

STATEMENT OF BASIS AND PURPOSE

Amendments to Chapter 3 of the Rules Under the Colorado Securities Act
Colorado Division of Securities
December 1, 2015

Pursuant to the authority found in the Colorado Securities Act (the "Act"), sections 11-51-101, *et seq.*, C.R.S., including parts 3 and 7 of the Act, the Securities Commissioner adopts the amendments to Rules 51-3.1 and 51-3.7 on December 1, 2015.

The general purpose of the amendments to Rules 51-3.1 and 51-3.7 is to reduce the offering costs and environmental impact associated with paper filings. With regard to Rule 51-3.1, various sections of the Colorado Securities Act, the Rules Under the Colorado Securities Act, and certain NASAA forms require a person seeking registration by coordination to file with the Securities Commissioner certain documents that are submitted to the SEC. The duplicative filing of such documents increases offering costs and harms the environment. With regard to Rule 51-3.7, the North American Securities Administrators Association ("NASAA") established the Electronic Filing Depository ("EFD"), which allows issuers to file the Form D electronically. Requiring issuers to file the Form D electronically through NASAA's EFD system will reduce offering costs, such as printing and postage, and minimize the negative impact on the environment. Additionally, this amendment will increase investor protection by giving the Division of Securities the ability to efficiently analyze the filings.

The Securities Commissioner finds that the adoption of the permanent amendments to Rules 51-3.1 and 51-3.7 are necessary and appropriate in the public interest and are consistent with the purposes and provisions of the Act. The Securities Commissioner further finds that the record demonstrates the need for these rules, the rules are clearly and simply stated, proper statutory authority exists for the rules, the rules do not conflict with any other rules or statutes governing the Division of Securities, and the rules are coordinated with the federal acts and statutes and the rules and regulations promulgated thereunder to which references are made to the extent coordination with them is consistent with the purposes and provisions of the Act.

This general statement of basis and purpose is incorporated by reference in the rules adopted by the Securities Commissioner on December 1, 2015. The rules will become effective approximately 20 days after the adopted rules are published in the Colorado Register.

DATED this 1st day of December 2015



Gerald Rome
Securities Commissioner