



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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Notice of Adoption of Amendments Concerning the Municipal Securities Exemption

May 20, 2019

We are writing to inform you that the Securities Division has adopted final amendments to 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. Specifically, the Securities Division amended WAC 46-42A-030 to correct an inadvertent drafting error.

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. 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 amended WAC 460-42A-030 to replace references to Mergent, Inc. with references to Moody’s Investors Service, Inc.

Beyond the 2017 drafting error, WAC 460-42A-030 has not been significantly amended since 1989. Accordingly, the Securities Division also amended WAC 460-42A-030 to recognize equivalent ratings by Fitch Ratings, a nationally recognized statistical rating organization that also issues credit ratings to municipal securities.

On May 15, 2019, the Securities Division filed a Rule-Making Order (CR-103) and the text of the final rules (OTS-1154.1). Please find accompanying this notice, copies of the rule making order and the text of the final rules. These materials will also be available on the rule making page of the Securities Division’s website at: <https://dfi.wa.gov/rulemaking/municipal-securities-exemption>.

If you have any questions about the adopted rules, you may submit them to Michelle Webster at michelle.webster@dfi.wa.gov, or you may mail them to the following address:

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Sincerely,

Michelle Webster, Esq.