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STATE OF ARIZONA

OFFICE OF THE ATTORNEY GENERAL

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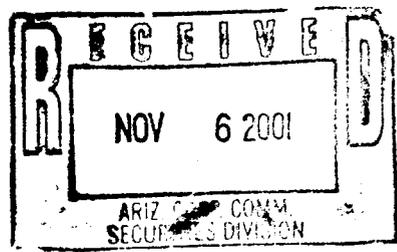
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JANET NAPOLITANO
ATTORNEY GENERAL

475

November 5, 2001

Mark Sendrow, Director of Securities
Arizona Corporation Commission
1300 West Washington, 3rd Floor
Phoenix, Arizona 85007-2996



RE: A.G. Rule No. R01-014; A.A.C. R14-4-114

Dear Mr. Sendrow:

We have reviewed the above-referenced rule adopted by the Arizona Corporation Commission on July 25, 2001. We have determined that the rule is in proper form, is clear, concise and understandable, within the power of the agency to adopt and within legislative standards, and was adopted in compliance with appropriate procedures.

Accordingly, pursuant to A.R.S. § 41-1044, I have affixed my signature to the original Approval of Final Rules and have forwarded it together with the original rule, notice of final rulemaking, and concise explanatory statement and four copies of each to the Secretary of State.

We have enclosed a copy for your reference.

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Sincerely,

Janet Napolitano
Attorney General

Arizona Corporation Commission
DOCKETED
NOV 27 2001

DOCKETED BY

ATTORNEY GENERAL APPROVAL OF FINAL RULES

1. **Agency Name:** Arizona Corporation Commission
2. **Chapter Heading:** Corporation Commission, Securities
3. **Code Citation for the Chapter:** 14 A.A.C. 4
4. **The Articles and the Sections involved in the rulemaking, listed in alphabetical and numerical order:**

Sections

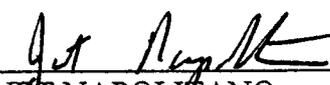
Action

Article 1. In General Relating to the Arizona Securities Act

R14-4-114

Amend

5. **The rules contained in this package are approved as final rules pursuant to A.R.S. § 41-1044.**

6. 

JANET NAPOLITANO,
Attorney General

Date 11-5-01

AGENCY CERTIFICATE

for

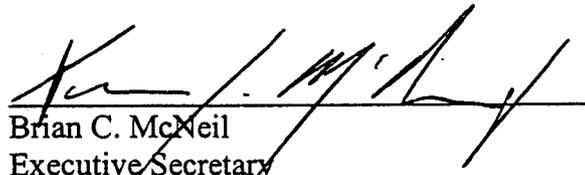
NOTICE OF FINAL RULEMAKING

1. **Agency name:** Arizona Corporation Commission, Securities Division
2. **Chapter heading:** Chapter 4. Corporation Commission, Securities
3. **Code citation for Chapter:** 14 A.A.C. 4
4. **The Subchapters, if applicable; the Articles; the Parts, if applicable; and the**

Sections involved in the rulemaking, listed in numerical order:

<u>Articles and Sections</u>	<u>Action</u>
Article 1. In General Relating to the Arizona Securities Act	
R14-4-114 Recognized manuals of securities	Amend

5. **The rule being submitted is a true and correct version of the rule made by the agency.**



Brian C. McNeil
Executive Secretary
Arizona Corporation Commission

26 JUL 01
Date

6. **Exempt from Governor's Regulatory Review Council:** A.R.S. § 41-1057

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.

NOTICE OF FINAL RULEMAKING

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;

SECURITIES REGULATION

CHAPTER 4. CORPORATION COMMISSION--SECURITIES

PREAMBLE

1. Section Affected Rulemaking Action

A.A.C. R14-4-114 Amend

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 and 44-1844

Implementing statute: A.R.S. § 44-1844

Constitutional authority: Arizona Constitution Article XV §§ 6 and 13

3. The effective date of the rule (if different from the date the rule is filed with the Office):

The rule is effective as of the date filed with the office of the secretary of state.

