

NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

NOTICE OF PROPOSED RULEMAKING

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

CHAPTER 2. CORPORATION COMMISSION – FIXED UTILITIES

PREAMBLE

- | <u>1. Sections Affected</u> | <u>Rulemaking Action</u> |
|-----------------------------|--------------------------|
| R14-2-2101 | New Section |
| R14-2-2102 | New Section |
| R14-2-2103 | New Section |
| R14-2-2104 | New Section |
| R14-2-2105 | New Section |
| R14-2-2106 | New Section |
| R14-2-2107 | New Section |
| R14-2-2108 | New Section |
| R14-2-2109 | New Section |
| R14-2-2110 | New Section |
| R14-2-2111 | New Section |
| R14-2-2112 | New Section |
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
Authorizing statutes: Arizona Constitution, Article XV § 3; A.R.S. §§ 40-202, 40-203, 40-321, and 40-322.
Implementing statute: Not applicable
- 3. A list of all previous notices appearing in the Register addressing the proposed rule:**
Notice of Rulemaking Docket Opening: 10 A.A.R 4702, November 19, 2004
- 4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Maureen Scott, Attorney, Legal Division
Timothy J. Sabo, Attorney, Legal Division
Address: Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007
Telephone: (602) 542-3402
Fax: (602) 542-4870
- 5. An explanation of the rule, including the agency's reasons for initiating the rule:**
The proposed rules regulate dissemination of individual Customer Proprietary Network Information (CPNI) by telecommunications carriers. Telecommunication carriers are in a position to collect customer's private account and personal information. This information is sensitive and the collection and dissemination by service providers raises serious privacy issues. The Commission believes these rules are necessary to provide adequate notice to make an informed decision and sufficient protection to safeguard the privacy interests of Arizona citizens.
- 6. A 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:

The Commission believes that the proposed rules are necessary to protect consumers' privacy rights. These rules will ensure appropriate authorization and dissemination measures are taken and will enhance public safety, quality of service and are in the best interest of all citizens in the state of Arizona.

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

Telecommunications Carriers, as defined in proposed rules R14-2-2102(A)(12), may incur costs associated with consumer notification requirements, annual reminders and confirmation of customers' CPNI elections, and additional verification procedures. Carriers that fail to comply with the proposed rules may face penalties or sanctions. The proposed rules may lead to more efficient use of the CPNI as a result of knowing and informed consent by consumers. Telecommunications Carriers may also benefit from a decrease in consumer complaints and increased goodwill as a result of the proposed rules. Most telecommunications carriers are not small businesses as defined by A.R.S. § 41-1001.19. Telecommunications carriers that are small businesses must comply with the rules when enacted. The Commission has tried to reduce the impact on small business by creating proposed rules which are deemed to be the least intrusive and least costly means of achieving the whole purpose of the proposed rulemaking. Consumers and small businesses that are not telecommunications carriers will benefit from important safeguards set forth to ensure that customers are routinely informed of their rights with respect to Customer Proprietary Network Information and that the decision to release this private information is both knowing and informed.

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:

Name: Matthew Rowell, Chief, Telecommunications and Energy Section

Address: Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Telephone: (602) 542-0858

Fax: (602) 542-2129

10. The time, place, and nature of the proceedings for the making, 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:

The time when and the place where oral and written comments may be made is noticed in accordance with A.R.S. § 38-431 and was established by the Arizona Corporation Commission in its Procedural Order as follows: January 31, 2005, 10:00 a.m. Arizona Corporation Commission Hearing Room #1, 1200 West Washington, Phoenix, Arizona 85007. The Administrative Law Judge or the Commission may schedule additional meetings by procedural order.

