchanges of information, etc.)

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**DATE**  
12-10-2015

**NAME (TYPE OR PRINT)**  
William M. Beatty

**SIGNATURE**

**TITLE**  
Securities Administrator

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OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE: December 10, 2015**  
**TIME: 8:20 AM**

**WSR 16-01-048**