



Docket # RS-00000A-00-0822

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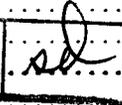
Administrative Register

A Weekly Publication of the Secretary of State's Office

Volume 7, Issue 12

March 23, 2001

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BETSEY BAYLESS
Secretary of State

Lupe Baysinger
Editor
Arizona Administrative Register

NOTICE OF PROPOSED RULEMAKING

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

CHAPTER 4. CORPORATION COMMISSION - SECURITIES

PREAMBLE

1. Sections Affected
R14-4-114
- Rulemaking Action
Amend
2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):
Authorizing statutes: 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. A list of all previous notices appearing in the Register:
Notice of Rulemaking Docket Opening: 6 A.A.R. 4273, November 13, 2000
4. 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 West Washington, Third Floor
Phoenix, Arizona 85007-2996
Telephone: (602) 542-4242
Fax: (602) 594-7421
5. An explanation of the rule, including the agency's reasons for initiating the rule:
The Arizona Corporation Commission (Commission) proposes to amend 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 proposes to amend 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. The Notice of Rulemaking Docket Opening included rule 114 and rule 115. This Notice of Proposed Rulemaking applies only to rule 114. The Commission is pursuing a separate rulemaking package for rule 115.
6. Reference to any study that the agency proposes to rely on in its evaluation of or justification for the proposed rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study, and other supporting material:
None
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

Arizona Administrative Register
Notices of Proposed Rulemaking

8. The preliminary 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 proposed 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 proposed 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 #4 of this notice.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Not applicable

10. The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rule, or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Date: May 2, 2001

Time: 10:00 a.m.

Location: Arizona Corporation Commission
1200 West Washington Avenue
Phoenix, Arizona 85007

Nature: Oral proceeding. Subsequent to the oral proceeding, the Arizona Corporation Commission will take final action at an open meeting with respect to the making of the proposed rule.

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 rules:

None

13. 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)~~

ARTICLE 1. IN GENERAL RELATING TO THE ARIZONA SECURITIES ACT

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), 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.~~

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Volume 6, Issue 46

November 13, 2000

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Mimi Griffiths
Director
Public Services Department

BETSEY BAYLESS
Secretary of State

Lupe Baysinger
Editor
Arizona Administrative Register

Arizona Administrative Register
Notices of Rulemaking Docket Opening

4. The name and address of agency personnel with whom persons may communicate regarding the rule:

Name: Kathleen Phillips, Rules Administrator

Address: Department of Health Services
1740 West Adams, Suite 102
Phoenix, Arizona 85007

Telephone: (602) 542-1264

Fax: (602) 542-1090

or

Name: Mary Wiley, Assistant Director

Address: Department of Health Services
Assurance and Licensure Services
1647 East Morten, Suite 220
Phoenix, Arizona 85020

Telephone: (602) 674-4200

Fax: (602) 861-0645

5. The time during which the agency will accept written comments and the time and place where oral comments may be made:

Written comments will be accepted until the close of record which has not yet been determined. If a public hearing is scheduled for these rules, oral public comments may be presented at this time.

6. A timetable for agency decisions or other action on the proceeding, if known:

Not known at present

NOTICE OF RULEMAKING DOCKET OPENING

ARIZONA CORPORATION COMMISSION- SECURITIES DIVISION

- 1. Title and its heading:** 14, Public Service Corporations; Corporations and Associations; Securities Regulation
Chapter and its heading: 4, Securities
Article and its heading: 1, In General Relating to the Arizona Securities Act
Section number: R14-4-114, R14-4-115 (Other Sections may be added, deleted or modified).

2. The subject matter of the proposed rule:

R14-4-114 specifies the recognized manuals for purposes of the manual exemption in A.R.S. § 44-1844(A)(11).
R14-4-115 specifies the recognized securities exchanges for purposes of the exchange exemption in A.R.S. § 44-1843(A)(7).

Agency docket number:

Docket Number RS-00000A-00-0822

3. A citation to all published notices relating to the proceeding:

None

4. The name and address of agency personnel with whom persons may communicate regarding the rule:

Name: Sharleen A. Day

Address: Arizona Corporation Commission, Securities Division
1300 West Washington, Third Floor
Phoenix, Arizona 85007

Telephone: (602) 542-4242

Fax: (602) 594-7421

Arizona Administrative Register
Notices of Rulemaking Docket Opening

5. The time during which the agency will accept written comments:

Monday through Friday, 8:00 a.m. through 5:00 p.m.

The time and place where oral comments may be made:

Monday through Friday, 8:00 a.m. through 5:00 p.m. at the Securities Division as noted in question 4. No hearing date has been set.

6. A timetable for agency decisions or other action on the proceeding, if known:

Not known

NOTICE OF RULEMAKING DOCKET OPENING

DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION

1. Title and its heading: 17, Transportation

Chapter and its heading: 4, Department of Transportation - Motor Vehicle Division

Article and its heading: 2, Titles and Registration

Section: R17-4-265

2. Subject matter of the proposed rule:

R17-4-265 incorporates legislation that established a minimum value for private vehicle sale and transfer transactions between individuals. The statute was repealed and the Department has not enforced this rule since that action, justifying its repeal.

