



# PREPROPOSAL STATEMENT OF INQUIRY

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

Do **NOT** use for expedited rule making

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STATE OF WASHINGTON  
FILED

DATE: March 06, 2018

TIME: 8:19 AM

WSR 18-06-076

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

**Subject of possible rule making:** The Securities Division is considering mandating that notice filings concerning securities offerings exempt under Rule 506 of federal Regulation D be made through the North American Securities Administrators Association's online Electronic Filing Depository ("EFD") system.

**Statutes authorizing the agency to adopt rules on this subject:** RCW 21.20.327; RCW 21.20.450

**Reasons why rules on this subject may be needed and what they might accomplish:** Rule 506 of Regulation D provides an exemption from securities registration under the federal Securities Act of 1933. Federal law preempts state laws that would otherwise require registration of these securities offerings, but states are permitted to require notice filings in connection with offerings in their own jurisdictions. Notice filings on Form D are required for these offerings in Washington pursuant to RCW 21.20.327(2) and WAC 460-44-503(1)(a)(i)(A) and (B).

EFD, an online system developed by NASAA, allows an issuer to submit electronic notices on Form D concerning Rule 506 offerings to state securities regulators and pay related fees. EFD also enables the public to search and view, free of charge, Form D filings made with state securities regulators through EFD. In 2017, the EFD System processed 69,812 total Form D notice filings throughout all NASAA jurisdictions utilizing the system.

Although the Securities Division currently accepts notice filings through EFD as well as paper submissions, paper submissions require the Securities Division to manually process and scan the notice filings, which may result in delays to the issuer in receiving an acknowledgment of its filing or any follow-up correspondence. Requiring issuers to use the EFD system to file Rule 506 notice filings would eliminate inefficiencies and result in a streamlined process for both issuers and the Securities Division.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** Issuers seeking to rely on Rule 506 must file a Form D with the SEC and applicable state securities regulators. The Securities Division's rules currently prescribe use of the Form D to coordinate its filing requirements with the Securities and Exchange Commission's filing requirements. The Division is merely considering mandating this form to be filed electronically through the EFD system.

**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..

**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:

Additional comments:

**Date:** March 5, 2018

**Signature:**

**Name:** William M. Beatty



**Title:** Securities Administrator