



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 planning to propose rules to preserve filing requirements in connection with offerings of securities to be made under Tier 2 of the Securities and Exchange Commission's newly adopted rules for Regulation A offerings.

Statutes authorizing the agency to adopt rules on this subject: RCW 21.20.327; 21.20.340; 21.20.450

Reasons why rules on this subject may be needed and what they might accomplish: The Securities Division is planning to propose rules to preserve filing requirements in connection with Tier 2 offerings under Regulation A so that it may continue to provide oversight of these offerings in the interest of investor protection.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies

On March 25, 2015, the Securities and Exchange Commission adopted final rules providing for a federal exemption from registration for offerings of securities of up to \$50 million as authorized by the JOBS Act of 2012. See Amendments to Regulation A, Securities Act Release Nos. 33-9741, 34-74578, 39-2501, available at <http://www.sec.gov/rules/final/2015/33-9741.pdf>. These rules adopt a definition of "qualified purchaser" pursuant to Sec. 18(b)(3) of the Securities Act of 1933 that extends to "any person to whom securities are offered or sold" in offerings of up to \$50 million in a Tier 2 offering under federal Regulation A. While the effect of defining a "qualified purchaser" in this manner is to preempt the states from requiring registration of these smaller and less regulated offerings, states retain the authority to require the filing of offering materials, a consent to service of process, and fees that would otherwise be required in the absence of preemption. The Securities Division is filing this notice to commence the rule-making process to require the filing of offering materials, a consent to service of process, and the fees that would otherwise be required in connection with the registration of these securities offerings but for preemption 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 Securities Division will adopt rules after considering all comments received.

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.)

Comments may be directed to:

Faith Anderson, Esq.
Chief of Registration and Regulatory Affairs
Securities Division
Department of Financial Institutions
P.O. Box 9033
Olympia, WA 98507-9033
Telephone: 360-725-7825
Fax Number: 360-704-6480
Email: faith.anderson@dfi.wa.gov

DATE
March 27, 2015

NAME (TYPE OR PRINT)
William M. Beatty

SIGNATURE

TITLE
Securities Administrator

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: March 27, 2015

TIME: 11:09 AM

WSR 15-08-059



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Agency: Department of Financial Institutions, Securities Division

Subject of possible rule making: The Securities Division is planning to propose rules to preserve filing requirements in connection with offerings of securities to be made under Tier 2 of the Securities and Exchange Commission's newly adopted rules for Regulation A offerings.

Statutes authorizing the agency to adopt rules on this subject: RCW 21.20.327; 21.20.340; 21.20.450

Reasons why rules on this subject may be needed and what they might accomplish: The Securities Division is planning to propose rules to preserve filing requirements in connection with Tier 2 offerings under Regulation A so that it may continue to provide oversight of these offerings in the interest of investor protection.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies

On March 25, 2015, the Securities and Exchange Commission adopted final rules providing for a federal exemption from registration for offerings of securities of up to \$50 million as authorized by the JOBS Act of 2012. See Amendments to Regulation A, Securities Act Release Nos. 33-9741, 34-74578, 39-2501, available at <http://www.sec.gov/rules/final/2015/33-9741.pdf>. These rules adopt a definition of "qualified purchaser" pursuant to Sec. 18(b)(3) of the Securities Act of 1933 that extends to "any person to whom securities are offered or sold" in offerings of up to \$50 million in a Tier 2 offering under federal Regulation A. While the effect of defining a "qualified purchaser" in this manner is to preempt the states from requiring registration of these smaller and less regulated offerings, states retain the authority to require the filing of offering materials, a consent to service of process, and fees that would otherwise be required in the absence of preemption. The Securities Division is filing this notice to commence the rule-making process to require the filing of offering materials, a consent to service of process, and the fees that would otherwise be required in connection with the registration of these securities offerings but for preemption by the Securities and Exchange Commission.

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