



PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320)

Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: December 18, 2018

TIME: 8:27 AM

WSR 19-01-088

Agency: Department of Financial Institutions

Original Notice

Supplemental Notice to WSR _____

Continuance of WSR _____

Preproposal Statement of Inquiry was filed as WSR 18-01-067 ; or

Expedited Rule Making--Proposed notice was filed as WSR _____ ; or

Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or

Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) The Securities Divisions proposes to amend WAC 460-16A-205. The amendments would adopt amended NASAA statements of policy, adopt the new Statement of Policy Regarding Electronic Offering Documents and Electronic Signatures, and repeal the adoption of the Statement of Policy Regarding Healthcare Facility Offerings. The proposed amendments are ministerial updates that do not constitute material changes from existing law or policy.

Hearing location(s):

Date: **Time:** **Location:** (be specific) **Comment:**

| | | | |
|------------------|---------|---|--|
| January 23, 2019 | 10:00am | Dept. of Financial Institutions 150 Israel Rd SW Tumwater, WA 98501 | |
|------------------|---------|---|--|

Date of intended adoption: January 24, 2019 (Note: This is **NOT** the **effective** date)

Submit written comments to:

Name: Nathan Quigley
Address: P.O. Box 9033, Olympia, WA 98507
Email: Nathan.Quigley@dfi.wa.gov
Fax: 360-704-6463
Other:
By (date) January 22, 2019

Assistance for persons with disabilities:

Contact Carolyn Hawkey
Phone: 360-902-8760
Fax: 360-902-0524
TTY: 360-664-8126
Email: Carolyn.Hawkey@dfi.wa.gov
Other:
By (date) January 22, 2019

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The Securities Division proposes to amend WAC 460-16A-205 in order to adopt the latest versions of previously adopted NASAA statements of policy, adopt a new statement of policy, and repeal the adoption of an obsolete statement of policy. The proposal would make the following changes:

- Adopt updated versions of the following statements of policy: Corporate Securities Definitions; Loans and Other Material Transactions; Preferred Stock; Promoters' Equity Investment; Specificity in Use of Proceed; Underwriting and Selling Expenses, Underwriter's Warrants and Selling Security Holders; Unsound Financial Condition; Voting Rights, Registration of Asset-Backed Securities; Registration of Commodity Pool Programs; Registration of Equipment Programs; and Registration of Oil and Gas Programs;
- Adopt the new Statement of Policy Regarding Use of Electronic Offering Documents and Electronic Signatures (the Division applied the standards set forth in this policy prior to the policy's promulgation); and

● Repeal the adoption of the Statement of Policy Regarding Healthcare Facility Offerings, which was repealed by NASAA when it became obsolete as a result of the fact that healthcare facility offerings are now structured as municipal bonds and exemptions from registration apply.

Reasons supporting proposal: The amendments will provide clarity for securities issuers and counsel by identifying the current versions of these policies and maintain uniformity among the states applying the NASAA statements of policy.

Statutory authority for adoption: RCW 21.20.450.

Statute being implemented: RCW 21.20

Is rule necessary because of a:

| | | |
|-------------------------|------------------------------|--|
| Federal Law? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Federal Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| State Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) Private
 Public
 Governmental

Name of agency personnel responsible for:

| | Name | Office Location | Phone |
|-----------------|----------------|--------------------------------------|--------------|
| Drafting: | Nathan Quigley | 150 Israel Rd SW, Tumwater, WA 98501 | 360-902-8760 |
| Implementation: | Faith Anderson | 150 Israel Rd SW, Tumwater, WA 98501 | 360-902-8760 |
| Enforcement: | William Beatty | 150 Israel Rd SW, Tumwater, WA 98501 | 360-902-8760 |

Is a school district fiscal impact statement required under RCW 28A.305.135? Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

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

Is a cost-benefit analysis required under RCW 34.05.328?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:
Address:
Phone:
Fax:

TTY:
Email:
Other:

No: Please explain: The Department of Financial Institutions is not one of the agencies listed in RCW 34.05.328.

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- | | |
|---|--|
| <input type="checkbox"/> RCW 34.05.310 (4)(b) (Internal government operations) | <input type="checkbox"/> RCW 34.05.310 (4)(e) (Dictated by statute) |
| <input type="checkbox"/> RCW 34.05.310 (4)(c) (Incorporation by reference) | <input type="checkbox"/> RCW 34.05.310 (4)(f) (Set or adjust fees) |
| <input type="checkbox"/> RCW 34.05.310 (4)(d) (Correct or clarify language) | <input type="checkbox"/> RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

This rule proposal, or portions of the proposal, is exempt under RCW _____.

Explanation of exemptions, if necessary:

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's analysis showing how costs were calculated. The proposed amendments are ministerial updates that do not constitute material changes from existing law or policy.
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

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

Date: December 14, 2018

Name: Gloria Papiez

Title: Director

Signature:

