



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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**Notice of Preproposal Statement of Inquiry Concerning Small Company Offering
Registration (“SCOR”)**

February 1, 2021

To Interested Persons:

The Securities Division is considering amending chapter 460-17 WAC, which governs a method of registration known as Small Company Offering Registration (“SCOR”), in light of amendments to federal exemptions from registration and amendments to the SCOR Statement of Policy and SCOR Form promulgated by the North American Securities Administrators Association (“NASAA”). SCOR registration is an optional method of state registration, available to companies offering securities in reliance on the federal exemption from registration under Rule 504 of Regulation D or under Section 3(a)(11) of the Securities Act of 1933.

Effective January 20, 2017, the Securities and Exchange Commission (“SEC”) amended federal Rule 504 to increase the offering amount limitation thereunder from \$1 million to \$5 million. The SEC also amended Rule 147, an intrastate offering safe harbor to Section 3(a)(11) of the Securities Act of 1933 and further adopted a new intrastate offering exemption in Rule 147A. In response to these amendments, NASAA promulgated an amended Small Company Offering Registrations (SCOR) Statement of Policy, and made corresponding amendments to the Form U-7 (the registration statement and disclosure document to be completed in connection with a SCOR registration) in order to allow issuers to more fully take advantage of this program under the amended federal rules.

On November 2, 2020, the SEC adopted further amendments to Rule 504, including raising the offering limit from \$5 million to \$10 million. To allow issuers to more fully take advantage of the SCOR program under the amended federal rules, the Division is considering amending chapter 460-17 WAC.

If you have any questions, please contact the undersigned by telephone at (360) 902-8736 or by e-mail at michelle.webster@dfi.wa.gov.

Sincerely,

Michelle Webster, Esq.