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:

R14-2-2101, R14-2-2102, R14-2-2103, R14-2-2104, R14-2-2105, contain references to federal regulations: 47 CFR Subparts 64.2001 to and including 64.2009, revised September 20, 2002 and/or 47 U.S.C. § 222, revised 1999

13. The full text of the rules follows:

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

CHAPTER 2. CORPORATION COMMISSION – FIXED UTILITIES

ARTICLE 21. CUSTOMER PROPRIETARY NETWORK INFORMATION

Section

R14-2-2101. Application of the Rule

R14-2-2102. Definitions

R14-2-2103. Obtaining Customer Approval to Use, Disclose, or Permit Access to CPNI to Affiliates, Joint Venture Partners, and/or Independent Contractors Providing Communications-Related Services

R14-2-2104. Obtaining Customer Approval to Use, Disclose, or Permit Access to CPNI to Third Parties and Affiliates that Do Not Provide Communications-Related Services

- R14-2-2105. Information Requirements for Customer CPNI Opt-In Notice
- R14-2-2106. Additional Informational Requirements for Customer Opt-Out Notice
- R14-2-2107. Notification Requirements for Obtaining Customer Approval for Limited One-Time Use of CPNI for Inbound and Outbound Customer Telephone Contact
- R14-2-2108. Verification of Customer Opt-Out Approval to Use CPNI
- R14-2-2109. Confirming a Customer's Opt-In Approval
- R14-2-2110. Reminders to Customers of Their Current CPNI Release Election
- R14-2-2111. Duration of Customer Approval or Disapproval to Disseminate the Customer's CPNI
- R14-2-2112. Severability

ARTICLE 21. CUSTOMER PROPRIETARY NETWORK INFORMATION

R14-2-2101. Application of the Rule

These rules govern the treatment of Customer Proprietary Network Information (CPNI) for all telecommunications carriers that provide telecommunications service in Arizona. In addition, the Commission adopts, incorporates, and approves as its own 47 CFR § 64.2001 through 2009, revised as of September 20, 2002 (and no future amendments), incorporated by reference and copies available from the Commission Office, Legal Division, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975. These rules are in addition to the FCC rules and together with the FCC rules govern the release of CPNI in Arizona.

R14-2-2102. Definitions

For purposes of this Article, the following definitions apply unless the context otherwise requires:

1. "Affiliate" means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this subsection, the term "own" means to own an equity interest (or the equivalent thereof) of more than 10 percent.
2. "Communications-related services" means telecommunications services, information services typically provided by telecommunications carriers, and services related to the provision or maintenance of customer premises equipment.
3. A "Customer" of a telecommunications carrier is a person or entity to which the telecommunications carrier is currently providing service.
4. "Customer premise equipment" means equipment employed on the premises of a person (other than a telecommunications carrier) to originate, route, or terminate telecommunications.
5. "Customer proprietary network information (CPNI)" means information that relates to the quantity, technical configuration, type, destination, location, and amount of use of a telecommunications service subscribed to by any customer of a telecommunications carrier, and that is made available to the carrier by the customer solely by virtue of the carrier-customer relationship; and information contained in the bills pertaining to telephone exchange service or telephone toll service received by a customer of a carrier; except that such term does not include subscriber list information. See 47 U.S.C. § 222(h)(1) revised 1999 (and no future amendments), incorporated by reference and copies available from the Commission Office, Legal Division, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.
6. "Non-listed Service" means a service that ensures that customers' telephone numbers are not published in the telephone directory but are available through directory assistance.
7. "Non-published Service" means a service that ensures that customers' telephone numbers are not published in the telephone directory and are not otherwise available through directory assistance.
8. "Opt-In approval" means a method for obtaining customer consent to use, disclose, or permit access to the customer's CPNI that requires that the telecommunications carrier obtain from the customer affirmative, express consent allowing the requested CPNI usage, disclosure, or access after the customer is provided notification of the carrier's request in conformance with Section R14-2-2105.
9. "Opt-Out approval" means a method for obtaining customer consent to use, disclose, or permit access to the customer's CPNI where a customer is deemed to have consented to the use, disclosure, or access to the customer's CPNI if the customer has failed to affirmatively object to approval within the 30-day waiting period provided in R14-2-2103(C) after the customer is provided the notice as required in R14-2-2106, subject to the requirements of Section R14-2-2108.
10. "Published" means authorized for voluntary disclosure by the individual identified in the listing.
11. "Subscriber list information" means any information identifying the listed names of subscribers of a telecommunications carrier and such subscribers' telephone numbers, addresses, or primary advertising classifications (as such classifications are assigned at the time of the establishment of such service), or any combination of such listed names, numbers, addresses, or classifications; and that the carrier or an affiliate has published, caused to be published, or accepted for publication in any directory format. See 47 U.S.C. § 222(e)(1) revised 1999 (and no future amendments), incorporated by reference and copies available from the Commission Office, Legal Division, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pitts-

