



California Corporate & Securities Law

Offers and Sales to Governmental Agencies

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[David Freeman](#) of Arnold & Porter LLP recently submitted this [letter](#) to the Securities and Exchange Commission on behalf of the State of Alaska. The letter urges the SEC to amend its definitions of “accredited investor” in Rule 215 and Regulation D and “qualified institutional buyer” in Rule 144A to include governmental bodies – pointing out:

Although state governmental bodies clearly qualify as sophisticated institutional investors that are permitted investors in private placements conducted under Section 4(2) of the 1933 Act, as well as under various state blue sky laws, the current omission of governmental bodies from the list of “accredited investors” in Rule 215 and regulation D and from the definition of “qualified institutional buyer” in Rule 144A raises issues that can interfere with governmental bodies investing in private placements conducted under those rules.

(Footnotes omitted).

In California, the Commissioner of Corporations has adopted a rule exempting from the qualification requirements of Corporations Code Sections 25110, 25120 and 25130 any offer or sale of a security to the “Federal Government, any agency or instrumentality of the Federal Government, any corporation wholly owned by the Federal Government, any state, any city, city and county, or county, or any agency or instrumentality of a state, city, city and county, or county, or any state university or state college, and any retirement system for the benefit of employees of any of the foregoing.” 10 CCR 260.105.14. Of course, this exemption is of no help with respect to either federal law or other states’ securities laws.

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