3. A citation to all published notices relating to the proceeding:

None

4. The name and address of agency personnel to whom persons may communicate regarding the rule:

Name: Ellen Damron, Rules Analyst

Address: 3737 North Seventh Street, Suite 160
Phoenix, Arizona 85014

Telephone: (602) 712-6722

Fax: (602) 241-1624

E-Mail: edamron@dot.state.az.us

5. The time during which the agency will accept written comments and the time and place where oral comments may be made:

Written and oral comments will be accepted Monday through Friday, 8:00 a.m. until 4:30 p.m., at the address listed in #4.

6. A timetable for agency decisions or other action on the proceeding, if known:

To be determined

~~GOODWIN~~ | PROCTER

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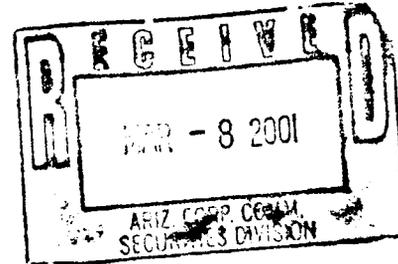
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March 7, 2001

AZ CORP COMMISSION
DOCUMENT CONTROL**By Federal Express**

Sharleen A. Day
Associate General Counsel
Arizona Corporation Commission
1300 West Washington, Third Floor
Phoenix, AZ 85007

**Re: Mergent's Manuals**

Dear Ms. Day:

Reference is made to my December 23, 1999 correspondence to Kurt Merrit of your office (copy attached) and our several telephone conversations over the past two years regarding the Moody's[®] Manual reference within your manual exemption. As you are aware, Mergent FIS, Inc. ("Mergent"), the new publisher of the Moody's[®] Manual, requested that Arizona update Section R14-4-114 of the Regulations of Arizona Corporation Commission, Title 14, Ch. 4, as amended, to reflect the trademark change of its manual from Moody's[®] to Mergent's.

Mergent appreciates the Arizona Securities Division's continued review of its request and understands that the process of amending or modifying security and transaction exemptions can be time-consuming. However, Mergent would like this matter to come to a resolution in early 2001. I have been advised by Mergent that it plans to cease using the Moody's[®] trademark in connection with its manuals as soon as reasonably possible and, due to Mergent's contractual obligations, that date will be no later than the end of June, 2001.

Accordingly, in order to meet the needs of the investment community, Mergent seeks (i) the approval of its request and (ii) the requested amendment to Section R14-4-114 to be effective prior to May 31, 2001.

If you have any additional questions or concerns regarding Mergent's requests, please contact me at (617) 570-1273. Thank you for taking the time to consider these matters.

Sincerely,

Peter M. Sullivan

Enclosure

LIBC/1113581.1

GOODWIN, PROCTER & HOAR LLP

COUNSELLORS AT LAW
EXCHANGE PLACE
BOSTON, MASSACHUSETTS 02109-2881

TELEPHONE (617) 570-1000
TELECOPIER (617) 227-8591

December 23, 1999

Via Federal Express

Kurt Merritt, Assistant General Counsel
Corporation Commission
1300 West Washington, Third Floor
Phoenix, Arizona 85007

Re: Moody's Manuals

Dear Mr. Merritt:

As recently discussed, I am writing on behalf of Mergent FIS, Inc., a subsidiary of Mergent, Inc. and the publisher of the Moody's® Manuals, in order to request an update regarding the Moody's Manual reference within your manual exemption.

As you may know through previous correspondence, Financial Communications Company, Inc. ("FCC") became the new publisher of the Moody's® Manuals. A letter referencing this event, attached as Exhibit A, was sent to your office's attention in July, 1998. Recently, FCC changed its name to Mergent, Inc. ("Mergent") and also changed the name of its subsidiary which publishes the Moody's® Manuals to Mergent FIS, Inc.

Mergent's license to use the Moody's® trademark associated with the Mergent FIS Manual will continue only for a limited time. For this reason, the Manual, although currently co-branded as Mergent and Moody's®, will soon be branded solely as Mergent's Manuals. An example of the Manual's current branding is attached as Exhibit B. Aside from its new name, there will be no changes in the substantive requirements issuers must satisfy in order to be included in Mergent's Manuals.

For many years, the manual exemption from State securities registration requirements has been available in various U.S. jurisdictions and is at present widely relied upon by the investing public, legal practitioners and the brokerage industry to facilitate secondary market trading. As of the date of this letter, thirty-six jurisdictions recognize the Moody's® Manual as a nationally recognized securities manual. Arizona recognizes the *Moody's Industrial Manual*, *Moody's Municipal and Governmental Manual*, *Moody's Transportation Manual*, *Moody's Public Utility Manual* and *Moody's Bank and Financing Manual* in Section R14-4-114 of the Regulations of Arizona Corporation Commission, Title 14, Ch. 4, as amended.

GOODWIN, PROCTER & HOAR LLP

Kurt Merritt
December 23, 1999
Page 2

In order to continue to serve the investment community in a timely and efficient manner and to meet the needs of investors, Mergent requests that Arizona update Section R14-4-114 and effect any necessary interim regulations to reflect the trademark change of its manual from Moody's® Manuals to Mergent's Manuals.

Additionally, Mergent would like Arizona to consider expanding its manual exemption to include *all commonly recognized formats of Mergent's Manuals, including CD-ROM and electronic dissemination over the Internet.*

Thank you for taking the time to consider these matters. If you have any questions regarding the manual's name change or our request concerning the manual exemption, please contact the undersigned at (617) 570-1273.

Very truly yours,



Peter M. Sullivan

cc: Kurt Steele, Esq.
Mr. Frank J. Spano
Mergent FIS, Inc.