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burgh, Pennsylvania 15250-7975.

12. “Telecommunications carrier” means a public service corporation, as defined in the Arizona Constitution, Article 15, § 2, which provides telecommunications services within the state of Arizona and over which the Commission has jurisdiction.
13. “Third Party” means a person who is not the customer, the customer’s telecommunications service provider, an affiliate, joint venture partner, or independent contractor of the customer’s telecommunications service provider.

R14-2-2103. Obtaining Customer Approval to Use, Disclose, or Permit Access to CPNI to Affiliates, Joint Venture Partners and/or Independent Contractors Providing Communications-Related Services

- A.** A telecommunications carrier may, subject to opt-out approval or opt-in approval:
 1. Disclose its customer’s individually identifiable CPNI, for the purpose of marketing communications-related services to that customer, to its agents; its affiliates that provide communications-related services; and its joint venture partners and independent contractors;
 2. Permit such persons or entities to obtain access to such CPNI for such purposes.
- B.** Any solicitation for customer approval must be accompanied by a notice to the customer of the customer’s right to restrict use of, disclosure of, and access to that customer’s CPNI. For the purpose of obtaining opt-in approval, the notice must comply with the requirements of Section R14-2-2105 of these rules. For the purpose of obtaining opt-out approval, the notice must comply with the requirements of Section R14-2-2106 of these rules.
- C.** Telecommunications carriers must wait a 30-day minimum period of time after giving customers notice and an opportunity to opt-out before assuming customer approval to use, disclose or permit access to CPNI. A telecommunications carrier may, in its discretion, provide for a longer period.
- D.** The telecommunications carrier shall be required to execute a proprietary agreement with all affiliates, joint venture partners, independent contractors that provide communications-related services, third parties, and affiliates that do not provide communications-related services to maintain the confidentiality of the customers’ CPNI. The proprietary agreement must meet the minimum requirements set forth in 47 CFR § 64.2007(b)(2), revised as of September 20, 2002 (and no future amendments), incorporated by reference and copies available from the Commission Office, Legal Division, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

R14-2-2104. Obtaining Customer Approval to Use, Disclose, or Permit Access to CPNI to Third Parties and Affiliates That Do Not Provide Communications-Related Services

- A.** A telecommunications carrier may, subject to opt-in approval, use, disclose, or permit access to its customer’s individually identifiable CPNI to affiliates that do not provide telecommunications-related services.
- B.** A telecommunications carrier may use, disclose, or permit access to its customer’s individually identifiable CPNI to a third party only upon written, electronic, or oral request by the customer that specifically identifies the third party to whom the CPNI may be disseminated.
- C.** Any solicitation for customer approval must be accompanied by a notice to the customer of the customer’s right to restrict use of, disclosure of, and access to that customer’s CPNI. For the purpose of obtaining opt-in approval, the notice must comply with the requirements of Section R14-2-2105 of these rules.
- D.** The telecommunications carrier shall be required to execute a proprietary agreement with all affiliates, joint venture partners, independent contractors that provide communications-related services, third parties, and affiliates that do not provide communications-related services to maintain the confidentiality of the customers’ CPNI. The proprietary agreement must meet the minimum requirements set forth in 47 CFR § 64.2007(b)(2), revised as of September 20, 2002 (and no future amendments), incorporated by reference and copies available from the Commission Office, Legal Division, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.
- E.** A telecommunications company relying on “Opt-In” approval must bear the burden of demonstrating that such approval has been given in compliance with sections R14-2-2104 and R14-2-2105 of these rules.
- F.** This Article does not prohibit the use and disclosure of CPNI for the purpose of sharing customer records necessary for the provisioning of service by a competitive carrier as provided in section 222(c)(1) of the Communications Act of 1934, as amended (and no future amendments), incorporated by reference and copies available from the Commission Office, Legal Division, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

