



0000039427

Arizona Corporation Commission

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

JUL 25 2001

1
2 WILLIAM A. MUNDELL
3 CHAIRMAN
4 JIM IRVIN
5 COMMISSIONER
6 MARC SPITZER
7 COMMISSIONER

DOCKETED BY *sd*

8
9 IN THE MATTER OF PROPOSED RULEMAKING
10 TO AMEND RULE SPECIFYING RECOGNIZED
11 SECURITIES MANUALS.

DOCKET NO. RS-00000A-00-0822

12 DECISION NO. 63872

13 OPINION AND ORDER

14 DATE OF HEARING: May 2, 2001
15 PLACE OF HEARING: Phoenix, Arizona
16 PRESIDING ADMINISTRATIVE
17 LAW JUDGE: Mr. Marc E. Stern
18 APPEARANCES: Ms. Sharleen A. Day, Associate General Counsel, on
19 behalf of the Securities Division of the Arizona
20 Corporation Commission.

21 **BY THE COMMISSION:**

22 On January 30, 2001, the Securities Division ("Division") of the Arizona Corporation
23 Commission ("Commission") forwarded a proposal recommending that the Commission amend
24 A.A.C. R14-4-114 ("Rule 114").

25 On February 16, 2001, the Commission issued Decision No. 63391 which directed the hearing
26 division to schedule a hearing on the Division's proposed amendment to Rule 114 for the purpose of
27 taking public comment.

28 On February 23, 2001, the Commission, by Procedural Order, scheduled a public comment
hearing to be held on May 2, 2001.

On March 23, 2001, the Notice of Proposed Rulemaking was published by the Arizona
Secretary of State's office in the Administrative Register ("Register").

On May 2, 2001, a public comment hearing was held before a duly authorized Administrative
Law Judge of the Commission at its offices in Phoenix, Arizona. There were no members of the
public or interested parties in attendance at the proceeding and the only written comment received by
the Division concerning Rule 114 supports the proposed amendment.

1 Following the conclusion of the proceeding, the matter was taken under advisement pending
2 submission of a Recommended Opinion and Order to the Commission.

3 * * * * *

4 Having considered the entire record herein and being fully advised in the premises, the
5 Commission finds, concludes, and orders that:

6 **FINDINGS OF FACT**

7 1. On January 30, 2001, the Division forwarded to the Commission a proposal
8 recommending the amendment of Rule 114.

9 2. The Division's proposal, if adopted, will amend Rule 114 to specify the recognized
10 manuals of securities for purposes of the exemption in A.R.S. § 44-1844(A)(11).

11 3. On February 16, 2001, the Commission issued Decision No. 63391, which directed a
12 hearing be scheduled regarding Rule 114 for the purpose of taking public comment.

13 4. On February 23, 2001, by Procedural Order, the Commission scheduled a public
14 comment hearing on May 2, 2001.

15 5. Pursuant to law, notice of proposed rulemaking was given on March 23, 2001, in the
16 Register.

17 6. The Division's proposed amendment to Rule 114 will specify the recognized manuals
18 of securities for purposes of the exemption in A.R.S. § 44-1844(A)(11).

19 7. Pursuant to A.R.S. § 44-1844(A)(11), a transaction in securities is exempt from
20 registration requirements if listed in a recognized manual of securities designated by the Commission
21 by rule or order. Rule 114 designates those manuals of securities recognized by the Commission for
22 purposes of the exemption, and the Division is recommending that Rule 114 be amended to reflect
23 the name changes in many of the manuals from Moody's to Mergent's, and to eliminate reference to
24 manuals that are no longer in print.

25 8. At the public comment hearing on May 2, 2001, no members of the public appeared to
26 make comment on Rule 114. The Division has received only one comment from counsel for
27 Mergent's Manuals which supports the proposed amendment of Rule 114.

