



# PROPOSED RULE MAKING

## CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

**Agency:** Department of Financial Institutions – Securities Division

<input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR 13-17-019 ; or	<input checked="" type="checkbox"/> Original Notice
<input type="checkbox"/> Expedited Rule Making--Proposed notice was filed as WSR _____; or	<input type="checkbox"/> Supplemental Notice to WSR _____
<input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).	<input type="checkbox"/> Continuance of WSR _____

**Title of rule and other identifying information:** Definitions – Precious Metal

The Division is proposing to adopt a rule to expand the subject matter covered by the term “precious metal” in the Washington Commodities Act to include palladium and copper, in addition to gold, silver, and platinum.

**Hearing location(s):**  
 Washington State Department of Financial Institutions  
 3rd Floor, Room 319  
 150 Israel Rd. SW  
 Tumwater, WA 98501

Date: Dec. 3, 2013 Time: 2:00pm

**Submit written comments to:**  
 Name: Jordan Rood, Associate General Counsel  
 Address: Washington State Department of Financial Institutions, 150  
 Israel Rd. SW, Tumwater WA, 98501  
 e-mail [Jordan.Rood@dfi.wa.gov](mailto:Jordan.Rood@dfi.wa.gov)  
 fax (360)704-6992 by (date) Dec. 2, 2013

**Assistance for persons with disabilities:** Contact  
 Carolyn Hawkey; PO Box 9033, Olympia, WA 98507-9033  
 TTY (360) 664-8126 or (360) 902-8824

**Date of intended adoption:** Dec. 4, 2013  
 (Note: This is NOT the effective date)

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:**

Washington adopted its Commodities Act in 1986, 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).

**Reasons supporting proposal:**

The expansion of this definition will expand the scope of the precious metal commodity contract exemption, which will ease the regulatory requirements for businesses and individuals buying and selling these metals under coverage of the exemption.

**Statutory authority for adoption:** RCW 21.30.400; RCW 21.30.010(17)(d); 21.30.040(1)(b)

**Statute being implemented:** Chapter 21.30 RCW

**Is rule necessary because of a:**

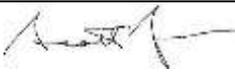
Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

**DATE**  
10/14/13

**NAME** (type or print)  
Scott Jarvis

**SIGNATURE**



**TITLE**  
Director

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 STATE OF WASHINGTON  
 FILED

**DATE:** October 17, 2013  
**TIME:** 4:23 PM

**WSR 13-21-084**

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

**Name of proponent:** (person or organization) Department of Financial Institutions

- Private
- Public
- Governmental

**Name of agency personnel responsible for:**

Name	Office Location	Phone
Drafting.....Jordan Rood	150 Israel Rd. SW, Tumwater, WA 98501	(360) 902-8797
Implementation....J. Scott Jarvis	150 Israel Rd. SW, Tumwater, WA 98501	(360) 902-8723
Enforcement.....William Beatty	150 Israel Rd. SW, Tumwater, WA 98501	(360) 902-8734

**Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?**

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone ( ) \_\_\_\_\_

fax ( ) \_\_\_\_\_

e-mail \_\_\_\_\_

No. Explain why no statement was prepared.

The primary effect of this rule would be to expand the subject matter covered by precious metal commodity contract exemption, which would have the effect of lowering regulatory burden, and thus likely costs, for individuals and businesses effecting transactions in these metals. As a result, the rule will not have more than a "minor cost" as defined in RCW 19.85. As such, the agency is not required to prepare a small business economic impact statement under RCW 19.85.030.

**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 ( ) \_\_\_\_\_

e-mail \_\_\_\_\_

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