

Minnesota Department of Commerce

ORDER ADOPTING RULES

Adoption of Rules Governing Small Corporate Offering Registration Statement, Minnesota Rules, 2876.3021; Revisor's ID Number R-4833; OAH Docket Number 65-9009-39659

BACKGROUND INFORMATION

1. Minnesota Statutes, section 14.388, subdivision 1(3) provides:

“If an agency for good cause finds that the rulemaking provisions of this chapter are unnecessary, impracticable, or contrary to the public interest when adopting, amending, or repealing a rule to...(3) incorporate specific changes set forth in applicable statutes when no interpretation of law is required...the agency may adopt, amend, or repeal the rule after satisfying the requirements of subdivision 2 and section 14.386, paragraph (a), clauses (1) to (4). The agency shall incorporate its findings and a brief statement of its supporting reasons in its order adopting, amending, or repealing the rule.”

2. The Department of Commerce for good cause finds the regular rulemaking provisions of Minnesota Statutes, Chapter 14 are unnecessary, impracticable, and contrary to public interest for the adoption of the proposed rule amendment, and that use of the exempt rulemaking provisions in Minnesota Statutes, section 14.388 is more appropriate. The use of the good cause exempt rulemaking process for these rules is authorized by Laws of Minnesota 2023 chapter 57, article 3, section 74. According to Minnesota Statutes, section 14.388, subdivision 1, clause (3) the changes incorporate specific changes stated in applicable statutes that require no interpretation of law.

3. In the Laws of Minnesota 2023, chapter 57, article 3 section 74 the Minnesota Legislature directed the commissioner of Commerce to make the following rule change:

- A. Amend Minnesota Rules, part 2876.3021 subpart 2 to remove the prohibition on use of unaudited financial statements if the aggregate amount of all previous sales of securities by the applicant, exclusive of debt financing with banks and similar commercial lenders, exceeds \$1,000,000.

4. The Department of Commerce has complied with all notice and procedural requirements in Minnesota Statutes, chapter 14, Minnesota Rules, chapter 1400, and other applicable law. The Department sent notice to all persons who registered their name with the agency under Minnesota Statutes, section 14.14, subdivision 1a. The notice and proposed rule revisions are also posted on the Department's website.

5. The Office of Administrative Hearings received zero (0) written comment on the rules.

6. The rules are needed and reasonable.

ORDER

Rules of the Department of Commerce governing Small Corporate Offering Registration Statement in the form set out in the Revisor's draft, file number R-4833 dated 10/20/2023, are adopted under my authority in Laws of Minnesota Laws of Minnesota 2023 chapter 57, article 3, section 74.

December 27, 2023

Date



Grace Arnold, Commissioner
Minnesota Department of Commerce