4. A list of all previous notices appearing in the Register addressing the final rule:

6 A.A.R. 4273; November 13, 2000, Notice of Rulemaking Docket Opening

7 A.A.R. 1300, March 23, 2001, Notice of Proposed Rulemaking

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, Third Floor
Phoenix, AZ 85007-2996
Phone: (602) 542-4242
Fax Number: (602) 594-7421

6. An explanation of the rule, including the agency's reasons for initiating the rule:

The Arizona Corporation Commission (Commission) amends Section R14-4-114 (rule 114) to specify the recognized manuals of securities for purposes of the exemption in A.R.S. § 44-1844(A)(11). A.R.S. § 44-1844(A)(11) exempts from registration requirements a transaction in securities listed in a recognized manual of securities designated by the Commission by rule or order. Rule 114 designates those manuals of securities recognized by the Commission for purposes of the exemption. The Commission amends rule 114 to reflect the name changes in many of the manuals from Moody's to Mergent's, and to eliminate reference to manuals that are no longer in print.

7. 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:

Not applicable.

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

The economic, small business, and consumer impact statement for rule 114 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 rule, the impact on established Commission procedures, Commission staff time, and other administrative costs doesn't change. The estimated additional cost to the office of the attorney general doesn't change. The benefits provided by rule 114 are nonquantifiable. Rule 114 should benefit the Commission's relations with the regulated public because of specified exemption standards. The public will benefit from the continuation of certain standards for exemptions. The Commission anticipates that the rulemaking will not

increase monitoring, record keeping, or reporting burdens on businesses or persons. The costs of implementation or enforcement are not increased or are only marginally increased. Please provide comment regarding the accuracy of this summary to the individual named in item 5 above.

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

Not applicable.

10. A summary of the principal comments and the agency response to them:

The Commission received one comment letter in support of the Commission's efforts to amend the rule to reflect the change in ownership of the securities manuals from Moody's to Mergent's.

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

None.

12. Incorporations by reference and their location in the rule:

Not applicable.

13. Whether the rule was previously adopted as an emergency rule and, if so, whether the text was changed between adoption as an emergency rule and the adoption of the final rule.

Not applicable.

14. 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

R14-4-114. ~~Listing of certain publications as constituting Recognized recognized manuals of securities, as used in A.R.S. § 44-1844(A)(11)~~

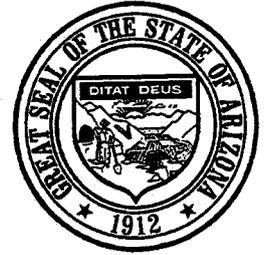
R14-4-114. ~~Listing of certain publications constituting Recognized~~recognized manuals of securities, ~~as used in A.R.S. § 44-1844(A)(11)~~

A. For purposes of A.R.S. § 44-1844(A)(11), eachEach of the following publications is approved by the Commission as a recognized manual of securities, ~~within the meaning of that term as used in A.R.S. § 44-1844(A)(11):~~

1. Mergent'sMoody's Industrial Manual,;
2. Mergent'sMoody's Municipal and Government Manual,;
3. Mergent'sMoody's Transportation Manual,;
4. Mergent'sMoody's Public Utility Manual,;
5. Mergent'sMoody's Bank and Finance ~~Financing~~ Manual,;
6. Standard & Poor's Corporation Records,;
7. ~~Walker's Manual of Western Corporations.~~

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.

Arizona Administrative Register



A Weekly Publication of the Office of the Secretary of State

Volume 7, Issue 48

November 30, 2001

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Scott Cancelosi
Assistant Director
Public Services Division

BETSEY BAYLESS
Secretary of State

John J. Kyl
Acting Editor
Arizona Administrative Register

Arizona Administrative Register
Notices of Final Rulemaking

tributor of the donated leave on a pro-rata basis, unless a contributor gives written notice to Human Resources to deposit the unused leave into an agency "donated-leave bank" for use of other employees in the future.