R14-2-2105. Information Requirements for Customer CPNI Opt-In Notice

- A.** A telecommunications carrier may provide notification to obtain opt-in approval through oral, written, or electronic methods. The contents of any such notification must:
 1. Include the definition of customer proprietary network information contained in 47 U.S.C. § 222(h)(1); 1999 amendment (and no future amendments), incorporated by reference and copies available from the Commission Office, Legal Division, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office,

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P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975;

2. State that the customer has a right to direct the company not to use the customer's CPNI or limit the use, disclosure, and access to the customer's CPNI;
3. State that the telecommunications company has a duty to comply with the customer's limitations on use, disclosure of, and access to the information;
4. State that CPNI includes all information related to specific calls initiated or received by a customer;
5. Inform the customer that CPNI does not include published information, whether listed or non-listed, such as their name, telephone number, and address, and this information is not subject to the same limitations of use;
6. Inform the customer that deciding not to approve the release of CPNI will not affect the provision of any services to which the customer subscribes;
7. State that any customer approval for use, disclosure of, or access to CPNI may be revoked or limited at any time; and
8. Be posted on the company's web site.

B. Written notice must:

1. Be mailed separately or be included as an insert in a regular monthly bill within an envelope that clearly and boldly states that important privacy information is contained therein;
2. Be clearly legible, in twelve-point or larger print;
3. Be printed in both English and Spanish unless the customer has previously expressed a preferred language in which case the notice may be written in that language alone.

C. Electronic notice must:

1. Be e-mailed separately from any billing information, inducements, advertising, or promotional information;
2. Be clearly legible, in twelve-point or larger print;
3. Be printed in both English and Spanish unless the customer has previously expressed a preferred language in which case the notice may be written in that language alone.

R14-2-2106. Additional Information Requirements for Customer Opt-Out Notice

- A. A telecommunications carrier may provide notification to obtain opt-out approval through, written, or electronic methods, but not orally (except as provided in Section R14-2-2107).**
- B. The contents of any such notification must comply with Section R14-2-2105 and with the following requirements.**
- C. Telecommunications carriers must notify customers as to the applicable waiting period (minimum 30-days as provided in R14-2-2103(C)) for a response before opt-out approval is assumed.**

R14-2-2107. Notification Requirements for Obtaining Customer Approval for Limited One-Time Use of CPNI for Inbound and Outbound Customer Telephone Contact

A telecommunications carrier may use oral notice to obtain limited, one-time use of CPNI for inbound and outbound customer telephone contacts for the duration of the call, regardless of whether telecommunications carriers use opt-out or opt-in approval based on the nature of the contact.

