

## **SECURITIES ACT INTERPRETIVE STATEMENT-03**

RE: RCW 21.20.310(3)- SECURITIES ISSUED BY DOMESTIC BRANCHES OF FOREIGN BANKS

### **Question Presented:**

Are the securities of domestic branches of foreign banks exempt under RCW 21.20.310(3)?

### **Statute:**

**RCW 21.20.310** provides that securities exempt from registration shall include:

(3) Any security issued by and representing an interest in or a debt of, or guaranteed by, any bank organized under the laws of the United States, or any bank or trust company organized or supervised under the laws of any state.

### **Discussion:**

The Securities And Exchange Commission has said that domestic branches of foreign banks that are subject to regulation substantially equivalent to that of federally- or state-chartered domestic banks doing business within the same jurisdiction will qualify for the bank securities exemption set forth in Section 3(a)(2) of the Securities Act of 1933. (See 17 CFR 231.6661) The majority of the states have also followed this position. (See CCH Blue Sky L. Rep. ¶36,513 (1986).) As explained in SEC Release No. 33-6661 (1986), permitting domestic branches of foreign banks to qualify for the bank exemption will implement "the principle of parity of treatment between foreign and domestic banks in like circumstances."

### **Conclusion:**

The securities of domestic branches of foreign banks that are subject to regulation that is substantially equivalent to that applicable to federally - or state-chartered domestic banks doing business within the same jurisdiction are included within the exemption from registration provided in RCW 21.20.310(3).

Adopted: January 1, 1991

Replaces: Interpretive Statement No. 89-1

Jack L. Beyers, Securities Administrator

Prepared by: Janet G. McKinney, Securities Examiner