R13-5-804. Public Safety Personnel Retirement System Eligibility

A. Membership in the Arizona Public Safety Personnel Retirement System is designated by the Council under A.R.S. § 38-842 (19)(a). Commissioned employees in the following classifications are eligible for membership in the Public Safety Personnel Retirement System:

1. Director,
2. Deputy Director,
3. Assistant Director,
4. Bureau Chief,
5. Commander, Major
6. Captain
- 7-6. Lieutenant,
- 8-7. Sergeant II, Sergeant I
- 9-8. Sergeant I, Sergeant II
- 10-9. Officer,
- 11-10. Fixed Wing Pilot, and
- 12-11. Rotary Wing Pilot,

B. No change

1. No change
2. No change

NOTICE OF FINAL RULEMAKING

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

CHAPTER 4. CORPORATION COMMISSION - SECURITIES

PREAMBLE

1. **Section Affected** **Rulemaking Action**
R14-4-114 Amend
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 and 44-1844
Implementing statute: A.R.S. § 44-1844
Constitutional authority: Arizona Constitution Article XV, §§ 6 and 13
3. **The effective date of the rule:**
November 5, 2001
4. **A list of all previous notices appearing in the Register addressing the final rule:**
Notice of Rulemaking Docket Opening: 6 A.A.R. 4273, November 13, 2000
Notice of Proposed Rulemaking: 7 A.A.R. 1300, March 23, 2001
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, Third Floor
Phoenix, AZ 85007-2996
Phone: (602) 542-4242
Fax: (602) 594-7421
6. **An explanation of the rule, including the agency's reasons for initiating the rule:**
The Arizona Corporation Commission (Commission) amends Section R14-4-114 (rule 114) to specify the recognized manuals of securities for purposes of the exemption in A.R.S. § 44-1844(A)(11). A.R.S. § 44-1844(A)(11) exempts from registration requirements a transaction in securities listed in a recognized manual of securities designated by the

Arizona Administrative Register
Notices of Final Rulemaking

Commission by rule or order. Rule 114 designates those manuals of securities recognized by the Commission for purposes of the exemption. The Commission amends rule 114 to reflect the name changes in many of the manuals from Moody's to Mergent's, and to eliminate reference to manuals that are no longer in print.

7. 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:
Not applicable
8. The summary of the economic, small business, and consumer impact:
The economic, small business, and consumer impact statement for rule 114 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 rule, the impact on established Commission procedures, Commission staff time, and other administrative costs doesn't change. The estimated additional cost to the office of the attorney general doesn't change. The benefits provided by rule 114 are nonquantifiable. Rule 114 should benefit the Commission's relations with the regulated public because of specified exemption standards. The public will benefit from the continuation of certain standards for exemptions. The Commission anticipates that the rulemaking will not increase monitoring, recordkeeping, or reporting burdens on businesses or persons. The costs of implementation or enforcement are not increased or are only marginally increased. Please provide comment regarding the accuracy of this summary to the individual named in item #5 above.
9. A description of the changes between the proposed rule, including supplemental notices, and the final rule (if applicable):
Not applicable
10. A summary of the principal comments and the agency response to them:
The Commission received one comment letter in support of the Commission's efforts to amend the rule to reflect the change in ownership of the securities manuals from Moody's to Mergent's.
11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:
None
12. Incorporations by reference and their location in the rule:
Not applicable
13. Whether the rule was previously adopted as an emergency rule and, if so, whether the text was changed between adoption as an emergency rule and the adoption of the final rule.
Not applicable
14. The full text of the rule follows:

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

CHAPTER 4. CORPORATION COMMISSION - SECURITIES

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ARTICLE 1. IN GENERAL RELATING TO THE ARIZONA SECURITIES ACT

R14-4-114. ~~Listing of certain publications as constituting Recognized recognized manuals of securities, as used in A.R.S. § 44-1844(A)(11)~~

- A. For purposes of A.R.S. § 44-1844(A)(11), each Each of the following publications is approved by the Commission as a recognized manual of securities, within the meaning of that term as used in A.R.S. § 44-1844(A)(11):
1. Mergent's Moody's Industrial Manual;
 2. Mergent's Moody's Municipal and Government Manual;
 3. Mergent's Moody's Transportation Manual;
 4. Mergent's Moody's Public Utility Manual;
 5. Mergent's Moody's Bank and Finance Financing Manual;
 6. Standard & Poor's Corporation Records;
 7. Walker's Manual of Western Corporations.
- 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.