



# 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"/> <b>Preproposal Statement of Inquiry was filed as WSR 14-24-069; or</b>	<input checked="" type="checkbox"/> <b>Original Notice</b>
<input type="checkbox"/> <b>Expedited Rule Making--Proposed notice was filed as WSR _____; or</b>	<input type="checkbox"/> <b>Supplemental Notice to WSR _____</b>
<input type="checkbox"/> <b>Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).</b>	<input type="checkbox"/> <b>Continuance of WSR _____</b>

**Title of rule and other identifying information:** (Describe Subject) General Conditions to be Met – Written Disclosure Legends - WAC 460-44A-502(4)(d)

The Securities Division is proposing to adopt a rule to remove a reference to a now outdated North American Securities Administrators Association (“NASAA”) guideline and to instead include the suggested disclosure legend text directly in the rule.

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

Date: May 5, 2015 Time: 2:00 pm

**Date of intended adoption:** May 6, 2015  
(Note: This is **NOT** the **effective** date)

**Submit written comments to:**  
Name: Faith Anderson, Esq.  
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) May 4, 2015

**Assistance for persons with disabilities:** Contact  
Carolyn Hawkey: PO Box 9033, Olympia, WA 98507-9033 by April 14, 2015  
TTY (360) 664-8126 or (360) 902-8824

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** The Securities Division is proposing to amend WAC 460-44A-502(4)(d) regarding the legend requirements for certificates documenting restricted securities to remove a reference to a now outdated NASAA guideline and to instead include the suggested text directly in the rule.

**Reasons supporting proposal:** The NASAA Uniform Disclosure Guidelines on Legends, CCH Para. 1352 (1989), is outdated and difficult to obtain for attorneys and securities issuers alike. The Securities Division is proposing to amend its rules to remove this outdated reference and to include the suggested text of the legend disclosure in the rule itself.

**Statutory authority for adoption:** 21.20.450; 21.20.320(9) and (17)

**Statute being implemented:** RCW 21.20.320

**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**  
March 31, 2015

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

**SIGNATURE**

**TITLE**  
Director

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OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE:** March 31, 2015

**TIME:** 9:29 AM

**WSR 15-08-077**

**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..... Faith Anderson	150 Israel Rd. SW, Tumwater, WA 98501	(360) 902-8797
Implementation.... 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 effects of the proposed amendments to this rule are to remove an outdated citation in the rule and to add currently suggested legend disclosure text directly into the rule. By amending the legend disclosure text in the rule, rather than referencing an outdated source, no additional burdens are being created for securities issuers or their counsel, and 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.