R14-2-2108. Verification of Customer Opt-Out Approval to Use CPNI

- A. Verification of a customer's opt-out approval must be obtained within one year. Verification of the customer's approval shall be obtained in accordance with the procedures set forth below. Carriers may request an extension of the verification time period subject to Commission approval.**
- B. Verification of the customer's approval may be obtained through written, oral, or electronic methods. All verification methods shall be conducted in the same languages that were used in the initial notification and shall elicit at a minimum:**
 1. The identity of the customer;
 2. Confirmation that the person responding to the verification request is authorized to make CPNI available to the telecommunications company;
 3. Confirmation that the customer wants to make the CPNI release verification;
 4. The telephone numbers for which CPNI information release is authorized; and
 5. The types of service involved.
- C. Written verification obtained by a telecommunications carrier shall:**
 1. Be a separate document having the sole purpose of authorizing a telecommunications company to use the customer's CPNI in accordance with this Article;
 2. Be signed and dated by the customer authorizing the use of the customer's CPNI; and
 3. Not be combined with any inducement.
- D. Electronic verification obtained by a telecommunications carrier shall:**
 1. Include electronically signed letters of authority;
 2. Be a separate document having the sole purpose of authorizing a telecommunications company to use the customer's CPNI in accordance with this Article; and
 3. Not be combined with any inducement.
- E. Oral verification obtained by a telecommunications carrier shall:**

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1. Be recorded; and
 2. Not be combined with any inducement.
- F.** If a telecommunications company fails to obtain verification within one year of obtaining a customer's opt-out approval, the authorization to use, disclose, or permit access to that customer's CPNI is no longer valid. If verification from the customer is not received within one year as required, the company shall direct any entities (affiliates, joint-venture partners, or independent contractors) to whom it has released CPNI to stop using the CPNI.
- G.** As a result of failure to obtain verification within one year, the company and any other entities (affiliates, joint-venture partners, or independent contractors) may not use, disclose, or permit access to that customer's CPNI until verification is obtained.
- H.** Carriers may request an extension of the verification time period subject to Commission approval.

R14-2-2109. Confirming a Customer's Opt-In Approval

- A.** Each time a telecommunications company receives a customer's "Opt-In" approval to allow the telecommunications company to make CPNI available to itself, its affiliates, independent contractors or joint venture partners, the telecommunications company must confirm in writing the change in approval status to the customer within ten days.
- B.** The written confirmation must be mailed or e-mailed to the customer.
- C.** The confirmation must be separate from any other mail from the telecommunications company.
- D.** The confirmation must clearly advise the customer of the effect of the customer's opt-in choice and must provide a reasonable method to notify the telecommunications company, including a toll free telephone number if the telecommunications company made an error in changing the customer's approval status.

R14-2-2110. Reminders to Customers of Their Current CPNI Release Election

- A.** Telecommunications companies that have obtained opt-out or opt-in approval must notify customers of their current election regarding the treatment of their CPNI every 12 months.
1. In the case of opt-out approval, the notification must remind customers of their election to allow the company to:
 - a. Provide their information to its affiliates that provide communications-related services to which services that customer does not already subscribe; and
 - b. Provide their information to its joint venture partners and independent contractors that provide communications-related services.
 2. In the case of opt-in approval, the notification must remind customers of their election to allow the company to:
 - a. Provide their information to its affiliates that provide communications-related services to which services that customer does not already subscribe;
 - b. Provide their information to its joint venture partners and independent contractors that provide communications-related services; and
 - c. Provide their information to its affiliates that provide non-communications-related services.
 3. In the case of customer specified third party approval by written, oral, or electronic request, the notification must remind customers of their election to allow the company to:
 - a. Provide their information to its affiliates that provide communications-related services to which services that customer does not already subscribe;
 - b. Provide their information to its joint venture partners and independent contractors that provide communications-related services;
 - c. Provide their information to its affiliates that provide non-communications-related services; and
 - d. Provide their information to specifically identified third parties as requested in writing by the customer.
- B.** The notice must not be mailed with any advertising or promotional information.
- C.** The notice shall not be included with the customer's bill.

R14-2-2111. Duration of Customer Approval or Disapproval to Disseminate the Customer's CPNI

Any approval of the use of CPNI received by a telecommunications carrier will remain in effect until the customer revokes, modifies, or limits such approval.

