



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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Notice of Proposed Rule Amendments Concerning the State Crowdfunding Exemption

May 30, 2017

We are writing to inform you that the Securities Division is proposing to amend chapter 460-99C WAC to reflect amendments made to related federal rules, and to reflect statutory changes made to the state crowdfunding exemption codified in the Securities Act of Washington (originally codified at RCW 21.20.880 through RCW 21.20.886).

On October 26, 2016, the Securities and Exchange Commission adopted final rules amending exemptions to facilitate intrastate and regional securities offerings. *See* SEC Rulemaking Release No. 33-10238, titled “Exemptions to Facilitate Intrastate and Regional Securities Offerings,” available at: <https://www.sec.gov/rules/final/2016/33-10238.pdf>. Included in these amendments are changes to the federal intrastate offering exemption, on which the state crowdfunding exemption was based.

In addition, on April 25, 2017, Governor Inslee signed into law House Bill 1593, which amends the state crowdfunding exemption in the Securities Act of Washington. The bill includes amendments to the reference to federal exemptions from registration, and repeals certain statutes related to crowdfunding portals.

As the rules contained in chapter 460-99C WAC implement the state crowdfunding exemption, the Division proposes to amend these rules to ensure coordination of our rules to related federal amendments and to state statutory amendments. The proposed amendments would:

- Allow offerings under either federal Rule 147 or newly adopted federal Rule 147A;
- Remove the requirement to use a portal;
- Relax ongoing reporting requirements;
- Expand the types of securities an issuer can offer under the crowdfunding rules; and
- Exclude accredited investors from individual investment limits.

The Securities Division has now filed a notice of Proposed Rule Making (Form CR-102) and the text of the proposed rules (OTS-8745.2). Please find accompanying this notice, copies of the rule making notice and the proposed rules.

If you have comments on the proposed rules, we would like to hear from you. Comments will be accepted through July 11, 2017 and may be submitted to Michelle Webster at michelle.webster@dfi.wa.gov, or you may mail your comments to the following address:

Michelle Webster, Esq.

Securities Division
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A public hearing on the proposed rules is scheduled for July 11, 2017 at 10:00 AM. Further details concerning the hearing are included in the accompanying notice of Proposed Rule Making.