



# PREPROPOSAL STATEMENT OF INQUIRY

**CR-101 (October 2017)**  
**(Implements RCW 34.05.310)**

Do **NOT** use for expedited rule making

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DATE: January 26, 2018

TIME: 3:31 PM

WSR 18-04-018

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

**Subject of possible rule making:** The Division is commencing the rule-making process to make ministerial updates to the exempt transaction rules contained in WAC 460-44A-300, 460-44A-503, and 460-44A-504. The public is welcome to submit comments that the Division will consider while drafting rules to be proposed at a later date.

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

**Reasons why rules on this subject may be needed and what they might accomplish:** WAC 460-44A-300 sets forth an exemption from securities registration for offers and sales of securities to accredited investors only and is derived from NASAA's Model Accredited Investor Exemption. The exemption is available to offerings that are made pursuant to Section 3(b) of the Securities Act of 1933 and has not been updated since Section 3(b) was amended by the JOBS Act of 2012 and the SEC subsequently amended its rules thereunder in Regulation A. See SEC Release No. 33-9741, *available at* <https://www.sec.gov/rules/final/2015/33-9741.pdf>. In addition, WAC 460-44A-504 establishes a small offering exemption that may be relied upon in offerings exempt under SEC Rules 147 or 504. This provision has not been updated since the SEC created a new intrastate offering exemption in Rule 147A. See SEC Release No. 33-10238, *available at* <https://www.sec.gov/rules/final/2016/33-10238.pdf>. Finally, while the SEC repealed Rule 505 of Regulation D in 2017 and the Division previously repealed its own corresponding exemption in WAC 460-44A-505, the filing requirements set forth in WAC 460-44A-503, as well as the disqualification provision in WAC 460-44A-504, continue to reference WAC 460-44A-505. *Id.* The Division plans to make ministerial updates to these rules in light of the changes in federal law. Interested persons are welcome to submit comments at this time. Before amendments become final, however, the Division will publish the text of the proposed amendments and request public comment.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** Securities are subject to regulation by the Securities and Exchange Commission under federal law. The amendments that the Division is considering affect exempt securities transactions and further coordinate our rules with other federal and state agencies.

**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 considering public comments.

**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

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Other:

(If necessary)

Name:  
Address:  
Phone:  
Fax:  
TTY:  
Email:  
Web site:  
Other:

Additional comments:	
<b>Date:</b> January 26, 2018	<b>Signature:</b> 
<b>Name:</b> William M. Beatty	
<b>Title:</b> Securities Administrator	