



STATE OF WASHINGTON  
**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**SECURITIES DIVISION**

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**Notice of Preproposal Statement of Inquiry Concerning the Municipal Securities  
Exemption**

August 21, 2017

To Interested Persons:

We are writing to inform you that the Securities Division is planning to amend WAC 460-42A-030, which provides that certain municipal securities are exempt from registration under RCW 21.20.310(1), if they receive requisite ratings from designated ratings agencies, in order to correct an inadvertent drafting error. The public is welcome to submit comments to be considered by the Securities Division in the drafting of rules to be proposed at a later date.

In 2014, the Securities Division amended WAC 460-10A-160 to update references to securities manuals for the purpose of the “manual exemption.” As part of this update, Moody’s Investors Service was replaced with a reference to Mergent’s Investor Service to reflect current publishers of securities manuals. In an early 2017 update to our rules to remove references to discontinued securities manuals, the Securities Division inadvertently replaced a reference to Moody’s Investors Service with a reference to Mergent, Inc. in WAC 460-42A-030, the exemption for municipal securities that receive requisite ratings from designated ratings agencies. However, Mergent, Inc. does not publish such municipal securities ratings, while Moody’s Investors Service, Inc. is a well-known ratings organization.

The Securities Division had no intent to disqualify offerings with the requisite rating from Moody’s Investors Service, Inc. from relying on the municipal securities exemption in WAC 460-42A-030. Accordingly, The Securities Division is planning to amend WAC 460-42A-030 to replace references to Mergent, Inc. with references to Moody’s Investors Service, Inc.

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](mailto:michelle.webster@dfi.wa.gov).

Sincerely,

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