



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)
(Implements RCW 34.05.310)
Do **NOT** use for expedited rule making

Agency: Department of Financial Institutions

Subject of possible rule making: Expanding the definition of "precious metal" under RCW 21.30.010(17) of the Commodities Act of Washington to include palladium and copper.

Statutes authorizing the agency to adopt rules on this subject: RCW 21.30.400; RCW 21.30.010(17)(d); 21.30.040(1)(b)

Reasons why rules on this subject may be needed and what they might accomplish: Washington adopted its Commodities Act in 1987, based on the North American Securities Administrators Association (NASAA) Model State Commodity Act (Model Act). Since that time, NASAA has amended the Model Act to expand the definition of "precious metal" to include palladium and copper, in addition to the initially covered metals of gold, silver and platinum. A majority of other states that have adopted the Model State Commodity Act have amended their own laws to reflect this expanded definition. A primary reason to expand this definition would be to broaden the subject matter covered by the exemption for precious metal commodity contracts in RCW 21.30.040(1)(b).

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: The federal agency governing commodity transactions is the Commodity Futures Trading Commission (CFTC). The federal Commodity Exchange Act permits the states to govern commodity transactions that fall outside the exclusive jurisdiction of the CFTC. RCW 21.30.180 permits cooperation with other state and federal agencies to encourage uniform application and interpretation of the Act and related enforcement activity.

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

The Securities Division is soliciting comments from interested persons and will adopt rules only after the consideration of public comments.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

Interested parties can participate in the decision to adopt the new rule by contacting:

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Phone: 360-902-8797, Email: Jordan.Rood@dfi.wa.gov

DATE

08/08/13

NAME (TYPE OR PRINT)

William M. Beatty

SIGNATURE

TITLE

Director of Securities

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STATE OF WASHINGTON
FILED

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