



RULE-MAKING ORDER PERMANENT RULE ONLY

CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: May 15, 2019

TIME: 1:59 PM

WSR 19-11-065

Agency: Department of Financial Institutions, Securities Division,

Effective date of rule:

Permanent Rules

31 days after filing.

Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes No If Yes, explain:

Purpose: The Securities Division hereby amends 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 amends WAC 460-42A-030 to correct an inadvertent drafting error, and to recognize equivalent ratings by Fitch Ratings, a nationally recognized statistical rating organization that issues credit ratings to municipal securities.

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 amends 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 amends 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.

Citation of rules affected by this order:

New:

Repealed:

Amended: WAC 460-42A-030

Suspended:

Statutory authority for adoption: RCW 21.20.310; RCW 21.20.450

Other authority:

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 19-07-075 on March 19, 2019 (date).

Describe any changes other than editing from proposed to adopted version: None.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:
Web site:
Other:

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New	___	Amended	___	Repealed	___

The number of sections adopted at the request of a nongovernmental entity:

New	___	Amended	___	Repealed	___
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The number of sections adopted on the agency's own initiative:

New		Amended	1	Repealed	___
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	___	Amended	___	Repealed	___
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The number of sections adopted using:

Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	___	Amended	___	Repealed	___

Date Adopted: May 15, 2019

Name: Charles Clark

Title: Director

