

## NOTICES OF FINAL RULEMAKING

The Administrative Procedure Act requires the publication of the final rules of the state's agencies. Final rules are those which have appeared in the *Register* first as proposed rules and have been through the formal rulemaking process including approval by the Governor's Regulatory Review Council or the Attorney General. The Secretary of State shall publish the notice along with the Preamble and the full text in the next available issue of the *Register* after the final rules have been submitted for filing and publication.

### NOTICE OF FINAL RULEMAKING

#### TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION

#### CHAPTER 4. CORPORATION COMMISSION SECURITIES

#### PREAMBLE

- 1. Sections Affected**  
R14-4-116
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rule is implementing (specific):**  
Authorizing statute: A.R.S. § 44-1821  
Implementing statute: A.R.S. § 44-1891  
Constitutional authority: Arizona Constitution Article XV §§ 6 and 13
- 3. The effective date of the rule:**  
August 17, 2003
- 4. A list of all previous notices appearing in the Register addressing the final rule:**  
Notice of Rulemaking Docket Opening: 8 A.A.R. 2400, May 31, 2002  
Notice of Proposed Rulemaking: 8 A.A.R. 3806, September 6, 2002
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**  
Name: Sharleen A. Day, Associate General Counsel  
Address: Arizona Corporation Commission, Securities Division  
1300 W. Washington, 3rd Floor  
Phoenix, AZ 85007-2996  
Telephone: (602) 542-4242  
Fax: (602) 594-7421
- 6. An explanation of the rule, including the agency's reasons for initiating the rulemaking:**  
A.A.C. R14-4-116 ("rule 116") formally identifies and incorporates by reference certain policy statements issued by the North American Securities Administrators Association ("NASAA") regarding the registration of securities. The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") requires issuers registering securities to comply with the terms of these policy statements. The Commission proposes to amend rule 116 to add the NASAA Guidelines for General Obligation Financing by Religious Denominations and the NASAA Statement of Policy Regarding Church Bonds. The NASAA Guideline for General Obligation Financing by Religious Denominations will be the standard of review for debt issued by a denomination for the purpose of funding projects of various affiliated churches or related religious organizations. The Statement of Policy Regarding Church Bonds will be the standard of review for debt issued by individual religious entities to fund projects associated with the individual entity. States coordinate in the drafting of NASAA guidelines and adopt them in order to facilitate uniformity among the states regarding the standards imposed on applicants for registration of securities. The Division believes that the adoption of these two NASAA guidelines will benefit both the industry and potential investors by providing appropriate and consistent registration standards. The Division believes the standards in these two NASAA guidelines will protect investors as mandated by the Arizona Securities Act, and will provide investors with necessary information about the issuer's activities and finances in order to make an informed investment decision.

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**7. A reference to any study relevant to the rule that the agency reviewed and either relied on in its evaluation of or justification for the rule or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

None

**8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

An amendment to rule 116 will not diminish a previous grant of authority.

**9. The summary of the economic, small business, and consumer impact:**

The economic, small business, and consumer impact statement for the amendments to R14-4-116 ("the rule") analyzes the costs, savings, and benefits that accrue to the Commission, the office of the attorney general, the regulated public, and the general public. With the adoption of the proposed rule amendment, the impact on established Commission procedures, Commission staff time, and other administrative costs is minimal. The estimated additional cost to the office of the attorney general is minimal. The benefits provided by the rule amendment are nonquantifiable. The rule should benefit the Commission's relations with the regulated public because it provides definite standards for registration of certain types of securities offerings. The public will benefit from the continuation of certain standards for registered securities offerings. The Commission anticipates that the proposed rulemaking will not significantly increase monitoring, recordkeeping, or reporting burdens on businesses or persons. The costs of implementation or enforcement are only marginally increased.

**10. A description of the changes between the proposed rule, including supplemental notices, and the final rule (if applicable):**

None

**11. A summary of the comments made regarding the rule and the agency response to them:**

The Commission did not receive written comments to the rule.

**12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

None

**13. Incorporations by reference and their location in the rule:**

All the following are policy statements issued by the North American Securities Administrators Association and published in the CCH Blue Sky Reporter. All references to the policy statements are located in rule 116(A).

- Guidelines for general obligation financing by religious organizations, adopted April 17, 1994.
- Statement of policy regarding church bonds, adopted April 14, 2002.

**14. Was this rule previously made as an emergency rule?**

Not applicable

**15. The full text of the rule follows:**

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;  
SECURITIES REGULATION**

**CHAPTER 4. CORPORATION COMMISSION  
SECURITIES**

**ARTICLE 1. IN GENERAL RELATING TO THE ARIZONA SECURITIES ACT**

Section

R14-4-116. NASAA Statements of Policy

**ARTICLE 1. IN GENERAL RELATING TO THE ARIZONA SECURITIES ACT**

**R14-4-116. NASAA Statements of Policy**

**A. Unless otherwise provided in A.R.S. Title 44, Chapter 12, Article 7, Securities or transactions that fall within one or more of the following North American Securities Administrators Association (NASAA) statements of policy shall comply with the requirements of those statements of policy to qualify for registration or renewal under A.R.S. Title 44, Chapter 12, Article 7. This Section shall not apply to the registration of securities under A.R.S. § 44-1901.**

1. Statement of policy regarding loans and other material affiliated transactions, amended November 18, 1997.
2. Registration of asset-backed securities, adopted October 25, 1995.
3. NASAA mortgage program guidelines, adopted September 10, 1996.

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4. Registration of commodity pool programs, adopted on September 21, 1983, effective January 1, 1984; amended and adopted August 30, 1990.
  5. Equipment programs, adopted on November 20, 1986, effective January 1, 1987, amended April 22, 1988, and October 24, 1991.
  6. Registration of oil and gas programs, adopted on September 22, 1976, amended October 12, 1977, October 31, 1979, April 23, 1983, July 1, 1984, September 3, 1987, September 14, 1989, and October 24, 1991.
  7. Statement of policy regarding real estate investment trusts, revised and adopted on September 29, 1993.
  8. Real estate programs, last revised September 29, 1993.
  9. Statement of policy regarding unequal voting rights, adopted and effective October 24, 1991.
  10. Omnibus Guidelines, adopted on March 29, 1992.
  11. Guidelines for general obligation financing by religious denominations, adopted April 17, 1994.
  12. Statement of policy regarding church bonds, adopted April 14, 2002.
- B.** The statements of policy listed in subsection (A) are incorporated by reference. The incorporated statements of policy do not contain later editions or amendments, ~~made after the effective date of this Section.~~ The statements of policy are published in *NASAA Reports* by Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago, Illinois 60646. Copies are also available from NASAA, 10 G Street, N.E., Suite 710, Washington D.C. 20002, and at the Office of the Secretary of State and the Commission.