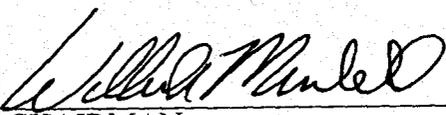
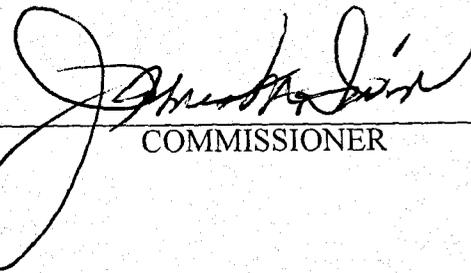
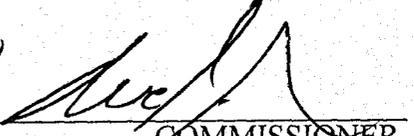
28 9. Rule 114 is set forth in Appendix A, attached hereto and incorporated by reference.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

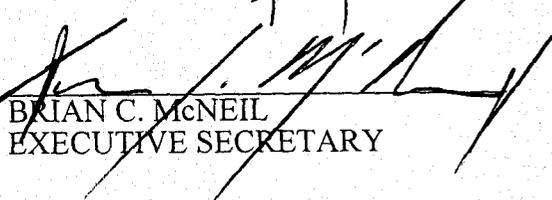
IT IS FURTHER ORDERED that the Commission's Securities Division is authorized to make changes in the adopted Rule A.A.C. R14-4-114 and to the adopted Concise Explanatory Statement in response to comments received from the Attorney General's office during the approval process under A.R.S. § 41-1044 unless, after notification of those changes, the Commission requires otherwise.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

		
CHAIRMAN	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 25th day of July, 2001.



BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____

MES:mlj

1 SERVICE LIST FOR: RULEMAKING
2 DOCKET NO. RS-00000A-00-0822

3
4 Jennifer Boucek
Assistant Attorney General
5 ARIZONA ATTORNEY GENERAL'S OFFICE
1275 W. Washington Street
6 Phoenix, AZ 85007

7 W. Mark Sendrow, Director
Securities Division
8 ARIZONA CORPORATION COMMISSION
1300 W. Washington Street
9 Phoenix, AZ 85007

10 Cheryl T. Farson
Securities Division
11 ARIZONA CORPORATION COMMISSION
1300 W. Washington Street
12 Phoenix, AZ 85007

13 Sharleen A. Day
Securities Division
14 ARIZONA CORPORATION COMMISSION
1300 W. Washington
15 Phoenix, AZ 85007

16
17
18
19
20
21
22
23
24
25
26
27
28

APPENDIX A

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

CHAPTER 4. CORPORATION COMMISSION – SECURITIES

ARTICLE 1. IN GENERAL RELATING TO THE SECURITIES ACT

Section

R14-4-114. Recognized manuals of securities.

- A. For purposes of A.R.S. § 44-1844(A)(11), each of the following publications is approved by the Commission as a recognized manual of securities.
1. Mergent's Industrial Manual.
 2. Mergent's Municipal and Government Manual.
 3. Mergent's Transportation Manual.
 4. Mergent's Public Utility Manual.
 5. Mergent's Bank and Finance Manual.
 6. Standard & Poor's Corporation Records.
- B. A "publication" for purposes of this Section includes electronic publication formats that are as readily available to the general public as the printed version, including CD-ROM and electronic dissemination over the Internet.

APPENDIX B

CONCISE EXPLANATORY STATEMENT

I. CHANGES IN THE TEXT OF THE PROPOSED RULE FROM THAT CONTAINED IN THE NOTICE OF PROPOSED RULEMAKING FILED WITH THE SECRETARY OF STATE.

None.

II. EVALUATION OF THE ARGUMENTS FOR AND AGAINST THE PROPOSED RULE

A.A.C. R14-4-114: Recognized manuals of securities.

Issue: A.A.C. R14-4-114 ("Rule 114") specifies the recognized manuals of securities for purposes of the exemption in A.R.S. § 44-1844(A)(11). The subsections of Rule 114 exempt from registration requirements a transaction in securities listed in a recognized manual of securities designated by the Commission by rule or order. The manuals of securities recognized by the Commission for purposes of the exemption are designated in Rule 114. The proposed amendments to Rule 114 reflect the name changes in many of the manuals from Moody's to Mergent's, and eliminate reference to manuals that are no longer in print. The adoption of the proposed amendments to Rule 114 is in the public interest and will assist the industry in providing updated information related to the recognized securities manuals.

Evaluation: We concur with the Division.

Resolution: Rule 114 should be amended as recommended by the Division.