R14-2-2112. Severability

If any provision of this Article is found to be invalid, it shall be deemed severable from the remainder of this Article and the remaining provisions of this Article shall remain in full force and effect.

NOTICE OF PROPOSED RULEMAKING

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

CHAPTER 4. CORPORATION COMMISSION – SECURITIES

PREAMBLE

- 1. Sections Affected** **Rulemaking Action**
R14-4-116 Amend
- 2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statute the rule is implementing (specific):**
Authorizing statute: A.R.S. § 44-1821
Implementing statute: A.R.S. § 44-1891
Constitutional authority: Arizona Constitution, Article XV, §§ 4 and 13
- 3. A list of all previous notices appearing in the Register addressing the proposed rule.**
Notice of Rulemaking Docket Opening: 10 A.A.R. 4122, October 8, 2004
- 4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Cheryl T. Farson, General Counsel
Address: Corporation Commission, Securities Division
1300 W. Washington, Third Floor
Phoenix, AZ 85007-2996
Telephone: (602) 542-0193
Fax: (602) 594-7476
E-mail: cf@ccsd.cc.state.az.us
- 5. An explanation of the rule, including the agency's reasons for initiating the rule:**
R14-4-116 identifies the North American Securities Administrators Association ("NASAA") Statements of Policy used by the Arizona Corporation Commission (the "Commission") as its standard of review for applications for registration of specified types of securities transactions. In connection with church extension funds, R14-4-116 currently incorporates and the Commission applies the guidelines for general obligation financing by religious denominations, adopted by NASAA in April 1994. NASAA has amended the guidelines and renamed them the Statement of Policy Regarding Church Extension Fund Securities. The Commission proposes amending R14-4-116 to reflect the revised name and to incorporate the amended Statement of Policy.

Generally, the NASAA amendment increases investor protection, addresses developing industry practices, and modernizes the 1994 guidelines. The new statement of policy imposes enhanced financial standards, increases requirements for disclosure of information relevant to the industry, including identification of risks specific to the industry that must be disclosed, and modernizes accounting terminology and standards for nonprofit entities.

Prior to proposing the amendment to the NASAA guidelines, a NASAA project group solicited comments from all of the state securities regulatory agencies and the industry trade association, the Denominational Investment and Loan Association. NASAA adopted the project group's recommended amendment April 18, 2004.

The Commission proposes to amend R14-4-116 to incorporate the NASAA amended Statement of Policy to enhance investor protection, to reflect current industry practices, and to enhance uniformity among the states with respect to the standard of review applied to applications for registration of debt securities issued by a church extension fund.
- 6. A 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
- 8. The preliminary summary of the economic, small business, and consumer impact:**

Notices of Proposed Rulemaking

The economic, small business, and consumer impact statement for R14-4-116 analyzes the costs, savings, and benefits that accrue to the Commission, the regulated public, and the general public. The amendment to R14-4-116 has minimal impact on established Commission procedures, Commission staff time, and other administrative costs. The benefits provided by the amendment to R14-4-116 are not quantifiable. The amendment of R14-4-116 should benefit the Commission by improving the efficiency of the review process for applications for registration by church extension funds. The amendment should improve the Commission's relations with the regulated public because of clarification and specificity of standards for registration and increased uniformity with other state registration standards. The public should benefit from the continuation and enhancement of standards on debt offerings by church extension funds. The Commission anticipates that the rulemaking will not significantly increase monitoring, record-keeping, or reporting burdens on businesses or persons. The Commission does not anticipate that the rulemaking will significantly impact costs of implementation or enforcement.

