



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, Securities Division

Subject of possible rule making: The Securities Division is considering updating the exemption from securities registration for investment grade securities set forth in WAC 460-42A-081 to more closely align with Section 18 of the Securities Act of 1933 and federal Rule 146 adopted thereunder.

Statutes authorizing the agency to adopt rules on this subject: RCW 21.20.310(8); RCW 21.20.450

Reasons why rules on this subject may be needed and what they might accomplish: RCW 21.20.310(8) provides an exemption from securities registration for "any security which meets the criteria for investment grade securities that the director may adopt by rule." In furtherance of this statute, WAC 460-42A-081 provides an exemption for securities listed on specified national securities exchanges. This rule was last amended in 1996 and since that time, a number of the exchanges specified in this rule have undergone name changes, have restructured, or no longer exist. The Securities Division is now considering updating WAC 460-42A-081 to specify that this exemption applies to securities listed on exchanges recognized in Section 18 of the Securities Act of 1933 and federal Rule 146 adopted thereunder.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: The Securities Division is seeking to update WAC 460-42A-081 to clarify the availability of this exemption to securities that are deemed "covered securities" under federal law and that the Securities Division is thus otherwise preempted from requiring registration thereof. Updating this rule will thus better coordinate this rule with existing federal law enforced by the Securities and Exchange Commission.

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

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

The 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:

(List names, addresses, telephone, fax numbers, and e-mail of persons to contact; describe meetings, other exchanges of information, etc.)

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DATE
October 14, 2014

NAME (TYPE OR PRINT)
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SIGNATURE

TITLE
Administrator

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