

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
SECURITIES AND REAL ESTATE DIVISION

In the Matter of the Proposed Amendment of Rules SDiv 2117 and SDiv 2118 of the Securities and Real Estate Division, Which Rules Implement and Interpret the Provisions of Minn. Stat. §80A.15, Subdivisions 2(g) and 2(h) (1982) Governing Exempt Transactions; Correcting a Cross Reference in Rule SDiv 2021(c) (4) and Clarifying Rule SDiv 2034(a)

STATEMENT OF
NEED AND
REASONABLENESS

Notice is hereby given that, pursuant to his authority under Minn. Stat. Section 80A.25 (1982), the Commissioner of Securities and Real Estate intends to amend Rules SDiv 2117 and SDiv 2118 relating to the Minnesota Securities Act (Minn. Stat. Chapter 80A). The Commissioner has determined that the proposed amendments are noncontroversial in nature and desires that they be adopted without a public hearing in accordance with Minn. Stat. Sections 14.21 to 14.28 (1982). Furthermore, the Commissioner has determined that the proposed amendments are in the public interest and are consistent with the purposes fairly intended by the policy and provisions of Minn. Stat. Chapter 80A.

The need for and reasonableness of the proposed amendments are as follows:

SDiv 2021(c) (4)

Amended to revise a cross reference to a re-codified section of Minnesota Statutes.

SDiv 2034(a) (5)

Amended for purposes of clarification.

SDiv 2117 and SDiv 2218

Rules SDiv 2117 and 2118 implement and interpret the provisions of Minn. Stat. §80A.15, subdivisions 2(g) and 2(h) governing transactions which are exempt from registration.

The Commissioner has determined that it is desirable, in light of express statutory policy "to coordinate the interpretation of [the Minnesota Securities Act] with the related federal regulation",¹

¹Minnesota Statutes §80A.31 (1982)

to amend SDiv 2117 and 2118 by incorporating therein the provisions of Securities and Exchange Commission Regulation D.²

The Securities and Exchange Commission adopted Regulation D in order to assist small business capital formation and to reduce the burdens imposed by the federal securities laws as applied to small business.

The Commissioner believes that this coordination of regulation will further statutory policy and will achieve a uniform system of state-federal limited offering exemptions that facilitates capital formation consistent with the protection of investors.

²C.F.R., title 17, sections 230.501 to 230.506

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MICHAEL A. HATCH
Commissioner of Securities and Real Estate

Date: February 11, 1983
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