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:

Name: Cheryl T. Farson, General Counsel
Address: Corporation Commission, Securities Division
1300 W. Washington, Third Floor
Phoenix, AZ 85007-2996
Telephone: (602) 542-0193
Fax: (602) 594-7476
E-mail: cf@ccsd.cc.state.az.us

10. The time, place, and nature of the proceedings for the making, 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: January 6, 2005
Time: 9:30 a.m.
Location: Arizona Corporation Commission
1200 W. Washington Ave.
Phoenix, AZ 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 rule:

The following NASAA materials are incorporated by reference in R14-4-116(A):

1. Statement of policy regarding loans and other material affiliated transactions, amended November 18, 1997.
2. Registration of asset-backed securities, adopted October 25, 1995.
3. NASAA mortgage program guidelines, adopted September 10, 1996.
4. Registration of commodity pool programs, adopted September 21, 1983, effective January 1, 1984; amended and adopted August 30, 1990.
5. Equipment programs, adopted November 20, 1986, effective January 1, 1987, amended April 22, 1988, and October 24, 1991.
6. Registration of oil and gas programs, adopted September 22, 1976, amended October 12, 1977, October 31, 1979, April 23, 1983, July 1, 1984, September 3, 1987, September 14, 1989, and October 24, 1991.
7. Statement of policy regarding real estate investment trusts, revised and adopted September 29, 1993.
8. Real estate programs, last revised September 29, 1993.
9. Statement of policy regarding unequal voting rights, adopted and effective October 24, 1991.
10. Omnibus Guidelines, adopted March 29, 1992.
11. Statement of policy regarding church extension fund securities, adopted April 17, 1994, entitled guidelines for general obligation financing by religious denominations, amended April 18, 2004.
12. Statement of policy regarding church bonds, adopted April 14, 2002.

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

R14-4-116. NASAA Statements of Policy

ARTICLE 1. IN GENERAL RELATING TO THE ARIZONA SECURITIES ACT

R14-4-116. NASAA Statements of Policy

- A. Unless otherwise provided in A.R.S. Title 44, Chapter 12, Article 7, transactions that fall within one or more of the following North American Securities Administrators Association (NASAA) statements of policy shall comply with the requirements of those statements of policy to qualify for registration or renewal under A.R.S. Title 44, Chapter 12, Article 7. This Section shall not apply to the registration of securities under A.R.S. § 44-1901.
1. Statement of policy regarding loans and other material affiliated transactions, amended November 18, 1997.
 2. Registration of asset-backed securities, adopted October 25, 1995.
 3. NASAA mortgage program guidelines, adopted September 10, 1996.
 4. Registration of commodity pool programs, adopted ~~on~~ September 21, 1983, effective January 1, 1984; amended and adopted August 30, 1990.
 5. Equipment programs, adopted ~~on~~ November 20, 1986, effective January 1, 1987; amended April 22, 1988, and October 24, 1991.
 6. Registration of oil and gas programs, adopted ~~on~~ September 22, 1976; amended October 12, 1977, October 31, 1979, April 23, 1983, July 1, 1984, September 3, 1987, September 14, 1989, and October 24, 1991.
 7. Statement of policy regarding real estate investment trusts, revised and adopted ~~on~~ September 29, 1993.
 8. Real estate programs, last revised September 29, 1993.
 9. Statement of policy regarding unequal voting rights, adopted and effective October 24, 1991.
 10. Omnibus Guidelines, adopted ~~on~~ March 29, 1992.
 11. ~~Guidelines for general obligation financing by religious denominations.~~ Statement of policy regarding church extension fund securities, adopted April 17, 1994, entitled guidelines for general obligation financing by religious denominations; amended April 18, 2004.
 12. Statement of policy regarding church bonds, adopted April 14, 2002.
- B. ~~The statements of policy material listed in subsection (A) are~~ is incorporated by reference and on file with the Commission and the Office of the Secretary of State. The incorporated ~~statements of policy do~~ material does not contain later editions or amendments. ~~The statements of policy are~~ material is published in *NASAA Reports* by Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago, Illinois 60646. Copies are ~~also~~ available from NASAA, 10 G Street, N.E., Suite 710, Washington D.C. 20002, ~~and at the Office of the Secretary of State and the Commission.~~