



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

- Preproposal Statement of Inquiry was filed as WSR 14-07-043 ; 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).

- Original Notice
 Supplemental Notice to WSR _____
 Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)

The rulemaking would create a new chapter entitled Crowdfunding at 460-99C WAC consisting of 25 rules implementing the new crowdfunding exemption created by the Washington Jobs Act of 2014 (codified at RCW 21.20.880 through RCW 21.20.886). This new exemption from securities registration will be available for securities offerings of up to \$1 million in a 12-month period for companies based in Washington and selling to Washington residents. As provided in the Washington Jobs Act, the Director of the Department of Financial Institutions must adopt rules before securities issuers may begin using the new exemption.

Hearing location(s):

Department of Financial Institutions
150 Israel Road SW
Tumwater, WA 98501

Date: September 25, 2014 Time: 1:00 pm

Submit written comments to:

Name: Faith Anderson
Address: Securities Division
PO Box 9033
Olympia, WA 98507-9033
e-mail: faith.anderson@dfi.wa.gov
fax (360) 704-6480 by (date) September 23, 2014

Assistance for persons with disabilities: Contact

Carolyn Hawkey, PO Box 9033, Olympia, WA 98507

TTY (360) 664-8126 or (360) 902-8760

Date of intended adoption: September 25, 2014

(Note: This is NOT the effective date)

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

The proposed chapter will implement the new exemption from securities registration created by the Washington Jobs Act of 2014 for crowdfunding offerings.

The proposed rules define key terms pertaining to the crowdfunding exemption; specify the types of issuers and offerings that may use the exemption; mandate the use of the Washington Crowdfunding Form as the disclosure document for offerings under the exemption; establish the requirements for making an initial exemption filing, an amended filing, or a renewal filing with the Securities Division; establish the requirements for escrow agreements; specify the information to be included in quarterly reports; adopt investor protection measures such as bad actor disqualification and investor cancellation rights; describe the optional role of "portals" in assisting with crowdfunding offerings; establish recordkeeping requirements; require the filing of advertisements; set filing fees; describe the various restrictions on crowdfunding offerings under the Washington Jobs Act of 2014 and Section 3(a)(11) of the Securities Act of 1933 and Rule 147 adopted thereunder; and establish other rules necessary to implement the crowdfunding exemption.

Reasons supporting proposal: The Washington Jobs Act of 2014 (codified at RCW 21.20.880 through RCW 21.20.886) requires the Securities Division to adopt rules implementing the new crowdfunding exemption no later than October 1, 2014. Once the rules are adopted, the new crowdfunding exemption will be available to securities issuers in Washington. The proposed rules establish filing procedures for the exemption, adopt investor protection measures, and provide information to issuers regarding the exemption.

Statutory authority for adoption: RCW 21.20.450,
RCW 21.20.880, RCW 21.20.883, RCW 21.20.886

Statute being implemented: RCW 21.20

Is rule necessary because of a:

- Federal Law? Yes No
 Federal Court Decision? Yes No
 State Court Decision? Yes No
 If yes, CITATION:

DATE 8/14/14

NAME (type or print)
Scott Jarvis

TITLE
Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: August 18, 2014

TIME: 9:31 AM

WSR 14-17-073

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, Securities Division

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Faith Anderson	150 Israel Rd SW, Tumwater, WA 98501	(360) 902-8760
Implementation.. Scott Jarvis, Director, DFI	150 Israel Rd SW, Tumwater, WA 98501	(360) 902-8760
Enforcement..... William Beatty, Director, Securities	150 Israel Rd SW, Tumwater, WA 98501	(360) 902-8760

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: Faith Anderson
Address: Department of Financial Institutions, Securities Division
PO Box 9033
Olympia, WA 98507-9033

Phone: (360) 902-8760
Fax: (360) 704-6480
E-mail: faith.anderson@dfi.wa.gov

No. Explain why no statement was prepared.

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.