



RULE-MAKING ORDER

CR-103P (May 2009)
(Implements RCW 34.05.360)

Agency: Department of Financial Institutions, Securities Division

Permanent Rule Only

Effective date of rule:

Permanent Rules

☒ 31 days after filing.

☐ Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

☐ Yes

☒ No

If Yes, explain:

Purpose:

The rules in new Chapter 460-99C WAC adopted hereby implement the new exemption from securities registration created by the Washington Jobs Act of 2014 for crowdfunding offerings. The 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 establish other rules necessary to implement the crowdfunding exemption.

Citation of existing rules affected by this order:

Repealed:

Amended:

Suspended:

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

Other authority : ESHB 2023

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 14-17-073 on August 18, 2014.

Describe any changes other than editing from proposed to adopted version:

- The Securities Division added language to the definition of "portal" in WAC 460-99C-020(4) to clarify that a portal files offering materials with the director on behalf of issuers or offers services to issuers as contemplated in RCW 21.20.883.
- The Securities Division deleted proposed WAC 460-99C-030(5)(f)(ii) because it was inconsistent with other provisions.
- The Securities Division revised WAC 460-99C-130(2)(e) and WAC 460-99C-130(3) to state that the escrow agent may not be affiliated with any portal assisting with the offering, or its officers, directors, managing members, or affiliates.
- The Securities Division removed the financial statement requirement from the quarterly reports rule at WAC 460-99C-180.
- The Securities Division reduced the applicable look-back period in WAC 460-99C-230 from 2 years to 12 months.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

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Date adopted: October 1, 2014

NAME (TYPE OR PRINT)

Scott Jarvis

SIGNATURE

TITLE

Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: October 01, 2014

TIME: 1:31 PM

WSR 14-21-001

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	<u>26</u>	Amended	_____	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted in the agency's own initiative:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	_____	Repealed	_____